

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2014 and 2013

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2014 and 2013

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bath Housing Development Corporation

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Bath Housing Development Corporation, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bath Housing Development Corporation as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 and 2 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 audits 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Otis Atwell". The signature is written in a cursive, flowing style.

Certified Public Accountants

May 5, 2015  
South Portland, Maine

BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash		
Operating Accounts	\$ 341,954	\$ 509,553
Investments - Cash and Equivalents	13,839	-
Tax and Insurance Reserve	10,565	7,669
Replacement Reserve	127,717	92,717
Operating Reserve (Note 8)	14,891	13,891
Residual Receipts Reserve (Note 7 and 8)	12,533	12,160
Total Cash	521,499	635,990
Other Current Assets		
Accounts Receivable - Tenants	2,346	2,739
Accounts Receivable - HUD	1,872	309
Due from Related Party (Note 3)	3,254	34,306
Tenant Security Deposits	14,329	30,029
Prepaid Insurance	4,776	4,583
Prepaid Real Estate Taxes	8,060	7,542
Investments (Note 10)	284,108	-
Property Held for Resale (Note 4)	150,700	150,700
Total Current Assets	990,944	866,198
<b>PROPERTY AND EQUIPMENT (Note 2)</b>		
Land	1,275,388	1,275,388
Buildings	2,825,617	2,789,543
Building Equipment	61,033	62,406
Maintenance Equipment	7,825	7,825
Construction in Progress	27,172	27,033
Total	4,197,035	4,162,195
Less Accumulated Depreciation	412,828	336,434
Net Property and Equipment	3,784,207	3,825,761
<b>OTHER ASSETS</b>		
Deferred Financing Costs, net of Accumulated Amortization of \$5,291 and \$2,751 in 2014 and 2013, respectively	45,498	48,038
Total Other Assets	45,498	48,038
<b>TOTAL ASSETS</b>	\$ 4,820,649	\$ 4,739,997

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Continued)

December 31, 2014 and 2013

LIABILITIES AND NET ASSETS

LIABILITIES

	2014	2013
CURRENT LIABILITIES		
Accounts Payable	\$ 16,984	\$ 8,205
Accounts Payable - Related Party (Note 3)	33,708	-
Accrued Interest Payable	657	444
Accrued Compensated Absences	6,089	7,097
Accrued Payroll	6,824	-
Prepaid Revenue	328	-
Tenant Security Deposits and Interest	14,357	21,260
Mortgage Notes Payable - Current Portion	91,355	86,361
Total Current Liabilities	170,302	123,367
LONG-TERM LIABILITIES (Note 2)		
Mortgage Notes Payable	2,599,319	2,686,301
Accrued Interest Payable	11,144	11,144
	2,610,463	2,697,445
Less Current Portion	91,355	86,361
Total Long-term Liabilities	2,519,108	2,611,084
TOTAL LIABILITIES	2,689,410	2,734,451
NET ASSETS		
Unrestricted Net Assets	2,123,739	2,005,546
Temporarily Restricted Net Assets (Note 9)	7,500	-
TOTAL LIABILITIES AND NET ASSETS	\$ 4,820,649	\$ 4,739,997

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CHANGES IN NET ASSETS		
Revenue:		
Rent (Note 3)	\$ 270,407	\$ 242,539
Housing Assistance Payments (Note 7)	490,120	497,923
Residual Receipts Recapture Income (Note 7)	61,398	48,124
Grants (Note 5)	36,580	271,500
Laundry	9,103	13,400
Interest	1,147	1,585
Return on Investments (Note 10)	(1,508)	-
Other	2,823	3,423
Total Income	<u>870,070</u>	<u>1,078,494</u>
Expenses:		
Administrative	161,264	158,816
Operating	96,871	91,041
Maintenance	137,610	116,587
Depreciation and Amortization	80,311	76,758
Interest	128,538	127,986
General Expenses	139,783	117,885
Total Expenses	<u>744,377</u>	<u>689,073</u>
INCREASE IN NET ASSETS	<u>125,693</u>	<u>389,421</u>
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	2,005,546	1,616,125
INCREASE IN UNRESTRICTED NET ASSETS	<u>118,193</u>	<u>389,421</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 2,123,739</u>	<u>\$ 2,005,546</u>
TEMPORARILY RESTRICTED NET ASSETS, BEGINNING OF YEAR	\$ -	\$ -
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>7,500</u>	<u>-</u>
TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR	<u>\$ 7,500</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

## BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 125,693	\$ 389,421
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	77,771	74,219
Amortization	2,540	2,539
Loss on Sale of Equipment	3,174	-
Loss on Note Receivable	-	31,600
Unrealized Loss on Investments	2,321	-
Noncash Investment Activity	(1,124)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable - Tenants	393	(1,401)
Accounts Receivable - HUD	(1,563)	3,715
Due from Related Party	31,052	(34,306)
Tenant Security Deposits	15,700	(978)
Prepaid Insurance	(193)	(1,298)
Prepaid Real Estate Taxes	(518)	(2,854)
Accounts Payable	5,255	(1,190)
Accounts Payable - Related Party	33,708	(34,293)
Accrued Interest Payable	213	(601)
Accrued Compensated Absences	(1,008)	(5,466)
Accrued Payroll	6,824	-
Prepaid Rent	328	-
Tenant Security Deposits Liability	(6,903)	948
Net Cash Provided by Operating Activities	<u>293,663</u>	<u>420,055</u>
Cash Flows from Investing Activities:		
Purchase of Property, Plant and Equipment	(43,967)	(294,947)
Proceeds from Sale of Property, Plant and Equipment	8,100	-
Purchase of Investments	(285,305)	-
Net Cash Used by Investing Activities	<u>(321,172)</u>	<u>(294,947)</u>
Cash Flows from Financing Activities:		
Repayment of Long-term Debt	(86,982)	(85,741)
Payment of Deferred Fees	-	(50,789)
Net Cash Used by Financing Activities	<u>(86,982)</u>	<u>(136,530)</u>
Net Decrease in Cash	(114,491)	(11,422)
Cash at Beginning of Year	<u>635,990</u>	<u>647,412</u>
Cash at End of Year	<u>\$ 521,499</u>	<u>\$ 635,990</u>
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 128,325</u>	<u>\$ 128,587</u>
Supplemental Disclosure of Noncash Investing Activities:		
Assets Acquired Through Foreclosure	<u>\$ -</u>	<u>\$ 21,131</u>

See accompanying notes to the financial statements.



## BATH HOUSING DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Bath Housing Development Corporation (the Corporation) is a nonprofit corporation established to fund the development, improvement, and operation of affordable housing projects.

Basis of Consolidation - The accompanying consolidated financial statements include the statements of financial position and results of operations of the wholly owned housing project, Seacliff Apartments. Seacliff Apartments was purchased November 29, 2012. Intercompany balances have been eliminated in consolidation.

Method of Accounting - The financial statements of the Corporation are prepared on the accrual basis of accounting, and include only those assets, liabilities and results of operations which relate to the business of Bath Housing Development Corporation.

Property and Equipment - Property and equipment are stated at cost. Buildings, improvements, and equipment are being depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are expensed and betterments and renewals are capitalized as incurred. When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains and losses are reflected in income.

Income Taxes - No provision for taxes on income is made since Bath Housing Development Corporation, as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, is exempt from federal and state income taxes.

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Corporation 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 - For purposes of reporting cash flows, cash includes cash on hand and amounts due from banks. The statements of cash flows do not include tenant security deposits in cash. These funds are held in trust and may be returned to the tenants.

Use of Estimates - The preparation of financial statements 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through May 5, 2015, the date the financial statements were available to be issued.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 2 - MORTGAGE NOTES PAYABLE

A mortgage note payable to MaineHousing is due in May 2028 and is secured by residential rental property at 842, 832, and 822 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, 2014 and 2013 were \$157,799 and \$166,585, respectively.

A mortgage note payable to the City of Bath is secured by residential rental property at 842, 832, and 822 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, 2014 and 2013 was \$103,043. Accrued interest on the note at both December 31, 2014 and 2013 was \$11,144.

A mortgage note payable to Bath Savings Institution is due November 29, 2032 and is secured by Seacliff Apartments. The note bears interest at 5.86% per annum and requires monthly payments of principal and interest of \$10,616. The note balances at December 31, 2014 and 2013 was \$1,409,436 and \$1,452,835, respectively. The Corporation may request additional advances on the note up to a maximum of \$2,500,000 subject to bank approval.

