

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408**

**FINANCIAL STATEMENTS
AND
REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

**SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
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Independent Auditor's Report

Board of Directors
Bath Housing Development Corporation

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Seacliff Apartments, a wholly owned property of the Bath Housing Development Corporation, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Seacliff Apartments as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seacliff Apartments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Seacliff Apartments as of and for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2025.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seacliff Apartments' ability to

continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Seacliff Apartments' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seacliff Apartments' ability to continue as a going concern for a reasonable period of time.

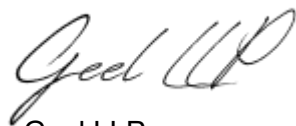
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 10 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The accompanying Certificate of Managing Agent and Certificate of Project Owner have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it

A handwritten signature in cursive script that reads "Geel LLP".

Geel LLP
Certified Public Accountants

Bristol, Connecticut
March 18, 2026

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 89,636	\$ 59,859
Accounts Receivable, net of Allowance	1,028	2,509
Prepaid Expenses	-	453
Total Current Assets	90,664	62,821
Deposits		
Tenant Deposits Held in Trust	18,945	16,392
Escrow Deposits	1,460	6,786
Residual Receipts	12,849	13,517
Replacement Reserves	564,675	462,850
Total Restricted Deposits	597,929	499,545
Property and Equipment		
Construction in Progress	2,177	-
Land & Land Improvements	1,328,168	1,328,168
Buildings & Improvements	2,225,344	2,225,344
Equipment	139,255	133,329
Total Property and Equipment	3,694,944	3,686,841
Accumulated Depreciation	(994,985)	(907,332)
Net Property and Equipment	2,699,959	2,779,509
Total Assets	\$ 3,388,552	\$ 3,341,875
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable - Operations	\$ 6,034	\$ 8,157
Accounts Payable - Related Party	16,008	11,380
Accrued Interest	328	367
Mortgage Payable - First Mortgage (Short Term)	143,513	136,347
Prepaid Rents	35	2,680
Total Current Liabilities	165,918	158,931
Deposits Liability		
Tenant Deposits Held in Trust (Contra)	18,945	15,377
Noncurrent Liabilities		
Mortgage Payable - net of Debt Issuance Costs	617,291	648,084
Mortgage Payable - Related Party	382,559	492,740
Total Noncurrent Liabilities	999,850	1,140,824
Total Liabilities	1,184,713	1,315,132
Net Assets		
Net Assets without Donor Restrictions	2,203,839	2,026,743
Total Net Assets	2,203,839	2,026,743
Total Liabilities and Net Assets	\$ 3,388,552	\$ 3,341,875

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

**SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
Revenue		
Rental Revenues	\$ 353,000	\$ 297,056
Tenant Assistance	596,232	628,684
Miscellaneous Rental Revenue	29,266	-
Vacancies and Concessions	(83,563)	(59,366)
Net Rental Revenue	894,935	866,374
Miscellaneous Revenue	4,037	6,244
Total Revenue	898,972	872,618
Operating Expenses		
<i>Program:</i>		
Administrative	26,095	30,800
Operating and Maintenance	190,826	194,857
Utilities	101,092	80,257
Taxes and Insurance	74,594	75,712
Tenant Services	44,093	40,390
Total Program	436,700	422,016
<i>Management and General:</i>		
Management Fees	107,392	103,965
Bookkeeping Fees	7,907	6,855
Total Management and General	115,299	110,820
Total Operating Expenses	551,999	532,836
Results from Operations	346,973	339,782
Nonoperating Income (Expenses)		
Interest Income	18,447	18,343
<i>Program Expenses:</i>		
Interest Expense	(66,261)	(73,061)
Depreciation Expense	(87,653)	(89,017)
Nonroutine Maintenance	(5,144)	-
Residual Receipts Recapture	(29,266)	-
Total Nonoperating Income (Expenses)	(169,877)	(143,735)
Change in Net Assets without Donor Restrictions	177,096	196,047
Net Assets, Beginning	2,026,743	1,830,696
Net Assets, Ending	\$ 2,203,839	\$ 2,026,743

