

SEACLIFF APARTMENTS  
FINANCIAL STATEMENTS  
December 31, 2016 and 2015

SEACLIFF APARTMENTS  
PROJECT NO. ME36-H017-408  
FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
of Seacliff Apartments

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

We have audited the accompanying financial statements of Seacliff Apartments, 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 Seacliff Apartments 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 on pages 13 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Certified Public Accountants

February 23, 2017  
South Portland, Maine

SEACLIFF APARTMENTS  
STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
1120 Cash - Operations	\$ 141,218	\$ 12,283
1130 Tenant Accounts Receivable	6,064	1,688
1131 Allowance for Doubtful Accounts	(4,213)	(238)
1200 Prepaid Expenses (Note 6)	-	4,878
	<u>143,069</u>	<u>18,611</u>
<b>DEPOSITS HELD IN TRUST</b>		
1191 Tenant Security Deposits	<u>12,936</u>	<u>14,075</u>
<b>RESTRICTED DEPOSITS</b>		
1310 Tax and Insurance Escrow	14,657	10,213
1320 Replacement Reserve (Note 4)	197,324	164,291
1340 Residual Receipts Reserve (Note 4)	<u>12,503</u>	<u>12,522</u>
	<u>224,484</u>	<u>187,026</u>
<b>FIXED ASSETS (Note 2)</b>		
1410 Land and Improvements	1,280,947	1,280,947
1420 Buildings and Improvements	1,965,046	1,965,046
1460 Furnishings and Equipment	<u>103,429</u>	<u>103,429</u>
	3,349,422	3,349,422
1400T Total Fixed Assets	3,349,422	3,349,422
1495 Less Accumulated Depreciation	<u>249,662</u>	<u>169,883</u>
	<u>3,099,760</u>	<u>3,179,539</u>
1400N Net Fixed Assets	<u>3,099,760</u>	<u>3,179,539</u>
1000T TOTAL ASSETS	<u>\$ 3,480,249</u>	<u>\$ 3,399,251</u>

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS  
STATEMENTS OF FINANCIAL POSITION  
(Continued)

December 31, 2016 and 2015

LIABILITIES AND NET ASSETS

LIABILITIES

	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES		
2110 Accounts Payable - Operations (Note 5)	\$ 32,405	\$ 17,309
2120 Accrued Wages Payable	-	6,519
2131 Accrued Interest Payable	609	634
2170 Current Portion of Mortgage Notes Payable	90,842	86,540
2210 Prepaid Rent	-	1,256
2122T Total Current Liabilities	<u>123,856</u>	<u>112,258</u>
DEPOSIT LIABILITIES		
2191 Tenant Security Deposits (Contra)	<u>12,993</u>	<u>12,073</u>
LONG-TERM LIABILITIES		
2320 Mortgage Notes Payable (Note 2)	2,078,971	2,169,645
2340 Less Debt Issuance Costs (Note 7)	<u>(40,420)</u>	<u>(42,959)</u>
2300T Total Long-term Liabilities	<u>2,038,551</u>	<u>2,126,686</u>
2000T TOTAL LIABILITIES	<u>2,175,400</u>	<u>2,251,017</u>
NET ASSETS		
3130/3131 Unrestricted Net Assets	<u>1,304,849</u>	<u>1,148,234</u>
2033T TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,480,249</u>	<u>\$ 3,399,251</u>

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS  
STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>REVENUES</b>		
5120 Rent Revenue - Gross Potential	\$ 201,745	\$ 176,487
5121 Tenant Assistance Payments (Note 3)	543,869	411,919
5190 Miscellaneous Rent Revenue (Note 4)	31	146,239
5100T Total Rent Revenue	745,645	734,645
5220/5200T Total Vacancies	6,836	2,968
5152N Net Rental Revenue	738,809	731,677
5410 Financial Revenue - Project Operations	277	216
5430 Revenue from Investments - Residual Receipts	12	51
5440 Revenue from Investments - Replacement Reserve	184	256
5400T Total Financial Revenue	473	523
5910 Laundry and Vending	1,916	3,214
5920 Tenant Charges	2,266	1,714
5990 Miscellaneous Revenue	97	3,085
5900T Total Other Revenue	4,279	8,013
5000T Total Revenue	743,561	740,213
<b>EXPENSES</b>		
6204 Management Consultants	360	2,602
6210 Advertising and Marketing	-	38
6311 Office Expenses	1,019	2,938
6320 Management Fee	88,653	32,926
6330 Manager Salaries	-	13,915
6340 Legal Expense	87	2,684
6350 Audit Expense	5,450	5,300
6351 Bookkeeping Fees/Accounting Services	-	2,143
6370 Bad Debts	4,213	676
6390 Miscellaneous Administrative Expenses	1,245	6,115
6263T Total Administrative Expenses	101,027	69,337
6420 Fuel	2,408	3,929
6450 Electricity	35,965	40,921
6451 Water	7,852	8,310
6453 Sewer	11,416	14,119
6400T Total Utilities Expense	57,641	67,279
6510 Payroll	67,213	58,424
6515 Supplies	28,861	25,409
6520 Contracts	51,413	16,251
6525 Garbage and Trash Removal	1,346	1,476
6570 Vehicle Maintenance and Repairs	7,389	3,735
6500T Total Operating and Maintenance Expenses	156,222	105,295

