

SEACLIFF APARTMENTS
FINANCIAL STATEMENTS
December 31, 2018 and 2017

SEACLIFF APARTMENTS
PROJECT NO. ME36-H017-408
FINANCIAL STATEMENTS
December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
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, 2018 and 2017, 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, 2018 and 2017, 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 14 through 20 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

March 28, 2019
South Portland, Maine

SEACLIFF APARTMENTS
STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
1120 Cash - Operations	\$ 5,948	\$ 171,166
1130 Tenant Accounts Receivable	14,258	11,822
1131 Allowance for Doubtful Accounts (Note 1)	(12,844)	(9,395)
1140 Accounts Receivable - Other (Note 10)	<u>36,657</u>	<u>-</u>
1100T Total Current Assets	<u>44,019</u>	<u>173,593</u>
DEPOSITS HELD IN TRUST		
1191 Tenant Security Deposits	<u>17,597</u>	<u>15,463</u>
RESTRICTED DEPOSITS		
1310 Tax and Insurance Escrow	13,705	7,492
1320 Replacement Reserve (Note 4)	193,143	234,322
1340 Residual Receipts Reserve (Note 4)	<u>12,561</u>	<u>12,507</u>
1300T Total Restricted Deposits	<u>219,409</u>	<u>254,321</u>
FIXED ASSETS (Notes 2 and 4)		
1410 Land and Improvements	1,280,947	1,280,947
1420 Buildings and Improvements	1,850,670	1,965,046
1460 Furnishings and Equipment	133,329	103,429
1490 Construction in Progress	<u>179,485</u>	<u>-</u>
1400T Total Fixed Assets	3,444,431	3,349,422
1495 Less Accumulated Depreciation	<u>375,379</u>	<u>329,441</u>
1400N Net Fixed Assets	<u>3,069,052</u>	<u>3,019,981</u>
1000T TOTAL ASSETS	<u>\$ 3,350,077</u>	<u>\$ 3,463,358</u>

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS
STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2018 and 2017

LIABILITIES AND NET ASSETS

LIABILITIES

	2018	2017
CURRENT LIABILITIES		
2110 Accounts Payable - Operations (Note 5)	\$ 16,012	\$ 17,187
2131 Accrued Interest Payable	3,118	3,279
2170 Current Portion of Mortgage Notes Payable (Note 2)	100,373	98,881
2210 Prepaid Rent	73	141
	119,576	119,488
2122T Total Current Liabilities		
DEPOSIT LIABILITIES		
2191 Tenant Security Deposits (Contra)	10,323	13,154
LONG-TERM LIABILITIES		
2320 Mortgage Notes Payable (Note 2)	1,886,511	1,983,419
2340 Less Debt Issuance Costs	(35,342)	(37,881)
	1,851,169	1,945,538
2300T Total Long-term Liabilities		
2000T TOTAL LIABILITIES	1,981,068	2,078,180
NET ASSETS		
3130/3131 Net Assets Without Donor Restrictions	1,369,009	1,385,178
2033T TOTAL LIABILITIES AND NET ASSETS	\$ 3,350,077	\$ 3,463,358

