

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

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Independent Auditors' Report

The Board of Directors
Bath Housing Development Corporation
Bath, Maine

Opinion

We have audited the financial statements of Seacliff Apartments, a wholly owned property of the Bath Housing Development Corporation (the "Project"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Project as of December 31, 2024, and the changes in its net assets and its cash flows for the year 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"). 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 Organization 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.

Prior Period Financial Statements

The financial statements of the Project as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated March 27, 2024, expressed an unmodified opinion on those statements.

Other Matter – Presentation

The financial statements presented herewith are limited to the operations of Seacliff Apartments. The accompanying financial statements are not intended to present the consolidated financial position of Bath Housing Development Corporation as of December 31, 2024 and 2023 or the consolidated changes in its net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Project'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2024 supplementary data required by HUD, Schedule of Changes in Fixed Assets, Schedules of Receipts and Disbursements – Operating Fund, Schedule of Restricted Cash Reserves and Escrows, Schedule of Cash in Financial Institutions on pages 21 to 32 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 2024 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to

the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2023 supplementary data required by HUD, Schedule of receipts and disbursements – Operating fund, on pages 21 to 32 was subjected to the auditing procedures applied in the 2023 audit of the basic financial statements by Marcum LLP, whose report dated March 27, 2024 stated that the information was fairly stated in all material respects to the 2023 financial statements as a whole.

Other Information

The accompanying Certificate of Managing Agent and Certificate of Corporate Officers have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Boston, MA
March 25, 2025

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash	\$ 59,859	\$ --
Tenant accounts receivable, net	2,509	2,034
Prepaid expenses	453	983
Total Current Assets	62,821	3,017
Tenant Security Deposits	16,392	15,701
Restricted Deposits and Funded Reserves		
Mortgage escrows	6,786	42,598
Replacement reserve	462,850	362,963
Residual receipts reserve	13,517	12,850
Total Restricted Deposits and Funded Reserves	483,153	418,411
Property, Plant and Equipment		
Land and land improvements	1,328,168	1,328,168
Buildings and improvements	2,225,344	2,225,344
Building equipment	133,329	133,329
Total Property, Plant and Equipment	3,686,841	3,686,841
Less: accumulated depreciation	(907,332)	(818,315)
Property, Plant and Equipment, Net	2,779,509	2,868,526
Total Assets	\$ 3,341,875	\$ 3,305,655

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

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2024 AND 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Bank overdraft	\$ --	\$ 2,159
Accounts payable - operations	19,537	53,713
Accrued interest - first mortgage	367	403
Mortgages payable - current portion	136,347	129,549
Prepaid rent	2,680	309
Total Current Liabilities	158,931	186,133
Tenant Security Deposit Liabilities	15,377	14,194
Long-Term Liabilities		
Mortgages payable - net of current portion	1,160,932	1,297,279
Less: debt issuance costs, net of accumulated amortization	(20,108)	(22,647)
Total Long-Term Liabilities	1,140,824	1,274,632
Total Liabilities	1,315,132	1,474,959
Net Assets		
Without Donor Restrictions	2,026,743	1,830,696
Total Net Assets	2,026,743	1,830,696
Total Liabilities and Net Assets	\$ 3,341,875	\$ 3,305,655

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

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Revenues		
Tenant rent, net of vacancies	\$ 237,690	\$ 211,176
Housing assistance payments	628,684	598,089
Miscellaneous rent revenue	--	10,067
Total Rental income	866,374	819,332
Tenant charges	6,244	5,189
Laundry and vending	--	1,887
Interest income	18,343	13,610
Total Revenues	890,961	840,018
Expenses		
Operating and maintenance	194,857	219,910
Management fee	103,965	98,320
Depreciation expense	89,017	88,581
Taxes and insurance	87,111	82,183
Utilities	80,257	96,033
Interest expense	73,061	79,512
Administrative	37,655	43,126
Tenant services	28,991	24,853
Miscellaneous financial expense	--	10,067
Total Expenses	694,914	742,585
Increase in Net Assets	196,047	97,433
Net Assets - Beginning	1,830,696	1,733,263
Net Assets - Ending	\$ 2,026,743	\$ 1,830,696

