

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable - operations | \$ 62,225 | \$ 52,503 |
| Accounts payable - related party | 95,579 | 58,126 |
| Accrued interest payable - current portion | 6,872 | 6,120 |
| Line of credit | 148,999 | 1,033,130 |
| Mortgages payable - current portion | 825,973 | 643,662 |
| Prepaid rent | 7,815 | 7,017 |
| Total Current Liabilities | <u>1,147,463</u> | <u>1,800,558</u> |
| Tenant Security Deposit Liabilities | <u>73,985</u> | <u>78,757</u> |
| Long-Term Liabilities | | |
| Mortgages payable - net of current portion | 2,840,474 | 2,491,449 |
| Less: unamortized debt issuance costs | (29,192) | (27,725) |
| Accrued interest payable - net of current portion | 11,144 | 11,144 |
| Total Long-Term Liabilities | <u>2,822,426</u> | <u>2,474,868</u> |
| Total Liabilities | <u>4,043,874</u> | <u>4,354,183</u> |
| Net Assets | | |
| Without Donor Restrictions | 4,311,075 | 4,071,642 |
| With Donor Restrictions | 4,040,537 | 4,254,959 |
| Total Net Assets | <u>8,351,612</u> | <u>8,326,601</u> |
| Total Liabilities and Net Assets | <u>\$ 12,395,486</u> | <u>\$ 12,680,784</u> |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