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
5120 Rent Revenue - Gross Potential	\$ 236,990	\$ 210,065
5121 Tenant Assistance Payments (Note 3)	392,024	445,438
5190 Miscellaneous Rent Revenue (Note 4)	<u>137,834</u>	<u>103,290</u>
5100T Total Rent Revenue	766,848	758,793
5220/5200T Total Vacancies	<u>16,167</u>	<u>14,420</u>
5152N Net Rental Revenue	<u>750,681</u>	<u>744,373</u>
5410 Financial Revenue - Project Operations	1,793	1,233
5430 Revenue from Investments - Residual Receipts	54	36
5440 Revenue from Investments - Replacement Reserve	<u>234</u>	<u>215</u>
5400T Total Financial Revenue	<u>2,081</u>	<u>1,484</u>
5910 Laundry and Vending	3,686	2,729
5920 Tenant Charges	2,308	2,389
5990 Gain on Involuntary Conversion (Note 9)	62,373	-
5990 Miscellaneous Revenue	<u>1,135</u>	<u>1,313</u>
5900T Total Other Revenue	<u>69,502</u>	<u>6,431</u>
5000T Total Revenue	<u>822,264</u>	<u>752,288</u>
EXPENSES		
6311 Office Expenses	841	249
6320 Management Fee (Note 5)	90,252	89,325
6340 Legal Expense	4,414	4,622
6350 Audit Expense	5,300	5,300
6351 Bookkeeping Fees/Accounting Services	5,651	-
6370 Bad Debts	7,907	5,338
6390 Miscellaneous Administrative Expenses	<u>1,124</u>	<u>2,256</u>
6263T Total Administrative Expenses	<u>115,489</u>	<u>107,090</u>
6420 Fuel	585	1,855
6450 Electricity	44,371	44,738
6451 Water	5,295	6,921
6453 Sewer	<u>10,856</u>	<u>11,069</u>
6400T Total Utilities Expense	<u>61,107</u>	<u>64,583</u>
6510 Payroll	53,128	44,522
6515 Supplies	50,789	30,671
6520 Contracts	95,910	29,891
6525 Garbage and Trash Removal	2,088	1,496
6570 Vehicle Maintenance and Repairs	3,467	6,597
6590 Miscellaneous Operating and Maintenance Expenses	<u>27,998</u>	<u>1,968</u>
6500T Total Operating and Maintenance Expenses	<u>233,380</u>	<u>115,145</u>

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS
STATEMENTS OF ACTIVITIES
(Continued)

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
6710 Real Estate Taxes	35,000	35,000
6720 Property and Liability Insurance	20,708	19,267
6723 Health Insurance and Other Employee Benefits	<u>22,820</u>	<u>14,464</u>
6700T Total Taxes and Insurance	<u>78,528</u>	<u>68,731</u>
6820 Interest on Mortgages Payable	107,069	111,744
6890 Miscellaneous Financial Expenses (Note 4)	<u>137,834</u>	<u>103,290</u>
6800T Total Financial Expenses	<u>244,903</u>	<u>215,034</u>
6990 Tenant Service Payroll	26,210	21,317
6990 Miscellaneous Resident Services Expenses	<u>-</u>	<u>280</u>
6900T Total Resident Services Expenses	<u>26,210</u>	<u>21,597</u>
6000T Total Cost of Operations Before Depreciation	<u>759,617</u>	<u>592,180</u>
5060T Income Before Depreciation and Other Revenue	62,647	160,108
6600 Depreciation Expense	<u>78,816</u>	<u>79,779</u>
5060N/3247/3250 Change in Net Assets	(16,169)	80,329
S1100-050/060 NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u>1,385,178</u>	<u>1,304,849</u>
3130/3131 NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<u>\$ 1,369,009</u>	<u>\$ 1,385,178</u>

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
S1200-010 Rental Receipts	\$ 577,135	\$ 640,648
S1200-020 Interest Receipts	2,081	1,484
S1200-030 Other Operating Receipts	7,129	6,431
S1200-040 Total Receipts	586,345	648,563
S1200-050 Administrative	(21,469)	(19,111)
S1200-070 Management Fee	(100,508)	(94,435)
S1200-090 Utilities	(59,914)	(57,239)
S1200-110 Operating and Maintenance	(258,638)	(117,310)
S1200-120 Real Estate Taxes	(35,000)	(35,000)
S1200-140 Property Insurance	(16,648)	(19,267)
S1200-150 Miscellaneous Taxes and Insurance	(20,287)	(12,958)
S1200-160 Tenant Security Deposits	(4,965)	(2,366)
S1200-170 Other Operating Expenses	(15,551)	(37,044)
S1200-180 Interest on Mortgages	(104,691)	(106,535)
S1200-230 Total Disbursements	(637,671)	(501,265)
S1200-240 Net Cash Provided (Used) by Operating Activities	(51,326)	147,298
Cash Flows from Investing Activities:		
S1200-250 Net Withdrawals from (Deposits to) the Reserve for Replacement Account	41,179	(36,998)
S1200-255 Net Withdrawals from (Deposits to) the Tax and Insurance Escrow	(6,213)	7,165
S1200-260 Net Withdrawals from the Residual Receipts Reserve	(54)	(4)
S1200-330 Net Purchases of Fixed Assets	(308,334)	-
S1200-340 Insurance Proceeds	254,946	-
S1200-350 Net Cash Used by Investing Activities	(18,476)	(29,837)
Cash Flows from Financing Activities:		
S1200-360 Payment of Mortgage Principal	(95,416)	(87,513)
S1200-460 Net Cash Used by Financing Activities	(95,416)	(87,513)
S1200-470 Increase (Decrease) in Cash	(165,218)	29,948
S1200-480 Cash at Beginning of Year	171,166	141,218
S1200T Cash at End of Year	\$ 5,948	\$ 171,166

See accompanying notes to the financial statements.