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

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flow from Operating Activities:		
Rental Receipts	\$ 893,771	\$ 867,386
Interest Receipts	18,447	18,343
Other Operating Receipts	4,037	6,244
Total Receipts	<u>916,255</u>	<u>891,973</u>
Administrative	(24,206)	(73,106)
Management Fees	(107,392)	(103,965)
Utilities	(104,194)	(80,257)
Salaries and Wages	(119,451)	-
Operating and Maintenance	(80,708)	(194,857)
Real Estate Taxes	(35,000)	(35,000)
Property Insurance	(35,621)	(33,921)
Miscellaneous Taxes and Insurance	(3,520)	(17,660)
Tenant Security Deposits	3,568	1,183
Other Operating Expenses	(44,093)	(28,991)
Interest on Mortgages	(63,761)	(70,558)
Miscellaneous Financial Expenses	(29,266)	-
Total Disbursements	<u>(643,644)</u>	<u>(637,132)</u>
Net Cash Provided by (Used in) Operating Activities	272,611	254,841
Cash Flows from Investing Activities:		
Net Deposits to the Reserve for Replacement	(101,825)	(99,887)
Net Deposits to Other Reserves and Escrows	5,994	35,145
Net Purchases of Fixed Assets	(8,103)	-
Net Cash Provided by (Used in) Investing Activities	<u>(103,934)</u>	<u>(64,742)</u>
Cash Flows from Financing Activities:		
Payment of Mortgage Principal	(136,347)	(129,549)
Net Cash Provided by (Used in) Financing Activities	<u>(136,347)</u>	<u>(129,549)</u>
Net Increase (Decrease) in Cash	32,330	60,550
Cash at the Beginning of the Year	<u>76,251</u>	<u>15,701</u>
Cash at the End of the Year	<u>\$ 108,581</u>	<u>\$ 76,251</u>
<i>Reconciliation of Cash and Restricted Cash Balances</i>		
Cash and Cash Equivalents	\$ 89,636	\$ 59,859
Tenant Security Deposits	18,945	16,392
Total Cash and Restricted Cash	<u>\$ 108,581</u>	<u>\$ 76,251</u>

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

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 – ORGANIZATION

The Bath Housing Development Corporation (BHDC), a non-profit corporation, acquired Seacliff Apartments (the Project) in November 2012. The Project, Maine State Housing Authority (MSHA) Project number ME36-H017-408, is a 50-unit apartment complex for low-income individuals and families located in Bath, Maine.

The Project is wholly owned by BHDC. The operating results of BHDC are not included in these financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Project's records are maintained on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The net assets of the Project and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions are not subject to donor-imposed stipulations, or the restrictions have expired and may be expended for any purpose in performing the primary objectives of the Project. These assets may be designated for specific purposes by action of the Board of Directors of BHDC.

Net Assets with Donor Restrictions are subject to donor-imposed stipulations that can be fulfilled by actions of the Project or that expire by the passage of time. The Project does not have any donor restricted net assets.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Project's ongoing housing activities. Nonoperating activities are limited to return from investments (primarily restricted reserves), financing activities such as interest on debt, depreciation of long-lived assets and other non-budgeted activities considered to be of a more unusual or non-recurring nature.

Prior-Year Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no effect on previously reported total assets, liabilities, net assets, or change in net assets.

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Supported services costs are provided by a separate management company and are directly charged based on contracted amounts. As such, there are no allocations of indirect costs charged to program expenses.

Income Tax Structure

No provision for taxes on income is made in the Project's financial statements since the Project is owned by Bath Housing Development Corporation, a not-for-profit corporation, which 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 BHDC 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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Project considers money markets and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents, except for funds segregated as required by law or agreement. Such funds are reported as Restricted Deposits and include: Escrows and Reserves held in accordance with the regulatory agreement.

Restricted Cash

The amount included in restricted cash consists of security deposits held in trust for the future benefit of tenants upon moving out of the property as required by the regulatory authority.

Restricted Deposits

The restricted deposits have been established in amounts considered by the Mortgagee to be adequate and in accordance with the regulatory agreement and permanent loan documents. Use of the accounts is restricted as defined in the Regulatory Agreement, and therefore, has been excluded from cash in the accompanying Balance Sheets and for cash flow purposes.

Custodial Credit Risk for Deposits and Investments

The Project's cash balances are fully insured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the Federal insurance limits; however, the Project has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant credit risk exists with respect to these cash balances as of December 31, 2025 and 2024.

Tenant Accounts Receivable

The Project carries its tenant accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Project evaluates its tenant accounts receivable and establishes an allowance for doubtful accounts. As of December 31, 2025 and 2024 the allowance for doubtful accounts was \$14,925 and \$17,420, respectively.

**SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capitalization and Depreciation

Fixed Assets are carried at cost. Improvements above the \$5,000 capitalization threshold will be capitalized, while expenditures for maintenance and repairs will be charged to expenses as incurred. Upon disposal of depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. Depreciation will be provided for in amounts sufficient to the related cost of depreciable assets placed in service to operations over their estimated service lives using primarily straight-line methods. Buildings, building equipment, maintenance equipment, and furnishings are depreciated as follows:

Asset Class	Life
Buildings and Improvements	5 – 40 Years
Furnishings and Equipment	5 – 10 Years

Impairment of Long-Lived Assets

The Project reviews the carrying value of property for impairment whenever events or changes in circumstance indicate that the carrying value of an asset may not be recoverable. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized as the amount by which the carrying value exceeds the fair value of assets. No impairment loss has been recognized as of December 31, 2025.

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 and is computed using the straight-line method over the life of the related loan. Generally accepted accounting principles require that the effective yield method be used to amortize financing fees; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Revenue Recognition

The Project is generally leased to tenants under one-year noncancellable operating leases. While the leases include renewal options, the economic terms of the lease do not make it reasonably certain that a renewal option would be exercised, nor would the full term of the lease be enforceable upon termination. As such, rental income is recognized on a straight-line basis over the terms of the leases. Lease payments received in advance are deferred until earned. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated tenant rent and the contract rent is paid by the HUD. The current contract expires in November 2032. 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 Project believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under the current lease standard.

Advertising

The Project expenses the cost of advertising at the time the advertising takes place. Advertising costs for the years December 31, 2025 and 2024 were \$-0- and \$-0-, respectively.

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 3 – AVAILABILITY AND LIQUIDITY

In accordance with the Regulatory Agreement, the Project is required to deposit all excess cash to the Residual Receipts reserve annually to be restricted from use pending HUD or MSHA approval. The Project generally plans to minimize the accumulation of Surplus Cash, as calculated in accordance with HUD's requirements, whereby maintaining a liquidity of reserves is not feasible under program requirements. As a result, financial assets are limited to those necessary to pay obligations due within 30 days. The following represents the Project's financial assets as of December 31, 2025 and 2024 and the availability to meet general expenditures over the next twelve months:

	2025	2024
Financial assets at yearend:		
Cash and Cash Equivalents	\$ 89,636	\$ 59,859
Receivables	1,028	2,509
Restricted Deposits	597,929	499,545
Total Financial Assets	\$ 688,593	\$ 561,913
Less amounts not available to be used within one year:		
Restricted Deposits	596,469	492,759
Financial assets available to meet general expenditures over the next twelve months	\$ 92,124	\$ 69,154

NOTE 4 – RESTRICTED DEPOSITS

Security Deposits

The Regulatory Agreement requires cash collected for tenant security deposits to be maintained in a separate account and restricted from use for operating purposes.

Escrow Deposits

The Project maintains mortgage escrow deposits to ensure adequate funds are set aside to cover the cost of real estate taxes and property insurance. As of December 31, 2025, required monthly deposits were \$6,050.

Residual Receipts

The Project is required to make excess cash deposits annually to a residual receipts account. Funds in this account are restricted from use, pending approval by MSHA or HUD. Surplus cash for the Project was \$49,991 and \$27,712 as of December 31, 2025 and 2024, respectively.

During the years ended December 31, 2025 and 2024, deposits of \$27,712 and \$0- were made into the residual receipts account, respectively. During the year ended December 31, 2025 withdrawals totaled \$29,266, which were used to offset housing assistance payments and were included in miscellaneous financial expense on the statements of activities. There were no withdrawals during the year ended December 31, 2024. During the years ended December 31, 2025 and 2024, interest earned totaled \$886 and \$667, respectively, and is restricted from use subject to other residual receipt deposits.

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 4 – RESTRICTED DEPOSITS (CONT'D)

Replacement Reserves

The Project is required to make monthly deposits of \$7,026 to replacement reserves. Funds in the replacement reserves are restricted for capital, replacement, and other project expenditures approved by HUD.

Investment income on reserves is restricted by HUD, of which, \$18,398 and \$18,294 was earned during the years ended December 31, 2025 and 2024, respectively.

NOTE 5 – MORTGAGE

Bath Savings Institution

The Project entered into a mortgage with Bath Savings Institution in November 2012 in the original amount of \$1,500,000, payable in monthly installments of principal and interest of \$10,616. The loan bears interest at 5.86% per annum. The mortgage matures in November 2032 and is collateralized by the Project's real estate.

Debt issuance costs, net of accumulated amortization, totaled \$17,569 and \$20,108 as of December 31, 2025 and 2024, respectively. For the years ending December 31, 2025 and 2024, amortization expense of \$2,539 and \$2,539 was incurred and included in interest expense on the statement of operations.

