

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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 Schedule 1 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

April 28, 2016  
South Portland, Maine

## BATH HOUSING DEVELOPMENT CORPORATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

|  | ASSETS              |                     |
|--|---------------------|---------------------|
|  | 2015                | 2014                |
| <b>CURRENT ASSETS</b>  |                     |                     |
| Cash   |                     |                     |
| Operating Accounts   | \$ 58,642           | \$ 341,954          |
| Investments - Cash and Equivalents   | 14,724              | 13,839              |
| Tax and Insurance Reserve  | 10,213              | 10,565              |
| Replacement Reserve  | 164,291             | 127,717             |
| Operating Reserve (Note 7)   | 15,392              | 14,891              |
| Residual Receipts Reserve (Notes 6 and 7)  | 12,522              | 12,533              |
| Total Cash   | 275,784             | 521,499             |
| Other Current Assets   |                     |                     |
| Accounts Receivable - Tenants  | 8,049               | 2,346               |
| Accounts Receivable - HUD  | -                   | 1,872               |
| Tenant Security Deposits   | 16,219              | 14,329              |
| Prepaid Insurance  | 8,453               | 4,776               |
| Prepaid Real Estate Taxes  | 8,259               | 8,060               |
| Investments (Note 9)   | 287,584             | 284,108             |
| Property Held for Resale (Note 4)  | 150,700             | 150,700             |
| Total Current Assets   | 755,048             | 987,690             |
| <b>PROPERTY AND EQUIPMENT (Note 2)</b>   |                     |                     |
| Land   | 1,410,035           | 1,275,388           |
| Buildings  | 2,864,489           | 2,825,617           |
| Building Equipment   | 115,381             | 61,033              |
| Maintenance Equipment  | 7,825               | 7,825               |
| Motor Vehicles   | 22,748              | -                   |
| Construction in Progress   | 92,251              | 27,172              |
| Total  | 4,512,729           | 4,197,035           |
| Less Accumulated Depreciation  | 499,525             | 412,828             |
| Net Property and Equipment   | 4,013,204           | 3,784,207           |
| <b>OTHER ASSETS</b>  |                     |                     |
| Deferred Financing Costs, net of Accumulated<br>Amortization of \$7,830 and \$5,291 in 2015 and 2014, respectively | 42,959              | 45,498              |
| Total Other Assets   | 42,959              | 45,498              |
| <b>TOTAL ASSETS</b>  | <b>\$ 4,811,211</b> | <b>\$ 4,817,395</b> |

See accompanying notes to the financial statements.

## BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION  
(Continued)

December 31, 2015 and 2014

## LIABILITIES AND NET ASSETS

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>                 |                     |                     |
| Accounts Payable                           | \$ 17,863           | \$ 16,984           |
| Accounts Payable - Related Party (Note 3)  | 5,630               | 30,454              |
| Accrued Interest Payable                   | 634                 | 657                 |
| Accrued Compensated Absences               | 7,057               | 6,089               |
| Accrued Payroll                            | 3,000               | 6,824               |
| Prepaid Revenue                            | 1,256               | 328                 |
| Tenant Security Deposits and Interest      | 14,246              | 14,357              |
| Mortgage Notes Payable - Current Portion   | <u>96,025</u>       | <u>91,355</u>       |
| Total Current Liabilities                  | <u>145,711</u>      | <u>167,048</u>      |
| <b>LONG-TERM LIABILITIES (Note 2)</b>      |                     |                     |
| Mortgage Notes Payable                     | 2,508,657           | 2,599,319           |
| Accrued Interest Payable                   | 11,144              | 11,144              |
|  | <u>2,519,801</u>    | <u>2,610,463</u>    |
| Less Current Portion                       | <u>96,025</u>       | <u>91,355</u>       |
| Total Long-term Liabilities                | <u>2,423,776</u>    | <u>2,519,108</u>    |
| <b>TOTAL LIABILITIES</b>                   | <u>2,569,487</u>    | <u>2,686,156</u>    |
| <b>NET ASSETS</b>                          |                     |                     |
| Unrestricted Net Assets                    | 2,174,017           | 2,123,739           |
| Temporarily Restricted Net Assets (Note 8) | <u>67,707</u>       | <u>7,500</u>        |
| Total Net Assets                           | <u>2,241,724</u>    | <u>2,131,239</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>    | <u>\$ 4,811,211</u> | <u>\$ 4,817,395</u> |

See accompanying notes to the financial statements.