| | Net Assets Without Donor Restrictions | Net Assets with Donor Restrictions | Total |
|--|--|---------------------------------------|---------------------|
| Revenues, Gains, and Other Support | | | |
| Housing assistance payments | \$ 608,171 | \$ -- | \$ 608,171 |
| Rental revenue | 1,918,733 | -- | 1,918,733 |
| Contributions of cash and other financial assets | 86,908 | 196,038 | 282,946 |
| Other revenue | 33,813 | -- | 33,813 |
| Net assets released from restrictions | 410,460 | (410,460) | -- |
| Total Revenues, Gains, and Other Support | 3,058,085 | (214,422) | 2,843,663 |
| Expenses | | | |
| Program Services | | | |
| Housing Programs | 2,300,486 | -- | 2,300,486 |
| Comfortably Home Program | 162,072 | -- | 162,072 |
| Management and General | 300,330 | -- | 300,330 |
| Total Expenses | 2,762,888 | -- | 2,762,888 |
| Change in Net Assets from Operations | 295,197 | (214,422) | 80,775 |
| Non-Operating Revenues | | | |
| Investment Income (Loss) | (55,764) | -- | (55,764) |
| Total Nonoperating Revenues | (55,764) | -- | (55,764) |
| Change in Net Assets | 239,433 | (214,422) | 25,011 |
| Net Assets - Beginning of Year | 4,071,642 | 4,254,959 | 8,326,601 |
| Net Assets - End of Year | \$ 4,311,075 | \$ 4,040,537 | \$ 8,351,612 |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Net Assets Without Donor Restrictions | Net Assets with Donor Restrictions | Total |
|--|--|---------------------------------------|---------------------|
| Revenues, Gains, and Other Support | | | |
| Housing assistance payments | \$ 620,881 | \$ -- | \$ 620,881 |
| Rental revenue | 1,227,473 | -- | 1,227,473 |
| Contributions of cash and other financial assets | 43,115 | 97,056 | 140,171 |
| Contributions of nonfinancial assets | -- | 4,238,600 | 4,238,600 |
| Other revenue | 44,062 | -- | 44,062 |
| Net assets released from restrictions | 158,448 | (158,448) | -- |
| Total Revenues, Gains, and Other Support | 2,093,979 | 4,177,208 | 6,271,187 |
| Expenses | | | |
| Program Services | | | |
| Housing Programs | 1,569,927 | -- | 1,569,927 |
| Comfortably Home Program | 132,722 | -- | 132,722 |
| Management and General | 206,783 | -- | 206,783 |
| Total Expenses | 1,909,432 | -- | 1,909,432 |
| Change in Net Assets from Operations | 184,547 | 4,177,208 | 4,361,755 |
| Non-Operating Revenues | | | |
| Investment Income (Loss) | 41,712 | -- | 41,712 |
| Total Nonoperating Revenues | 41,712 | -- | 41,712 |
| Change in Net Assets | 226,259 | 4,177,208 | 4,403,467 |
| Net Assets - Beginning of Year | 3,845,383 | 77,751 | 3,923,134 |
| Net Assets - End of Year | \$ 4,071,642 | \$ 4,254,959 | \$ 8,326,601 |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Program Services | | Supportive Services | |
|--|---------------------|--------------------------|------------------------|---------------------|
| | Housing Programs | Comfortably Home Program | Management and General | Total |
| Administrative salaries | \$ -- | \$ 10,447 | \$ 198,483 | \$ 208,930 |
| Management fee | 285,612 | -- | -- | 285,612 |
| Auditing fees | 17,388 | -- | 636 | 18,024 |
| Employee benefits contributions - Administrative | -- | 3,160 | 60,034 | 63,194 |
| Legal | 7,996 | -- | 665 | 8,661 |
| Accounting | 24,717 | -- | 8,225 | 32,942 |
| Other operating - administrative | 11,513 | 7,823 | 8,461 | 27,797 |
| Grant expenditures | -- | -- | 11,737 | 11,737 |
| Tenant services Labor Fee | 72,897 | 38,573 | -- | 111,470 |
| Employee benefits - tenant services | 18,741 | -- | -- | 18,741 |
| Water | 32,625 | -- | -- | 32,625 |
| Sewer | 57,067 | -- | -- | 57,067 |
| Electricity | 203,499 | -- | -- | 203,499 |
| Gas/Fuel | 95,580 | -- | -- | 95,580 |
| Maintenance fee expense - labor | 398,512 | 45,958 | -- | 444,470 |
| Ordinary maintenance and operations - materials | 151,897 | 32,223 | 976 | 185,096 |
| Ordinary maintenance and operations - contracts | 188,200 | 3,281 | 594 | 192,075 |
| Maintenance fee expense - benefits | 2,705 | 20,483 | -- | 23,188 |
| Insurance | 94,379 | 124 | 5,183 | 99,686 |
| Real estate taxes | 90,293 | -- | -- | 90,293 |
| Interest expense | 162,085 | -- | -- | 162,085 |
| Miscellaneous financial expenses | 85,434 | -- | -- | 85,434 |
| Collection losses | 8,643 | -- | -- | 8,643 |
| Depreciation | 290,703 | -- | 5,336 | 296,039 |
| Total Expenses | \$ 2,300,486 | \$ 162,072 | \$ 300,330 | \$ 2,762,888 |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Program Services | | Supportive Services | |
|--|---------------------|--------------------------|------------------------|---------------------|
| | Housing Programs | Comfortably Home Program | Management and General | Total |
| Administrative salaries | \$ -- | \$ 13,949 | \$ 154,342 | \$ 168,291 |
| Management fee | 204,564 | -- | -- | 204,564 |
| Auditing fees | 16,187 | -- | 1,313 | 17,500 |
| Employee benefits contributions - Administrative | -- | 3,505 | 34,438 | 37,943 |
| Legal | 10,028 | -- | 155 | 10,183 |
| Accounting | 29,851 | -- | 2,228 | 32,079 |
| Other operating - administrative | 5,421 | 617 | 4,854 | 10,892 |
| Grant expenditures | -- | -- | 653 | 653 |
| Tenant services Labor Fee | 42,539 | 20,274 | -- | 62,813 |
| Employee benefits - tenant services | 4,923 | 5,361 | -- | 10,284 |
| Water | 26,808 | -- | -- | 26,808 |
| Sewer | 45,688 | -- | -- | 45,688 |
| Electricity | 110,011 | -- | -- | 110,011 |
| Gas/Fuel | 59,722 | -- | -- | 59,722 |
| Maintenance fee expense - labor | 119,441 | 29,271 | -- | 148,712 |
| Ordinary maintenance and operations - materials | 91,509 | 35,168 | -- | 126,677 |
| Ordinary maintenance and operations - contracts | 162,568 | 8,905 | 540 | 172,013 |
| Maintenance fee expense - benefits | 41,150 | 12,279 | -- | 53,429 |
| Insurance | 62,936 | 3,393 | 2,924 | 69,253 |
| Real estate taxes | 72,511 | -- | -- | 72,511 |
| Miscellaneous financial expenses | 65,014 | -- | -- | 65,014 |
| Interest expense | 161,208 | -- | -- | 161,208 |
| Collection losses | 9,928 | -- | -- | 9,928 |
| Depreciation | 227,920 | -- | 5,336 | 233,256 |
| Total Expenses | \$ 1,569,927 | \$ 132,722 | \$ 206,783 | \$ 1,909,432 |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|----------------|------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 25,011 | \$ 4,403,467 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation expense | 296,039 | 233,256 |
| Bad debt expense | 8,643 | 9,928 |
| Amortization of debt issuance costs | 4,408 | 2,539 |
| Net unrealized (gain) loss on investments | 68,051 | (25,070) |
| Net realized gain on sale of investments | (643) | (12,749) |
| Contribution of nonfinancial assets | -- | (4,238,600) |
| Gain on sale of capital assets | (9,367) | -- |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (30,479) | (19,322) |
| Prepaid expenses | (11,862) | (372) |
| Accounts payable | 9,722 | 27,000 |
| Accounts payable - related party | 37,453 | (6,771) |
| Accrued interest payable | 752 | 376 |
| Tenant security deposit liability | (4,772) | 36,100 |
| Prepaid rents | 798 | (3,369) |
| Net Cash Provided by Operating Activities | 393,754 | 406,413 |
| Cash Flows from Investing Activities | | |
| Purchase of fixed assets | (832,530) | (619,498) |
| Proceeds from the sale of capital assets | 945,000 | -- |
| Sales of Investments | 52,199 | 46,903 |
| Purchases of Investments | (67,878) | (43,062) |
| Net Cash Provided by (Used in) Investing Activities | 96,791 | (615,657) |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|-------------------|---------------------|
| Cash Flows from Financing Activities | | |
| Repayments of mortgages and notes payable | \$ (643,664) | \$ (136,538) |
| Proceeds from mortgages and notes payable | 1,175,000 | -- |
| Proceeds from line of credit | -- | 500,000 |
| Repayments on line of credit | (884,131) | -- |
| Payments for debt issuance costs | (5,875) | -- |
| Net Cash Provided by (Used In) Financing Activities | <u>(358,670)</u> | <u>363,462</u> |
| Net Increase in Cash, Cash Equivalents, and Restricted Cash | 131,875 | 154,218 |
| Cash, Cash Equivalents and Restricted Cash - Beginning | <u>661,121</u> | <u>506,903</u> |
| Cash, Cash Equivalents, and Restricted Cash - Ending | <u>\$ 792,996</u> | <u>\$ 661,121</u> |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for interest | <u>\$ 156,925</u> | <u>\$ 169,081</u> |
| Noncash Investing and Financing Activities | | |
| Contribution of nonfinancial assets | <u>\$ --</u> | <u>\$ 4,238,600</u> |
| Cash, Cash Equivalents, and Restricted Cash per Statements of Financial Position | | |
| Cash | \$ 260,162 | \$ 296,139 |
| Mortgage escrows | 42,603 | 7,694 |
| Replacement reserve | 387,464 | 252,971 |
| Other reserves | 26,420 | 25,557 |
| Tenant security deposits | <u>76,347</u> | <u>78,760</u> |
| Total Cash, Cash Equivalents, and Restricted Cash per Statements of Financial Position | <u>\$ 792,996</u> | <u>\$ 661,121</u> |