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

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Rental Housing Program	Management and General	Total
Office expenses	\$ 4,788	\$ --	\$ 4,788
Management fee	--	103,965	103,965
Legal expense	892	--	892
Audit expense	--	7,150	7,150
Bookkeeping fees / accounting services	6,855	--	6,855
Bad debts	884	--	884
Fuel	3,299	--	3,299
Electricity	46,807	--	46,807
Water	11,893	--	11,893
Sewer	18,258	--	18,258
Payroll	139,842	--	139,842
Supplies	30,219	--	30,219
Contracts	38,485	--	38,485
Garbage and trash removal	3,397	--	3,397
Real estate taxes	35,000	--	35,000
Property and liability insurance	34,451	--	34,451
Health insurance and other employee benefits	17,660	--	17,660
Interest on mortgages payable	73,061	--	73,061
Tenant service payroll	28,991	--	28,991
Depreciation	89,017	--	89,017
Total Expenses	\$ 583,799	\$ 111,115	\$ 694,914

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

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Rental Housing Program	Management and General	Total
Office expenses	\$ 4,307	\$ --	\$ 4,307
Management fee	--	98,320	98,320
Legal expense	2,854	--	2,854
Audit expense	--	6,850	6,850
Bookkeeping fees / accounting services	7,504	--	7,504
Bad debts	6,518	--	6,518
Miscellaneous admin expenses	42	--	42
Fuel	3,702	--	3,702
Electricity	61,645	--	61,645
Water	11,092	--	11,092
Sewer	19,594	--	19,594
Payroll	150,479	--	150,479
Supplies	34,755	--	34,755
Contracts	46,263	--	46,263
Garbage and trash removal	3,464	--	3,464
Real estate taxes	35,000	--	35,000
Property and liability insurance	31,441	--	31,441
Health insurance and other employee benefits	15,742	--	15,742
Interest on mortgages payable	79,512	--	79,512
Tenant service payroll	24,853	--	24,853
Miscellaneous financial expense	10,067	--	10,067
Depreciation	88,581	--	88,581
Total Expenses	\$ 637,415	\$ 105,170	\$ 742,585

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

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities		
Rental receipts	\$ 867,386	\$ 803,191
Miscellaneous receipts	6,244	7,076
Interest receipts	18,343	13,610
Total Receipts	891,973	823,877
Administrative	73,106	2,416
Management fees	103,965	98,320
Utilities	80,257	96,033
Operating and maintenance	194,857	234,961
Real estate taxes	35,000	35,000
Property insurance	33,921	32,287
Miscellaneous taxes and insurance	17,660	15,742
Tenant security deposits	(1,183)	(501)
Other operating expenses	28,991	24,853
Interest on mortgages	70,558	77,007
Total Payments	637,132	616,118
Net Cash Provided by Operating Activities	254,841	207,759
Cash Flows From Investing Activities		
Purchases of Property and Equipment	--	(9,521)
Net Cash Used in Investing Activities	--	(9,521)
Cash Flows From Financing Activities		
Payments on mortgage payable - first mortgage	(129,549)	(123,101)
Net Cash Used in Financing Activities	(129,549)	(123,101)
Net Increase in Cash and Restricted Cash	125,292	75,137
Cash and Restricted Cash - Beginning	434,112	358,975
Cash and Restricted Cash- Ending	\$ 559,404	\$ 434,112