## BATH HOUSING DEVELOPMENT CORPORATION

## STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2015  
 (With Comparative Summarized Information for 2014)

|                                      | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>2015</u>         | <u>2014</u>         |
|--------------------------------------|---------------------|-----------------------------------|---------------------|---------------------|
| REVENUE FROM OPERATIONS              |                     |                                   |                     |                     |
| Housing Assistance Payments          | \$ 411,919          | \$ -                              | \$ 411,919          | \$ 490,120          |
| Rental Revenue                       | 276,813             | -                                 | 276,813             | 331,805             |
| Grant Income                         | 20,000              | 173,705                           | 193,705             | 36,100              |
| Other Income                         | 21,358              | -                                 | 21,358              | 8,753               |
| TOTAL REVENUE FROM OPERATIONS        | <u>730,090</u>      | <u>173,705</u>                    | <u>903,795</u>      | <u>866,778</u>      |
| OPERATING EXPENSES                   |                     |                                   |                     |                     |
| Supportive Services                  |                     |                                   |                     |                     |
| Management and General               | 78,361              | 9,757                             | 88,118              | 128,721             |
| Total Supportive Services            | <u>78,361</u>       | <u>9,757</u>                      | <u>88,118</u>       | <u>128,721</u>      |
| Program Services                     |                     |                                   |                     |                     |
| Housing Programs                     | 606,609             | -                                 | 606,609             | 612,003             |
| Community Aging in Place Program     | -                   | 103,741                           | 103,741             | -                   |
| Total Program Services               | <u>606,609</u>      | <u>103,741</u>                    | <u>710,350</u>      | <u>612,003</u>      |
| TOTAL OPERATING EXPENSES             | <u>684,970</u>      | <u>113,498</u>                    | <u>798,468</u>      | <u>740,724</u>      |
| CHANGE IN NET ASSETS FROM OPERATIONS | <u>45,120</u>       | <u>60,207</u>                     | <u>105,327</u>      | <u>126,054</u>      |
| Non-Operating Activity               |                     |                                   |                     |                     |
| Investment Income (Loss)             | 5,158               | -                                 | 5,158               | (361)               |
| Total Non-Operating Activities       | <u>5,158</u>        | <u>-</u>                          | <u>5,158</u>        | <u>(361)</u>        |
| CHANGE IN NET ASSETS                 | 50,278              | 60,207                            | 110,485             | 125,693             |
| NET ASSETS AT BEGINNING OF YEAR      | <u>2,123,739</u>    | <u>7,500</u>                      | <u>2,131,239</u>    | <u>2,005,546</u>    |
| NET ASSETS AT END OF YEAR            | <u>\$ 2,174,017</u> | <u>\$ 67,707</u>                  | <u>\$ 2,241,724</u> | <u>\$ 2,131,239</u> |

See accompanying notes to the financial statements.