SEACLIFF APARTMENTS

STATEMENTS OF CASH FLOWS
(Continued)

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
3250 Change in Total Net Assets from Operations	\$ (16,169)	\$ 80,329
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
6600 Depreciation	78,816	79,779
S1200-486 Amortization of Debt Issuance Costs	2,539	2,539
S1200-600 Gain on Involuntary Conversion	(62,373)	-
Changes in Operating Assets and Liabilities:		
S1200-490 Tenant Accounts Receivable	1,013	(576)
S1200-500 Accounts Receivable - Other	(36,657)	-
S1200-530 Tenant Security Deposits	(2,134)	(2,527)
S1200-540 Accounts Payable	(13,301)	(15,218)
S1200-570 Accrued Interest Payable	(161)	2,670
S1200-580 Tenant Security Deposits	(2,831)	161
S1200-590 Prepaid Rent	(68)	141
S1200-610 Net Cash Provided (Used) by Operating Activities	<u>\$ (51,326)</u>	<u>\$ 147,298</u>

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 statement of financial position.

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 Corporation are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Cash - For purposes of reporting cash flows, cash includes cash on hand and amounts due from banks. The statements of cash flows do not include tenant security deposits in cash. These funds are held in trust and may be returned to the tenants.

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

SEACLIFF APARTMENTS
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

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

Accounts Receivable and Bad Debts - Management estimates the allowance for doubtful accounts based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Subsequent Events - Subsequent events have been evaluated through March 28, 2019, the date the financial statements were available to be issued.

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 \$10,616 until November 29, 2032. The mortgage note balances at December 31, 2018 and 2017 were \$1,208,335 and \$1,263,062, 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, 2018 and 2017 were \$778,549 and \$819,238, 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:

2019	\$ 100,373
2020	105,597
2021	111,101
2022	116,903
2023	123,018
Thereafter	<u>1,429,892</u>
	<u>\$ 1,986,884</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, 2018, gross contract rents equal \$773,652 and may not be increased without HUD approval.

SEACLIFF APARTMENTS

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 \$3,104 monthly

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 2018 and 2017, the Project used \$137,834 and \$103,290, respectively, of residual receipts to offset housing assistance payments. Net housing assistance payments earned during 2018 and 2017 totaled \$392,024 and \$445,438, respectively.

During 2018, the Project entered into a construction contract with Elite Construction for contractor services related to fire damages. The total cost of the contract is \$234,808. As of December 31, 2018, costs incurred on the contract totaled \$100,000 and is recorded as Construction in Progress.

NOTE 5 - TRANSACTIONS WITH RELATED PARTIES

The Project has entered into a management agreement with Bath Housing Authority, an entity related to Bath Housing Development Corporation through common management, and is required to pay a management fee equal to 12% of collected rents. Management fees of \$90,252 and \$89,325 were incurred during 2018 and 2017, respectively.

Bath Housing Authority charged the Project for resident services and accounting fees. Total expenses incurred by the Project totaled \$39,134 and \$23,019 during 2018 and 2017, respectively.

In addition, Bath Housing Authority provides maintenance services to the Project. Maintenance services incurred totaled \$68,675 and \$57,284 during 2018 and 2017, respectively.

Amounts payable to Bath Housing Authority and its affiliates as of December 31, 2017 were \$7,480.

Amounts due from Bath Housing Authority and its affiliates as of December 31, 2018 were \$15,698.

SEACLIFF APARTMENTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6 - PAYMENT IN LIEU OF TAXES

The Project has an agreement with the City of Bath to pay \$35,000 annually as a payment in lieu of taxes.