The accompanying notes are an integral part of these consolidated financial statements.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - ORGANIZATION

The Bath Housing Development Corporation (BHDC, or the Organization) is a tax-exempt organization, which was established to foster, encourage, participate in, finance, own, operate, promote and advance the development of housing projects and related facilities affordable by primarily low income persons and families; to provide affordable financial and technical assistance and services to low income homeowners; and to implement programs intended to enhance the growth of social and economic stability for low income families; and to promote the common good and general welfare of the inhabitants throughout Sagadahoc County, Maine.

The Organization's financial statements include the rental activities of several properties located within the town of Bath, Maine: 150 Congress Street, 19 Oak Street, 822, 832, and 842 Middle Street, 806 Middle Street, Seacliff & Family, 49 Elm Street, 28 Maple Street, 470 Washington Street, Lincoln Street, Summer Street, Front Street, Anchorage, Moorings, Dike's Landing, HLT LLC, and Bath Housing Anchor Corporation. The Organization also runs the Comfortably Home Program to serve older adults living at home.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***NEW ACCOUNTING STANDARDS ADOPTED***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2016-02, Leases (Topic 842) Topic 842 improves transparency and comparability among companies by recognizing lease assets and lease liabilities and disclosing key information about leasing arrangements. Topic 842 was effective for annual periods beginning after December 15, 2019 with early adoption permitted. ASU 2020-05 deferred the effective date of Topic 842 making it effective for annual reporting periods beginning after December 14, 2021. The Organization adopted Topic 842 as of January 1, 2022.

Topic 842 requires the Organization to apply its amendments under the modified retrospective transition approach. In conjunction with the adoption of Topic 842, the Organization has made the following election (i) to adopt the package of practical expedients to not reassess certain factors for leases that commenced prior to the implementation of Topic 842 (ii) to not apply the lease standard to existing land easements that were not previously recorded as leases (iii) to exclude short-term leases, defined as those with an initial term of one year or less from the lease standard, (iv) to net separate non-lease components from lease components and instead to account for all components as a single lease component, and (v) to use the risk-free rate for discounting lease payments when the rate implicit is in the lease is unknown to the lessee.

BATH HOUSING DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

METHOD OF ACCOUNTING

The consolidated financial statements are prepared utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows. The Organization reports information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. At December 31, 2022 and 2021, the Organization had net assets with donor restrictions of \$4,040,537 and \$4,254,959, respectively.

BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the organization Bath Housing Anchor Corporation (BHAC or the corporation), and HLT LLC (HLT). The Organization has full direct ownership and control of BHAC and HLT. All significant inter-company transactions and balances are eliminated in consolidation. BHAC and HLT are consolidated based on financial information at December 31, its reporting year-end.

CASH AND CASH EQUIVALENTS

The Organization considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

BATH HOUSING DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management has reviewed all outstanding accounts for collectability and determined that the allowance for doubtful accounts at December 31, 2022 and 2021 is \$16,464 and \$14,944, respectively.

REVENUE RECOGNITION

The Organization's primary revenue sources are as follows:

Rental Revenue - The Organization receives rental revenue from units, which are reserved for tenants with low and very low income. Rental revenue is recognized as the rents are earned based on written tenant leases. Rental payments received in advance are deferred. All leases between the Organization and its tenants are operating leases. The Organization has also entered into multiple Housing Assistance Payment (HAP) Contracts with Maine Housing, which are funded by the U.S. Department of Housing and Urban Development (HUD) whereby it is entitled to a rent subsidy as defined in the contract. Subsidized tenants must meet Section 8 eligibility requirements and pay 30% of their adjusted income for rent.

Housing assistance payments subsidy income is considered part of the lease and is not considered a contribution under Accounting Standards Codification (ASC) 958 *Not-for-profit Entities*. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606 *Revenues from Contracts with Customers*. The Organization believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards.

Grant and Contribution Revenue – Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions of nonfinancial assets are recognized at fair value at the date of contribution.

Revenues from state and federal agencies are generally recognized at the time eligible program expenditures occur and/or the Organization has complied with the grant and subsidy requirements.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*USE OF ESTIMATES*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost. It is the Organization's policy to depreciate items with a cost of \$500 or more. Depreciation is provided using the straight-line method over the following estimated useful lives:

| | <u>Estimated Useful Lives</u> |
|---------------------------|-------------------------------|
| Building and improvements | 10-40 years |
| Building equipment | 5-10 years |

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets to be held and used by the Organization are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The fair value of the asset is measured using available market prices. There were no impairment charges taken during the years ended December 31, 2022 and 2021.

BATH HOUSING DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

No provision for taxes on income is made in the Organization's financial statements it is exempt from income taxes under I.R.C. Section 501(c)(3).

