

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2016 and 2015

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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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 statements of financial position as of December 31, 2016 and 2015, and the related 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, 2016 and 2015, 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 cursive script that reads "Otis Atwell".

Certified Public Accountants

May 19, 2017
South Portland, Maine

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	ASSETS	
	2016	2015
CURRENT ASSETS		
Cash		
Operating Accounts	\$ 230,645	\$ 58,642
Investments - Cash and Equivalents	9,446	14,724
Tax and Insurance Reserve	14,657	10,213
Replacement Reserve (Note 7)	199,827	164,291
Operating Reserve (Note 7)	15,431	15,392
Residual Receipts Reserve (Notes 6 and 7)	12,503	12,522
Total Cash	482,509	275,784
Other Current Assets		
Accounts Receivable - Tenants	5,103	8,049
Tenant Security Deposits	19,772	16,219
Prepaid Insurance	1,444	8,453
Prepaid Real Estate Taxes	4,872	8,259
Investments (Note 9)	296,896	287,584
Property Held for Resale or Development (Note 4)	150,700	150,700
Total Current Assets	961,296	755,048
PROPERTY AND EQUIPMENT (Note 2)		
Land	1,448,000	1,410,035
Buildings	3,045,296	2,864,489
Building Equipment	115,381	115,381
Maintenance Equipment	7,825	7,825
Motor Vehicles	22,748	22,748
Construction in Progress	78,427	92,251
Total	4,717,677	4,512,729
Less Accumulated Depreciation	610,575	499,525
Net Property and Equipment	4,107,102	4,013,204
TOTAL ASSETS	\$ 5,068,398	\$ 4,768,252

