

**BATH HOUSING DEVELOPMENT CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

# BATH HOUSING DEVELOPMENT CORPORATION

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## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of  
Bath Housing Development Corporation**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Bath Housing Development Corporation, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bath Housing Development Corporation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bath Housing Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bath Housing Development Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bath Housing Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bath Housing Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 32 to 37 as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 32 to 37 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024 on our consideration of the Bath Housing Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bath Housing Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bath Housing Development Corporation's internal control over financial reporting and compliance.

*Marcum LLP*

Boston, MA  
June 13, 2024

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| <b>Current Assets</b>                                |                      |                      |
| Cash and cash equivalents                            | \$ 228,856           | \$ 260,162           |
| Investments  | 366,252              | 314,803              |
| Accounts receivable, net of allowance                | 286,499              | 36,127               |
| Prepaid expenses                                     | 33,979               | 33,650               |
| <b>Total Current Assets</b>                          | <u>915,586</u>       | <u>644,742</u>       |
| <b>Tenant Security Deposits</b>                      | <u>80,143</u>        | <u>76,347</u>        |
| <b>Restricted Deposits and Funded Reserves</b>       |                      |                      |
| Mortgage escrows                                     | 42,598               | 42,603               |
| Replacement reserve                                  | 535,107              | 387,464              |
| Other reserves                                       | 27,814               | 26,420               |
| <b>Total Restricted Deposits and Funded Reserves</b> | <u>605,519</u>       | <u>456,487</u>       |
| <b>Property, Plant and Equipment</b>                 |                      |                      |
| Land and land improvements                           | 2,273,962            | 2,217,754            |
| Buildings and improvements                           | 9,831,010            | 9,812,680            |
| Building equipment                                   | 181,504              | 175,854              |
| Projects in development                              | 1,132,206            | 630,242              |
| <b>Total Property, Plant and Equipment</b>           | <u>13,418,682</u>    | <u>12,836,530</u>    |
| Less: accumulated depreciation                       | <u>(1,910,650)</u>   | <u>(1,618,620)</u>   |
| <b>Property, Plant and Equipment, Net</b>            | <u>11,508,032</u>    | <u>11,217,910</u>    |
| <b>Total Assets</b>                                  | <u>\$ 13,109,280</u> | <u>\$ 12,395,486</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2023 AND 2022

|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| <b>Liabilities and Net Assets</b>                 |                      |                      |
| <b>Current Liabilities</b>                        |                      |                      |
| Bank overdraft                                    | \$ 2,159             | \$ --                |
| Accounts payable - operations                     | 51,441               | 62,225               |
| Accounts payable - related party                  | 134,441              | 95,579               |
| Accrued interest payable - current portion        | 13,214               | 6,872                |
| Line of credit                                    | 116,704              | 148,999              |
| Mortgages payable - current portion               | 158,717              | 825,973              |
| Prepaid rent                                      | 12,771               | 7,815                |
| <b>Total Current Liabilities</b>                  | <u>489,447</u>       | <u>1,147,463</u>     |
| <b>Tenant Security Deposit Liabilities</b>        | <u>69,004</u>        | <u>73,985</u>        |
| <b>Long-Term Liabilities</b>                      |                      |                      |
| Mortgages payable - net of current portion        | 3,856,759            | 2,840,474            |
| Less: unamortized debt issuance costs             | (29,624)             | (29,192)             |
| Accrued interest payable - net of current portion | 11,144               | 11,144               |
| <b>Total Long-Term Liabilities</b>                | <u>3,838,279</u>     | <u>2,822,426</u>     |
| <b>Total Liabilities</b>                          | <u>4,396,730</u>     | <u>4,043,874</u>     |
| <b>Net Assets</b>                                 |                      |                      |
| Without Donor Restrictions                        | 4,812,955            | 4,311,075            |
| With Donor Restrictions                           | 3,899,595            | 4,040,537            |
| <b>Total Net Assets</b>                           | <u>8,712,550</u>     | <u>8,351,612</u>     |
| <b>Total Liabilities and Net Assets</b>           | <u>\$ 13,109,280</u> | <u>\$ 12,395,486</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

|  | Net Assets Without<br>Donor Restrictions | Net Assets with<br>Donor Restrictions | Total               |
|--|--|---------------------------------------|---------------------|
| <b>Revenues, Gains, and Other Support</b>        |  |                                       |                     |
| Housing assistance payments                      | \$ 608,156                               | \$ --                                 | \$ 608,156          |
| Rental revenue                                   | 2,073,809                                | --                                    | 2,073,809           |
| Contributions of cash and other financial assets | 281,426                                  | 195,272                               | 476,698             |
| Other revenue                                    | 36,573                                   | --                                    | 36,573              |
| Net assets released from restrictions            | 336,214                                  | (336,214)                             | --                  |
| <b>Total Revenues, Gains, and Other Support</b>  | <b>3,336,178</b>                         | <b>(140,942)</b>                      | <b>3,195,236</b>    |
| <b>Expenses</b>                                  |  |                                       |                     |
| Program Services                                 |  |                                       |                     |
| Housing Programs                                 | 2,434,635                                | --                                    | 2,434,635           |
| Comfortably Home Program                         | 169,784                                  | --                                    | 169,784             |
| Management and General                           | 292,124                                  | --                                    | 292,124             |
| <b>Total Expenses</b>                            | <b>2,896,543</b>                         | <b>--</b>                             | <b>2,896,543</b>    |
| <b>Change in Net Assets from Operations</b>      | <b>439,635</b>                           | <b>(140,942)</b>                      | <b>298,693</b>      |
| <b>Non-Operating Revenues</b>                    |  |                                       |                     |
| Investment Income (Loss)                         | 62,245                                   | --                                    | 62,245              |
| <b>Total Nonoperating Revenues</b>               | <b>62,245</b>                            | <b>--</b>                             | <b>62,245</b>       |
| <b>Change in Net Assets</b>                      | <b>501,880</b>                           | <b>(140,942)</b>                      | <b>360,938</b>      |
| <b>Net Assets - Beginning of Year</b>            | <b>4,311,075</b>                         | <b>4,040,537</b>                      | <b>8,351,612</b>    |
| <b>Net Assets - End of Year</b>                  | <b>\$ 4,812,955</b>                      | <b>\$ 3,899,595</b>                   | <b>\$ 8,712,550</b> |

*The accompanying notes are an integral part of these consolidated financial statements.*



**BATH HOUSING DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | Net Assets Without<br>Donor Restrictions | Net Assets with<br>Donor Restrictions | Total               |
|--|--|---------------------------------------|---------------------|
| <b>Revenues, Gains, and Other Support</b>        |  |                                       |                     |
| Housing assistance payments                      | \$ 608,171                               | \$ --                                 | \$ 608,171          |
| Rental revenue                                   | 1,918,733                                | --                                    | 1,918,733           |
| Contributions of cash and other financial assets | 86,908                                   | 196,038                               | 282,946             |
| Other revenue                                    | 33,813                                   | --                                    | 33,813              |
| Net assets released from restrictions            | 410,460                                  | (410,460)                             | --                  |
| <b>Total Revenues, Gains, and Other Support</b>  | <b>3,058,085</b>                         | <b>(214,422)</b>                      | <b>2,843,663</b>    |
| <b>Expenses</b>                                  |  |                                       |                     |
| Program Services                                 |  |                                       |                     |
| Housing Programs                                 | 2,300,486                                | --                                    | 2,300,486           |
| Comfortably Home Program                         | 162,072                                  | --                                    | 162,072             |
| Management and General                           | 300,330                                  | --                                    | 300,330             |
| <b>Total Expenses</b>                            | <b>2,762,888</b>                         | <b>--</b>                             | <b>2,762,888</b>    |
| <b>Change in Net Assets from Operations</b>      | <b>295,197</b>                           | <b>(214,422)</b>                      | <b>80,775</b>       |
| <b>Non-Operating Revenues</b>                    |  |                                       |                     |
| Investment Income (Loss)                         | (55,764)                                 | --                                    | (55,764)            |
| <b>Total Nonoperating Revenues</b>               | <b>(55,764)</b>                          | <b>--</b>                             | <b>(55,764)</b>     |
| <b>Change in Net Assets</b>                      | <b>239,433</b>                           | <b>(214,422)</b>                      | <b>25,011</b>       |
| <b>Net Assets - Beginning of Year</b>            | <b>4,071,642</b>                         | <b>4,254,959</b>                      | <b>8,326,601</b>    |
| <b>Net Assets - End of Year</b>                  | <b>\$ 4,311,075</b>                      | <b>\$ 4,040,537</b>                   | <b>\$ 8,351,612</b> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**BATH HOUSING DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