A mortgage note payable to Bath Housing Authority, a related party, is due November 29, 2032 and is secured by Seacliff Apartments. The note bears interest at 4% per annum and requires monthly payments of principal and interest of \$6,060. The note balances at December 31, 2014 and 2013 was \$929,041 and \$963,838, respectively.

Maturities on the loans are as follows:

2015	\$ 90,609
2016	95,744
2017	100,818
2018	105,933
2019	111,316
Thereafter	<u>2,094,899</u>
	<u>\$ 2,599,319</u>

NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation entered into a management agreement with Bath Housing Authority for management of Seacliff Apartments and is required to pay a management fee equal to 4.5% of collected rents. Management fees of \$32,298 and \$31,656 were incurred during 2014 and 2013, respectively.

During both 2014 and 2013, Bath Housing Authority paid rent of \$22,080 to the Corporation. This amount is included in rental income.

## BATH HOUSING DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 3 - RELATED PARTY TRANSACTIONS (Continued)

During 2014 and 2013, the Corporation paid administrative and maintenance reimbursements of \$163,516 and \$151,537, respectively, to the Bath Housing Authority, a related party through common management.

At December 31, 2014, the Corporation owed the Bath Housing Authority \$30,454. At December 31, 2013, the Bath Housing Authority owed the Corporation \$34,306.

During 2013, the Bath Housing Authority's Local Program granted the Corporation \$250,000 to aid in the purchase of the Oak Street Apartments project.

#### NOTE 4 - PROPERTY HELD FOR RESALE

Property held for resale consists of 18.84 acres of undeveloped land on High Street in Bath and 1.97 acres of undeveloped land on Tarbox Street in Bath.

#### NOTE 5 - GRANT INCOME

During both 2014 and 2013, the Corporation received \$20,000 in grant income from the City of Bath. Also during 2014, the Corporation received grant funding for a community needs assessment totaling \$9,080 and for a resident art program totaling \$7,500. During 2013, the Corporation received grant funds from Get up and Go for \$1,500 and a grant from Bath Housing Authority's Local Program fund for \$250,000.

#### NOTE 6 - MORTGAGE NOTE RECEIVABLE

The Corporation had a note receivable from the Oak Street Cooperative of Bath (the Cooperative). During 2013, the Corporation foreclosed on the property. In conjunction with the foreclosure, the Corporation paid off the Cooperative's note payable to Cooperative Fund of New England in the amount of \$243,869. The fair market value of the Cooperative at date of foreclosure was \$265,000. The Corporation applied the remaining value of the property after payoff of the Cooperative Fund of New England to the note and wrote off the remaining \$31,600 in 2013.

#### NOTE 7 - HOUSING ASSISTANCE AGREEMENT

The U.S. Department of Housing and Urban Development (HUD) has contracted with Seacliff Apartments under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the project on behalf of qualified tenants. The renewal contract, dated October 1, 2012, is for a twenty-year period. Effective October 1, 2014, gross contract rents equal \$732,240 and may not be increased without HUD approval.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 7 - HOUSING ASSISTANCE AGREEMENT (Continued)

In accordance with HUD Housing Notice H-2012-14, Seacliff Apartments is required to use funds in the residual receipts account to offset project based Section 8 housing assistance payments. The project is allowed to maintain \$250 per unit to use for project purposes, subject to agency approval. The excess balance will be used to reduce project based Section 8 housing assistance payments until the excess is used. During 2014 and 2013, the project used \$61,398 and \$48,124, respectively, of residual receipts to offset housing assistance payments. These funds have been recorded as Residual Receipts Recapture Income with an offset to Residual Receipts Recapture Expense. Net housing assistance payments earned during 2014 and 2013 totaled \$490,120 and \$497,923, respectively.

NOTE 8 - COMMITMENTS

Under the terms of the Regulatory Agreement with MaineHousing, Seacliff Apartments is required to make deposits to an escrow account to fund expected future costs as determined by the Capital Needs Assessment:

<u>Escrow Account</u>	<u>Amount</u>
Replacement Reserve	Currently \$2,953 monthly

Under the terms of the Housing Assistance Contract with HUD, Seacliff Apartments is required to deposit annual surplus cash into a residual receipts account. Use of residual receipt funds is contingent upon HUD's written approval.