NOTE 7 - METHOD USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES

The financial statements are required to report certain categories of expenses that may be attributable to one or more programs or supporting services of the Project. Based on an analysis of the costs and the operations of the Project, it has been determined that all costs are directly attributable to the program services and none are attributable to supporting services.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Project's working capital and cash flows are derived from monthly revenue consisting mostly of rent revenue and housing assistance payments. The Project is regulated by the U.S. Department of Housing and Urban Development (HUD). Any surplus cash at the end of a year, subject to approval of HUD, may be deposited to the residual receipts account.

The following reflects the Project's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set-aside to offset project based Section 8 housing assistance payments that could be drawn upon if approved by the U.S. Department of Housing and Urban Development.

	2018	2017
Cash	\$ 225,357	\$ 425,487
Accounts Receivable	38,071	2,427
Total Financial Assets	263,428	427,914
Contractual (Regulatory) Restrictions:		
Restricted Deposits:		
Replacement Reserve	(193,143)	(234,322)
Residual Receipts	(12,561)	(12,507)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 57,724	\$ 181,085

SEACLIFF APARTMENTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9 - GAIN ON INVOLUNTARY CONVERSION

During 2018 the Project suffered fire damage. The estimated damage to the property totaled \$192,573 (depreciated value) and insurance proceeds totaled \$254,946. Replacement costs totaling \$179,485 were capitalized. The Project is expected to incur an additional \$134,808 in replacement costs during 2019.

NOTE 10 - BUSINESS LOSS RECEIVABLE

During 2018, the Project submitted an insurance claim for lost rents due to fire damage in several units. The insurance company has agreed to reimburse the project \$36,657. The proceeds are expected to be received in March 2019.

NOTE 11 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives of federal, state and local agencies, including but not limited to the U.S. Department of Housing and Urban Development and MaineHousing. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the agencies or other situation. Such changes may occur with little notice or with inadequate funding to pay for the related cost, including the additional burden to comply with the change.

SEACLIFF APARTMENTS

SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2018

SEACLIFF APARTMENTS
SUPPORTING DATA REQUIRED BY HUD

For the Year Ended December 31, 2018

Reserve for Replacements:

1320 Balance, December 31, 2017	\$ 234,322
1320DT Total Monthly Deposits	37,243
1320INT Interest Income	234
1320WT Approved Withdrawals	<u>(78,656)</u>
1320 Balance, December 31, 2018	<u><u>\$ 193,143</u></u>

Residual Receipts Reserve:

1340 Balance, December 31, 2017	\$ 12,507
1340DT Required Deposits	137,834
1340INT Interest Income	54
1340WT Approved Withdrawals	<u>(137,834)</u>
1340 Balance, December 31, 2018	<u><u>\$ 12,561</u></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	Fiscal Period Ended	Project Number
	Seacliff Apartments	December 31, 2018	ME36-H017-408
PART A - COMPUTE SURPLUS CASH			
S1300-010	1. Cash (Accounts 1110, 1120, 1191, 1192)	\$	23,545
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)	\$	23,545
S1300-050	4. Accrued mortgage interest payable	\$	3,118
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)	\$	16,012
S1300-080	8. Loans and notes payable -- (due within 30 days)	\$	-
S1300-090	9. Deficient Tax Insurance or MIP Escrow Deposits	\$	12,836
S1300-100	10. Accrued expenses (not escrowed)	\$	-
2210	11. Prepaid Rents (Account 2210)	\$	73
2191	12. Tenant security deposits liability (Account 2191)	\$	10,323
S1300-110	13. Other (describe)	\$	-
S1300-140	(b) Less Total Current Obligations (Add Lines 4 through 13)	\$	42,362
S1300-150	(c) Surplus Cash (Deficiency)(Line (a) minus Line (b))	\$	(18,817)
PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS			
S1300-160	1. Surplus Cash	\$	-
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)	\$	-
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, 2018

Schedule of Changes in Fixed Asset Accounts:

	14XXP Balances 12/31/17	14XXAT Additions	14XXDT Deductions	14XX Balances 12/31/18
1410 Land and Improvements	\$ 1,280,947	\$ -	\$ -	\$ 1,280,947
1420 Buildings and Improvements	1,965,046	111,075	225,451	1,850,670
1460 Furnishings	103,429	29,900	-	133,329
1490 Construction in Progress	-	179,485	-	179,485
1400PT Totals	<u>\$ 3,349,422</u>	<u>\$ 320,460</u>	<u>\$ 225,451</u>	<u>\$ 3,444,431</u>
	1495P	6600	1400ADT	1495
Accumulated Depreciation	<u>\$ 329,441</u>	<u>\$ 78,816</u>	<u>\$ 32,878</u>	<u>\$ 375,379</u>
1400N Total Net Book Value				<u>\$ 3,069,052</u>