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2016 and 2015

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 20,074	\$ 17,863
Accounts Payable - Related Party (Note 3)	55,391	5,630
Accrued Interest Payable	609	634
Accrued Compensated Absences	2,339	7,057
Accrued Payroll	1,903	3,000
Prepaid Revenue	-	1,256
Tenant Security Deposits and Interest	18,257	14,246
Mortgage Notes Payable - Current Portion	<u>104,345</u>	<u>96,025</u>
Total Current Liabilities	<u>202,918</u>	<u>145,711</u>
LONG-TERM LIABILITIES (Note 2)		
Mortgage Notes Payable	2,648,330	2,508,657
Deferred Financing Costs	(40,420)	(42,959)
Accrued Interest Payable	11,144	11,144
	<u>2,619,054</u>	<u>2,476,842</u>
Less Current Portion	<u>104,345</u>	<u>96,025</u>
Total Long-term Liabilities	<u>2,514,709</u>	<u>2,380,817</u>
TOTAL LIABILITIES	<u>2,717,627</u>	<u>2,526,528</u>
NET ASSETS		
Unrestricted Net Assets	2,310,110	2,174,017
Temporarily Restricted Net Assets (Note 8)	<u>40,661</u>	<u>67,707</u>
Total Net Assets	<u>2,350,771</u>	<u>2,241,724</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,068,398</u></u>	<u><u>\$ 4,768,252</u></u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2016
 (With Comparative Summarized Information for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
REVENUE FROM OPERATIONS				
Housing Assistance Payments (Note 6)	\$ 543,869	\$ -	\$ 543,869	\$ 411,919
Rental Revenue	338,960	-	338,960	276,813
Grant Income	20,000	61,150	81,150	193,705
Other Income	5,469	-	5,469	21,358
TOTAL REVENUE FROM OPERATIONS	<u>908,298</u>	<u>61,150</u>	<u>969,448</u>	<u>903,795</u>
OPERATING EXPENSES				
Supportive Services				
Management and General	74,577	9,887	84,464	88,118
Total Supportive Services	<u>74,577</u>	<u>9,887</u>	<u>84,464</u>	<u>88,118</u>
Program Services				
Housing Programs	702,363	-	702,363	606,609
Community Aging in Place Program	-	78,309	78,309	103,741
Total Program Services	<u>702,363</u>	<u>78,309</u>	<u>780,672</u>	<u>710,350</u>
TOTAL OPERATING EXPENSES	<u>776,940</u>	<u>88,196</u>	<u>865,136</u>	<u>798,468</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>131,358</u>	<u>(27,046)</u>	<u>104,312</u>	<u>105,327</u>
Non-Operating Activity				
Investment Income	4,735	-	4,735	5,158
Total Non-Operating Activities	<u>4,735</u>	<u>-</u>	<u>4,735</u>	<u>5,158</u>
CHANGE IN NET ASSETS	136,093	(27,046)	109,047	110,485
NET ASSETS AT BEGINNING OF YEAR	<u>2,174,017</u>	<u>67,707</u>	<u>2,241,724</u>	<u>2,131,239</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,310,110</u>	<u>\$ 40,661</u>	<u>\$ 2,350,771</u>	<u>\$ 2,241,724</u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 109,047	\$ 110,485
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	111,050	86,697
Amortization of Deferred Financing Costs	2,539	2,539
Unrealized Gain on Investments	(1,612)	(272)
Noncash Investment Activity	2,300	1,670
Changes in Operating Assets and Liabilities:		
Accounts Receivable - Tenants	2,946	(5,703)
Accounts Receivable - HUD	-	1,872
Tenant Security Deposits	(3,553)	(1,890)
Prepaid Insurance	7,009	(3,677)
Prepaid Real Estate Taxes	3,387	(199)
Accounts Payable	(8,099)	879
Accounts Payable - Related Party	49,761	(24,824)
Accrued Interest Payable	(25)	(23)
Accrued Compensated Absences	(4,718)	968
Accrued Payroll	(1,097)	(3,824)
Prepaid Rent	(1,256)	928
Tenant Security Deposits Liability	4,011	(111)
Net Cash Provided by Operating Activities	<u>271,690</u>	<u>165,515</u>
Cash Flows from Investing Activities:		
Purchases of Property, Plant and Equipment	(194,638)	(315,694)
Sales of Investments	-	15,635
Purchases of Investments	<u>(10,000)</u>	<u>(20,509)</u>
Net Cash Used by Investing Activities	<u>(204,638)</u>	<u>(320,568)</u>
Cash Flows from Financing Activities:		
Long-term Debt Proceeds	237,902	-
Repayment of Long-term Debt	<u>(98,229)</u>	<u>(90,662)</u>
Net Cash Provided (Used) by Financing Activities	<u>139,673</u>	<u>(90,662)</u>
Net Increase (Decrease) in Cash	206,725	(245,715)
Cash at Beginning of Year	<u>275,784</u>	<u>521,499</u>
Cash at End of Year	<u>\$ 482,509</u>	<u>\$ 275,784</u>
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 126,899</u>	<u>\$ 124,136</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 501(c)(3) corporation 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.

Programs - The Corporation's financial statements include the rental activities of properties located at 19 Oak Street in Bath, 822, 832, and 842 Middle Street in Bath, 806 Middle Street in Bath, and Seacliff Apartments in Bath. During 2016, the Corporation purchased and placed into operations 49 Elm Street in Bath. The Corporation also runs a Community Aging in Place program to assist area elderly residents living at home. During 2016, the Corporation purchased 28 Maple Street in Bath. The property is currently being rehabilitated and is expected to be in operation in 2017.

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.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 19, 2017, the date the financial statements were available to be issued.

NOTE 2 - MORTGAGE NOTES PAYABLE

A mortgage note payable to MaineHousing is due in May 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, 2016 and 2015 were \$139,944 and \$149,429, 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, 2016 and 2015 was \$103,043. Accrued interest on the note at both December 31, 2016 and 2015 was \$11,144.

A mortgage note payable to MaineHousing is due in February 2046 and is secured by residential rental property at 806 Middle 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 \$671. The note balance at December 31, 2016 was \$123,313.