## BATH HOUSING DEVELOPMENT CORPORATION

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities:  |                   |                   |
| Increase in Net Assets   | \$ 110,485        | \$ 125,693        |
| Adjustments to Reconcile Increase in Net Assets<br>to Net Cash Provided by Operating Activities: |                   |                   |
| Depreciation   | 86,697            | 77,771            |
| Amortization   | 2,539             | 2,540             |
| Loss on Sale of Equipment  | -                 | 3,174             |
| Unrealized (Gain) Loss on Investments  | (272)             | 2,321             |
| Noncash Investment Activity  | 1,670             | (1,124)           |
| Changes in Operating Assets and Liabilities:   |                   |                   |
| Accounts Receivable - Tenants  | (5,703)           | 393               |
| Accounts Receivable - HUD  | 1,872             | (1,563)           |
| Due from Related Party   | -                 | 31,052            |
| Tenant Security Deposits   | (1,890)           | 15,700            |
| Prepaid Insurance  | (3,677)           | (193)             |
| Prepaid Real Estate Taxes  | (199)             | (518)             |
| Accounts Payable   | 879               | 5,255             |
| Accounts Payable - Related Party   | (24,824)          | 33,708            |
| Accrued Interest Payable   | (23)              | 213               |
| Accrued Compensated Absences   | 968               | (1,008)           |
| Accrued Payroll  | (3,824)           | 6,824             |
| Prepaid Rent   | 928               | 328               |
| Tenant Security Deposits Liability   | (111)             | (6,903)           |
| Net Cash Provided by Operating Activities  | <u>165,515</u>    | <u>293,663</u>    |
| Cash Flows from Investing Activities:  |                   |                   |
| Purchase of Property, Plant and Equipment  | (315,694)         | (43,967)          |
| Proceeds from Sale of Property, Plant and Equipment  | -                 | 8,100             |
| Sale of Investments  | 15,635            | -                 |
| Purchase of Investments  | (20,509)          | (285,305)         |
| Net Cash Used by Investing Activities  | <u>(320,568)</u>  | <u>(321,172)</u>  |
| Cash Flows from Financing Activities:  |                   |                   |
| Repayment of Long-term Debt  | (90,662)          | (86,982)          |
| Net Cash Used by Financing Activities  | <u>(90,662)</u>   | <u>(86,982)</u>   |
| Net Decrease in Cash   | (245,715)         | (114,491)         |
| Cash at Beginning of Year  | <u>521,499</u>    | <u>635,990</u>    |
| Cash at End of Year  | <u>\$ 275,784</u> | <u>\$ 521,499</u> |
| Supplemental Disclosure of Cash Flows Information:   |                   |                   |
| Cash Paid During the Year for:   |                   |                   |
| Interest   | <u>\$ 124,136</u> | <u>\$ 128,325</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 in the Bath, Maine region.

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, and Seacliff Apartments in Bath. During 2015, the Corporation started a Community Aging in Place program to assist area elderly residents living at home. Also during 2015, the Corporation acquired and is developing 806 Middle Street and plans to commence rental operations in 2016.

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 April 28, 2016, 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, 2015 and 2014 were \$149,429 and \$157,799, 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, 2015 and 2014 was \$103,043. Accrued interest on the note at both December 31, 2015 and 2014 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, 2015 and 2014 was \$1,363,359 and \$1,409,436, 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, 2015 and 2014 was \$892,826 and \$929,041, respectively.

See also Note 10.

Maturities on the loans are as follows:

|            |                     |
|------------|---------------------|
| 2016       | \$ 95,744           |
| 2017       | 100,818             |
| 2018       | 105,933             |
| 2019       | 111,316             |
| 2020       | 116,789             |
| Thereafter | <u>1,978,057</u>    |
|            | <u>\$ 2,508,657</u> |

## BATH HOUSING DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation entered into a management agreement with Bath Housing Authority, an entity related by common management, for Seacliff Apartments and is required to pay a management fee equal to 4.5% of collected rents. Management fees of \$32,926 and \$32,298 were incurred during 2015 and 2014, respectively.

During 2015 and 2014, Bath Housing Authority paid rent of \$28,800 and \$22,080 to the Corporation, respectively. This amount is included in rental income.

During 2015 and 2014, the Corporation paid administrative and maintenance reimbursements of \$155,705 and \$163,516, respectively, to the Bath Housing Authority.

At December 31, 2015 and 2014, the Corporation owed the Bath Housing Authority \$10,519 and \$30,454, respectively.

#### 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

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. Other significant grants included \$20,000 received in both 2015 and 2014 from the City of Bath.

#### 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. Effective October 1, 2015, gross contract rents equal \$741,864 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 2015 and 2014, the project used \$146,239 and \$61,398, 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 2015 and 2014 totaled \$411,919 and \$490,120, respectively.

## BATH HOUSING DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### 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 \$2,990 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 8 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015 and 2014, 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.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 9 - INVESTMENTS MEASURED AT FAIR VALUE (Continued)

The following tables illustrate the classification of Bath Housing Development Corporation's financial instruments measured on a recurring basis within the fair value hierarchy as of December 31, 2015 and 2014:

|                           | <u>2015</u>       | <u>2014</u>       |
|---------------------------|-------------------|-------------------|
| Mutual Funds (Level 1)    | \$ 10,478         | \$ 6,494          |
| Corporate Bonds (Level 2) | <u>277,106</u>    | <u>277,614</u>    |
|                           | <u>\$ 287,584</u> | <u>\$ 284,108</u> |