See accompanying notes to the financial statements.

## SEACLIFF APARTMENTS

STATEMENTS OF ACTIVITIES  
(Continued)

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
6710 Real Estate Taxes	35,000	35,000
6720 Property and Liability Insurance	13,241	12,347
6721 Fidelity Bond Insurance	-	533
6722 Workmen's Compensation	2,089	2,575
6723 Health Insurance and Other Employee Benefits	<u>18,278</u>	<u>18,270</u>
6700T Total Taxes and Insurance	<u>68,608</u>	<u>68,725</u>
6820 Interest on Mortgages Payable	116,250	120,331
6890 Miscellaneous Financial Expenses (Note 4)	<u>31</u>	<u>146,239</u>
6800T Total Financial Expenses	<u>116,281</u>	<u>266,570</u>
6990 Payroll	7,236	6,269
6990 Miscellaneous Resident Services Expenses	<u>152</u>	<u>870</u>
6900T Total Resident Services Expenses	<u>7,388</u>	<u>7,139</u>
6000T Total Cost of Operations Before Depreciation	<u>507,167</u>	<u>584,345</u>
5060T Income Before Depreciation and Amortization	236,394	155,868
6600 Depreciation Expense	<u>79,779</u>	<u>61,244</u>
5060N/3247/3250 Change in Net Assets	156,615	94,624
S1100-050/060 UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>1,148,234</u>	<u>1,053,610</u>
3130/3131 UNRESTRICTED NET ASSETS AT END OF YEAR	<u><u>\$ 1,304,849</u></u>	<u><u>\$ 1,148,234</u></u>

See accompanying notes to the financial statements.



SEACLIFF APARTMENTS  
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
S1200-010 Rental Receipts	\$ 737,121	\$ 588,019
S1200-020 Interest Receipts	473	523
S1200-030 Other Operating Receipts	4,279	8,013
S1200-040 Total Receipts	741,873	596,555
S1200-050 Administrative	(11,346)	(39,061)
S1200-070 Management Fee	(82,134)	(38,988)
S1200-090 Utilities	(64,442)	(64,175)
S1200-110 Operating and Maintenance	(137,428)	(123,618)
S1200-120 Real Estate Taxes	(35,000)	(35,000)
S1200-140 Property Insurance	(11,251)	(12,356)
S1200-150 Miscellaneous Taxes and Insurance	(29,612)	(27,207)
S1200-160 Tenant Security Deposits	2,059	(2,002)
S1200-170 Other Operating Expenses	(6,218)	(9,775)
S1200-180 Interest on Mortgages	(113,736)	(117,815)
S1200-230 Total Disbursements	(489,108)	(469,997)
S1200-240 Net Cash Provided by Operating Activities	252,765	126,558
Cash Flows from Investing Activities:		
S1200-250 Net Deposits to the Reserve for Replacement Account	(33,033)	(36,574)
S1200-255 Net Withdrawals from (Deposits to) the Tax and Insurance Escrow	(4,444)	352
S1200-260 Net Withdrawals from the Residual Receipts Reserve	19	11
S1200-330 Net Purchases of Fixed Assets	-	(201,003)
S1200-350 Net Cash Used by Investing Activities	(37,458)	(237,214)
Cash Flows from Financing Activities:		
S1200-360 Payment of Mortgage Principal	(86,372)	(82,292)
S1200-460 Net Cash Used by Financing Activities	(86,372)	(82,292)
S1200-470 Increase (Decrease) in Cash	128,935	(192,948)
S1200-480 Cash at Beginning of Year	12,283	205,231
S1200T Cash at End of Year	\$ 141,218	\$ 12,283

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS  
STATEMENTS OF CASH FLOWS  
(Continued)