A mortgage note payable to MaineHousing is due 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 notes bears interest at 5% per annum and requires monthly payments of principal and interest of \$429. The note balance at December 31, 2016 was \$79,515.

A mortgage note payable to MaineHousing is due 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 notes bears interest at 5% per annum and requires monthly payments of principal and interest of \$177. The note balance at December 31, 2016 was \$32,702.

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, 2016 and 2015 were \$1,314,678 and \$1,363,359, respectively. The Corporation may request additional advances on the note up to a maximum of \$2,500,000 subject to bank approval.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2 - MORTGAGE NOTES PAYABLE (Continued)

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, 2016 and 2015 was \$855,135 and \$892,826, respectively.

Maturities on the loans are as follows:

2017	\$ 104,345
2018	109,642
2019	115,220
2020	121,090
2021	127,268
Thereafter	<u>2,070,765</u>
	<u>\$ 2,648,330</u>

NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation entered into a management agreement with Bath Housing Authority, an affiliate, for Seacliff Apartments and is required to pay a management fee equal to 12% of collected rents during 2016 and 4.5% of collected rents during 2015. Management fees of \$88,653 and \$32,926 were incurred during 2016 and 2015, respectively.

During both 2016 and 2015, Bath Housing Authority paid rent of \$28,800 to the Corporation. This amount is included in rental income.

During 2016 and 2015, the Corporation paid administrative and maintenance reimbursements of \$185,628 and \$155,705, respectively, to the Bath Housing Authority.

At December 31, 2016 and 2015, the Corporation owed the Bath Housing Authority \$55,391 and \$10,519, respectively.

Bath Housing Authority provides guarantees for certain mortgages of the Corporation. See Note 2.

NOTE 4 - PROPERTY HELD FOR RESALE OR DEVELOPMENT

Property held for resale or development 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

The Corporation receives grant income from a variety of sources to fund multiple programs for area residents. During 2015, the Corporation was awarded a John T. Gorman grant in the amount of \$156,375 to start a Community Aging in Place Program for low income seniors in the greater Bath, Maine region. During 2016, John T. Gorman awarded another \$45,000 for the program. Other significant grants include \$20,000 received in both 2016 and 2015 from the City of Bath.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 6 - 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 with two (2) five-year renewals. Effective October 1, 2016, gross contract rents equal \$756,864 and may not be increased without HUD approval.

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 2016 and 2015, the project used \$31 and \$146,239, 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 2016 and 2015 totaled \$543,869 and \$411,919, respectively.

NOTE 7 - 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 \$3,027 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.

Per the Declaration of Covenants, Conditions and Restrictions with MaineHousing, the Corporation is required to maintain 100% of the units at 806 Middle Street, 28 Maple Street, and 49 Elm Street leased to persons whose income is at or below 80% of area median income.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, the Corporation's temporarily restricted net assets are comprised of unexpended grant funds.

NOTE 9 - INVESTMENTS MEASURED AT FAIR VALUE

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 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual Funds (Level 1)	\$ 20,498	\$ 10,478
Corporate Bonds (Level 2)	<u>276,398</u>	<u>277,106</u>
	<u>\$ 296,896</u>	<u>\$ 287,584</u>

The return on investments for the years ended December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 4,641	\$ 6,134
Unrealized Gain on Investments	1,612	272
Account Fees	(1,522)	(1,248)
Realized Gain	<u>4</u>	<u>-</u>
	<u>\$ 4,735</u>	<u>\$ 5,158</u>

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 10 - CHANGE IN ACCOUNTING FOR DEBT ISSUANCE COSTS

During 2016, the Corporation adopted Accounting Standards Update (ASU) No. 2015-03: Interest - Imputation of Interest (Subtopic 835.30), Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires the Corporation change the presentation of debt issuance costs on the Corporation's financial statements. Under the new method, debt issuance costs are presented as a reduction of long-term debt instead of being presented as an asset on the Corporation's balance sheet. Annual amortization of debt issuance costs is considered a component of interest expense. The December 31, 2015 balance sheet has been restated to reclassify \$42,959 of debt issuance costs from other assets to a reduction of long-term debt. Amortization expense of \$2,539 has been reclassified to interest expense.