Under the terms of a Regulatory Agreement with MaineHousing, the Corporation 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.

As required by a Financial Assistance Agreement with MaineHousing, for a period of thirty years, the Corporation will endeavor to keep at least 7 of the 8 residential rental units located at 822, 832 and 842 Middle Street in Bath occupied by individuals or families whose income is 60% or less of the area median income. In addition, for the Qualified Project Period, the low income units shall be rent-restricted at 50% of the area median income.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014, the Corporation's temporarily restricted net assets are comprised of unexpended funds received from an Alfred M. Senter grant. The funds are restricted as to use to provide funding for a mobile art program.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 10 - INVESTMENTS MEASURED AT FAIR VALUE

During 2014, Bath Housing Development Corporation transferred \$300,000 to an investment account with People's United Bank. These amounts are not FDIC insured and are subject to market fluctuation. The Corporation accounts for its investments in accordance with FASB ASC 820-10-50, which requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. Level 1 investments include mutual funds.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 investment inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in non-active markets. Level 2 investments include corporate bonds.

Level 3 - Unobservable inputs for the asset or liability. The Corporation does not have any Level 3 investments.

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, 2014:

Mutual Funds (Level 1)	\$ 6,494
Corporate Bonds (Level 2)	<u>277,614</u>
	<u>\$ 284,108</u>

The return on investments for the year ended December 31, 2014 consisted of the following:

Interest and Dividends	\$ 1,863
Unrealized Gain (Loss) on Investments	(1,050)
Account Fees	<u>(2,321)</u>
	<u>\$ (1,508)</u>

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 11 - FUNCTIONAL EXPENSES

The costs of providing the program are summarized on a functional basis as follows:

Program Services	
Multi-Family Housing Projects	\$ 605,848
Supporting Services	
General and Administrative	138,529
Fundraising	-
	<hr/>
	<u>\$ 744,377</u>

## SUPPLEMENTARY INFORMATION

BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2014

	ASSETS			
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash				
Operating Accounts	\$ 136,723	\$ 205,231	\$ -	\$ 341,954
Investments - Cash and Equivalents	13,839	-	-	13,839
Tax and Insurance Reserve	-	10,565	-	10,565
Replacement Reserve	-	127,717	-	127,717
Operating Reserve	14,891	-	-	14,891
Residual Receipts Reserve	-	12,533	-	12,533
<b>Total Cash</b>	<b>165,453</b>	<b>356,046</b>	<b>-</b>	<b>521,499</b>
Other Current Assets				
Accounts Receivable - Tenants	1,115	1,231	-	2,346
Accounts Receivable - HUD	-	1,872	-	1,872
Due from Related Party	3,254	-	-	3,254
Tenant Security Deposits	1,794	12,535	-	14,329
Prepaid Insurance	2,795	1,981	-	4,776
Prepaid Real Estate Taxes	8,060	-	-	8,060
Investments	284,108	-	-	284,108
Property Held for Resale	150,700	-	-	150,700
<b>Total Current Assets</b>	<b>617,279</b>	<b>373,665</b>	<b>-</b>	<b>990,944</b>
<b>PROPERTY AND EQUIPMENT</b>				
Land	129,088	1,146,300	-	1,275,388
Buildings	898,597	1,927,020	-	2,825,617
Building Equipment	8,832	52,201	-	61,033
Maintenance Equipment	7,825	-	-	7,825
Construction in Progress	750	26,422	-	27,172
<b>Total</b>	<b>1,045,092</b>	<b>3,151,943</b>	<b>-</b>	<b>4,197,035</b>
Less Accumulated Depreciation	304,189	108,639	-	412,828
<b>Net Property and Equipment</b>	<b>740,903</b>	<b>3,043,304</b>	<b>-</b>	<b>3,784,207</b>
<b>OTHER ASSETS</b>				
Deferred Financing Fees, Net of Accumulated Amortization of \$5,291 in 2014	-	45,498	-	45,498
<b>Total Other Assets</b>	<b>-</b>	<b>45,498</b>	<b>-</b>	<b>45,498</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,358,182</b>	<b>\$ 3,462,467</b>	<b>\$ -</b>	<b>\$ 4,820,649</b>



BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
(Continued)

December 31, 2014

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 2,967	\$ 14,017	\$ -	\$ 16,984
Due to Related Party	-	33,708	-	33,708
Accrued Interest Payable	-	657	-	657
Accrued Compensated Absences	1,689	4,400	-	6,089
Accrued Payroll	2,089	4,735	-	6,824
Prepaid Revenue	-	328	-	328
Tenant Security Deposits and Interest	1,822	12,535	-	14,357
Mortgage Notes Payable - Current Portion	9,114	82,241	-	91,355
Total Current Liabilities	<u>17,681</u>	<u>152,621</u>	<u>-</u>	<u>170,302</u>
<b>LONG-TERM LIABILITIES</b>				
Mortgage Notes Payable	260,842	2,338,477	-	2,599,319
Accrued Interest Payable	11,144	-	-	11,144
	<u>271,986</u>	<u>2,338,477</u>	<u>-</u>	<u>2,610,463</u>
Less Current Portion	9,114	82,241	-	91,355
Total Long-term Liabilities	<u>262,872</u>	<u>2,256,236</u>	<u>-</u>	<u>2,519,108</u>
<b>TOTAL LIABILITIES</b>	<u>280,553</u>	<u>2,408,857</u>	<u>-</u>	<u>2,689,410</u>
<b>NET ASSETS</b>				
Unrestricted Net Assets	1,070,129	1,053,610	-	2,123,739
Temporarily Restricted Net Assets	7,500	-	-	7,500
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,358,182</u>	<u>\$ 3,462,467</u>	<u>\$ -</u>	<u>\$ 4,820,649</u>

BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2013

ASSETS				
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash				
Operating Accounts	\$ 442,401	\$ 67,152	\$ -	\$ 509,553
Tax and Insurance Reserve	-	7,669	-	7,669
Replacement Reserve	-	92,717	-	92,717
Operating Reserve	13,891	-	-	13,891
Residual Receipts Reserve	-	12,160	-	12,160
<b>Total Cash</b>	<b>456,292</b>	<b>179,698</b>	<b>-</b>	<b>635,990</b>
Other Current Assets				
Accounts Receivable - Tenants	814	1,925	-	2,739
Accounts Receivable - HUD	-	309	-	309
Due from Related Party	1,325	33,354	(373)	34,306
Tenant Security Deposits	6,624	23,405	-	30,029
Prepaid Insurance	2,612	1,971	-	4,583
Prepaid Real Estate Taxes	7,542	-	-	7,542
Property Held for Resale	150,700	-	-	150,700
<b>Total Current Assets</b>	<b>625,909</b>	<b>240,662</b>	<b>(373)</b>	<b>866,198</b>
<b>PROPERTY AND EQUIPMENT</b>				
Land	129,088	1,146,300	-	1,275,388
Buildings	899,443	1,890,100	-	2,789,543
Building Equipment	18,806	43,600	-	62,406
Maintenance Equipment	7,825	-	-	7,825
Construction in Progress	-	27,033	-	27,033
<b>Total</b>	<b>1,055,162</b>	<b>3,107,033</b>	<b>-</b>	<b>4,162,195</b>
Less Accumulated Depreciation	280,521	55,913	-	336,434
<b>Net Property and Equipment</b>	<b>774,641</b>	<b>3,051,120</b>	<b>-</b>	<b>3,825,761</b>
<b>OTHER ASSETS</b>				
Deferred Financing Fees, Net of Accumulated Amortization of \$2,751 in 2013	-	48,038	-	48,038
<b>Total Other Assets</b>	<b>-</b>	<b>48,038</b>	<b>-</b>	<b>48,038</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,400,550</b>	<b>\$ 3,339,820</b>	<b>\$ (373)</b>	<b>\$ 4,739,997</b>

BATH HOUSING DEVELOPMENT CORPORATION  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
(Continued)