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
3250 Change in Total Net Assets from Operations	\$ 156,615	\$ 94,624
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
6600 Depreciation	79,779	61,244
S1200-486 Amortization of Debt Issuance Costs	2,539	2,539
Changes in Operating Assets and Liabilities:		
S1200-490 Tenant Accounts Receivable	(401)	(219)
S1200-500 Accounts Receivable - Other	-	1,872
S1200-520 Prepaid Expenses	4,878	(2,897)
S1200-530 Tenant Security Deposits	1,139	(1,540)
S1200-540 Accounts Payable	15,096	(26,892)
S1200-560 Accrued Wages Payable	(6,519)	(2,616)
S1200-570 Accrued Interest Payable	(25)	(23)
S1200-580 Tenant Security Deposits	920	(462)
S1200-590 Prepaid Rent	(1,256)	928
	\$ 252,765	\$ 126,558
S1200-610 Net Cash Provided by Operating Activities	\$ 252,765	\$ 126,558

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Seacliff Apartments (the Project) was acquired by Bath Housing Development Corporation on November 29, 2012 to own and operate a 50-unit low-income apartment complex in Bath, Maine, MSHA Project No. ME36-H017-408.

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

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.

Debt Issuance Costs - Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Income Taxes - No provision for taxes on income is made in the Project's financial statements since it is wholly owned by Bath Housing Development Corporation, a not-for-profit corporation, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 Project 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 February 23, 2017, the date the financial statements were available to be issued.

SEACLIFF APARTMENTS

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 2 - MORTGAGE NOTES PAYABLE

A mortgage note is payable to Bath Savings Institution and is secured by the real estate and personal property. The note bears interest at 5.86% per annum, with monthly payments of principal and interest of \$10,526 until November 29, 2032. Effective February 28, 2014, the payment amount is \$10,616 pursuant to a note modification agreement executed on February 12, 2014. All other terms remain the same. The mortgage note balances at December 31, 2016 and 2015 were \$1,314,678 and \$1,363,359, respectively.

A second mortgage note is payable to Bath Housing Authority, a related party through common management, and is secured by the real estate and personal property. The note bears interest at 4.00% per annum, with monthly payments of principal and interest of \$6,060 until November 29, 2032. The mortgage note balances at December 31, 2016 and 2015 were \$855,135 and \$892,826, respectively.

The liability of the Project under the mortgage notes is limited to the underlying value of the real estate collateral.

The mortgage notes payable will be amortized as follows:

2017	\$ 90,842
2018	95,551
2019	100,515
2020	105,743
2021	111,254
Thereafter	<u>1,665,908</u>
	<u>\$ 2,169,813</u>

NOTE 3 - HOUSING ASSISTANCE AGREEMENT

The U.S. Department of Housing and Urban Development (HUD) has contracted with the Project 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 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.

NOTE 4 - COMMITMENTS

The Project makes deposits to an escrow account to fund expected future costs as determined by the Housing Assistance Payments contract:

<u>Escrow Account</u>	<u>Amount</u>
Replacement Reserve	Currently \$3,027 monthly

## SEACLIFF APARTMENTS

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 4 - COMMITMENTS (Continued)

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

In accordance with HUD Housing Notice H-2012-14, the Project 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. Net housing assistance payments earned during 2016 and 2015 totaled \$543,869 and \$411,919, respectively.

#### NOTE 5 - TRANSACTIONS WITH RELATED PARTIES

The Project has entered into a management agreement with Bath Housing Authority. It is required to pay a management fee equal to a percentage of collected rents (12% effective January 1, 2016 and 4.5% effective January 1, 2015). Management fees of \$88,653 and \$32,926 were incurred during 2016 and 2015, respectively. Additional administrative payroll, resident services payroll, employee benefits and other expense reimbursements of \$10,041 and \$25,138 were incurred during 2016 and 2015, respectively.

Bath Housing Authority provided maintenance services to the Project for which Seacliff incurred \$82,686 and \$72,374 in salary and benefit expenses during 2016 and 2015, respectively.

Vehicle and equipment fees of \$7,389 were charged in 2016, by the Bath Housing Authority, for the Project's use of vehicles and equipment. During 2015, Seacliff paid directly allocated invoices.

Amounts payable to Bath Housing Authority and its affiliates as of December 31, 2016 and 2015 were \$28,788 and \$8,907, respectively.

#### NOTE 6 - PREPAID EXPENSES

Prepaid expenses at December 31, 2016 and 2015 were comprised as follows:

	<u>2016</u>	<u>2015</u>
Insurance	\$ -	\$ 1,990
Alarm Monitoring	-	2,888
	<u>\$ -</u>	<u>\$ 4,878</u>

SEACLIFF APARTMENTS

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

NOTE 7 - CHANGE IN ACCOUNTING FOR DEBT ISSUANCE COSTS

During 2016, the Project 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 Project change the presentation of debt issuance costs on the Project'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 Project'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.