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to uncertain tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

ECONOMIC CONCENTRATIONS

The Organization operates housing complexes located in Bath, Maine. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

DEBT ISSUANCE COSTS

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense. Debt issuance costs are amortized over the life of the mortgage using the straight-line method, which approximates the effective interest method. For the years ended December 31, 2022 and 2021, amortization of the debt issuance costs was \$4,408 and \$2,539, respectively. At December 31, 2022 and 2021, unamortized debt issuance costs were \$29,192 and \$27,725, respectively.

RECLASSIFICATIONS

Certain prior year amount have been reclassified for consistency with the current period presentation. These reclassification had no effect on the reported change in net assets.

TRADEMARK

The Organization holds a trademark for its Comfortably Home Program. The trademark was developed internally and thus the value is limited to fees directly related to securing the legal registration of the trademark, which has been determined to be insignificant and has not been capitalized.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***CONCENTRATION OF CREDIT RISK***

Financial instruments that potentially subject the project to concentrations of credit risk consist primarily of checking and time deposit accounts with banks. These balances fluctuate greatly during the year and can exceed the \$250,000 limit of FDIC coverage. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain this potential risk at a minimum. At December 31, 2022, Bath Housing Development Corporation's cash was fully insured.

INVESTMENTS

Investments in marketable debt securities, equity securities, money market funds and mutual funds with readily determinable fair values are stated at fair value. Fair value is defined as the price paid that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Gains and losses on sales of securities are determined based on the trade day price and are recorded in the statement of activities in the period in which the securities are sold. Dividend and interest income are recognized as earned. Realized and unrealized gains or losses are classified as nonoperating activity and are available to support operations in future years and to offset potential market declines.

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocates its expenses on a functional basis among program and supportive services. Expenses that can be identified with a specific program or supportive service are charged directly according to their natural expenditure classification. All other expenses are allocated based on square footage, estimates of time and effort, and other allocation metrics, depending on the nature of the expense.

BATH HOUSING DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 2, 2023, which is the date these financial statements were available to be issued. There were no subsequent events identified requiring recognition or disclosure in the financial statements.

NOTE 3 - RESTRICTED DEPOSITS

MORTGAGE ESCROWS

The Organization maintains mortgage escrow deposits for Seaclyff & Family to ensure adequate funds are set aside to cover the cost of real estate taxes and property insurance. This is not required for the other properties. Required monthly deposits to this escrow account are \$4,817. At December 31, 2022 and 2021, the mortgage escrow deposits were funded with a collective balance of \$42,603 and \$7,694, respectively.

REPLACEMENT RESERVES

The Organization is required to maintain replacement reserve account for Seaclyff & Family in accordance with the applicable loan documents. The replacement reserve funds are to be used for repairs and replacement of the property and can be drawn upon only with the authorization of the Department of Housing and Urban Development (HUD). On June 3, 2021, HUD approved an increase in the monthly replacement reserve deposits from \$3,182 to \$6,367 per month, which was subsequently increased to \$6,525 per month. At December 31, 2022 and 2021, the replacement reserves were funded with a collective balance of \$269,893 and \$189,446, respectively.

The Organization maintain a voluntary separate replacement reserve accounts for properties without required reserves. At December 31, 2022 and 2021, these replacement reserves were funded with a collective balance of \$117,571 and \$63,525, respectively.

BATH HOUSING DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 - RESTRICTED DEPOSITS (CONTINUED)

OTHER RESERVES

In accordance with the regulatory agreement, Seacliff & Family has funded an excess surplus cash reserve. The excess surplus cash funds are held by MSHA and can only be drawn with their approval. During the years ended December 31, 2022 and 2021, deposits of \$85,417 and \$64,692, respectively were made into the excess surplus cash. For the years ended December 31, 2022 and 2021, interest earned was \$258 and \$7, respectively. During the years ended December 31, 2022 and 2021, withdrawals were \$85,522 and \$65,014, respectively. At December 31, 2022 and 2021, these reserves were funded with a collective balance of \$12,656 and \$12,503, respectively.

Under the terms of a Regulatory Agreement with MSHA, the Organization is required to fund an Operating Reserve in the amount of \$500 annually for the use of the residential rental units located at 822, 832 and 842 Middle Street, Bath. At December 31, 2020 and 2019, these reserves were funded with a collective balance of \$13,764 and \$13,054, respectively.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 4 – INVESTMENTS

The Financial Accounting Standards Board has issued guidance that defines fair value, establishes a framework for measuring fair value, specifies a fair value hierarchy based on the inputs used to measure fair value, and specifies disclosure requirements for fair value measurements. The guidance also maximizes the use of observable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or market corroborated inputs.

Level 3: Unobservable inputs for the asset or liability and should be used to measure fair value to the extent that relevant observable inputs are not available.

Bath Housing Development Corporation maintains an investment account with People's United Bank. These amounts are not FDIC insured and are subject to market fluctuation. The following is a description of valuation methodologies used for assets measured at fair value:

Mutual funds and exchange traded funds (ETF's) – Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Corporate Bonds - Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – INVESTMENTS (CONTINUED)