NOTE 11 - SUBSEQUENT EVENT

In 2017, the Corporation was awarded \$508,673 of Community Development Block Grant funds from the City of Bath for the purpose of renovating the 49 Elm Street and 28 Maple Street properties.

SUPPLEMENTARY INFORMATION

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2016

	ASSETS			
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT ASSETS				
Cash				
Operating Accounts	\$ 89,427	\$ 141,218	\$ -	\$ 230,645
Investments - Cash and Equivalents	9,446	-	-	9,446
Tax and Insurance Reserve	-	14,657	-	14,657
Replacement Reserve	2,503	197,324	-	199,827
Operating Reserve	15,431	-	-	15,431
Residual Receipts Reserve	-	12,503	-	12,503
Total Cash	<u>116,807</u>	<u>365,702</u>	-	<u>482,509</u>
Other Current Assets				
Accounts Receivable - Tenants	3,252	1,851	-	5,103
Tenant Security Deposits	6,836	12,936	-	19,772
Prepaid Insurance	1,444	-	-	1,444
Prepaid Real Estate Taxes	4,872	-	-	4,872
Investments	296,896	-	-	296,896
Property Held for Resale or Development	150,700	-	-	150,700
Total Current Assets	<u>580,807</u>	<u>380,489</u>	-	<u>961,296</u>
PROPERTY AND EQUIPMENT				
Land	167,053	1,280,947	-	1,448,000
Buildings	1,080,250	1,965,046	-	3,045,296
Building Equipment	11,952	103,429	-	115,381
Maintenance Equipment	7,825	-	-	7,825
Motor Vehicle	22,748	-	-	22,748
Construction in Progress	78,427	-	-	78,427
Total	1,368,255	3,349,422	-	4,717,677
Less Accumulated Depreciation	<u>360,913</u>	<u>249,662</u>	-	<u>610,575</u>
Net Property and Equipment	<u>1,007,342</u>	<u>3,099,760</u>	-	<u>4,107,102</u>
TOTAL ASSETS	<u>\$ 1,588,149</u>	<u>\$ 3,480,249</u>	<u>\$ -</u>	<u>\$ 5,068,398</u>

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

December 31, 2016

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 16,457	\$ 3,617	\$ -	\$ 20,074
Accounts Payable - Related Party	26,603	28,788	-	55,391
Accrued Interest Payable	-	609	-	609
Accrued Compensated Absences	2,339	-	-	2,339
Accrued Payroll	1,903	-	-	1,903
Tenant Security Deposits and Interest	5,264	12,993	-	18,257
Mortgage Notes Payable - Current Portion	13,503	90,842	-	104,345
Total Current Liabilities	<u>66,069</u>	<u>136,849</u>	<u>-</u>	<u>202,918</u>
LONG-TERM LIABILITIES				
Mortgage Notes Payable	478,517	2,169,813	-	2,648,330
Deferred Financing Costs	-	(40,420)	-	(40,420)
Accrued Interest Payable	11,144	-	-	11,144
	<u>489,661</u>	<u>2,129,393</u>	<u>-</u>	<u>2,619,054</u>
Less Current Portion	13,503	90,842	-	104,345
Total Long-term Liabilities	<u>476,158</u>	<u>2,038,551</u>	<u>-</u>	<u>2,514,709</u>
TOTAL LIABILITIES	<u>542,227</u>	<u>2,175,400</u>	<u>-</u>	<u>2,717,627</u>
NET ASSETS				
Unrestricted Net Assets	1,005,261	1,304,849	-	2,310,110
Temporarily Restricted Net Assets	40,661	-	-	40,661
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,588,149</u>	<u>\$ 3,480,249</u>	<u>\$ -</u>	<u>\$ 5,068,398</u>