Schedule of Additions to Buildings and Improvements Account

1420A-010 Description	1420A-030 Amount
Vent System	\$ 10,641
Unit Rehab	100,434
	<u>\$ 111,075</u>

Schedule of Deductions from Buildings and Improvements Account

1420D-010 Description	1420D-030 Amount
Fire Damage	<u>\$ 225,451</u>

Schedule of Additions to Furnishings Account

1460A-010 Description	1460A-030 Amount
Hot Water Heater	<u>\$ 29,900</u>

Schedule of Additions to Construction in Progress Account

1490A-010 Description	1490A-030 Amount
Fire Rehab	<u>\$ 179,485</u>

SEACLIFF APARTMENTS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS / DEVELOPMENT OPERATING FUND

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
SOURCE OF FUNDS		
Rental Operations		
Receipts		
Tenant Rent	\$ 185,111	\$ 195,210
Housing Assistance Payments	<u>392,024</u>	<u>445,438</u>
Total Rental Receipts	577,135	640,648
Other	<u>8,922</u>	<u>7,664</u>
Total Rental Operations Receipts	<u>586,057</u>	<u>648,312</u>
DISBURSEMENTS		
Administrative	121,977	113,546
Operating	59,914	57,239
Maintenance	258,638	117,310
Interest	104,691	106,535
General	71,935	67,225
Resident Services	<u>15,551</u>	<u>37,044</u>
Total Rental Operations Disbursements	<u>632,706</u>	<u>498,899</u>
Cash Provided (Used) by Rental Operations Before Amortization of Mortgage	(46,649)	149,413
Amortization of Mortgages	<u>95,416</u>	<u>87,513</u>
Cash Provided (Used) by Rental Operations After Debt Service	(142,065)	61,900
OTHER RECEIPTS		
Insurance Proceeds	254,946	-
Transfers from Restricted Cash Reserves and Escrows	303,075	152,880
OTHER DISBURSEMENTS OR TRANSFERS		
Transfers to Tenant Security Deposit Account	(4,965)	(2,366)
Transfers to Restricted Cash Reserves and Escrows	(267,875)	(182,466)
Purchases of Fixed Assets	<u>(308,334)</u>	<u>-</u>
Increase (Decrease) in Development Fund Cash	(165,218)	29,948
Development Fund Cash Balance at Beginning of Year	<u>171,166</u>	<u>141,218</u>
Development Fund Cash Balance at End of Year	<u>\$ 5,948</u>	<u>\$ 171,166</u>

SEACLIFF APARTMENTS

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

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
COMPOSITION OF DEVELOPMENT FUND CASH BALANCE AT END OF YEAR:		
Development Operations Account	<u>\$ 5,948</u>	<u>\$ 171,166</u>

SEACLIFF APARTMENTS

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

For the Year Ended December 31, 2018

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	\$ 7,492	\$ 92,798	\$ -	\$ 86,585	\$ 13,705
Replacement Reserve	234,322	37,243	234	78,656	193,143
Residual Receipts Reserve	<u>12,507</u>	<u>137,834</u>	<u>54</u>	<u>137,834</u>	<u>12,561</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 254,321</u>	<u>\$ 267,875</u>	<u>\$ 288</u>	<u>\$ 303,075</u>	<u>\$ 219,409</u>

SEACLIFF APARTMENTS
SCHEDULE OF CASH IN FINANCIAL INSTITUTIONS

December 31, 2018

Account Name	Account Number	Financial Institution	Account Type	Interest Rate	Maturity Date	Signatory Control	Balances
Development Operations Account	184945	Bath Savings Institution	Statement Savings	0.00%	N/A	Sole	<u>\$ 5,943</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>\$ 13,705</u>
Replacement Reserve	187288	Bath Savings Institution	Statement Savings	0.10%	N/A	Either/Or	<u>\$ 193,138</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>\$ 12,561</u>
Tenant Security Deposit Account	1371851	Bath Savings Institution	Checking	0.00%	N/A	Sole	<u>\$ 17,597</u>