The following tables illustrate the classification of Bath Housing Development Corporation's financial instruments measured on a recurring basis within the fair value hierarchy as of December 31, 2022 and 2021:

| Investments by fair value level | 12/31/2022 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|------------|---|---|--|
| Debt Securities: | | | | |
| Corporate bonds | \$ 24,438 | \$ -- | \$ 24,438 | \$ -- |
| Total Debt Securities | 24,438 | -- | 24,438 | -- |
| Mutual Funds: | | | | |
| Fixed Income | 74,076 | 74,076 | -- | -- |
| Real Assets | 3,722 | 3,722 | -- | -- |
| Equity Securities | 212,567 | 212,567 | -- | -- |
| Total Mutual Funds | 290,365 | 290,365 | -- | -- |
| Total Investments by Fair Value Level | \$ 314,803 | \$ 290,365 | \$ 24,438 | \$ -- |

| Investments by fair value level | 12/31/2021 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|------------|---|---|--|
| Debt Securities: | | | | |
| Corporate bonds | \$ 51,087 | \$ -- | \$ 51,087 | \$ -- |
| Total Debt Securities | 51,087 | -- | 51,087 | -- |
| Mutual Funds: | | | | |
| Fixed Income | 51,307 | 51,307 | -- | -- |
| Real Assets | 5,495 | 5,495 | -- | -- |
| Equity Securities | 258,643 | 258,643 | -- | -- |
| Total Mutual Funds | 315,445 | 315,445 | -- | -- |
| Total Investments by Fair Value Level | \$ 366,532 | \$ 315,445 | \$ 51,087 | \$ -- |

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****NOTE 4 – INVESTMENTS (CONTINUED)**

The return on investments for the years ended December 31, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|---------------------------------------|--------------------|------------------|
| Interest and Dividends | \$ 7,660 | \$ 4,881 |
| Unrealized Gain (loss) on investments | (68,051) | 25,070 |
| Account Fees | (1,742) | (1,859) |
| Realized Gains | 643 | 13,292 |
| Total | <u>\$ (61,490)</u> | <u>\$ 41,384</u> |

NOTE 5 - LONG-TERM DEBT

A mortgage note payable to MSHA is due to mature on May 1, 2028 and is secured by residential rental property at 822, 832, and 842 Middle Street in Bath. The note bears interest at 4% per annum and requires monthly payments of principal and interest of \$1,274. The note balances at December 31, 2022 and 2021 were \$74,344 and \$86,397, respectively.

A mortgage note payable to the City of Bath is secured by residential rental property at 822, 832, and 842 Middle Street in Bath and is due upon sale of the property. The note bears interest at 3% up to a maximum of \$11,144. The balance due on the note at both December 31, 2022 and 2021 was \$103,043. Accrued interest on the note at both December 31, 2022 and 2021 was \$11,144.

A mortgage note payable to MSHA is due to mature on February 1, 2046 and is secured by residential rental property at 806 Middle Street in Bath. The note is guaranteed by Bath Housing Authority, a related party under common management. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$671. The note balances at December 31, 2022 and 2021 was \$110,185 and \$112,657, respectively.

A mortgage note payable to MSHA is due to mature on July 1, 2046 and is secured by residential rental property at 49 Elm Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$429. The note balances at December 31, 2022 and 2021 were \$71,294 and \$72,841, respectively.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

A mortgage note payable to MSHA was originally due to mature on July 1, 2046 and is secured by residential rental property at 28 Maple Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 5% per annum and required monthly payments of principal and interest of \$177 through March 1, 2018. The note was modified effective April 1, 2018 resulting in an increase to the loan amount to \$150,992. The modified mortgage note payable is due to mature on March 1, 2048. Monthly payments of principal and interest of \$1,274 are due through maturity. The note balances at December 31, 2022 and 2021 were \$138,643 and \$141,345, respectively.

A mortgage note payable to MSHA was originally due to mature on September 1, 2019 and is secured by residential rental property at 470 Washington Street in Bath. The note is guaranteed by Bath Housing Authority. The original interest rate was 3% per annum and required monthly interest only payments of \$500 through April 30, 2018. The note was modified in 2018 to bear interest at 5% with monthly principal and interest payments of \$913 commencing May 1, 2018 through maturity on April 1, 2048. The note modification also included a one-time principal reduction payment of \$30,000 that was due and paid on April 1, 2018. The note balances at December 31, 2022 and 2021 were \$157,146 and \$160,158, respectively.

A mortgage note payable to MSHA was originally due to mature on March 1, 2020. The mortgage note is secured by residential rental property at 41-43 Lincoln Street in Bath. The note is guaranteed by Bath Housing Authority. The original note bore interest at 3% per annum and required 24 monthly interest only payments of \$750 commencing April 1, 2018 until March 1, 2020 when the remaining principal and interest was due. The mortgage note was modified effective February 1, 2020 to bear interest at 5% with monthly payments of principal and interest of \$1,610 commencing March 1, 2020 through maturity on February 1, 2050. The note balance at both December 31, 2022 and 2021 was \$286,863 and \$291,713, respectively.

A mortgage note payable to MSHA was used to fund the purchase of the Moses and Columbia Blocks property located at 176 to 194 Front Street in Bath in May 2019. The note is due to mature on June 1, 2021 and is secured by the residential rental property on Front Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 3% per annum and required an interest only payment of \$986 on June 1, 2019 and monthly interest only payments of \$1,250 commencing on July 1, 2019 through maturity at which time the remaining outstanding balance plus accrued interest will be due and payable in full. The mortgage note was modified effective May 2021 which extended the maturity date to January 1, 2022. The loan was informally extended to June 1, 2022. During 2022, the Organization repaid this note. The note balance at December 31, 2021 was \$500,000.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

On August 31, 2022, HLT LLC entered into a loan with The Genesis Fund in the amount of \$500,000. The loan is secured by a first priority mortgage deed on the property located on 520 Centre Street. The note is guaranteed by Bath Housing Development Corporation. The loan bears interest at rate of 3.75% per annum and matures on February 28, 2024. Starting on October 1, 2022 monthly interest only payments of \$1,563 are required. The note balance at December 31, 2022 was \$500,000.