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2015

ASSETS				
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT ASSETS				
Cash				
Operating Accounts	\$ 46,359	\$ 12,283	\$ -	\$ 58,642
Investments - Cash and Equivalents	14,724	-	-	14,724
Tax and Insurance Reserve	-	10,213	-	10,213
Replacement Reserve	-	164,291	-	164,291
Operating Reserve	15,392	-	-	15,392
Residual Receipts Reserve	-	12,522	-	12,522
Total Cash	76,475	199,309	-	275,784
Other Current Assets				
Accounts Receivable - Tenants	6,599	1,450	-	8,049
Tenant Security Deposits	2,144	14,075	-	16,219
Prepaid Insurance	3,575	4,878	-	8,453
Prepaid Real Estate Taxes	8,259	-	-	8,259
Investments	287,584	-	-	287,584
Property Held for Resale or Development	150,700	-	-	150,700
Total Current Assets	535,336	219,712	-	755,048
PROPERTY AND EQUIPMENT				
Land	129,088	1,280,947	-	1,410,035
Buildings	899,443	1,965,046	-	2,864,489
Building Equipment	11,952	103,429	-	115,381
Maintenance Equipment	7,825	-	-	7,825
Motor Vehicle	22,748	-	-	22,748
Construction in Progress	92,251	-	-	92,251
Total	1,163,307	3,349,422	-	4,512,729
Less Accumulated Depreciation	329,642	169,883	-	499,525
Net Property and Equipment	833,665	3,179,539	-	4,013,204
TOTAL ASSETS	\$ 1,369,001	\$ 3,399,251	\$ -	\$ 4,768,252

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

December 31, 2015

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 3,625	\$ 14,238	\$ -	\$ 17,863
Accounts Payable - Related Party	2,559	3,071	-	5,630
Accrued Interest Payable	-	634	-	634
Accrued Compensated Absences	2,164	4,893	-	7,057
Accrued Payroll	1,374	1,626	-	3,000
Prepaid Rent	-	1,256	-	1,256
Tenant Security Deposits and Interest	2,173	12,073	-	14,246
Mortgage Notes Payable - Current Portion	9,485	86,540	-	96,025
Total Current Liabilities	<u>21,380</u>	<u>124,331</u>	<u>-</u>	<u>145,711</u>
LONG-TERM LIABILITIES				
Mortgage Notes Payable	252,472	2,256,185	-	2,508,657
Deferred Financing Fees	-	(42,959)	-	(42,959)
Accrued Interest Payable	11,144	-	-	11,144
	<u>263,616</u>	<u>2,213,226</u>	<u>-</u>	<u>2,476,842</u>
Less Current Portion	<u>9,485</u>	<u>86,540</u>	<u>-</u>	<u>96,025</u>
Total Long-term Liabilities	<u>254,131</u>	<u>2,126,686</u>	<u>-</u>	<u>2,380,817</u>
TOTAL LIABILITIES	<u>275,511</u>	<u>2,251,017</u>	<u>-</u>	<u>2,526,528</u>
NET ASSETS				
Unrestricted Net Assets	1,025,783	1,148,234	-	2,174,017
Temporary Restricted Net Assets	67,707	-	-	67,707
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,369,001</u>	<u>\$ 3,399,251</u>	<u>\$ -</u>	<u>\$ 4,768,252</u>