|  | <u>Program Services</u> |                     | <u>Supportive Services</u> |                     |
|--|-------------------------|---------------------|----------------------------|---------------------|
|  | Comfortably             |                     | Management and             |                     |
|  | <u>Housing Programs</u> | <u>Home Program</u> | <u>General</u>             | <u>Total</u>        |
| Administrative salaries                          | \$ 52,979               | \$ 365              | \$ 184,904                 | \$ 238,248          |
| Management fee                                   | 307,241                 | 10,910              | --                         | 318,151             |
| Auditing fees                                    | 20,754                  | --                  | 446                        | 21,200              |
| Employee benefits contributions - Administrative | 14,752                  | 122                 | 54,070                     | 68,944              |
| Legal  | 10,832                  | --                  | 5,576                      | 16,408              |
| Accounting                                       | 23,569                  | --                  | 5,375                      | 28,944              |
| Other operating - administrative                 | 10,586                  | 863                 | 5,559                      | 17,008              |
| Grant expenditures                               | --                      | --                  | 24,336                     | 24,336              |
| Tenant services Labor Fee                        | 84,738                  | 39,176              | --                         | 123,914             |
| Employee benefits - tenant services              | 26,572                  | --                  | --                         | 26,572              |
| Water  | 39,379                  | --                  | --                         | 39,379              |
| Sewer  | 62,288                  | --                  | --                         | 62,288              |
| Electricity                                      | 234,770                 | --                  | --                         | 234,770             |
| Gas/Fuel   | 85,085                  | --                  | --                         | 85,085              |
| Maintenance fee expense - labor                  | 440,841                 | 45,998              | --                         | 486,839             |
| Ordinary maintenance and operations - materials  | 118,316                 | 40,794              | 788                        | 159,898             |
| Ordinary maintenance and operations - contracts  | 200,794                 | 8,673               | 1,019                      | 210,486             |
| Maintenance fee expense - benefits               | --                      | 22,883              | --                         | 22,883              |
| Insurance  | 107,552                 | --                  | 3,585                      | 111,137             |
| Real estate taxes                                | 98,344                  | --                  | --                         | 98,344              |
| Interest expense                                 | 161,442                 | --                  | --                         | 161,442             |
| Miscellaneous financial expenses                 | 10,067                  | --                  | --                         | 10,067              |
| Collection losses                                | 38,170                  | --                  | --                         | 38,170              |
| Depreciation                                     | 285,564                 | --                  | 6,466                      | 292,030             |
| <b>Total Expenses</b>                            | <u>\$ 2,434,635</u>     | <u>\$ 169,784</u>   | <u>\$ 292,124</u>          | <u>\$ 2,896,543</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Program Services    |                          | Supportive Services    |                     |
|--|---------------------|--------------------------|------------------------|---------------------|
|  | Housing Programs    | Comfortably Home Program | Management and General | Total               |
| Administrative salaries                          | \$ --               | \$ 10,447                | \$ 198,483             | \$ 208,930          |
| Management fee                                   | 285,612             | --                       | --                     | 285,612             |
| Auditing fees                                    | 17,388              | --                       | 636                    | 18,024              |
| Employee benefits contributions - Administrative | --                  | 3,160                    | 60,034                 | 63,194              |
| Legal  | 7,996               | --                       | 665                    | 8,661               |
| Accounting                                       | 24,717              | --                       | 8,225                  | 32,942              |
| Other operating - administrative                 | 11,513              | 7,823                    | 8,461                  | 27,797              |
| Grant expenditures                               | --                  | --                       | 11,737                 | 11,737              |
| Tenant services Labor Fee                        | 72,897              | 28,434                   | --                     | 101,331             |
| Employee benefits - tenant services              | 18,741              | 10,139                   | --                     | 28,880              |
| Water  | 32,625              | --                       | --                     | 32,625              |
| Sewer  | 57,067              | --                       | --                     | 57,067              |
| Electricity                                      | 203,499             | --                       | --                     | 203,499             |
| Gas/Fuel   | 95,580              | --                       | --                     | 95,580              |
| Maintenance fee expense - labor                  | 398,512             | 45,958                   | --                     | 444,470             |
| Ordinary maintenance and operations - materials  | 151,897             | 32,223                   | 976                    | 185,096             |
| Ordinary maintenance and operations - contracts  | 188,200             | 3,281                    | 594                    | 192,075             |
| Maintenance fee expense - benefits               | 2,705               | 20,483                   | --                     | 23,188              |
| Insurance  | 94,379              | 124                      | 5,183                  | 99,686              |
| Real estate taxes                                | 90,293              | --                       | --                     | 90,293              |
| Miscellaneous financial expenses                 | 85,434              | --                       | --                     | 85,434              |
| Interest expense                                 | 162,085             | --                       | --                     | 162,085             |
| Collection losses                                | 8,643               | --                       | --                     | 8,643               |
| Depreciation                                     | 290,703             | --                       | 5,336                  | 296,039             |
| <b>Total Expenses</b>                            | <u>\$ 2,300,486</u> | <u>\$ 162,072</u>        | <u>\$ 300,330</u>      | <u>\$ 2,762,888</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

|  | 2023             | 2022           |
|--|------------------|----------------|
| <b>Cash Flows from Operating Activities</b>  |                  |                |
| Change in net assets   | \$ 360,938       | \$ 25,011      |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                  |                |
| Depreciation expense   | 292,030          | 296,039        |
| Bad debt expense   | 38,170           | 8,643          |
| Amortization of debt issuance costs  | 6,787            | 4,408          |
| Net unrealized (gain) loss on investments  | (35,297)         | 68,051         |
| Net realized gain on sale of investments   | --               | (643)          |
| Gain on sale of capital assets   | --               | (9,367)        |
| Changes in operating assets and liabilities:   |                  |                |
| Accounts receivable  | (288,542)        | (30,479)       |
| Prepaid expenses   | (329)            | (11,862)       |
| Accounts payable   | (10,784)         | 9,722          |
| Accounts payable - related party   | 38,862           | 37,453         |
| Accrued interest payable   | 6,342            | 752            |
| Tenant security deposit liability  | (4,981)          | (4,772)        |
| Prepaid rents  | 4,956            | 798            |
| <b>Net Cash Provided by Operating Activities</b>   | <u>408,152</u>   | <u>393,754</u> |
| <b>Cash Flows from Investing Activities</b>  |                  |                |
| Purchase of fixed assets   | (582,152)        | (832,530)      |
| Proceeds from the sale of capital assets   | --               | 945,000        |
| Sales of Investments   | 145,171          | 52,199         |
| Purchases of Investments   | (161,323)        | (67,878)       |
| <b>Net Cash Provided by (Used in) Investing Activities</b>                                 | <u>(598,304)</u> | <u>96,791</u>  |

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| <b>Cash Flows from Financing Activities</b>   |                   |                   |
| Increase in cash overdraft  | \$ 2,159          | \$ --             |
| Repayments of mortgages and notes payable   | (150,971)         | (643,664)         |
| Proceeds from mortgages and notes payable   | 500,000           | 1,175,000         |
| Proceeds from line of credit  | 100,417           | --                |
| Repayments on line of credit  | (132,712)         | (884,131)         |
| Payments for debt issuance costs  | (7,219)           | (5,875)           |
| <b>Net Cash Provided by (Used In) Financing Activities</b>                                    | <u>311,674</u>    | <u>(358,670)</u>  |
| <br>  |                   |                   |
| <b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>                            | 121,522           | 131,875           |
| <br>  |                   |                   |
| <b>Cash, Cash Equivalents and Restricted Cash - Beginning</b>                                 | <u>792,996</u>    | <u>661,121</u>    |
| <br>  |                   |                   |
| <b>Cash, Cash Equivalents, and Restricted Cash - Ending</b>                                   | <u>\$ 914,518</u> | <u>\$ 792,996</u> |
| <br><b>Supplemental Disclosure of Cash Flow Information</b>                                   |                   |                   |
| Cash paid during the year for interest  | <u>\$ 148,313</u> | <u>\$ 156,925</u> |
| <br><b>Cash, Cash Equivalents, and Restricted Cash per Statements of Financial Position</b>   |                   |                   |
| Cash  | \$ 228,856        | \$ 260,162        |
| Mortgage escrows  | 42,598            | 42,603            |
| Replacement reserve   | 535,107           | 387,464           |
| Other reserves  | 27,814            | 26,420            |
| Tenant security deposits  | <u>80,143</u>     | <u>76,347</u>     |
| <b>Total Cash, Cash Equivalents, and Restricted Cash per Statements of Financial Position</b> | <u>\$ 914,518</u> | <u>\$ 792,996</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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#### **NOTE 1 - ORGANIZATION**

The Bath Housing Development Corporation (BHDC, or the Organization) is a tax-exempt organization, which was established to foster, encourage, participate in, finance, own, operate, promote and advance the development of housing projects and related facilities affordable by primarily low income persons and families; to provide affordable financial and technical assistance and services to low income homeowners; and to implement programs intended to enhance the growth of social and economic stability for low income families; and to promote the common good and general welfare of the inhabitants throughout Sagadahoc County, Maine.

The Organization's financial statements include the rental activities of several properties located within the town of Bath, Maine: 150 Congress Street, 19 Oak Street, 822, 832, and 842 Middle Street, 806 Middle Street, Seacliff & Family, 49 Elm Street, 28 Maple Street, 470 Washington Street, Lincoln Street, Summer Street, Front Street, Anchorage, Moorings, Dike's Landing, HLT LLC, and Bath Housing Anchor Corporation. The Organization also runs the Comfortably Home Program to serve older adults living at home.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***NEW ACCOUNTING STANDARDS ADOPTED - CURRENT EXPECTED CREDIT LOSSES***

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB Accounting Standards Codification (ASC) 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Receivables arising from operating leases accounted for in accordance with ASC 842 are excluded from the scope of this standard. The impact of this standard did not have a material impact on the financial statements.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *METHOD OF ACCOUNTING*

The consolidated financial statements are prepared utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows. The Organization reports information regarding its financial position and activities according to the following net asset classification:

***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. At December 31, 2023 and 2022, the Organization had net assets with donor restrictions of \$3,899,595 and \$4,040,537, respectively.

##### *BASIS OF CONSOLIDATION*

The accompanying consolidated financial statements include the accounts of the organization Bath Housing Anchor Corporation (BHAC or the corporation), and HLT LLC (HLT). The Organization has full direct ownership and control of BHAC and HLT. All significant inter-company transactions and balances are eliminated in consolidation. BHAC and HLT are consolidated based on financial information at December 31, its reporting year-end.

##### *CASH AND CASH EQUIVALENTS*

The Organization considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *ACCOUNTS RECEIVABLE*

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management has reviewed all outstanding accounts for collectability and determined that the allowance for doubtful accounts at December 31, 2023 and 2022 is \$47,529 and \$16,464, respectively.

##### *REVENUE RECOGNITION*

The Organization's primary revenue sources are as follows:

***Rental Revenue*** - The Organization receives rental revenue from units, which are reserved for tenants with low and very low income. Rental revenue is recognized as the rents are earned based on written tenant leases. Rental payments received in advance are deferred. All leases between the Organization and its tenants are operating leases. The Organization has also entered into multiple Housing Assistance Payment (HAP) Contracts with Maine Housing, which are funded by the U.S. Department of Housing and Urban Development (HUD) whereby it is entitled to a rent subsidy as defined in the contract. Subsidized tenants must meet Section 8 eligibility requirements and pay 30% of their adjusted income for rent.

Housing assistance payments subsidy income is considered part of the lease and is not considered a contribution under Accounting Standards Codification (ASC) 958 *Not-for-profit Entities*. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606 *Revenues from Contracts with Customers*. The Organization believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards.

***Grant and Contribution Revenue*** – Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions of nonfinancial assets are recognized at fair value at the date of contribution.

Revenues from state and federal agencies are generally recognized at the time eligible program expenditures occur and/or the Organization has complied with the grant and subsidy requirements.



# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *USE OF ESTIMATES*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

##### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are carried at cost. It is the Organization's policy to depreciate items with a cost of \$500 or more. Depreciation is provided using the straight-line method over the following estimated useful lives:

|                           | <u>Estimated Useful Lives</u> |
|---------------------------|-------------------------------|
| Building and improvements | 10-40 years                   |
| Building equipment        | 5-10 years                    |

##### *IMPAIRMENT OF LONG-LIVED ASSETS*

Long-lived assets to be held and used by the Organization are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The fair value of the asset is measured using available market prices. There were no impairment charges taken during the years ended December 31, 2023 and 2022.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *INCOME TAXES*

No provision for taxes on income is made in the Organization's financial statements it is exempt from income taxes under I.R.C. Section 501(c)(3).