SEACLIFF APARTMENTS

SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2016

SEACLIFF APARTMENTS  
SUPPORTING DATA REQUIRED BY HUD

For the Year Ended December 31, 2016

Reserve for Replacements:

1320 Balance, December 31, 2015	\$ 164,291
1320DT Total Monthly Deposits	32,849
1320INT Interest Income	184
	<hr/>
1320 Balance, December 31, 2016	<u>\$ 197,324</u>

Residual Receipts Reserve:

1340 Balance, December 31, 2015	\$ 12,522
1340INT Interest Income	12
1340WT Approved Withdrawals	(31)
	<hr/>
1340 Balance, December 31, 2016	<u>\$ 12,503</u>



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
HOUSING-FEDERAL HOUSING COMMISSIONER  
OFFICE OF MULTIFAMILY HOUSING MANAGEMENT AND OCCUPANCY

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND  
RESIDUAL RECEIPTS**

Electronic Filing #	Project Name <b>Seacliff Apartments</b>	Fiscal Period Ended <b>December 31, 2016</b>	Project Number <b>ME36-H017-408</b>
<b>PART A - COMPUTE SURPLUS CASH</b>			
S1300-010	1. Cash (Accounts 1110, 1120, 1191, 1192)	\$	154,154
1135	2. Tenant subsidy vouchers due for period covered by financial statement.	\$	-
S1300-030	3. Other (describe)	\$	-
S1300-040	(a) Total Cash (Add Lines 1, 2, and 3)		\$ 154,154
S1300-050	4. Accrued mortgage interest payable	\$	609
S1300-060	5. Delinquent mortgage principal payments	\$	-
S1300-070	6. Delinquent deposits to reserve for replacements	\$	-
S1300-075	7. Accounts payable (due within 30 days)	\$	32,405
S1300-080	8. Loans and notes payable -- (due within 30 days)	\$	-
S1300-090	9. Deficient Tax Insurance or MIP Escrow Deposits	\$	4,889
S1300-100	10. Accrued expenses (not escrowed)	\$	-
2210	11. Prepaid Rents (Account 2210)	\$	-
2191	12. Tenant security deposits liability (Account 2191)	\$	12,993
S1300-110	13. Other (describe)	\$	-
S1300-140	(b) Less Total Current Obligations (Add Lines 4 through 13)		\$ 50,896
S1300-150	(c) Surplus Cash (Deficiency)(Line (a) minus Line (b))		\$ 103,258
<b>PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS</b>			
S1300-160	1. Surplus Cash		\$ 103,258
S1300-170	2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	-
S1300-180	2b. Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period	\$	-
S1300-190	2c. Distributions Paid During Fiscal Period Covered by Statement	\$	-
S1300-200	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$	-
S1300-210	4. Amount Available for Distribution During Next Fiscal Period		\$ -
S1300-210	5. Deposit Due Residual Receipts (Must be deposited with Mortgagee within 90 days after Fiscal Period ends)		\$ 103,258
PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

HUD-93486 (12-80)

SEACLIFF APARTMENTS  
SUPPORTING DATA REQUIRED BY HUD  
For the Year Ended December 31, 2016

Schedule of Changes in Fixed Asset Accounts:

	14XXP Balances 12/31/15	14XXAT Additions	14XXDT Deductions	14XX Balances 12/31/16
1410 Land and Improvements	\$ 1,280,947	\$ -	\$ -	\$ 1,280,947
1420 Buildings and Improvements	1,965,046	-	-	1,965,046
1460 Furnishings	103,429	-	-	103,429
1400PT Totals	<u>\$ 3,349,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,349,422</u>
	1495P	6600	1400ADT	1495
Accumulated Depreciation	<u>\$ 169,883</u>	<u>\$ 79,779</u>	<u>\$ -</u>	<u>\$ 249,662</u>
1400N Total Net Book Value				<u>\$ 3,099,760</u>