BATH HOUSING DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Supportive Services	Program Services						Total Program Services	Total
	Management and General	19 Oak Street	822, 832, 842 Middle Street	806 Middle Street	Seacliff Apartments	49 Elm Street	Community Aging in Place Program		
REVENUE									
Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ 543,869	\$ -	\$ -	\$ 543,869	\$ 543,869
Rental Revenue	28,800	36,167	59,681	15,136	194,909	4,267	-	310,160	338,960
Grant Income	30,400	-	-	-	-	-	50,750	50,750	81,150
Investment Income	4,262	-	-	-	473	-	-	473	4,735
Other Income	1,190	-	-	-	4,279	-	-	4,279	5,469
Total Revenue	64,652	36,167	59,681	15,136	743,530	4,267	50,750	909,531	974,183
ADMINISTRATIVE EXPENSES									
Administrative Salaries	24,081	1,982	3,434	190	-	-	13,363	18,969	43,050
Management Fee	-	-	-	-	88,653	-	-	88,653	88,653
Auditing Fees	3,426	1,158	1,852	463	5,450	-	-	8,923	12,349
Employee Benefits Contributions - Administrative	4,857	864	-	44	-	-	1,513	2,421	7,278
Legal	1,668	75	-	-	87	-	-	162	1,830
Staff Training	2,004	-	-	-	-	-	-	-	2,004
Travel	1,272	-	-	-	-	-	-	-	1,272
Accounting	6,022	210	315	105	-	-	-	630	6,652
Other Operating - Administrative	13,601	981	1,659	(210)	6,771	-	3,161	12,362	25,963
Grant Expenditures	9,887	-	-	-	-	-	-	-	9,887
Total Administrative Expenses	66,818	5,270	7,260	592	100,961	-	18,037	132,120	198,938
TENANT SERVICES									
Tenant Service Salaries	269	134	-	201	7,236	-	-	7,571	7,840
Employee Benefits	78	573	-	79	2,805	-	-	3,457	3,535
Tenant Service Expense	-	18	2,901	7	152	-	-	3,078	3,078
Total Tenant Service Expenses	347	725	2,901	287	10,193	-	-	14,106	14,453
UTILITIES EXPENSE									
Water	-	833	2,587	675	7,852	-	-	11,947	11,947
Sewer	-	891	2,895	983	11,416	-	-	16,185	16,185
Electricity	-	1,633	1,157	461	35,965	-	-	39,216	39,216
Gas/Fuel	-	2,166	4,905	1,937	3,641	-	-	12,649	12,649
Total Utilities Expenses	-	5,523	11,544	4,056	58,874	-	-	79,997	79,997
MAINTENANCE EXPENSES									
Ordinary Maintenance and Operations - Labor	-	2,854	-	-	67,213	-	21,865	91,932	91,932
Ordinary Maintenance and Operations - Material and Other	-	1,449	3,071	350	28,927	-	20,874	54,671	54,671
Ordinary Maintenance and Operations - Contract Costs	1,494	4,653	1,778	102	58,915	-	1,817	67,265	68,759
Employee Benefit Contributions - Ordinary Maintenance	-	818	1,240	-	15,473	-	7,118	24,649	24,649
Total Maintenance Expenses	1,494	9,774	6,089	452	170,528	-	51,674	238,517	240,011
GENERAL EXPENSES									
Insurance	6,090	2,479	3,891	789	15,330	818	4,048	27,355	33,445
Real Estate Taxes	-	6,199	5,189	-	35,000	1,743	-	48,131	48,131
Interest Expense	-	-	5,805	5,695	116,250	1,663	-	129,413	129,413
Collection Losses	-	4,698	-	-	-	-	-	4,698	4,698
Other General/Development Expense	5,000	-	-	-	-	-	-	-	5,000
Depreciation Expense	4,715	5,558	13,353	2,090	79,779	1,005	4,550	106,335	111,050
Total General Expenses	15,805	18,934	28,238	8,574	246,359	5,229	8,598	315,932	331,737
TOTAL EXPENSES	84,464	40,226	56,032	13,961	586,915	5,229	78,309	780,672	865,136
INCREASE (DECREASE) IN NET ASSETS	\$ (19,812)	\$ (4,059)	\$ 3,649	\$ 1,175	\$ 156,615	\$ (962)	\$ (27,559)	\$ 128,859	\$ 109,047