December 31, 2013

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 2,050	\$ 6,155	\$ -	\$ 8,205
Accounts Payable - Related Party	373	-	(373)	-
Accrued Interest Payable	-	444	-	444
Accrued Compensated Absences	2,114	4,983	-	7,097
Tenant Security Deposits and Interest	2,885	18,375	-	21,260
Mortgage Notes Payable - Current Portion	8,757	77,604	-	86,361
Total Current Liabilities	<u>16,179</u>	<u>107,561</u>	<u>(373)</u>	<u>123,367</u>
<b>LONG-TERM LIABILITIES</b>				
Mortgage Notes Payable	269,628	2,416,673	-	2,686,301
Accrued Interest Payable	11,144	-	-	11,144
	<u>280,772</u>	<u>2,416,673</u>	<u>-</u>	<u>2,697,445</u>
Less Current Portion	8,757	77,604	-	86,361
Total Long-term Liabilities	<u>272,015</u>	<u>2,339,069</u>	<u>-</u>	<u>2,611,084</u>
<b>TOTAL LIABILITIES</b>	<u>288,194</u>	<u>2,446,630</u>	<u>(373)</u>	<u>2,734,451</u>
<b>NET ASSETS</b>				
Unrestricted Net Assets	<u>1,112,356</u>	<u>893,190</u>	<u>-</u>	<u>2,005,546</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,400,550</u>	<u>\$ 3,339,820</u>	<u>\$ (373)</u>	<u>\$ 4,739,997</u>

## BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2014

	Bath Housing Development Corporation	Seacliff Apartments	Eliminations	Total
<b>REVENUE</b>				
Rent	\$ 95,022	\$ 175,385	\$ -	\$ 270,407
Housing Assistance Payments	-	490,120	-	490,120
Residual Receipts Recapture Income	-	61,398	-	61,398
Grants	36,580	-	-	36,580
Laundry	9,103	-	-	9,103
Interest	822	325	-	1,147
Investment Loss	(1,508)	-	-	(1,508)
Other	-	2,823	-	2,823
<b>Total Revenue</b>	<b>140,019</b>	<b>730,051</b>	<b>-</b>	<b>870,070</b>
<b>ADMINISTRATIVE EXPENSES</b>				
Management Contract	-	32,298	-	32,298
Administrative Salaries	18,244	15,547	-	33,791
Employee Benefits	6,658	12,235	-	18,893
Audit and Accounting	7,112	8,854	-	15,966
Legal	2,895	1,824	-	4,719
Advertising	2,432	-	-	2,432
Donation Expense	50	-	-	50
Consulting Expense	13,520	-	-	13,520
Bad Debt Expense	-	438	-	438
Tenant Service Expenses	2,252	8,198	-	10,450
Miscellaneous Administrative	15,171	13,536	-	28,707
<b>Total Administrative Expenses</b>	<b>68,334</b>	<b>92,930</b>	<b>-</b>	<b>161,264</b>
<b>OPERATING EXPENSES</b>				
Janitorial Supplies	-	765	-	765
Janitorial Contract Services	285	6,567	-	6,852
Electricity	3,560	44,100	-	47,660
Fuel	9,004	4,628	-	13,632
Water and Sewer	3,165	23,201	-	26,366
Trash Removal	365	1,231	-	1,596
<b>Total Operating Expenses</b>	<b>16,379</b>	<b>80,492</b>	<b>-</b>	<b>96,871</b>
<b>MAINTENANCE EXPENSES</b>				
<b>GROUND MAINTENANCE</b>				
Tools and Supplies	22	87	-	109
Contract Services	121	659	-	780
<b>BUILDING MAINTENANCE</b>				
Payroll	13,492	54,886	-	68,378
Tools and Supplies	2,246	18,907	-	21,153
Contract Services	11,624	25,575	-	37,199
Miscellaneous Maintenance	1,841	8,150	-	9,991
<b>Total Maintenance Expenses</b>	<b>29,346</b>	<b>108,264</b>	<b>-</b>	<b>137,610</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>25,046</b>	<b>55,265</b>	<b>-</b>	<b>80,311</b>
<b>INTEREST</b>	<b>6,503</b>	<b>122,035</b>	<b>-</b>	<b>128,538</b>
<b>GENERAL EXPENSES</b>				
Taxes	15,602	35,000	-	50,602
Insurance	10,363	14,247	-	24,610
Loss on Sale of Equipment	3,173	-	-	3,173
Residual Receipts Recapture Expense	-	61,398	-	61,398
<b>Total General Expenses</b>	<b>29,138</b>	<b>110,645</b>	<b>-</b>	<b>139,783</b>
<b>TOTAL EXPENSES</b>	<b>174,746</b>	<b>569,631</b>	<b>-</b>	<b>744,377</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(34,727)</b>	<b>160,420</b>	<b>-</b>	<b>125,693</b>
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	<b>1,112,356</b>	<b>893,190</b>	<b>-</b>	<b>2,005,546</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(42,227)</b>	<b>160,420</b>	<b>-</b>	<b>118,193</b>
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	<b>\$ 1,070,129</b>	<b>\$ 1,053,610</b>	<b>\$ -</b>	<b>\$ 2,123,739</b>
<b>TEMPORARILY RESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>7,500</b>	<b>-</b>	<b>-</b>	<b>7,500</b>
<b>TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR</b>	<b>\$ 7,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,500</b>

## BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2013

	Bath Housing Development Corporation	Seacliff Apartments	Eliminations	Total
<b>REVENUE</b>				
Rent	\$ 80,791	\$ 161,748	\$ -	\$ 242,539
Housing Assistance Payments	-	497,923	-	497,923
Residual Receipts Recapture Income	-	48,124	-	48,124
Grants	271,500	-	-	271,500
Laundry	13,400	-	-	13,400
Interest	1,401	184	-	1,585
Other	-	3,423	-	3,423
Total Revenue	<u>367,092</u>	<u>711,402</u>	<u>-</u>	<u>1,078,494</u>
<b>ADMINISTRATIVE EXPENSES</b>				
Management Contract	-	31,656	-	31,656
Administrative Salaries	6,182	13,983	-	20,165
Employee Benefits	3,773	14,735	-	18,508
Audit and Accounting	6,000	8,804	-	14,804
Legal	14,690	2,895	-	17,585
Advertising	445	-	-	445
Bad Debt Expense	31,600	3,437	-	35,037
Tenant Service Expenses	4,315	244	-	4,559
Miscellaneous Administrative	(2,549)	18,606	-	16,057
Total Administrative Expenses	<u>64,456</u>	<u>94,360</u>	<u>-</u>	<u>158,816</u>
<b>OPERATING EXPENSES</b>				
Janitorial Supplies	-	2,986	-	2,986
Janitorial Contract Services	635	7,023	-	7,658
Electricity	1,827	40,053	-	41,880
Fuel	8,111	5,076	-	13,187
Water and Sewer	4,508	18,950	-	23,458
Trash Removal	396	1,476	-	1,872
Total Operating Expenses	<u>15,477</u>	<u>75,564</u>	<u>-</u>	<u>91,041</u>
<b>MAINTENANCE EXPENSES</b>				
<b>GROUNDS MAINTENANCE</b>				
Tools and Supplies	-	468	-	468
Contract Services	1,028	-	-	1,028
<b>BUILDING MAINTENANCE</b>				
Payroll	11,634	57,743	-	69,377
Tools and Supplies	2,433	18,977	-	21,410
Contract Services	6,362	9,918	-	16,280
Miscellaneous Maintenance	-	8,024	-	8,024
Total Maintenance Expenses	<u>21,457</u>	<u>95,130</u>	<u>-</u>	<u>116,587</u>
DEPRECIATION AND AMORTIZATION	<u>22,607</u>	<u>54,151</u>	<u>-</u>	<u>76,758</u>
INTEREST	<u>6,847</u>	<u>121,139</u>	<u>-</u>	<u>127,986</u>
<b>GENERAL EXPENSES</b>				
Taxes	13,903	35,000	-	48,903
Insurance	9,398	11,460	-	20,858
Residual Receipts Recapture Expense	-	48,124	-	48,124
Total General Expenses	<u>23,301</u>	<u>94,584</u>	<u>-</u>	<u>117,885</u>
TOTAL EXPENSES	<u>154,145</u>	<u>534,928</u>	<u>-</u>	<u>689,073</u>
INCREASE IN NET ASSETS	212,947	176,474	-	389,421
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>899,409</u>	<u>716,716</u>	<u>-</u>	<u>1,616,125</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 1,112,356</u>	<u>\$ 893,190</u>	<u>\$ -</u>	<u>\$ 2,005,546</u>