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

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase in net assets	\$ 196,047	\$ 97,433
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation expense	89,017	88,581
Interest expense - debt issuance costs	2,539	2,539
Bad debt expense	884	6,518
Change in operating assets and liabilities:		
(Increase) decrease in tenant accounts receivable	(1,359)	(5,387)
(Increase) decrease in prepaid expenses	530	(846)
(Decrease) increase in accounts payable and accrued expenses	(36,335)	19,141
(Decrease) increase in accrued interest - first mortgage	(36)	(34)
(Decrease) increase in tenant security deposit liabilities	1,183	501
(Decrease) increase in prepaid rent	2,371	(687)
Total Adjustments	<u>58,794</u>	<u>110,326</u>
Net Cash Provided By Operating Activities	<u>\$ 254,841</u>	<u>\$ 207,759</u>
Supplemental Disclosure of Cash Flows Information		
Cash paid for interest expense	<u>\$ 70,558</u>	<u>\$ 83,080</u>
Cash and Restricted Cash Per Statements of Financial Position		
Cash	\$ 59,859	\$ --
Tenant Security Deposits	16,392	15,701
Mortgage escrows	6,786	42,598
Replacement reserve	462,850	362,963
Residual receipts reserve	<u>13,517</u>	<u>12,850</u>
Total Cash and Restricted Cash per Statements of Financial Position	<u>\$ 559,404</u>	<u>\$ 434,112</u>

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

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - ORGANIZATION

The Bath Housing Development Corporation (BHDC), a non-profit corporation, acquired Seacliff Apartments (the Project) in November 2012. The Project is a 50-unit apartment complex for low-income individuals and families located in Bath, Maine, Maine State Housing Authority (MSHA) Project number ME36-H017-408. The Project is a wholly owned development of BHDC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The 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 Project 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 Project. These net assets may be used at the discretion of the Project's management and the Board of Directors of BHDC.

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 Project 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, 2024 and 2023, the Project had no net assets with donor restrictions.

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash consists of cash on deposit with financial institutions. Restricted cash is not considered cash available for regular operations, and includes cash held with financial institutions for repairs or improvements to the buildings which extend their useful lives, reserves to offset future potential decreases in rental subsidies, and for payments of property tax and insurance.

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, 2024 and 2023 is \$17,420 and \$14,143, respectively.

REVENUE RECOGNITION

The Project recognizes monthly rental revenue earned from housing units on the due date based on written tenant leases. Rental payments received in advance of the due dates are deferred until earned. Leases are for periods of up to one year, with rental payments due monthly. All leases between the Project and tenants of the property are written and are operating leases. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated subsidy and the contract rent is paid by the HUD. The current contract expires in November 2032. 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 Project believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under the current lease standard.

Other income results from fees for late payments, cleaning, damages, and laundry facilities and is recorded when earned.

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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 Project's policy to depreciate items with a cost of \$5,000 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 Project 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, 2024 and 2023.

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEBT ISSUANCE COSTS

Debt issuance costs of \$50,789, net of accumulated amortization of \$30,681 and \$28,142 as of December 31, 2024 and 2023, respectively, 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. Amortization of the debt issuance costs for the years ended December 31, 2024 and 2023 was \$2,539 for both years.

INCOME TAXES

No provision for taxes on income is made in the Project's financial statements since the Project is owned by Bath Housing Development Corporation, a not-for-profit corporation, which 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 BHDC 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 Project is a housing complex 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.

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. All bank accounts for the project are held under Bath Housing Development Corporation's Employer Identification Number (EIN).

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The Project 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 other allocation metrics depending on the nature of the expense.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2025 which is the date these financial statements were available to be issued. There were no subsequent events identified requiring recognition or disclosure in the financial statements.

NOTE 3 - RESTRICTED DEPOSITS

MORTGAGE ESCROWS

The Project maintains mortgage escrow deposits to ensure adequate funds are set aside to cover the cost of real estate taxes and property insurance. Required monthly deposits to this escrow account are \$5,758. At December 31, 2024 and 2023, the mortgage escrow deposits were funded with a collective balance of \$6,786 and \$42,598, respectively.

REPLACEMENT RESERVES

The Project is required to maintain replacement reserves 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, 2024, HUD approved an increase in the monthly replacement reserve deposits to be \$6,855 per month. At December 31, 2024 and 2023, the replacement reserves were funded with a collective balance of \$462,850 and \$362,963, respectively.