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to uncertain tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Organization 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.

##### *ECONOMIC CONCENTRATIONS*

The Organization operates housing complexes located in Bath, Maine. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

##### *DEBT ISSUANCE COSTS*

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense. Debt issuance costs are amortized over the life of the mortgage using the straight-line method, which approximates the effective interest method. For the years ended December 31, 2023 and 2022, amortization of the debt issuance costs was \$6,787 and \$4,408, respectively. At December 31, 2023 and 2022, unamortized debt issuance costs were \$29,624 and \$29,192, respectively.

##### *RECLASSIFICATIONS*

Certain prior year amount have been reclassified for consistency with the current period presentation. These reclassification had no effect on the reported change in net assets.

##### *TRADEMARK*

The Organization holds a trademark for its Comfortably Home Program. The trademark was developed internally and thus the value is limited to fees directly related to securing the legal registration of the trademark, which has been determined to be insignificant and has not been capitalized.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *CONCENTRATION OF CREDIT RISK*

Financial instruments that potentially subject the project to concentrations of credit risk consist primarily of checking and time deposit accounts with banks. These balances fluctuate greatly during the year and can exceed the \$250,000 limit of FDIC coverage. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain this potential risk at a minimum. At December 31, 2023, Bath Housing Development Corporation's cash was fully insured.

##### *INVESTMENTS*

Investments in marketable debt securities, equity securities, money market funds and mutual funds with readily determinable fair values are stated at fair value. Fair value is defined as the price paid that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Gains and losses on sales of securities are determined based on the trade day price and are recorded in the statement of activities in the period in which the securities are sold. Dividend and interest income are recognized as earned. Realized and unrealized gains or losses are classified as nonoperating activity and are available to support operations in future years and to offset potential market declines.

##### *FUNCTIONAL ALLOCATION OF EXPENSES*

The Organization allocates its expenses on a functional basis among program and supportive services. Expenses that can be identified with a specific program or supportive service are charged directly according to their natural expenditure classification. All other expenses are allocated based on square footage, estimates of time and effort, and other allocation metrics, depending on the nature of the expense.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *SUBSEQUENT EVENTS*

Management has evaluated subsequent events through June 13, 2024, which is the date these financial statements were available to be issued. Except as disclosed below, there were no subsequent events identified requiring recognition or disclosure in the financial statements.

In May 2024, the Organization was notified that it was awarded a \$4 million grant through HUD's Economic Development Initiative / Community Project Funding program to support the construction of 24 additional housing units located at 520 Centre Street.

#### NOTE 3 - RESTRICTED DEPOSITS

##### *MORTGAGE ESCROWS*

The Organization maintains mortgage escrow deposits for Seacliff & Family to ensure adequate funds are set aside to cover the cost of real estate taxes and property insurance. This is not required for the other properties. Required monthly deposits to this escrow account are \$5,391. At December 31, 2023 and 2022, the mortgage escrow deposits were funded with a collective balance of \$42,598 and \$42,603, respectively.

##### *REPLACEMENT RESERVES*

The Organization is required to maintain replacement reserve account for Seacliff & Family in accordance with the applicable loan documents. The replacement reserve funds are to be used for repairs and replacement of the property and can be drawn upon only with the authorization of the Department of Housing and Urban Development (HUD). On January 1, 2023, HUD approved an increase in the monthly replacement reserve deposits from \$6,525 to \$6,688 per month. At December 31, 2023 and 2022, the replacement reserves were funded with a collective balance of \$362,963 and \$269,893, respectively.

The Organization maintain a voluntary separate replacement reserve accounts for properties without required reserves. At December 31, 2023 and 2022, these replacement reserves were funded with a collective balance of \$172,144 and \$117,571, respectively.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 3 - RESTRICTED DEPOSITS (CONTINUED)

##### *OTHER RESERVES*

In accordance with the regulatory agreement, Seacliff & Family has funded an excess surplus cash reserve. The excess surplus cash funds are held by MSHA and can only be drawn with their approval. During the years ended December 31, 2023 and 2022, deposits of \$9,521 and \$85,417, respectively were made into the excess surplus cash. For the years ended December 31, 2023 and 2022, interest earned was \$740 and \$258, respectively. During the years ended December 31, 2023 and 2022, withdrawals were \$10,067 and \$85,522, respectively. At December 31, 2023 and 2022, these reserves were funded with a collective balance of \$12,850 and \$12,656, respectively.

Under the terms of a Regulatory Agreement with MSHA, the Organization 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. At December 31, 2023 and 2022, these reserves were funded with a collective balance of \$14,964 and \$13,764, respectively.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 4 – INVESTMENTS

The Financial Accounting Standards Board has issued guidance that defines fair value, establishes a framework for measuring fair value, specifies a fair value hierarchy based on the inputs used to measure fair value, and specifies disclosure requirements for fair value measurements. The guidance also maximizes the use of observable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or market corroborated inputs.

Level 3: Unobservable inputs for the asset or liability and should be used to measure fair value to the extent that relevant observable inputs are not available.

Bath Housing Development Corporation maintains an investment account with Wilmington Trust. These amounts are not FDIC insured and are subject to market fluctuation. The following is a description of valuation methodologies used for assets measured at fair value:

*Mutual funds and exchange traded funds (ETF's)* – Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

*Corporate Bonds* - Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

#### NOTE 4 – INVESTMENTS (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, 2023 and 2022:

| Investments by fair value level          | 12/31/2023 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs (Level 3) |
|--|------------|---|---|--|
| Debt Securities:                         |            |   |   |  |
| Corporate bonds                          | \$ 24,766  | \$ --   | \$ 24,766   | \$ --  |
| Total Debt Securities                    | 24,766     | --  | 24,766  | --   |
| Mutual Funds:                            |            |   |   |  |
| Fixed Income                             | 102,873    | 74,076  | --  | --   |
| Real Assets                              | 10,358     | 3,722   | --  | --   |
| Equity Securities                        | 228,255    | 212,567   | --  | --   |
| Total Mutual Funds                       | 341,486    | 290,365   | --  | --   |
| Total Investments by<br>Fair Value Level | \$ 366,252 | \$ 290,365  | \$ 24,766   | \$ --  |

| Investments by fair value level          | 12/31/2022 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs (Level 3) |
|--|------------|---|---|--|
| Debt Securities:                         |            |   |   |  |
| Corporate bonds                          | \$ 24,438  | \$ --   | \$ 24,438   | \$ --  |
| Total Debt Securities                    | 24,438     | --  | 24,438  | --   |
| Mutual Funds:                            |            |   |   |  |
| Fixed Income                             | 74,076     | 74,076  | --  | --   |
| Real Assets                              | 3,722      | 5,495   | --  | --   |
| Equity Securities                        | 212,567    | 258,643   | --  | --   |
| Total Mutual Funds                       | 290,365    | 338,214   | --  | --   |
| Total Investments by<br>Fair Value Level | \$ 314,803 | \$ 338,214  | \$ 24,438   | \$ --  |

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 4 – INVESTMENTS (CONTINUED)

The return on investments for the years ended December 31, 2023 and 2022 consisted of the following:

|                                       | 2023             | 2022               |
|---------------------------------------|------------------|--------------------|
| Interest and Dividends                | \$ 9,110         | \$ 7,660           |
| Unrealized Gain (loss) on investments | 35,297           | (68,051)           |
| Account Fees                          | (1,745)          | (1,742)            |
| Realized Gains                        | --               | 643                |
| Total                                 | <u>\$ 42,662</u> | <u>\$ (61,490)</u> |

#### NOTE 5 - LONG-TERM DEBT

A mortgage note payable to MSHA is due to mature on May 1, 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, 2023 and 2022 were \$61,800 and \$74,344, 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, 2023 and 2022 was \$103,043. Accrued interest on the note at both December 31, 2023 and 2022 was \$11,144.

A mortgage note payable to MSHA is due to mature on February 1, 2046 and is secured by residential rental property at 806 Middle Street in Bath. The note is guaranteed by Bath Housing Authority, a related party under common management. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$671. The note balances at December 31, 2023 and 2022 were \$107,587 and \$110,185, respectively.

A mortgage note payable to MSHA is due to mature on July 1, 2046 and is secured by residential rental property at 49 Elm Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$429. The note balances at December 31, 2023 and 2022 were \$69,668 and \$71,294, respectively.



# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 5 - LONG-TERM DEBT (CONTINUED)

A mortgage note payable to MSHA was originally due to mature on July 1, 2046 and is secured by residential rental property at 28 Maple Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 5% per annum and required monthly payments of principal and interest of \$177 through March 1, 2018. The note was modified effective April 1, 2018 resulting in an increase to the loan amount to \$150,992. The modified mortgage note payable is due to mature on March 1, 2048. Monthly payments of principal and interest of \$1,274 are due through maturity. The note balances at December 31, 2023 and 2022 were \$135,804 and \$138,643, respectively.

A mortgage note payable to MSHA was originally due to mature on September 1, 2019 and is secured by residential rental property at 470 Washington Street in Bath. The note is guaranteed by Bath Housing Authority. The original interest rate was 3% per annum and required monthly interest only payments of \$500 through April 30, 2018. The note was modified in 2018 to bear interest at 5% with monthly principal and interest payments of \$913 commencing May 1, 2018 through maturity on April 1, 2048. The note modification also included a one-time principal reduction payment of \$30,000 that was due and paid on April 1, 2018. The note balances at December 31, 2023 and 2022 were \$153,981 and \$157,146, respectively.

A mortgage note payable to MSHA was originally due to mature on March 1, 2020. The mortgage note is secured by residential rental property at 41-43 Lincoln Street in Bath. The note is guaranteed by Bath Housing Authority. The original note bore interest at 3% per annum and required 24 monthly interest only payments of \$750 commencing April 1, 2018 until March 1, 2020 when the remaining principal and interest was due. The mortgage note was modified effective February 1, 2020 to bear interest at 5% with monthly payments of principal and interest of \$1,610 commencing March 1, 2020 through maturity on February 1, 2050. The note balance at December 31, 2023 and 2022 was \$281,765 and \$286,863, respectively.