On May 16, 2022, the Organization entered into a loan with The Genesis Fund in the amount of \$675,000. The loan is secured by a first priority mortgage deed on the property located on 150 Congress Street. The loan bears interest at rate of 3.75% per annum and matures on November 16, 2023. Starting on June 16, 2022 monthly interest only payments of \$2,109 are required. The note balance at December 31, 2022 was \$675,000.

A mortgage note payable to Bath Savings Institution is due to mature on November 29, 2032 and is secured by Seacliff & Family. The note bears interest at 5.86% per annum and requires monthly payments of principal and interest of \$10,616 through maturity. The note balances at December 31, 2022 and 2021 were \$955,466 and \$1,024,599, respectively.

A mortgage note payable to Bath Housing Authority is due to mature on November 29, 2032 and is secured by Seacliff & Family. The note bears interest at 4% per annum and requires monthly payments of principal and interest of \$6,060 through maturity. The note balances at December 31, 2022 and 2021 were \$594,463 and \$642,358, respectively.

On July 6, 2018 the Organization entered into a line of credit agreement with Peoples United Bank for a total maximum limit of \$700,000. During 2021, the line of credit was amended to increase the maximum amount to \$1,200,000. The line of credit is guaranteed by Bath Housing Authority and secured by investments owned by the Organization and Bath Housing Authority. The line of credit bears variable interest of 2% plus One Month LIBOR (6.173% and 2.094% as of December 31, 2022 and 2021, respectively). Any accrued unpaid interest is due monthly, with outstanding principal due upon lender's demand. During 2022, the Organization repaid \$884,131 on the line of credit. During 2021, the Organization had draws of \$500,000 on the line of credit. The outstanding balance payable as of December 31, 2022 and 2021 was \$148,999 and \$1,033,130, respectively.

BATH HOUSING DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Maturities of the long-term debt in the aggregate and for each of the next five years are as follows:

| | Principal |
|--------------------------|--------------|
| 2023 | \$ 974,972 |
| 2024 | 658,249 |
| 2025 | 166,373 |
| 2026 | 174,928 |
| 2027 | 183,893 |
| Thereafter | 1,657,031 |
| Total Principal payments | 3,815,446 |
| Debt issuance costs, net | (29,192) |
| Less current portion | (974,972) |
| Long-term debt | \$ 2,811,282 |

NOTE 6 – HOUSING ASSISTANCE PAYMENTS CONTRACT

The Department of Housing and Urban Development (HUD) has contracted with the Organization to make housing assistance payments on behalf of qualified tenants residing at Seacliff & Family. The contract, dated October 1, 2012, is for a twenty-year period through October 31, 2032. Effective October 1, 2022, annual contract rents were \$832,188. For the years ended December 31, 2022 and 2021, housing assistance payments totaled \$608,171 and 620,881, respectively.

In accordance with HUD Housing Notice H-2012-14, the project may be required to use funds in the excess surplus cash account to offset housing assistance payments or these funds may be recaptured. Balances in excess of \$250 per unit (\$12,500) are subject to recapture or to offset housing assistance payments. During the years ended December 31, 2022 and 2021, the Project used \$85,434 and \$65,014, respectively to offset housing assistance payments received from HUD. At December 31, 2022 and 2021, the amount subject to recapture or to offset housing assistance payments was \$156 and \$3.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7 - RELATED PARTY TRANSACTIONS

The Bath Housing Authority (BHA) is considered a related party as minority of the directors of BHDC also serve on the Authority's Board of Commissioners. BHDC is fiscally independent of the BHA and is not a component unit of the Authority.

The Authority acts as the management agent for properties owned by the Organization. The Organization incurs a management for the services provided by BHA. In addition, the Authority is reimbursed administrative and maintenance services performed. The Organization incurred \$285,612 and \$204,564 of management fees during the years ended December 31, 2022 and 2021. The Organization reimbursed BHA for administrative and maintenance services of \$869,993 and \$481,472 for the years ended December 31, 2022 and 2021.

The Organization leases office space to BHA. The initial lease term was for a three year period ending on December 31, 2020 and automatically renews for two successive terms of three years provided BHA is not in default. The lease agreement renewed for an additional three year term on January 1, 2021. The annual rent for this three-year period is \$30,840, payable in monthly payments of \$2,570. For the years ended December 31, 2022 and 2021, rental revenue earned by the Organization was \$30,840 and \$30,840, respectively.

For the year ended December 31, 2022 and 2021, the Authority made housing assistance payments on behalf of residents living in properties owned by the Organization of \$840,983 and \$407,399.

At December 31, 2022 and 2021, the Organization owed BHA \$95,579 and \$58,126 for services provided by BHA.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its liquidity so it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets at December 31, 2022 and 2021 that could readily be made available within one year of the statement of financial position to fund general operating expense:

| | 2022 | 2021 |
|---|----------------|----------------|
| Cash | \$ 260,162 | \$ 296,139 |
| Investments | 314,803 | 366,532 |
| Tenant Security Deposits | 76,347 | 78,760 |
| Restricted reserves | 456,487 | 286,222 |
| Accounts receivable | 36,127 | 14,291 |
| Total Financial Assets | 1,143,926 | 1,041,944 |
| Financial assets not available for general expenditures: | | |
| Tenant security deposits | (76,347) | (78,760) |
| Restricted reserves | (456,487) | (286,222) |
| | (532,834) | (364,982) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 611,092 | \$ 676,962 |