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 - RESTRICTED DEPOSITS (CONTINUED)

EXCESS SURPLUS CASH

In accordance with the regulatory agreement, the Project 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 year ended December 31, 2023, deposits of \$9,521 were made into the excess surplus cash. There were no deposits made for the year ended December 31, 2024. For the years ended December 31, 2024 and 2023, interest earned was \$667 and \$740, respectively. During the year ended December 31, 2023 withdrawals were \$10,067, which were used to offset housing assistance payments and is included in miscellaneous financial expense on the statements of activities. There were no withdrawals during the year ended December 31, 2024. At December 31, 2024 and 2023, these reserves were funded with a collective balance of \$13,517 and \$12,850, respectively.

NOTE 4 - LONG-TERM DEBT

The Project entered into a mortgage with Bath Savings Institution in November 2012 in the original amount of \$1,500,000, payable in monthly installments of principal and interest of \$10,616. The loan bears interest at 5.86% per annum. The mortgage matures in November 2032 and is collateralized by the Project's real estate. The outstanding principal balance on this loan at December 31, 2024 and 2023 was \$804,539 and \$882,211, respectively.

The Project entered into a second mortgage with the Bath Housing Authority in November 2012 in the original amount of \$1,000,000, payable in monthly installments of principal and interest of \$6,060. The loan bears interest at 4.0% per annum. The mortgage matures in November 2032 and is collateralized by the Project's real estate. The outstanding principal balance on this loan at December 31, 2024 and 2023 was \$492,740 and \$544,617 respectively.

Interest expense on these mortgages for the years ended December 31, 2024 and 2023 was \$70,522 and \$76,973, respectively.

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 4 - 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>Years ending December 31,</u>	
2025	\$ 136,347
2026	143,513
2027	151,068
2028	159,034
2029	167,434
Thereafter	<u>539,883</u>
Total	<u>\$ 1,297,279</u>

NOTE 5 – HOUSING ASSISTANCE PAYMENTS CONTRACT

The Department of Housing and Urban Development (HUD) has contracted with the project to make housing assistance payments on behalf of qualified tenants. The contract, dated October 1, 2012, is for a twenty-year period through October 31, 2032. Effective October 1, 2024, annual contract rents were \$939,480. For the years ended December 31, 2024 and 2023, housing assistance payments totaled \$628,684 and \$598,089, respectively, which was approximately 73% and 73%, of rental revenues.

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, 2024 and 2023, the Project used \$0 and \$10,067, respectively to offset housing assistance payments. At December 31, 2024 and 2023, the amount subject to recapture or to offset housing assistance payments was \$1,017 and \$350.

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6 - RELATED PARTY TRANSACTIONS

The Project has entered into a management agreement with the Bath Housing Authority (BHA), a related party due to common board members with BHDC. Under this agreement, BHA will manage the Project for a monthly fee equal to 12% of the gross rents. Management fees of \$103,965 and \$98,320 were incurred for the years ended December 31, 2024 and 2023, respectively.

BHA also provides maintenance, administrative, and resident services to the Project. The Project incurred \$186,493 and \$196,228 of these costs during the years ended December 31, 2024 and 2023. At December 31, 2024 and 2023, BHA was owed \$24,182 and \$31,939 respectively.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Project monitors its liquidity so it is able to meet its operating needs and other contractual commitments. None of the project's assets are subject to donor restrictions. The Project's replacement reserves and other reserves require the approval of HUD or MSHA. Therefore, these funds are not reflected in the amounts below. The Project has the following financial assets at December 31, 2024 and 2023 that could readily be made available within one year of the statement of financial position to fund general operating expenses:

	2024	2023
Cash	\$ 59,859	\$ 20,130
Mortgage escrows	6,786	42,603
Replacement reserves	462,850	269,893
Other reserves	13,517	12,656
Accounts receivable, net of allowance	2,509	3,165
	545,521	348,447
Financial assets not available for general expenditures		
Replacement reserves	(462,850)	(269,893)
Other reserves	(13,517)	(12,656)
	(476,367)	(282,549)
Financial assets available to meet cash needs for general expenditures within one year	\$ 69,154	\$ 65,898