The return on investments for the years ended December 31, 2015 and 2014 consisted of the following:

|                                       | <u>2015</u>     | <u>2014</u>     |
|---------------------------------------|-----------------|-----------------|
| Interest and Dividends                | \$ 6,134        | \$ 3,010        |
| Unrealized Gain (Loss) on Investments | 272             | (1,050)         |
| Account Fees                          | <u>(1,248)</u>  | <u>(2,321)</u>  |
|                                       | <u>\$ 5,158</u> | <u>\$ (361)</u> |

NOTE 10 - SUBSEQUENT EVENT

On January 28, 2016, the Corporation closed on a \$125,000 mortgage note with MaineHousing to fund the acquisition and renovation of 806 Middle Street. The mortgage bears interest at 5% per annum and is due in monthly installments of \$671 commencing February 1, 2016 through February 1, 2046 when the entire balance is due.

## SUPPLEMENTARY INFORMATION

## BATH HOUSING DEVELOPMENT CORPORATION

## SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

|  | Supportive Services       | Program Services   |                                |                        |  | Total<br>Program Services | Total             |
|--|---------------------------|--------------------|--------------------------------|------------------------|--|---------------------------|-------------------|
|  | Management<br>and General | 19 Oak Street      | 822 ,832, 842<br>Middle Street | Seacliff<br>Apartments | Community<br>Aging in<br>Place Program |                           |                   |
| <b>REVENUE</b>   |                           |                    |                                |                        |  |                           |                   |
| 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            |
| <b>Total Revenue</b>                                     | <b>84,080</b>             | <b>35,603</b>      | <b>38,891</b>                  | <b>593,974</b>         | <b>156,405</b>                         | <b>824,873</b>            | <b>908,953</b>    |
| <b>ADMINISTRATIVE EXPENSES</b>                           |                           |                    |                                |                        |  |                           |                   |
| 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             |
| Other Operating - Administrative                         | 34,761                    | 3,514              | 3,100                          | 16,479                 | 7,287                                  | 30,380                    | 65,141            |
| <b>Total Administrative Expenses</b>                     | <b>55,508</b>             | <b>7,598</b>       | <b>8,168</b>                   | <b>70,173</b>          | <b>12,004</b>                          | <b>97,943</b>             | <b>153,451</b>    |
| <b>TENANT SERVICES</b>                                   |                           |                    |                                |                        |  |                           |                   |
| 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               |
| <b>Total Tenant Service Expenses</b>                     | <b>3,906</b>              | <b>629</b>         | <b>15</b>                      | <b>9,413</b>           | <b>-</b>                               | <b>10,057</b>             | <b>13,963</b>     |
| <b>UTILITIES EXPENSE</b>                                 |                           |                    |                                |                        |  |                           |                   |
| 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            |
| <b>Total Utilities Expenses</b>                          | <b>-</b>                  | <b>6,614</b>       | <b>8,801</b>                   | <b>67,279</b>          | <b>-</b>                               | <b>82,694</b>             | <b>82,694</b>     |
| <b>MAINTENANCE EXPENSES</b>                              |                           |                    |                                |                        |  |                           |                   |
| 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            |
| <b>Total Maintenance Expenses</b>                        | <b>10,925</b>             | <b>15,410</b>      | <b>20,599</b>                  | <b>119,779</b>         | <b>87,993</b>                          | <b>243,781</b>            | <b>254,706</b>    |
| <b>GENERAL EXPENSES</b>                                  |                           |                    |                                |                        |  |                           |                   |
| 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                          | 118,468                | -                                      | 124,113                   | 124,113           |
| Collection Losses  | -                         | -                  | -                              | -                      | -                                      | -                         | -                 |
| Other General/Development Expense                        | 681                       | -                  | -                              | -                      | -                                      | -                         | 681               |
| Depreciation Expense                                     | 10,613                    | 8,666              | 4,657                          | 61,244                 | 1,517                                  | 76,084                    | 86,697            |
| Amortization   | -                         | -                  | -                              | 2,539                  | -                                      | 2,539                     | 2,539             |
| <b>Total General Expenses</b>                            | <b>17,779</b>             | <b>17,007</b>      | <b>22,418</b>                  | <b>232,706</b>         | <b>3,744</b>                           | <b>275,875</b>            | <b>293,654</b>    |
| <b>TOTAL EXPENSES</b>                                    | <b>88,118</b>             | <b>47,258</b>      | <b>60,001</b>                  | <b>499,350</b>         | <b>103,741</b>                         | <b>710,350</b>            | <b>798,468</b>    |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>                 | <b>\$ (4,038)</b>         | <b>\$ (11,655)</b> | <b>\$ (21,110)</b>             | <b>\$ 94,624</b>       | <b>\$ 52,664</b>                       | <b>\$ 114,523</b>         | <b>\$ 110,485</b> |