A mortgage note payable to MSHA was used to fund the purchase of the Moses and Columbia Blocks property located at 176 to 194 Front Street in Bath in May 2019. The note is due to mature on June 1, 2021 and is secured by the residential rental property on Front Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 3% per annum and required an interest only payment of \$986 on June 1, 2019 and monthly interest only payments of \$1,250 commencing on July 1, 2019 through maturity at which time the remaining outstanding balance plus accrued interest will be due and payable in full. The mortgage note was modified effective May 2021 which extended the maturity date to January 1, 2022. The loan was informally extended to June 1, 2022. During 2022, the Organization repaid this note.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 5 - LONG-TERM DEBT (CONTINUED)

On August 31, 2022, HLT LLC entered into a loan with The Genesis Fund in the amount of \$500,000. The loan is secured by a first priority mortgage deed on the property located on 520 Centre Street. The note is guaranteed by Bath Housing Development Corporation. The loan bears interest at rate of 3.75% per annum and matures on February 28, 2024. Starting on October 1, 2022 monthly interest only payments of \$1,563 are required. In November 2023, this loan was modified which increased the loan amount to \$1,000,000, increased the interest rate to 6.00% per annum and extended the maturity date until November 2028. The note balances at December 31, 2023 and 2022 were \$1,000,000 and \$500,000, respectively.

On May 16, 2022, the Organization entered into a loan with The Genesis Fund in the amount of \$675,000. The loan is secured by a first priority mortgage deed on the property located on 150 Congress Street. The loan bears interest at rate of 3.75% per annum and matures on November 16, 2023. Starting on June 16, 2022 monthly interest only payments of \$2,109 are required. In October 2023, this loan was modified which increased the interest rate to 6.00% per annum, changed the monthly interest only payments to \$3,375 and extended the maturity date until November 2026. The note balance at December 31, 2023 and 2022 was \$675,000.

A mortgage note payable to Bath Savings Institution is due to mature on November 29, 2032 and is secured by Seacliff & Family. The note bears interest at 5.86% per annum and requires monthly payments of principal and interest of \$10,616 through maturity. The note balances at December 31, 2023 and 2022 were \$882,211 and \$955,466, respectively.

A mortgage note payable to Bath Housing Authority is due to mature on November 29, 2032 and is secured by Seacliff & Family. The note bears interest at 4% per annum and requires monthly payments of principal and interest of \$6,060 through maturity. The note balances at December 31, 2023 and 2022 were \$544,617 and \$594,463, respectively.

On July 6, 2018, the Organization entered into a line of credit agreement with Peoples United Bank for a total maximum limit of \$700,000. During 2021, the line of credit was amended to increase the maximum amount to \$1,200,000. The line of credit is guaranteed by Bath Housing Authority and secured by investments owned by the Organization and Bath Housing Authority. The line of credit bears variable interest of 2% plus One Month LIBOR (6.173% and 2.094% as of December 31, 2023 and 2022, respectively). Any accrued unpaid interest is due monthly, with outstanding principal due upon lender's demand. During 2022, the Organization repaid \$884,131 on the line of credit. The outstanding balance payable as of December 31, 2023 and 2022 was \$116,704 and \$148,999, respectively.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 5 - LONG-TERM DEBT (CONTINUED)

Maturities of the long-term debt in the aggregate and for each of the next five years are as follows:

|                          | <u>Principal</u>    |
|--------------------------|---------------------|
| 2024                     | \$ 275,421          |
| 2025                     | 166,373             |
| 2026                     | 849,928             |
| 2027                     | 183,893             |
| 2028                     | 1,287,414           |
| Thereafter               | <u>1,369,151</u>    |
| Total Principal payments | 4,132,180           |
| Debt issuance costs, net | <u>(29,624)</u>     |
| Less current portion     | <u>(275,421)</u>    |
| Long-term debt           | <u>\$ 3,827,135</u> |

#### NOTE 6 – HOUSING ASSISTANCE PAYMENTS CONTRACT

The Department of Housing and Urban Development (HUD) has contracted with the Organization to make housing assistance payments on behalf of qualified tenants residing at Seacliff & Family. The contract, dated October 1, 2012, is for a twenty-year period through October 31, 2032. Effective October 1, 2023, annual contract rents were \$884,640. For the years ended December 31, 2023 and 2022, housing assistance payments, net of amounts transferred from the excess surplus cash account of \$10,067 and \$85,434, respectively, totaled \$598,089 and \$522,737, respectively.

In accordance with HUD Housing Notice H-2012-14, the project may be required to use funds in the excess surplus cash account to offset housing assistance payments or these funds may be recaptured. Balances in excess of \$250 per unit (\$12,500) are subject to recapture or to offset housing assistance payments. During the years ended December 31, 2023 and 2022, the Project used \$10,067 and \$85,434, respectively to offset housing assistance payments received from HUD. At December 31, 2023 and 2022, the amount subject to recapture or to offset housing assistance payments was \$350 and \$156.

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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#### **NOTE 7 - RELATED PARTY TRANSACTIONS**

The Bath Housing Authority (BHA) is considered a related party as minority of the directors of BHDC also serve on the Authority's Board of Commissioners. BHDC is fiscally independent of the BHA and is not a component unit of the Authority.

The Authority acts as the management agent for properties owned by the Organization. The Organization incurs a management for the services provided by BHA. In addition, the Authority is reimbursed administrative and maintenance services performed. The Organization incurred \$307,241 and \$285,612 of management fees during the years ended December 31, 2023 and 2022. The Organization reimbursed BHA for administrative and maintenance services of \$967,400 and \$869,993 for the years ended December 31, 2023 and 2022.

The Organization leases office space to BHA. The initial lease term was for a three year period ending on December 31, 2020 and automatically renews for two successive terms of three years provided BHA is not in default. The lease agreement renewed for an additional three year term on January 1, 2021. The annual rent for this three-year period is \$30,840, payable in monthly payments of \$2,570. For the years ended December 31, 2023 and 2022, rental revenue earned by the Organization was \$30,840 in each year. In December 2023, the existing lease was amended which extended the term of the lease for three years through December 2026 and increased the monthly payment to \$4,429.

For the year ended December 31, 2023 and 2022, the Authority made housing assistance payments on behalf of residents living in properties owned by the Organization of \$979,508 and \$840,983.

At December 31, 2023 and 2022, the Organization owed BHA \$134,441 and \$95,579 for services provided by BHA.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its liquidity so it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets at December 31, 2023 and 2022 that could readily be made available within one year of the statement of financial position to fund general operating expense:

|   | <u>2023</u>       | <u>2022</u>       |
|---|-------------------|-------------------|
| Cash  | \$ 228,856        | \$ 260,162        |
| Investments   | 366,252           | 314,803           |
| Tenant Security Deposits  | 80,143            | 76,347            |
| Restricted reserves   | 605,519           | 456,487           |
| Accounts receivable   | <u>286,499</u>    | <u>36,127</u>     |
| <br>  |                   |                   |
| Total Financial Assets  | <u>1,567,269</u>  | <u>1,143,926</u>  |
| <br>  |                   |                   |
| Financial assets not available for general expenditures:                                  |                   |                   |
| Tenant security deposits  | (80,143)          | (76,347)          |
| Restricted reserves   | <u>(605,519)</u>  | <u>(456,487)</u>  |
|   | <u>(685,662)</u>  | <u>(532,834)</u>  |
| <br>  |                   |                   |
| Financial assets available to meet cash<br>needs for general expenditures within one year | <u>\$ 881,607</u> | <u>\$ 611,092</u> |

The Organization also has a line of credit agreement with Peoples United Bank for up to \$1,200,000, which was amended in 2021 to increase the amount available from \$700,000. This line of credit was established primarily for real estate transactions; however it could be drawn upon to meet cash needs for general expenditures within one year. As of December 31, 2023 and 2022, the outstanding balance on the line of credit was \$116,704 and \$148,999; the balance available to be drawn upon is \$1,083,296 and \$1,051,001, respectively. The outstanding principal balance is due upon lender's demand. The Organization does not expect the lender to demand payment of the outstanding balance in 2024.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 9 – NET ASSETS WITH RESTRICTIONS

At December 31, 2023 and 2022, the Organization's net assets with donor restrictions are comprised of unexpended grant funds which contain donor restrictions which had not been satisfied and the value of contributed affordable housing developments that are restricted to serving households at or below 80% of the area median income for a period of thirty years. Over the course of the thirty-year restricted use period, net assets will be classified from donor restricted to without donor restrictions. The following table summarizes net assets with donor restrictions:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Subject to Expenditure for Specified Purpose:  |                     |                     |
| Miscellaneous grants   | \$ 2,438            | \$ 2,093            |
| Subject to Passage of Time:  |                     |                     |
| Affordable housing restrictions on the<br>Anchorage, Moorings, Dike's Landing Properties | <u>3,897,157</u>    | <u>4,038,444</u>    |
| Net Assets with Donor Restrictions   | <u>\$ 3,899,595</u> | <u>\$ 4,040,537</u> |

#### NOTE 10 – OPERATING LEASES

The Organization leases commercial or parking space to a number of tenants under separate non-cancelable lease agreements. The lease agreements terminate at various dates through June 2052. The base rent due for the next five years and thereafter is as follows:

|            |                   |
|------------|-------------------|
| 2024       | \$ 100,566        |
| 2025       | 75,150            |
| 2026       | 75,150            |
| 2027       | 22,000            |
| 2028       | 22,000            |
| Thereafter | <u>515,165</u>    |
| Total      | <u>\$ 810,031</u> |

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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#### **NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS**

During the year ended December 31, 2021, the Organization recognized contributed nonfinancial assets within revenue of \$4,238,600 consisting of three affordable housing developments (Anchorage, Moorings, and Dike's Landing) for use within the Organization's housing programs from the Bath Housing Authority, a related party. These three affordable housing developments are restricted to serving households at or below 80% of the area median income for a period of thirty years. The Organization estimated the fair value based on the assessed value from the City of Bath's assessor's office.

#### **NOTE 12– STREAMLINED VOLUNTARY CONVERSION**

Streamlined Voluntary Conversion (SVC) refers to a Public Housing Authority's (PHA's) ability to voluntarily decide to remove their public housing units from a public housing Annual Contributions Contract (ACC), authorized under Section 22 of the U.S. Housing Act of 1937. Families residing in these units receive tenant-based vouchers.

Effective August 1, 2021, the Organization and the Bath Housing Authority (BHA) closed on a streamlined voluntary conversion transaction. This involved BHA transferring the ownership of BHA properties (Anchorage, Moorings, and Dike's Landing) to the Organization (See Note 11) and entering into a ground lease for the land on which the buildings are constructed for a term of 98 years expiring on December 31, 2120.

The Organization and BHA entered into a land use restriction agreement which restricts the use of the properties as affordable housing serving households at or below 80% of the area median income for a period of 30 years. Rents for residents of the Anchorage, Moorings, and Dike's Landing properties are subsidized through three Housing Assistance Payment (HAP) contracts with BHA.