SEACLIFF APARTMENTS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS / DEVELOPMENT OPERATING FUND

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
SOURCE OF FUNDS		
Rental Operations		
Receipts		
Tenant Rent	\$ 194,508	\$ 172,972
Housing Assistance Payments	<u>542,613</u>	<u>415,047</u>
Total Rental Receipts	737,121	588,019
Other	<u>4,556</u>	<u>8,229</u>
Total Rental Operations Receipts	<u>741,677</u>	<u>596,248</u>
DISBURSEMENTS		
Administrative	93,480	78,049
Operating	64,442	64,175
Maintenance	137,428	123,618
Interest	113,736	117,815
General	75,863	74,563
Resident Services	<u>6,218</u>	<u>9,775</u>
Total Rental Operations Disbursements	<u>491,167</u>	<u>467,995</u>
Cash Provided by Rental Operations Before Amortization of Mortgage	250,510	128,253
Amortization of Mortgages	<u>86,372</u>	<u>82,292</u>
Cash Provided by Rental Operations After Debt Service	164,138	45,961
OTHER RECEIPTS		
Transfers from Restricted Cash Reserves and Escrows	44,726	193,594
OTHER DISBURSEMENTS OR TRANSFERS		
Transfers from (to) Tenant Security Deposit Account	2,059	(2,002)
Transfers to Restricted Cash Reserves and Escrows	(81,988)	(229,498)
Purchases of Fixed Assets	<u>-</u>	<u>(201,003)</u>
Increase (Decrease) in Development Fund Cash	128,935	(192,948)
Development Fund Cash Balance at Beginning of Year	<u>12,283</u>	<u>205,231</u>
Development Fund Cash Balance at End of Year	<u><u>\$ 141,218</u></u>	<u><u>\$ 12,283</u></u>

SEACLIFF APARTMENTS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS / DEVELOPMENT OPERATING FUND  
(Continued)

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
COMPOSITION OF DEVELOPMENT FUND CASH BALANCE AT END OF YEAR:		
Development Operations Account	<u>\$ 141,218</u>	<u>\$ 12,283</u>

SEACLIFF APARTMENTS

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

For the Year Ended December 31, 2016

Description of Fund	Balance Beginning of Year	Deposits		Withdrawals	Balance End of Year
		Transfers from Operations Account	Interest Earned	Transfers to Operations Account	
Restricted Accounts:					
Tax and Insurance Reserve	\$ 10,213	\$ 49,139	\$ -	\$ 44,695	\$ 14,657
Replacement Reserve	164,291	32,849	184	-	197,324
Residual Receipts Reserve	<u>12,522</u>	<u>-</u>	<u>12</u>	<u>31</u>	<u>12,503</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 187,026</u>	<u>\$ 81,988</u>	<u>\$ 196</u>	<u>\$ 44,726</u>	<u>\$ 224,484</u>

SEACLIFF APARTMENTS  
SCHEDULE OF CASH IN FINANCIAL INSTITUTIONS

December 31, 2016

Account Name	Account Number	Financial Institution	Account Type	Interest Rate	Maturity Date	Signatory Control	Balances
Development Operations Account	184945	Bath Savings Institution	Statement Savings	0.46%	N/A	Sole	<u>\$ 141,213</u>
	1371738	Bath Savings Institution	Checking	0.00%	N/A	Sole	<u>\$ 5</u>
Tax and Insurance Reserve	1371835	Bath Savings Institution	Checking	0.00%	N/A	Either/Or	<u>\$ 14,657</u>
Replacement Reserve	187288	Bath Savings Institution	Statement Savings	0.10%	N/A	Either/Or	<u>\$ 197,319</u>
	1371649	Bath Savings Institution	Checking	0.00%	N/A	Either/Or	<u>\$ 5</u>
Residual Receipts Reserve	100018443	First Federal Savings	Passbook Savings	0.10%	N/A	MaineHousing	<u>\$ 12,503</u>
Tenant Security Deposit Account	1371851	Bath Savings Institution	Checking	0.00%	N/A	Sole	<u>\$ 12,936</u>

SEACLIFF APARTMENTS

December 31, 2016

CERTIFICATE OF CORPORATE OFFICERS

We certify that we have examined the accompanying financial statements and supplemental data of Seacliff Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

Catherine Powers  
Corporate Officer  
Seacliff Apartments

2-28-2017  
Date

CATHERINE POWERS  
Print Name

[Signature]  
Corporate Officer  
Seacliff Apartments

2-28-2017  
Date

Nancy Carleton  
Print Name


Federal Identification No. 22-2618694

SEACLIFF APARTMENTS

December 31, 2016

CERTIFICATE OF MANAGING AGENT

I certify that I have examined the accompanying financial statements and supplemental data of Seacliff Apartments and, to the best of my knowledge and belief, the same are complete and accurate.



Signature

EXECUTIVE DIRECTOR

Title

BATH HOUSING AUTHORITY

Management Company

2/28/2017

Date

Federal Identification No. 22-2618694