## BATH HOUSING DEVELOPMENT CORPORATION

## SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

|  | Total<br>Supportive<br>Services | Total<br>Program Services | Total             |
|--|---------------------------------|---------------------------|-------------------|
| <b>REVENUE</b>   |                                 |                           |                   |
| Housing Assistance Payments                              | \$ -                            | \$ 490,120                | \$ 490,120        |
| Rental Revenue   | 22,080                          | 309,725                   | 331,805           |
| Grant Income   | 36,100                          | -                         | 36,100            |
| Investment Income  | (686)                           | 325                       | (361)             |
| Other Income   | 5,930                           | 2,823                     | 8,753             |
| Total Revenue  | <u>63,424</u>                   | <u>802,993</u>            | <u>866,417</u>    |
| <b>ADMINISTRATIVE EXPENSES</b>                           |                                 |                           |                   |
| Administrative Salaries                                  | 16,859                          | 16,932                    | 33,791            |
| Management Fee   | -                               | 32,298                    | 32,298            |
| Auditing Fees  | 6,500                           | 6,500                     | 13,000            |
| Employee Benefits Contributions - Administrative         | 3,433                           | 1,687                     | 5,120             |
| Other Operating - Administrative                         | 21,160                          | 17,714                    | 38,874            |
| Total Administrative Expenses                            | <u>47,952</u>                   | <u>75,131</u>             | <u>123,083</u>    |
| <b>TENANT SERVICES</b>                                   |                                 |                           |                   |
| Tenant Service Salaries                                  | 1,772                           | 5,899                     | 7,671             |
| Employee Benefits  | 331                             | 1,615                     | 1,946             |
| Tenant Service Expense                                   | -                               | 868                       | 868               |
| Total Tenant Service Expenses                            | <u>2,103</u>                    | <u>8,382</u>              | <u>10,485</u>     |
| <b>UTILITIES EXPENSE</b>                                 |                                 |                           |                   |
| Water  | 68                              | 9,873                     | 9,941             |
| Sewer  | -                               | 16,425                    | 16,425            |
| Electricity  | -                               | 47,660                    | 47,660            |
| Gas/Fuel   | -                               | 13,632                    | 13,632            |
| Total Utilities Expenses                                 | <u>68</u>                       | <u>87,590</u>             | <u>87,658</u>     |
| <b>MAINTENANCE EXPENSES</b>                              |                                 |                           |                   |
| Ordinary Maintenance and Operations - Labor              | 12,414                          | 55,964                    | 68,378            |
| Ordinary Maintenance and Operations - Material and Other | 456                             | 21,416                    | 21,872            |
| Ordinary Maintenance and Operations - Contract Costs     | 7,354                           | 49,219                    | 56,573            |
| Employee Benefit Contributions - Ordinary Maintenance    | 2,529                           | 10,729                    | 13,258            |
| Total Maintenance Expenses                               | <u>22,753</u>                   | <u>137,328</u>            | <u>160,081</u>    |
| <b>GENERAL EXPENSES</b>                                  |                                 |                           |                   |
| Insurance  | 7,291                           | 17,319                    | 24,610            |
| Real Estate Taxes  | 9,988                           | 40,614                    | 50,602            |
| Interest Expense   | -                               | 190,374                   | 190,374           |
| Collection Losses  | -                               | -                         | -                 |
| Other General/Development Expense                        | 13,520                          | -                         | 13,520            |
| Depreciation Expense                                     | 25,046                          | 52,725                    | 77,771            |
| Amortization   | -                               | 2,540                     | 2,540             |
| Total General Expenses                                   | <u>55,845</u>                   | <u>303,572</u>            | <u>359,417</u>    |
| <b>TOTAL EXPENSES</b>                                    | <u>128,721</u>                  | <u>612,003</u>            | <u>740,724</u>    |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>                 | <u>\$ (65,297)</u>              | <u>\$ 190,990</u>         | <u>\$ 125,693</u> |