The Organization also has a line of credit agreement with Peoples United Bank for up to \$1,200,000, which was amended in 2021 to increase the amount available from \$700,000. This line of credit was established primarily for real estate transactions; however it could be drawn upon to meet cash needs for general expenditures within one year. As of December 31, 2022 and 2021, the outstanding balance on the line of credit was \$148,999 and \$1,033,130; the balance available to be drawn upon is \$1,051,001 and \$166,870, respectively. The outstanding principal balance is due upon lender's demand. The Organization does not expect the lender to demand payment of the outstanding balance in 2023.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 – NET ASSETS WITH RESTRICTIONS

At December 31, 2022 and 2021, the Organization’s net assets with donor restrictions are comprised of unexpended grant funds which contain donor restrictions which had not been satisfied and the value of contributed affordable housing developments that are restricted to serving households at or below 80% of the area median income for a period of thirty years. Over the course of the thirty-year restricted use period, net assets will be classified from donor restricted to without donor restrictions. The following table summarizes net assets with donor restrictions:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Subject to Expenditure for Specified Purpose: | | |
| Comfortably Home Program | \$ -- | \$ 70,467 |
| Miscellaneous grants | 2,093 | 4,761 |
| Subject to Passage of Time: | | |
| Affordable housing restrictions on the Anchorage, Moorings, Dike's Landing Properties | 4,038,444 | 4,179,371 |
| Net Assets with Donor Restrictions | <u>\$ 4,040,537</u> | <u>\$ 4,254,599</u> |

NOTE 10 – CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2021, the Organization recognized contributed nonfinancial assets within revenue of \$4,238,600 consisting of three affordable housing developments (Anchorage, Moorings, and Dike’s Landing) for use within the Organization’s housing programs from the Bath Housing Authority, a related party. These three affordable housing developments are restricted to serving households at or below 80% of the area median income for a period of thirty years. The Organization estimated the fair value on the basis of the assessed value from the City of Bath’s assessor’s office.

BATH HOUSING DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 – STREAMLINED VOLUNTARY CONVERSION

Streamlined Voluntary Conversion (SVC) refers to a Public Housing Authority's (PHA's) ability to voluntarily decide to remove their public housing units from a public housing Annual Contributions Contract (ACC), authorized under Section 22 of the U.S. Housing Act of 1937. Families residing in these units receive tenant-based vouchers.

Effective August 1, 2021, the Organization and the Bath Housing Authority (BHA) closed on a streamlined voluntary conversion transaction. This involved BHA transferring the ownership of BHA properties (Anchorage, Moorings, and Dike's Landing) to the Organization (See Note 11) and entering into a ground lease for the land on which the buildings are constructed for a term of 98 years expiring on December 31, 2120.

The Organization and BHA entered into a land use restriction agreement which restricts the use of the properties as affordable housing serving households at or below 80% of the area median income for a period of 30 years. Rents for residents of the Anchorage, Moorings, and Dike's Landing properties are subsidized through three Housing Assistance Payment (HAP) contracts with BHA.

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2022

| | Bath Housing Development Corporation | Seacliff Apartments | Bath Housing Anchor Corporation | Eliminations | Total |
|--|--|------------------------|---------------------------------------|--------------------|----------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 240,032 | \$ 20,130 | \$ -- | \$ -- | \$ 260,162 |
| Investments | 314,803 | -- | -- | -- | 314,803 |
| Accounts receivable, net of allowance | 44,987 | 3,165 | 1,260 | (13,285) | 36,127 |
| Prepaid expenses | 33,513 | 137 | -- | -- | 33,650 |
| Total Current Assets | 633,335 | 23,432 | 1,260 | (13,285) | 644,742 |
| Tenant Security Deposits | 62,654 | 13,693 | -- | -- | 76,347 |
| Restricted Deposits and Funded Reserves | | | | | |
| Mortgage escrows | -- | 42,603 | -- | -- | 42,603 |
| Replacement reserve | 117,571 | 269,893 | -- | -- | 387,464 |
| Other reserves | 13,764 | 12,656 | -- | -- | 26,420 |
| Total Restricted Deposits and Funded Reserves | 131,335 | 325,152 | -- | -- | 456,487 |
| Property, Plant and Equipment | | | | | |
| Land and land improvements | 899,107 | 1,318,647 | -- | -- | 2,217,754 |
| Buildings and improvements | 7,587,336 | 2,225,344 | -- | -- | 9,812,680 |
| Building equipment | 42,525 | 133,329 | -- | -- | 175,854 |
| Projects in development | 630,242 | -- | -- | -- | 630,242 |
| Total Property, Plant and Equipment | 9,159,210 | 3,677,320 | -- | -- | 12,836,530 |
| Less: accumulated depreciation | (888,886) | (729,734) | -- | -- | (1,618,620) |
| Property, Plant and Equipment, Net | 8,270,324 | 2,947,586 | -- | -- | 11,217,910 |
| Total Assets | \$ 9,097,648 | \$ 3,309,863 | \$ 1,260 | \$ (13,285) | \$ 12,395,486 |