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2023

|  | Bath Housing<br>Development<br>Corporation | Seacliff<br>Apartments | Bath Housing<br>Anchor<br>Corporation | Eliminations       | Total                |
|--|--|------------------------|---------------------------------------|--------------------|----------------------|
| <b>Assets</b>  |  |                        |                                       |                    |                      |
| <b>Current Assets</b>                                |  |                        |                                       |                    |                      |
| Cash and cash equivalents                            | \$ 228,856                                 | \$ --                  | \$ --                                 | \$ --              | \$ 228,856           |
| Investments  | 366,252                                    | --                     | --                                    | --                 | 366,252              |
| Accounts receivable, net of allowance                | 294,996                                    | 2,034                  | 1,260                                 | (11,791)           | 286,499              |
| Prepaid expenses                                     | 32,996                                     | 983                    | --                                    | --                 | 33,979               |
| <b>Total Current Assets</b>                          | <b>923,100</b>                             | <b>3,017</b>           | <b>1,260</b>                          | <b>(11,791)</b>    | <b>915,586</b>       |
| <b>Tenant Security Deposits</b>                      | 64,442                                     | 15,701                 | --                                    | --                 | 80,143               |
| <b>Restricted Deposits and Funded Reserves</b>       |  |                        |                                       |                    |                      |
| Mortgage escrows                                     | --   | 42,598                 | --                                    | --                 | 42,598               |
| Replacement reserve                                  | 172,144                                    | 362,963                | --                                    | --                 | 535,107              |
| Other reserves                                       | 14,964                                     | 12,850                 | --                                    | --                 | 27,814               |
| <b>Total Restricted Deposits and Funded Reserves</b> | <b>187,108</b>                             | <b>418,411</b>         | <b>--</b>                             | <b>--</b>          | <b>605,519</b>       |
| <b>Property, Plant and Equipment</b>                 |  |                        |                                       |                    |                      |
| Land and land improvements                           | 945,794                                    | 1,328,168              | --                                    | --                 | 2,273,962            |
| Buildings and improvements                           | 7,605,666                                  | 2,225,344              | --                                    | --                 | 9,831,010            |
| Building equipment                                   | 48,175                                     | 133,329                | --                                    | --                 | 181,504              |
| Projects in development                              | 1,132,206                                  | --                     | --                                    | --                 | 1,132,206            |
| <b>Total Property, Plant and Equipment</b>           | <b>9,731,841</b>                           | <b>3,686,841</b>       | <b>--</b>                             | <b>--</b>          | <b>13,418,682</b>    |
| Less: accumulated depreciation                       | (1,092,335)                                | (818,315)              | --                                    | --                 | (1,910,650)          |
| <b>Property, Plant and Equipment, Net</b>            | <b>8,639,506</b>                           | <b>2,868,526</b>       | <b>--</b>                             | <b>--</b>          | <b>11,508,032</b>    |
| <b>Total Assets</b>                                  | <b>\$ 9,814,156</b>                        | <b>\$ 3,305,655</b>    | <b>\$ 1,260</b>                       | <b>\$ (11,791)</b> | <b>\$ 13,109,280</b> |

*See Independent Auditors' Report*



# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED) DECEMBER 31, 2023

|   | Bath Housing<br>Development<br>Corporation | Seacliff<br>Apartments | Bath Housing<br>Anchor<br>Corporation | Eliminations       | Total                |
|---|--|------------------------|---------------------------------------|--------------------|----------------------|
| <b>Current Liabilities</b>                        |  |                        |                                       |                    |                      |
| Bank Overdraft                                    | \$ --                                      | \$ 2,159               | \$ --                                 | \$ --              | \$ 2,159             |
| Accounts payable - operations                     | 40,858                                     | 10,583                 | --                                    | --                 | 51,441               |
| Accounts payable - related party                  | 103,102                                    | 43,130                 | --                                    | (11,791)           | 134,441              |
| Accrued interest payable - current portion        | 12,811                                     | 403                    | --                                    | --                 | 13,214               |
| Line of credit                                    | 116,704                                    | --                     | --                                    | --                 | 116,704              |
| Mortgages payable - current portion               | 29,168                                     | 129,549                | --                                    | --                 | 158,717              |
| Prepaid rent                                      | 12,462                                     | 309                    | --                                    | --                 | 12,771               |
| <b>Total Current Liabilities</b>                  | <b>315,105</b>                             | <b>186,133</b>         | <b>--</b>                             | <b>(11,791)</b>    | <b>489,447</b>       |
| <b>Tenant Security Deposit Liabilities</b>        | <b>54,810</b>                              | <b>14,194</b>          | <b>--</b>                             | <b>--</b>          | <b>69,004</b>        |
| <b>Long-Term Liabilities</b>                      |  |                        |                                       |                    |                      |
| Mortgages payable - net of current portion        | 2,559,480                                  | 1,297,279              | --                                    | --                 | 3,856,759            |
| Less: unamortized debt issuance costs             | (6,977)                                    | (22,647)               | --                                    | --                 | (29,624)             |
| Accrued interest payable - net of current portion | 11,144                                     | --                     | --                                    | --                 | 11,144               |
| <b>Total Long-Term Liabilities</b>                | <b>2,563,647</b>                           | <b>1,274,632</b>       | <b>--</b>                             | <b>--</b>          | <b>3,838,279</b>     |
| <b>Total Liabilities</b>                          | <b>2,933,562</b>                           | <b>1,474,959</b>       | <b>--</b>                             | <b>(11,791)</b>    | <b>4,396,730</b>     |
| <b>Net Assets</b>                                 |  |                        |                                       |                    |                      |
| Without Donor Restrictions                        | 2,980,999                                  | 1,830,696              | 1,260                                 | --                 | 4,812,955            |
| With Donor Restrictions                           | 3,899,595                                  | --                     | --                                    | --                 | 3,899,595            |
| <b>Total Net Assets</b>                           | <b>6,880,594</b>                           | <b>1,830,696</b>       | <b>1,260</b>                          | <b>--</b>          | <b>8,712,550</b>     |
| <b>Total Liabilities and Net Assets</b>           | <b>\$ 9,814,156</b>                        | <b>\$ 3,305,655</b>    | <b>\$ 1,260</b>                       | <b>\$ (11,791)</b> | <b>\$ 13,109,280</b> |

*See Independent Auditors' Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2022

|  | Bath Housing<br>Development<br>Corporation | Seacliff<br>Apartments | Bath Housing<br>Anchor<br>Corporation | Eliminations       | Total                |
|--|--|------------------------|---------------------------------------|--------------------|----------------------|
| <b>Assets</b>  |  |                        |                                       |                    |                      |
| <b>Current Assets</b>                                |  |                        |                                       |                    |                      |
| Cash and cash equivalents                            | \$ 240,032                                 | \$ 20,130              | \$ --                                 | \$ --              | \$ 260,162           |
| Investments  | 314,803                                    | --                     | --                                    | --                 | 314,803              |
| Accounts receivable, net of allowance                | 44,987                                     | 3,165                  | 1,260                                 | (13,285)           | 36,127               |
| Prepaid expenses                                     | 33,513                                     | 137                    | --                                    | --                 | 33,650               |
| <b>Total Current Assets</b>                          | <b>633,335</b>                             | <b>23,432</b>          | <b>1,260</b>                          | <b>(13,285)</b>    | <b>644,742</b>       |
| <b>Tenant Security Deposits</b>                      | <b>62,654</b>                              | <b>13,693</b>          | <b>--</b>                             | <b>--</b>          | <b>76,347</b>        |
| <b>Restricted Deposits and Funded Reserves</b>       |  |                        |                                       |                    |                      |
| Mortgage escrows                                     | --   | 42,603                 | --                                    | --                 | 42,603               |
| Replacement reserve                                  | 117,571                                    | 269,893                | --                                    | --                 | 387,464              |
| Other reserves                                       | 13,764                                     | 12,656                 | --                                    | --                 | 26,420               |
| <b>Total Restricted Deposits and Funded Reserves</b> | <b>131,335</b>                             | <b>325,152</b>         | <b>--</b>                             | <b>--</b>          | <b>456,487</b>       |
| <b>Property, Plant and Equipment</b>                 |  |                        |                                       |                    |                      |
| Land and land improvements                           | 899,107                                    | 1,318,647              | --                                    | --                 | 2,217,754            |
| Buildings and improvements                           | 7,587,336                                  | 2,225,344              | --                                    | --                 | 9,812,680            |
| Building equipment                                   | 42,525                                     | 133,329                | --                                    | --                 | 175,854              |
| Projects in development                              | 630,242                                    | --                     | --                                    | --                 | 630,242              |
| <b>Total Property, Plant and Equipment</b>           | <b>9,159,210</b>                           | <b>3,677,320</b>       | <b>--</b>                             | <b>--</b>          | <b>12,836,530</b>    |
| Less: accumulated depreciation                       | (888,886)                                  | (729,734)              | --                                    | --                 | (1,618,620)          |
| <b>Property, Plant and Equipment, Net</b>            | <b>8,270,324</b>                           | <b>2,947,586</b>       | <b>--</b>                             | <b>--</b>          | <b>11,217,910</b>    |
| <b>Total Assets</b>                                  | <b>\$ 9,097,648</b>                        | <b>\$ 3,309,863</b>    | <b>\$ 1,260</b>                       | <b>\$ (13,285)</b> | <b>\$ 12,395,486</b> |