Bath Housing Authority

The Project entered into a second mortgage with the Bath Housing Authority, a related party to BHDC, in November 2012 in the original amount of \$1,000,000, payable in monthly installments of principal and interest of \$6,060. The loan bears interest at 4.0% per annum. The mortgage matures in November 2032 and is collateralized by the Project's real estate.

	Beginning	Additions	Deductions	Ending	Due Within One Year
Bath Savings Institution	\$ 804,539	\$ -	\$ (82,356)	\$ 722,183	\$ 87,323
Bath Housing Authority	492,740	-	(53,991)	438,749	56,190
	\$ 1,297,279	\$ -	\$ (136,347)	\$ 1,160,932	\$ 143,513
			Less: Current Portion	(143,513)	
			Less: Debt Issuance Costs	(17,569)	
			Noncurrent Portion	\$ 999,850	

Annual maturities of debt for the ensuing years are summarized as follows:

2026	\$ 143,513
2027	151,069
2028	159,034
2029	167,434
2030	176,292
Thereafter	363,590
	\$1,160,932

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 6 – RELATED PARTY TRANSACTIONS

Property Management

The Project pays management fees to the Bath Housing Authority (BHA), a related entity, to perform all services required in connection with the day-to-day management and operation of the property. The Project agreed to pay a fee equal to 12% of the gross rents. Management fees charged by BHA for the years ended December 31, 2025 and 2024 amounted to \$107,392 and \$103,965, respectively.

Salaries and Benefits

In accordance with the Management Agreement, BHA provides personnel and other incidental services for the property. Salaries and benefits charged for the years ended December 31, 2025 and 2024 amounted to \$171,692 and \$186,493, respectively. As of December 31, 2025 and 2024, BHA was owed \$16,008 and \$24,182, respectively.

NOTE 7 – HOUSING ASSISTANCE PAYMENTS CONTRACT

The Department of Housing and Urban Development (HUD) has contracted with the project to make housing assistance payments on behalf of qualified tenants. The contract, dated October 1, 2012, is for a twenty-year period through October 31, 2032. Effective October 1, 2025, annual contract rents were \$965,952. For the years ended December 31, 2025 and 2024, housing assistance payments totaled \$596,232 and \$628,684, respectively, which was approximately 67% and 73%, of rental revenues.

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, 2025 and 2024, the Project used \$29,266 and \$-0-, respectively to offset housing assistance payments. At December 31, 2025 and 2024, the amount subject to recapture or to offset housing assistance payments was \$349 and \$1,017, respectively.

NOTE 8 – DATE OF MANAGEMENT'S REVIEW

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Project through March 18, 2026, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Administrative Expenses		
Administrative Salaries	\$ 9,825	\$ 17,086
Office Supplies and Expense	2,788	4,558
Legal & Professional Fees	1,507	892
Audit	11,025	7,150
Bad Debt Expense	657	884
Miscellaneous Administrative	293	230
Total Miscellaneous Operating Expenses	<u>\$ 26,095</u>	<u>\$ 30,800</u>
Operating and Maintenance		
Maintenance Payroll	\$ 114,254	\$ 122,756
Supplies	27,070	31,871
Grounds Contracts	-	-
Building Contracts	40,179	30,961
Exterminating	5,724	5,872
Miscellaneous Contracts	518	-
Trash Removal	3,081	3,397
Total Repairs and Maintenance	<u>\$ 190,826</u>	<u>\$ 194,857</u>
Utilities		
Electricity	\$ 66,798	\$ 46,807
Water	11,767	11,893
Sewer	18,750	18,258
Gas/Fuel	3,777	3,299
Total Utilities	<u>\$ 101,092</u>	<u>\$ 80,257</u>
Taxes and Insurance		
Real Estate Taxes	\$ 35,000	\$ 35,000
Property and Liability Insurance	36,074	34,451
Health Insurance and Other Benefits	3,520	6,261
Miscellaneous Taxes, Licenses, Permits and Insurance	-	-
Total Taxes and Insurance	<u>\$ 74,594</u>	<u>\$ 75,712</u>
Interest Expense		
First Mortgage	\$ 45,007	\$ 52,232
Other Mortgage Loans	18,715	20,829
Total Interest Expense	<u>\$ 63,722</u>	<u>\$ 73,061</u>

SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Source of Funds		
Rental Operations		
Tenant Rent	\$ 268,273	\$ 238,702
Tenant Assistance Payments	596,232	628,684
Interest	49	49
Other Income	4,037	6,244
Total Rental Operations Receipts	<u>868,591</u>	<u>873,679</u>
Disbursements		
Administrative	(136,796)	(177,071)
Operating and Maintenance	(194,962)	(194,857)
Utilities	(104,194)	(80,257)
Taxes and Insurance	(74,141)	(86,581)
Tenant Services	(44,093)	(28,991)
Interest	(63,761)	(70,558)
Total Rental Operations Disbursements	<u>(617,947)</u>	<u>(638,315)</u>
Other Receipts or Transfers		
Transfers from Restricted Deposits and Funded Reserves	107,197	108,706
Total Other Receipts or Transfers	<u>107,197</u>	<u>108,706</u>
Other Disbursements or Transfers		
Transfers to Restricted Deposits and Funded Reserves	(184,629)	(155,154)
Transfers from Tenant Security Deposit Account	1,015	492
Purchases of Property and Equipment	(8,103)	-
Principal Payments on Mortgages	(136,347)	(129,549)
Total Other Disbursements or Transfers	<u>(328,064)</u>	<u>(284,211)</u>
Net Increase (Decrease) in Operating Cash	29,777	59,859
Operating Cash, Beginning of Year	<u>59,859</u>	<u>-</u>
Operating Cash, End of Year	<u>\$ 89,636</u>	<u>\$ 59,859</u>

**SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Description	Deposits			Withdrawals	
	Balance Beginning of Year	Transfers from Operations Account	Interest Earned	Transfers to Operations Account	Balance End of Year
Real Estate Tax & Insurance	\$ 6,786	\$ 72,605	\$ -	\$ (77,931)	\$ 1,460
Replacement Reserve	462,850	84,312	17,513	-	564,675
Residual Receipts	13,517	27,712	886	(29,266)	12,849
	<u>\$ 483,153</u>	<u>\$ 184,629</u>	<u>\$ 18,399</u>	<u>\$ (107,197)</u>	<u>\$ 578,984</u>

Restricted Reserve Funding Calculations

	Annual	Due Date	Per Month	Number of Months	Required Balance
Taxes	\$ 35,000	9/1	\$ 2,917	3	\$ 8,750
Property Insurance	39,175	1/1	3,265	3	9,794
Director & Officers Insurance	626	1/1	52	3	157

**SEACLIFF APARTMENTS
 HUD PROJECT NO. ME36-H017-408
 SCHEDULE OF SURPLUS CASH
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Cash & Cash Equivalents

Cash	\$ 89,636	
Tenant Security Deposits	18,945	
Rental Assistance Receivable	-	
Other - Expense Overpayments	-	
		108,581

Current Obligations

Accounts Payable	22,042	
Accrued Interest Payable	328	
Accrued Expenses - Other	-	
Prepaid Rents	35	
Tenant Security Deposit Liability	18,945	
Other Current Obligations (deficiency in tax and insurance escrow)	17,240	
		(58,590)
Suplus Cash (Deficiency)		\$ 49,991

**SEACLIFF APARTMENTS
 HUD PROJECT NO. ME36-H017-408
 SCHEDULE OF CASH AT FINANCIAL INSTITUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

<u>Account Name</u>	<u>Financial Institution</u>	<u>Account Type</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Signatory Control</u>	<u>Balance</u>
Operating Account	Bath Savings Institution	Checking	0.07%	N/A	Sole	\$ 89,636
Tax and Insurance Reserve	Bath Savings Institution	Checking	0.00%	N/A	Either / Or	\$ 1,460
Replacement Reserve	Bath Savings Institution	Checking	3.12%	N/A	Either / Or	\$ 564,675
Residual Receipts	Federated Hermes	Money Market	4.26%	N/A	Maine Housing	\$ 12,849
Tenant Security Deposits	Bath Savings Institution	Checking	0.00%	N/A	Sole	\$ 18,945

**SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
CERTIFICATION OF PROJECT OWNER
FOR YEAR ENDED DECEMBER 31, 2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Seacliff Apartments, HUD Project No. ME36-H017-408 and, to the best of our knowledge and belief; the same are accurate and complete.

Debora Keller

Signature of Officer

Bath Housing Development Corporation

3/24/2026

Date

Employer Identification Number:
22-2618694

**SEACLIFF APARTMENTS
HUD PROJECT NO. ME36-H017-408
MANAGEMENT AGENT'S CERTIFICATION
FOR YEAR ENDED DECEMBER 31, 2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Seacliff Apartments, HUD Project No. ME36-H017-408 and, to the best of our knowledge and belief; the same are accurate and complete.

Jessica Irish

Jessica Irish, 03/24/2026 04:48 PM UTC

Signature of Management Agent's Representative
Deputy Director

Title

Bath Housing Authority

Management Agent's Name

3/24/2026

Date

Bath Housing Authority
Employer Identification Number:
01-0314025