See Independent Auditors' Report

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022

| | Bath Housing Development Corporation | Seacliff Apartments | Bath Housing Anchor Corporation | Eliminations | Total |
|---|--|------------------------|---------------------------------------|--------------------|----------------------|
| Current Liabilities | | | | | |
| Accounts payable - operations | \$ 58,310 | \$ 3,915 | \$ -- | \$ -- | \$ 62,225 |
| Accounts payable - related party | 76,048 | 32,816 | -- | (13,285) | 95,579 |
| Accrued interest payable - current portion | 6,435 | 437 | -- | -- | 6,872 |
| Line of credit | 148,999 | -- | -- | -- | 148,999 |
| Mortgages payable - current portion | 702,872 | 123,101 | -- | -- | 825,973 |
| Prepaid rent | 6,819 | 996 | -- | -- | 7,815 |
| Total Current Liabilities | 999,483 | 161,265 | -- | (13,285) | 1,147,463 |
| Tenant Security Deposit Liabilities | 60,292 | 13,693 | -- | -- | 73,985 |
| Long-Term Liabilities | | | | | |
| Mortgages payable - net of current portion | 1,413,646 | 1,426,828 | -- | -- | 2,840,474 |
| Less: unamortized debt issuance costs | (4,006) | (25,186) | -- | -- | (29,192) |
| Accrued interest payable - net of current portion | 11,144 | -- | -- | -- | 11,144 |
| Total Long-Term Liabilities | 1,420,784 | 1,401,642 | -- | -- | 2,822,426 |
| Total Liabilities | 2,480,559 | 1,576,600 | -- | (13,285) | 4,043,874 |
| Net Assets | | | | | |
| Without Donor Restrictions | 2,576,552 | 1,733,263 | 1,260 | -- | 4,311,075 |
| With Donor Restrictions | 4,040,537 | -- | -- | -- | 4,040,537 |
| Total Net Assets | 6,617,089 | 1,733,263 | 1,260 | -- | 8,351,612 |
| Total Liabilities and Net Assets | \$ 9,097,648 | \$ 3,309,863 | \$ 1,260 | \$ (13,285) | \$ 12,395,486 |

See Independent Auditors' Report

BATH HOUSING DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2021

| | Bath Housing Development Corporation | Seacliff Apartments | Bath Housing Anchor Corporation | Eliminations | Total |
|--|--|------------------------|---------------------------------------|--------------------|----------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 135,765 | \$ 130,865 | \$ 29,509 | \$ -- | \$ 296,139 |
| Investments | 366,532 | -- | -- | -- | 366,532 |
| Accounts receivable, net of allowance | 32,712 | 3,549 | -- | (21,970) | 14,291 |
| Prepaid expenses | 21,788 | -- | -- | -- | 21,788 |
| Total Current Assets | 556,797 | 134,414 | 29,509 | (21,970) | 698,750 |
| Tenant Security Deposits | 65,885 | 12,875 | -- | -- | 78,760 |
| Restricted Deposits and Funded Reserves | | | | | |
| Mortgage escrows | -- | 7,694 | -- | -- | 7,694 |
| Replacement reserve | 63,525 | 189,446 | -- | -- | 252,971 |
| Other reserves | 13,054 | 12,503 | -- | -- | 25,557 |
| Total Restricted Deposits and Funded Reserves | 76,579 | 209,643 | -- | -- | 286,222 |
| Property, Plant and Equipment | | | | | |
| Land and land improvements | 842,490 | 1,318,647 | -- | -- | 2,161,137 |
| Buildings and improvements | 7,901,987 | 2,214,394 | -- | -- | 10,116,381 |
| Building equipment | 42,525 | 133,329 | -- | -- | 175,854 |
| Projects in development | 537,769 | -- | -- | -- | 537,769 |
| Total Property, Plant and Equipment | 9,324,771 | 3,666,370 | -- | -- | 12,991,141 |
| Less: accumulated depreciation | (736,134) | (637,955) | -- | -- | (1,374,089) |
| Property, Plant and Equipment, Net | 8,588,637 | 3,028,415 | -- | -- | 11,617,052 |
| Total Assets | \$ 9,287,898 | \$ 3,385,347 | \$ 29,509 | \$ (21,970) | \$ 12,680,784 |

See Independent Auditors' Report

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021

| | Bath Housing Development Corporation | Seacliff Apartments | Bath Housing Anchor Corporation | Eliminations | Total |
|---|--|------------------------|---------------------------------------|--------------------|----------------------|
| Current Liabilities | | | | | |
| Accounts payable - operations | \$ 46,293 | 5,972 | \$ 238 | \$ -- | \$ 52,503 |
| Accounts payable - related party | 40,672 | 31,253 | 8,171 | (21,970) | 58,126 |
| Accrued interest payable - current portion | 5,649 | 471 | -- | -- | 6,120 |
| Line of credit | 1,033,130 | -- | -- | -- | 1,033,130 |
| Mortgages payable - current portion | 526,665 | 116,997 | -- | -- | 643,662 |
| Prepaid rent | 6,154 | 700 | 163 | -- | 7,017 |
| Total Current Liabilities | 1,658,563 | 155,393 | 8,572 | (21,970) | 1,800,558 |
| Tenant Security Deposit Liabilities | 65,882 | 12,875 | -- | -- | 78,757 |
| Long-Term Liabilities | | | | | |
| Mortgages payable - net of current portion | 941,489 | 1,549,960 | -- | -- | 2,491,449 |
| Less: unamortized debt issuance costs | -- | (27,725) | -- | -- | (27,725) |
| Accrued interest payable - net of current portion | 11,144 | -- | -- | -- | 11,144 |
| Total Long-Term Liabilities | 952,633 | 1,522,235 | -- | -- | 2,474,868 |
| Total Liabilities | 2,677,078 | 1,690,503 | 8,572 | (21,970) | 4,354,183 |
| Net Assets | | | | | |
| Without Donor Restrictions | 2,355,861 | 1,694,844 | 20,937 | -- | 4,071,642 |
| With Donor Restrictions | 4,254,959 | -- | -- | -- | 4,254,959 |
| Total Net Assets | 6,610,820 | 1,694,844 | 20,937 | -- | 8,326,601 |
| Total Liabilities and Net Assets | \$ 9,287,898 | \$ 3,385,347 | \$ 29,509 | \$ (21,970) | \$ 12,680,784 |

See Independent Auditors' Report