*See Independent Auditors' Report*

## BATH HOUSING DEVELOPMENT CORPORATION

### CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED) DECEMBER 31, 2022

|   | Bath Housing<br>Development<br>Corporation | Seacliff<br>Apartments | Bath Housing<br>Anchor<br>Corporation | Eliminations       | Total                |
|---|--|------------------------|---------------------------------------|--------------------|----------------------|
| <b>Current Liabilities</b>                        |  |                        |                                       |                    |                      |
| Accounts payable - operations                     | \$ 58,310                                  | \$ 3,915               | \$ --                                 | \$ --              | \$ 62,225            |
| Accounts payable - related party                  | 76,048                                     | 32,816                 | --                                    | (13,285)           | 95,579               |
| Accrued interest payable - current portion        | 6,435                                      | 437                    | --                                    | --                 | 6,872                |
| Line of credit                                    | 148,999                                    | --                     | --                                    | --                 | 148,999              |
| Mortgages payable - current portion               | 702,872                                    | 123,101                | --                                    | --                 | 825,973              |
| Prepaid rent                                      | 6,819                                      | 996                    | --                                    | --                 | 7,815                |
| <b>Total Current Liabilities</b>                  | <u>999,483</u>                             | <u>161,265</u>         | <u>--</u>                             | <u>(13,285)</u>    | <u>1,147,463</u>     |
| <b>Tenant Security Deposit Liabilities</b>        | 60,292                                     | 13,693                 | --                                    | --                 | 73,985               |
| <b>Long-Term Liabilities</b>                      |  |                        |                                       |                    |                      |
| Mortgages payable - net of current portion        | 1,413,646                                  | 1,426,828              | --                                    | --                 | 2,840,474            |
| Less: unamortized debt issuance costs             | (4,006)                                    | (25,186)               | --                                    | --                 | (29,192)             |
| Accrued interest payable - net of current portion | 11,144                                     | --                     | --                                    | --                 | 11,144               |
| <b>Total Long-Term Liabilities</b>                | <u>1,420,784</u>                           | <u>1,401,642</u>       | <u>--</u>                             | <u>--</u>          | <u>2,822,426</u>     |
| <b>Total Liabilities</b>                          | <u>2,480,559</u>                           | <u>1,576,600</u>       | <u>--</u>                             | <u>(13,285)</u>    | <u>4,043,874</u>     |
| <b>Net Assets</b>                                 |  |                        |                                       |                    |                      |
| Without Donor Restrictions                        | 2,576,552                                  | 1,733,263              | 1,260                                 | --                 | 4,311,075            |
| With Donor Restrictions                           | 4,040,537                                  | --                     | --                                    | --                 | 4,040,537            |
| <b>Total Net Assets</b>                           | <u>6,617,089</u>                           | <u>1,733,263</u>       | <u>1,260</u>                          | <u>--</u>          | <u>8,351,612</u>     |
| <b>Total Liabilities and Net Assets</b>           | <u>\$ 9,097,648</u>                        | <u>\$ 3,309,863</u>    | <u>\$ 1,260</u>                       | <u>\$ (13,285)</u> | <u>\$ 12,395,486</u> |

*See Independent Auditors' Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

|  | Supportive Services  |                  |                  |                  | Program Services |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 | Eliminations     | Total         |                          |                |
|--|----------------------|------------------|------------------|------------------|------------------|-----------------------------|-------------------|---------------------|-----------------|--------------------|-------------------|--------------------|---------------|--------------|------------------|---------------------------|---------------------------------|------------------|---------------|--------------------------|----------------|
|  | Management & General | Anchorage        | Moorings         | Dike's Landing   | 19 Oak Street    | 822, 832, 842 Middle Street | 806 Middle Street | Seacliff Apartments | 49 Elm Street   | 28 Maple Street    | 470 Washington St | Lincoln Street     | Summer Street | Front Street | 150 Congress     | 195/213 Front St. Parking | Bath Housing Anchor Corporation |                  |               | Comfortably Home Program |                |
| <b>Revenues, Gains, and Other Support</b>        |                      |                  |                  |                  |                  |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 |                  |               |                          |                |
| Housing Assistance Payments                      | \$ --                | \$ --            | \$ --            | \$ --            | \$ --            | \$ --                       | \$ --             | \$ 608,156          | \$ --           | \$ --              | \$ --             | \$ --              | \$ --         | \$ --        | \$ --            | \$ --                     | \$ --                           | \$ --            | \$ --         |                          |                |
| Rental Revenues                                  | 30,840               | 512,489          | 537,172          | 247,551          | 67,020           | 99,844                      | 43,700            | 211,176             | 33,119          | 32,303             | 47,520            | 72,075             | --            | --           | 117,000          | 22,000                    | --                              | --               |               |                          |                |
| Contributions                                    | 280,854              | 572              | --               | --               | --               | --                          | --                | --                  | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | 195,272          | --            |                          |                |
| Contributions of nonfinancial assets             | --                   | --               | --               | --               | --               | --                          | --                | --                  | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | --            |                          |                |
| Investment Income (loss)                         | 48,635               | --               | --               | --               | --               | --                          | --                | 13,610              | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | --            |                          |                |
| Other Income                                     | 11,722               | 6,024            | 1,957            | 1,193            | --               | 7,978                       | --                | 7,076               | --              | --                 | --                | 623                | --            | --           | --               | --                        | --                              | --               | --            |                          |                |
| <b>Total Revenues, Gains, and Other Support</b>  | <b>372,051</b>       | <b>519,085</b>   | <b>539,129</b>   | <b>248,744</b>   | <b>67,020</b>    | <b>107,822</b>              | <b>43,700</b>     | <b>840,018</b>      | <b>33,119</b>   | <b>32,303</b>      | <b>47,520</b>     | <b>72,698</b>      | <b>--</b>     | <b>--</b>    | <b>117,000</b>   | <b>22,000</b>             | <b>--</b>                       | <b>195,272</b>   | <b>--</b>     | <b>3,257,481</b>         |                |
| <b>Administrative</b>                            |                      |                  |                  |                  |                  |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 |                  |               |                          |                |
| Administrative salaries                          | 184,904              | 11,439           | 12,041           | 5,418            | 1,505            | 2,408                       | 602               | 15,051              | 602             | 602                | 903               | 1,806              | --            | --           | 602              | --                        | --                              | 365              | --            | 238,248                  |                |
| Management fee                                   | --                   | 61,499           | 64,461           | 29,706           | 6,702            | 11,981                      | 4,370             | 98,320              | 3,312           | 3,230              | 4,752             | 7,208              | --            | --           | 11,700           | --                        | --                              | 10,910           | --            | 318,151                  |                |
| Auditing fees                                    | 446                  | 3,886            | 4,088            | 1,864            | 762              | 484                         | 313               | 6,850               | 273             | 334                | 340               | 564                | --            | --           | 838              | 158                       | --                              | --               | --            | 21,200                   |                |
| Employee benefits contributions - Administrative | 54,070               | 4,449            | 4,683            | 2,108            | 937              | 585                         | 234               | --                  | 234             | 234                | 351               | 703                | --            | --           | 234              | --                        | --                              | 122              | --            | 68,944                   |                |
| Legal  | 5,576                | 425              | --               | 1,470            | --               | 2,098                       | --                | 2,854               | 871             | 2,595              | 519               | --                 | --            | --           | --               | --                        | --                              | --               | --            | 16,408                   |                |
| Accounting                                       | 5,375                | 4,490            | 4,724            | 2,154            | 559              | 881                         | 362               | 7,504               | 315             | 386                | 393               | 652                | --            | --           | 967              | 182                       | --                              | --               | --            | 28,944                   |                |
| Other operating - administrative                 | 5,559                | 2,126            | 2,066            | 2,045            | --               | --                          | --                | 4,349               | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | 863              | --            | 17,008                   |                |
| Grant expenditures                               | 24,336               | --               | --               | --               | --               | --                          | --                | --                  | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | --            | 24,336                   |                |
| <b>Total Administrative</b>                      | <b>280,266</b>       | <b>88,314</b>    | <b>92,063</b>    | <b>44,765</b>    | <b>10,465</b>    | <b>18,437</b>               | <b>5,881</b>      | <b>134,928</b>      | <b>5,607</b>    | <b>7,381</b>       | <b>7,258</b>      | <b>10,933</b>      | <b>--</b>     | <b>--</b>    | <b>14,341</b>    | <b>340</b>                | <b>--</b>                       | <b>12,260</b>    | <b>--</b>     | <b>733,239</b>           |                |
| <b>Tenant Services</b>                           |                      |                  |                  |                  |                  |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 |                  |               |                          |                |
| Tenant services                                  | --                   | 19,791           | 20,832           | 9,374            | --               | --                          | --                | 34,741              | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | 28,026        | --                       | 112,764        |
| Employee benefits                                | --                   | 8,201            | 8,632            | 3,885            | --               | --                          | --                | 5,854               | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | 11,150        | --                       | 37,722         |
| <b>Total Tenant Services</b>                     | <b>--</b>            | <b>27,992</b>    | <b>29,464</b>    | <b>13,259</b>    | <b>--</b>        | <b>--</b>                   | <b>--</b>         | <b>40,595</b>       | <b>--</b>       | <b>--</b>          | <b>--</b>         | <b>--</b>          | <b>--</b>     | <b>--</b>    | <b>--</b>        | <b>--</b>                 | <b>--</b>                       | <b>--</b>        | <b>39,176</b> | <b>--</b>                | <b>150,486</b> |
| <b>Utilities</b>                                 |                      |                  |                  |                  |                  |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 |                  |               |                          |                |
| Water  | --                   | 8,140            | 7,386            | 2,843            | 1,088            | 1,654                       | 795               | 11,092              | 783             | 935                | 832               | 1,560              | --            | --           | 2,271            | --                        | --                              | --               | --            | 39,379                   |                |
| Sewer  | --                   | 11,435           | 13,582           | 5,294            | 1,432            | 2,210                       | 1,258             | 19,594              | 1,233           | 1,545              | 1,339             | 2,238              | --            | --           | 1,128            | --                        | --                              | --               | --            | 62,288                   |                |
| Electricity                                      | --                   | 35,078           | 68,945           | 38,904           | 5,531            | 3,746                       | 661               | 61,645              | 2,138           | 3,658              | 2,155             | 1,837              | (60)          | --           | 10,532           | --                        | --                              | --               | --            | 234,770                  |                |
| Gas/Fuel   | --                   | 30,800           | 13,025           | --               | --               | 7,222                       | 2,694             | 3,702               | 3,908           | 2,684              | 1,836             | 7,098              | --            | --           | 12,116           | --                        | --                              | --               | --            | 85,085                   |                |
| <b>Total Utilities</b>                           | <b>--</b>            | <b>85,453</b>    | <b>102,938</b>   | <b>47,041</b>    | <b>8,051</b>     | <b>14,832</b>               | <b>5,408</b>      | <b>96,033</b>       | <b>8,062</b>    | <b>8,822</b>       | <b>6,162</b>      | <b>12,733</b>      | <b>(60)</b>   | <b>--</b>    | <b>26,047</b>    | <b>--</b>                 | <b>--</b>                       | <b>--</b>        | <b>--</b>     | <b>421,522</b>           |                |
| <b>Maintenance</b>                               |                      |                  |                  |                  |                  |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 |                  |               |                          |                |
| Maintenance fee expense - labor                  | --                   | 116,694          | 103,770          | 42,860           | 5,273            | 13,154                      | 2,788             | 135,428             | 3,288           | 2,788              | 4,933             | 9,865              | --            | --           | --               | --                        | --                              | 45,998           | --            | 486,839                  |                |
| Ordinary maintenance and operations - materials  | 788                  | 24,443           | 19,688           | 8,727            | 1,785            | 3,718                       | 735               | 34,755              | 1,082           | 11,380             | 1,433             | 10,233             | --            | --           | 337              | --                        | --                              | 40,794           | --            | 159,898                  |                |
| Ordinary maintenance and operations - contracts  | 1,019                | 53,789           | 39,743           | 16,759           | 2,600            | 8,077                       | 418               | 49,727              | 5,148           | 10,009             | 1,020             | 8,730              | --            | --           | 4,774            | --                        | --                              | 8,673            | --            | 210,486                  |                |
| Maintenance fee expense - benefits               | --                   | --               | --               | --               | --               | --                          | --                | --                  | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | 22,883        | --                       | 22,883         |
| <b>Total Maintenance</b>                         | <b>1,807</b>         | <b>194,926</b>   | <b>163,201</b>   | <b>68,346</b>    | <b>9,658</b>     | <b>24,949</b>               | <b>3,941</b>      | <b>219,910</b>      | <b>9,518</b>    | <b>24,177</b>      | <b>7,386</b>      | <b>28,828</b>      | <b>--</b>     | <b>--</b>    | <b>5,111</b>     | <b>--</b>                 | <b>--</b>                       | <b>118,348</b>   | <b>--</b>     | <b>880,106</b>           |                |
| <b>General Expenses</b>                          |                      |                  |                  |                  |                  |                             |                   |                     |                 |                    |                   |                    |               |              |                  |                           |                                 |                  |               |                          |                |
| Insurance  | 3,585                | 22,960           | 19,670           | 9,706            | 4,697            | 6,001                       | 1,808             | 31,441              | 1,796           | 1,808              | 2,264             | 5,278              | --            | --           | 45               | 78                        | --                              | --               | --            | 111,137                  |                |
| Real estate taxes                                | --                   | 14,243           | 21,096           | 6,098            | 5,966            | --                          | --                | 35,000              | --              | --                 | --                | --                 | --            | --           | 11,242           | 4,699                     | --                              | --               | --            | 98,344                   |                |
| Interest expense                                 | --                   | --               | --               | --               | --               | 2,705                       | 5,450             | 79,512              | 3,522           | 6,823              | 7,772             | 14,206             | --            | --           | 32,459           | 8,993                     | --                              | --               | --            | 161,442                  |                |
| Misc. financial expenses                         | --                   | --               | --               | --               | --               | --                          | --                | 10,067              | --              | --                 | --                | --                 | --            | --           | --               | --                        | --                              | --               | --            | 10,067                   |                |
| Collection losses                                | --                   | 24,547           | 4,023            | --               | --               | --                          | 2,184             | 6,518               | --              | --                 | --                | 898                | --            | --           | --               | --                        | --                              | --               | --            | 38,170                   |                |
| Depreciation                                     | 6,466                | 36,674           | 54,561           | 17,096           | 12,495           | 7,819                       | 18,370            | 88,581              | 4,905           | 10,632             | 6,911             | 15,634             | --            | --           | 11,886           | --                        | --                              | --               | --            | 292,030                  |                |
| <b>Total General</b>                             | <b>10,051</b>        | <b>98,424</b>    | <b>99,350</b>    | <b>32,900</b>    | <b>23,158</b>    | <b>16,525</b>               | <b>27,812</b>     | <b>251,119</b>      | <b>10,223</b>   | <b>19,263</b>      | <b>16,947</b>     | <b>36,016</b>      | <b>--</b>     | <b>--</b>    | <b>55,632</b>    | <b>13,770</b>             | <b>--</b>                       | <b>--</b>        | <b>--</b>     | <b>711,190</b>           |                |
| <b>Total Expenses</b>                            | <b>292,124</b>       | <b>495,109</b>   | <b>487,016</b>   | <b>206,311</b>   | <b>51,332</b>    | <b>74,743</b>               | <b>43,042</b>     | <b>742,585</b>      | <b>33,410</b>   | <b>59,643</b>      | <b>37,753</b>     | <b>88,510</b>      | <b>(60)</b>   | <b>--</b>    | <b>101,131</b>   | <b>14,110</b>             | <b>--</b>                       | <b>169,784</b>   | <b>--</b>     | <b>2,896,543</b>         |                |
| <b>Increase (Decrease) in Net Assets</b>         | <b>\$ 79,927</b>     | <b>\$ 23,976</b> | <b>\$ 52,113</b> | <b>\$ 42,433</b> | <b>\$ 15,688</b> | <b>\$ 33,079</b>            | <b>\$ 658</b>     | <b>\$ 97,433</b>    | <b>\$ (291)</b> | <b>\$ (27,340)</b> | <b>\$ 9,767</b>   | <b>\$ (15,812)</b> | <b>\$ 60</b>  | <b>\$ --</b> | <b>\$ 15,869</b> | <b>\$ 7,890</b>           | <b>\$ --</b>                    | <b>\$ 25,488</b> | <b>\$ --</b>  | <b>\$ 360,938</b>        |                |