BATH HOUSING DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Supportive Services	Program Services				Total Program Services	Total
	Management and General	19 Oak Street	822 ,832, 842 Middle Street	Seacliff Apartments	Community Aging in Place Program		
REVENUE							
Housing Assistance Payments	\$ -	\$ -	\$ -	\$ 411,919	\$ -	\$ 411,919	\$ 411,919
Rental Revenue	28,800	35,603	38,891	173,519	-	248,013	276,813
Grant Income	37,300	-	-	-	156,405	156,405	193,705
Investment Income	4,635	-	-	523	-	523	5,158
Other Income	13,345	-	-	8,013	-	8,013	21,358
Total Revenue	84,080	35,603	38,891	593,974	156,405	824,873	908,953
ADMINISTRATIVE EXPENSES							
Administrative Salaries	11,539	3,198	5,068	13,915	4,253	26,434	37,973
Management Fee	-	-	-	32,926	-	32,926	32,926
Auditing Fees	6,689	-	-	5,300	-	5,300	11,989
Employee Benefits Contributions - Administrative	2,519	886	-	1,553	464	2,903	5,422
Legal	4,385	2,074	650	2,684	-	5,408	9,793
Staff Training	786	11	16	285	4,405	4,717	5,503
Travel	401	-	-	-	-	-	401
Accounting	1,071	217	329	2,143	-	2,689	3,760
Other Operating - Administrative	18,135	1,212	2,105	12,043	2,882	18,242	36,377
Grant Expenditures	9,983	-	-	-	-	-	9,983
Total Administrative Expenses	55,508	7,598	8,168	70,849	12,004	98,619	154,127
TENANT SERVICES							
Tenant Service Salaries	1,833	131	-	6,269	-	6,400	8,233
Employee Benefits	2,073	489	-	2,274	-	2,763	4,836
Tenant Service Expense	-	9	15	870	-	894	894
Total Tenant Service Expenses	3,906	629	15	9,413	-	10,057	13,963
UTILITIES EXPENSE							
Water	-	941	1,112	8,310	-	10,363	10,363
Sewer	-	1,351	1,293	14,119	-	16,763	16,763
Electricity	-	2,245	1,159	40,921	-	44,325	44,325
Gas/Fuel	-	2,077	5,237	3,929	-	11,243	11,243
Total Utilities Expenses	-	6,614	8,801	67,279	-	82,694	82,694
MAINTENANCE EXPENSES							
Ordinary Maintenance and Operations - Labor	1,240	5,586	8,600	58,424	5,837	78,447	79,687
Ordinary Maintenance and Operations - Material and Other	1,839	1,994	1,813	25,943	9,942	39,692	41,531
Ordinary Maintenance and Operations - Contract Costs	7,806	6,796	8,631	21,462	70,034	106,923	114,729
Employee Benefit Contributions - Ordinary Maintenance	40	1,034	1,555	13,950	2,180	18,719	18,759
Total Maintenance Expenses	10,925	15,410	20,599	119,779	87,993	243,781	254,706
GENERAL EXPENSES							
Insurance	6,485	2,276	1,862	15,455	2,227	21,820	28,305
Real Estate Taxes	-	6,065	10,254	35,000	-	51,319	51,319
Interest Expense	-	-	5,645	120,331	-	125,976	125,976
Other General/Development Expense	681	-	-	-	-	-	681
Depreciation Expense	10,613	8,666	4,657	61,244	1,517	76,084	86,697
Total General Expenses	17,779	17,007	22,418	232,030	3,744	275,199	292,978
TOTAL EXPENSES	88,118	47,258	60,001	499,350	103,741	710,350	798,468
INCREASE (DECREASE) IN NET ASSETS	\$ (4,038)	\$ (11,655)	\$ (21,110)	\$ 94,624	\$ 52,664	\$ 114,523	\$ 110,485