*See Independent Auditors' Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Supportive Services  |                  |                  |                  | Program Services  |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          | Total           |                  |
|--|----------------------|------------------|------------------|------------------|-------------------|-----------------------------|-------------------|--------------------|---------------|-------------------|-----------------------|--------------------|-----------------|-----------------|-----------------|----------------------------|---------------------------------|--------------------------|-----------------|------------------|
|  | Management & General | Anchorage        | Moornings        | Dike's Landing   | 19 Oak Street     | 822, 832, 842 Middle Street | 806 Middle Street | Seaciff Apartments | 49 Elm Street | 28 Maple Street   | 470 Washington Street | Lincoln Street     | Summer Street   | Front Street    | 150 Congress    | 195 /213 Front St. Parking | Bath Housing Anchor Corporation | Comfortably Home Program |                 | Eliminations     |
| <b>Revenues, Gains, and Other Support</b>        |                      |                  |                  |                  |                   |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          |                 |                  |
| Housing Assistance Payments                      | \$ --                | \$ --            | \$ --            | \$ --            | \$ --             | \$ --                       | \$ --             | \$ 608,171         | \$ --         | \$ --             | \$ --                 | \$ --              | \$ --           | \$ --           | \$ --           | \$ --                      | \$ --                           | \$ --                    | \$ --           | \$ --            |
| Rental Revenues                                  | 30,840               | 468,936          | 478,813          | 222,027          | 60,624            | 94,000                      | 35,099            | 189,810            | 31,220        | 39,612            | 42,392                | 69,437             | 42,610          | 42,634          | 63,371          | 12,833                     | 37,109                          | --                       | (42,634)        | 1,918,733        |
| Contributions                                    | 86,908               | --               | --               | --               | --                | --                          | --                | --                 | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | 196,038                  | --              | 282,946          |
| Investment Income (loss)                         | --                   | --               | --               | --               | --                | --                          | --                | --                 | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | --                       | --              | --               |
| Investment Income (loss)                         | (58,417)             | --               | --               | --               | --                | --                          | --                | 2,653              | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | --                       | --              | (55,764)         |
| Other Income                                     | 22,863               | 463              | 1,860            | 60               | --                | 5                           | 1,719             | 5,172              | --            | --                | --                    | 1,671              | --              | --              | --              | --                         | --                              | --                       | --              | 33,813           |
| <b>Total Revenues, Gains, and Other Support</b>  | <b>82,194</b>        | <b>469,399</b>   | <b>480,673</b>   | <b>222,087</b>   | <b>60,624</b>     | <b>94,005</b>               | <b>36,818</b>     | <b>805,806</b>     | <b>31,220</b> | <b>39,612</b>     | <b>42,392</b>         | <b>71,108</b>      | <b>42,610</b>   | <b>42,634</b>   | <b>63,371</b>   | <b>12,833</b>              | <b>37,109</b>                   | <b>196,038</b>           | <b>(42,634)</b> | <b>2,787,899</b> |
| <b>Administrative</b>                            |                      |                  |                  |                  |                   |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          |                 |                  |
| Administrative salaries                          | 198,483              | --               | --               | --               | --                | --                          | --                | --                 | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | 10,447                   | --              | 208,930          |
| Management fee                                   | --                   | 56,272           | 57,458           | 26,643           | 6,062             | 11,280                      | 3,510             | 95,758             | 3,122         | 3,961             | 4,239                 | 6,944              | 4,261           | --              | 3,802           | --                         | 2,300                           | --                       | 285,612         |                  |
| Auditing fees                                    | 636                  | 3,181            | 3,347            | 1,526            | 404               | 613                         | 242               | 6,695              | 204           | 248               | 261                   | 453                | 135             | 79              | --              | --                         | --                              | --                       | 18,024          |                  |
| Employee benefits contributions - Administrative | 60,034               | --               | --               | --               | --                | --                          | --                | --                 | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | 3,160                    | --              | 63,194           |
| Legal  | 665                  | 2,112            | 150              | 2,538            | --                | 357                         | --                | 2,017              | --            | 518               | --                    | --                 | --              | --              | 304             | --                         | --                              | --                       | 8,661           |                  |
| Accounting                                       | 8,225                | 5,496            | 5,783            | 2,637            | 689               | 1,023                       | 406               | 5,528              | 350           | 410               | 431                   | 765                | 663             | 399             | 102             | 35                         | --                              | --                       | 32,942          |                  |
| Other operating - administrative                 | 8,461                | 1,962            | 2,049            | 2,110            | --                | --                          | --                | 4,180              | --            | --                | --                    | --                 | --              | --              | --              | --                         | 43,846                          | 7,823                    | (42,634)        | 27,797           |
| Grant expenditures                               | 11,737               | --               | --               | --               | --                | --                          | --                | --                 | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | --                       | --              | 11,737           |
| <b>Total Administrative</b>                      | <b>288,241</b>       | <b>69,023</b>    | <b>68,787</b>    | <b>35,454</b>    | <b>7,155</b>      | <b>13,273</b>               | <b>4,158</b>      | <b>114,178</b>     | <b>3,676</b>  | <b>5,137</b>      | <b>4,931</b>          | <b>8,162</b>       | <b>5,059</b>    | <b>478</b>      | <b>4,208</b>    | <b>35</b>                  | <b>46,146</b>                   | <b>21,430</b>            | <b>(42,634)</b> | <b>656,897</b>   |
| <b>Tenant Services</b>                           |                      |                  |                  |                  |                   |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          |                 |                  |
| Tenant services                                  | --                   | 15,315           | 16,121           | 7,255            | --                | --                          | --                | 34,206             | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | 28,434                   | --              | 101,331          |
| Employee benefits                                | --                   | 7,418            | 7,809            | 3,514            | --                | --                          | --                | --                 | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | 10,139                   | --              | 28,880           |
| <b>Total Tenant Services</b>                     | <b>--</b>            | <b>22,733</b>    | <b>23,930</b>    | <b>10,769</b>    | <b>--</b>         | <b>--</b>                   | <b>--</b>         | <b>34,206</b>      | <b>--</b>     | <b>--</b>         | <b>--</b>             | <b>--</b>          | <b>--</b>       | <b>--</b>       | <b>--</b>       | <b>--</b>                  | <b>--</b>                       | <b>38,573</b>            | <b>--</b>       | <b>130,211</b>   |
| <b>Utilities</b>                                 |                      |                  |                  |                  |                   |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          |                 |                  |
| Water  | --                   | 7,844            | 4,286            | 1,706            | 974               | 1,403                       | 737               | 9,570              | 683           | 1,269             | 702                   | 1,111              | 944             | --              | 1,190           | --                         | 206                             | --                       | --              | 32,625           |
| Sewer  | --                   | 14,545           | 7,592            | 3,148            | 1,385             | 2,465                       | 1,257             | 17,869             | 1,138         | 2,477             | 1,273                 | 1,517              | 1,392           | --              | 804             | --                         | 205                             | --                       | --              | 57,067           |
| Electricity                                      | --                   | 27,381           | 54,642           | 37,512           | 7,818             | 2,347                       | 398               | 58,722             | 1,445         | 3,762             | 2,273                 | 1,223              | 1,468           | --              | 4,126           | --                         | 382                             | --                       | --              | 203,499          |
| Gas/Fuel   | --                   | 31,201           | 12,163           | --               | 34                | 6,480                       | 2,434             | 3,586              | 3,939         | 2,572             | 1,503                 | 6,752              | 11,216          | --              | 3,853           | --                         | 9,847                           | --                       | --              | 95,580           |
| <b>Total Utilities</b>                           | <b>--</b>            | <b>80,971</b>    | <b>78,683</b>    | <b>42,366</b>    | <b>10,211</b>     | <b>12,695</b>               | <b>4,826</b>      | <b>89,747</b>      | <b>7,205</b>  | <b>10,080</b>     | <b>5,751</b>          | <b>10,603</b>      | <b>15,020</b>   | <b>--</b>       | <b>9,973</b>    | <b>--</b>                  | <b>10,640</b>                   | <b>--</b>                | <b>--</b>       | <b>388,771</b>   |
| <b>Maintenance</b>                               |                      |                  |                  |                  |                   |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          |                 |                  |
| Maintenance fee expense - labor                  | --                   | 85,526           | 89,502           | 45,775           | 13,937            | 18,900                      | 3,975             | 109,376            | 6,975         | 3,975             | 5,963                 | 11,925             | 413             | --              | 2,270           | --                         | --                              | 45,958                   | --              | 444,470          |
| Ordinary maintenance and operations - materials  | 976                  | 26,475           | 34,446           | 15,739           | 10,441            | 7,317                       | 1,809             | 42,584             | 1,210         | 3,607             | 1,809                 | 5,804              | 113             | --              | 543             | --                         | --                              | 32,223                   | --              | 185,096          |
| Ordinary maintenance and operations - contracts  | 594                  | 28,968           | 54,438           | 13,334           | 3,073             | 3,886                       | 1,826             | 52,068             | 2,048         | 2,615             | 4,714                 | 8,756              | 9,731           | --              | 2,743           | --                         | --                              | 3,281                    | --              | 192,075          |
| Maintenance fee expense - benefits               | --                   | 559              | 588              | 265              | 74                | 118                         | 29                | 735                | 29            | 29                | 44                    | 88                 | 147             | --              | --              | --                         | --                              | 20,483                   | --              | 23,188           |
| <b>Total Maintenance</b>                         | <b>1,570</b>         | <b>141,528</b>   | <b>178,974</b>   | <b>75,113</b>    | <b>27,525</b>     | <b>30,221</b>               | <b>7,639</b>      | <b>204,763</b>     | <b>10,262</b> | <b>10,226</b>     | <b>12,530</b>         | <b>26,573</b>      | <b>10,404</b>   | <b>--</b>       | <b>5,556</b>    | <b>--</b>                  | <b>--</b>                       | <b>101,945</b>           | <b>--</b>       | <b>844,829</b>   |
| <b>General Expenses</b>                          |                      |                  |                  |                  |                   |                             |                   |                    |               |                   |                       |                    |                 |                 |                 |                            |                                 |                          |                 |                  |
| Insurance  | 5,183                | 16,184           | 17,000           | 7,708            | 3,666             | 4,831                       | 1,473             | 25,189             | 1,457         | 1,466             | 1,821                 | 4,069              | 2,309           | 4,477           | 2,685           | 44                         | --                              | 124                      | --              | 99,686           |
| Real estate taxes                                | --                   | 7,375            | 10,941           | 3,299            | 6,119             | --                          | --                | 35,000             | --            | --                | --                    | --                 | --              | --              | 17,823          | 7,426                      | 2,310                           | --                       | --              | 90,293           |
| Interest expense                                 | --                   | --               | --               | --               | --                | 3,198                       | 5,576             | 85,585             | 3,600         | 6,960             | 7,929                 | 14,457             | 2,465           | 7,906           | 18,310          | 6,099                      | --                              | --                       | --              | 162,085          |
| Misc. financial expenses                         | --                   | --               | --               | --               | --                | --                          | --                | 85,434             | --            | --                | --                    | --                 | --              | --              | --              | --                         | --                              | --                       | --              | 85,434           |
| Collection losses                                | --                   | 55               | 1,797            | --               | 761               | (1,749)                     | --                | 1,506              | --            | --                | --                    | 3,090              | 3,183           | --              | --              | --                         | --                              | --                       | --              | 8,643            |
| Depreciation                                     | 5,336                | 36,501           | 53,765           | 16,178           | 11,838            | 7,819                       | 18,370            | 91,779             | 4,905         | 10,632            | 6,911                 | 15,634             | 2,703           | 5,744           | 7,924           | --                         | --                              | --                       | --              | 296,039          |
| <b>Total General</b>                             | <b>10,519</b>        | <b>60,115</b>    | <b>83,503</b>    | <b>27,185</b>    | <b>22,384</b>     | <b>14,099</b>               | <b>25,419</b>     | <b>324,493</b>     | <b>9,962</b>  | <b>19,058</b>     | <b>16,661</b>         | <b>37,250</b>      | <b>10,660</b>   | <b>35,950</b>   | <b>36,345</b>   | <b>8,453</b>               | <b>--</b>                       | <b>124</b>               | <b>--</b>       | <b>742,180</b>   |
| <b>Total Expenses</b>                            | <b>300,330</b>       | <b>374,370</b>   | <b>433,877</b>   | <b>190,887</b>   | <b>67,275</b>     | <b>70,288</b>               | <b>42,042</b>     | <b>767,387</b>     | <b>31,105</b> | <b>44,501</b>     | <b>39,873</b>         | <b>82,588</b>      | <b>41,143</b>   | <b>36,428</b>   | <b>56,082</b>   | <b>8,488</b>               | <b>56,786</b>                   | <b>162,072</b>           | <b>(42,634)</b> | <b>2,762,888</b> |
| <b>Increase (Decrease) in Net Assets</b>         | <b>\$ (218,136)</b>  | <b>\$ 95,029</b> | <b>\$ 46,796</b> | <b>\$ 31,200</b> | <b>\$ (6,651)</b> | <b>\$ 23,717</b>            | <b>\$ (5,224)</b> | <b>\$ 38,419</b>   | <b>\$ 115</b> | <b>\$ (4,889)</b> | <b>\$ 2,519</b>       | <b>\$ (11,480)</b> | <b>\$ 1,467</b> | <b>\$ 6,206</b> | <b>\$ 7,289</b> | <b>\$ 4,345</b>            | <b>\$ (19,677)</b>              | <b>\$ 33,966</b>         | <b>\$ --</b>    | <b>\$ 25,011</b> |

*See Independent Auditors' Report*

**BATH HOUSING DEVELOPMENT CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title                       | Assistance<br>Listing<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Provided to<br>Sub-recipients | Total<br>Federal<br>Expenditures |
|---|---------------------------------|---|-------------------------------|----------------------------------|
| <b>Department of Housing &amp; Urban Development (HUD)</b>                              |                                 |   |                               |                                  |
| Section 8 Project-Based Cluster   |                                 |   |                               |                                  |
| Section 8 Housing Assistance Payments Program   | 14.195                          | --  | \$ --                         | \$ 598,089                       |
| Total Section 8 Project-Based Cluster   |                                 |   | --                            | <u>598,089</u>                   |
| Passed Through the State of Maine   |                                 |   |                               |                                  |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228                          | Not Available                                   | --                            | <u>235,854</u>                   |
| <b>Total Department of Housing &amp; Urban Development</b>                              |                                 |   | --                            | <u>833,943</u>                   |
| <b>Total Expenditures of Federal Awards</b>   |                                 |   | \$ --                         | <u><u>833,943</u></u>            |

*See Notes to the Schedule of Expenditures of Federal Awards*

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Bath Housing Development Corporation, under programs of the federal government for the year ended December 31, 2023. The information in the schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bath Housing Development Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of Bath Housing Development Corporation.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

### **NOTE 3 – INDIRECT COST RATE**

The Bath Housing Development Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

**To the Board of Directors  
Bath Housing Development Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bath Housing Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bath Housing Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bath Housing Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bath Housing Development Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bath Housing Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Boston, MA  
June 13, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors  
Bath Housing Development Corporation**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Bath Housing Development Corporation's compliance with the types of compliance requirements-identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bath Housing Development Corporation's major federal programs for the year ended December 31, 2023. Bath Housing Development Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bath Housing Development Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bath Housing Development Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bath Housing Development Corporation's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bath Housing Development Corporation's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bath Housing Development Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bath Housing Development Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bath Housing Development Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Bath Housing Development Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bath Housing Development Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Marcum LLP*

Boston, MA  
June 13, 2024

**BATH HOUSING DEVELOPMENT CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***FINANCIAL STATEMENTS***

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***FEDERAL AWARDS***

Internal control over the major federal program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditors' report issued on compliance for the major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of the major federal program:

| <b><u>Assistance Listing Number</u></b> | <b><u>Name of Federal Program or Cluster</u></b> |
|---|--|
|---|--|

|        |                                 |
|--------|---------------------------------|
| 14.195 | Section 8 Project Based Cluster |
|--------|---------------------------------|

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**BATH HOUSING DEVELOPMENT CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**SECTION II - FINANCIAL STATEMENTS FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No prior audit findings.