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets		
Cash - Operations	\$ 59,859	\$ --
Tenant/Member Accounts Receivable (Coops)	19,929	16,177
Allowance for Doubtful Accounts	<u>(17,420)</u>	<u>(14,143)</u>
Net Tenant Accounts Receivable	2,509	2,034
Prepaid Expenses	<u>453</u>	<u>983</u>
Total Current Assets	<u>62,821</u>	<u>3,017</u>
Tenant/Patient Deposits Held in Trust	16,392	15,701
Restricted Deposits		
Escrow Deposits	6,786	42,598
Replacement Reserve	462,850	362,963
Residual Receipts Reserve	<u>13,517</u>	<u>12,850</u>
Total Deposits	<u>483,153</u>	<u>418,411</u>
Property and Equipment		
Land	1,328,168	1,328,168
Buildings	2,225,344	2,225,344
Building Equipment (Portable)	<u>133,329</u>	<u>133,329</u>
Total Fixed Assets	<u>3,686,841</u>	<u>3,686,841</u>
Accumulated Depreciation	<u>(907,332)</u>	<u>(818,315)</u>
Net Fixed Assets	<u>2,779,509</u>	<u>2,868,526</u>
Total Assets	<u>\$ 3,341,875</u>	<u>\$ 3,305,655</u>

See Independent Auditors' Report

BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Bank Overdraft - Operations	\$ --	\$ 2,159
Accounts Payable - Operations	19,537	53,713
Accrued Interest Payable - First Mortgage (or Bonds)	367	403
Mortgage (or Bonds) Payable		
- First Mortgage (Bonds) (Short Term)	136,347	129,549
Prepaid Revenue	2,680	309
Total Current Liabilities	158,931	186,133
 Tenant/Patient Deposits Held In Trust (Contra)	 15,377	 14,194
Long-Term Liabilities		
Mortgage (or Bonds) Payable - First Mortgage (or Bonds)	1,160,932	1,297,279
Debt Issuance Costs	(20,108)	(22,647)
Total Long Term Liabilities	1,140,824	1,274,632
 Total Liabilities	 1,315,132	 1,474,959
Net Assets		
Net Assets without donor restrictions	2,026,743	1,830,696
Total Net Assets	2,026,743	1,830,696
 Total Liabilities and Net Assets	 \$ 3,341,875	 \$ 3,305,655

See Independent Auditors' Report

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Rent Revenue		
Rent Revenue - Gross Potential	\$ 297,056	\$ 262,660
Tenant Assistance Payments	628,684	598,089
Miscellaneous Rent Revenue	--	10,067
Total Rent Revenue	<u>925,740</u>	<u>870,816</u>
Vacancies		
Apartments	59,366	51,484
Total Vacancies	<u>59,366</u>	<u>51,484</u>
Net Rental Revenue (Rent Revenue Less Vacancies)	<u>866,374</u>	<u>819,332</u>
Financial Revenue		
Financial Revenue - Project Operations	49	57
Revenue from Investments - Replacement Reserve	17,554	13,553
Revenue from Investments - Miscellaneous	740	--
Total Financial Revenue	<u>18,343</u>	<u>13,610</u>
Other Revenue		
Laundry and Vending Revenue	--	1,887
Tenant Charges	6,244	5,189
Total Other Revenue	<u>6,244</u>	<u>7,076</u>
Total Revenue	<u>890,961</u>	<u>840,018</u>
Administrative Expenses		
Office Expenses	4,788	4,307
Management Fee	103,965	98,320
Manager or Superintendent Salaries	17,086	15,051
Legal Expense - Project	892	2,854
Audit Expense	7,150	6,850
Bookkeeping Fees/Accounting Services	6,855	7,504
Bad Debts	884	6,518
Miscellaneous Administrative Expenses	--	42
Total Administrative Expenses	<u>141,620</u>	<u>141,446</u>

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BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

EXPENSES (CONTINUED)	<u>2024</u>	<u>2023</u>
Utilities Expenses		
Fuel Oil/Coal	3,299	3,702
Electricity	46,807	61,645
Water	11,893	11,092
Sewer	18,258	19,594
Total Utilities Expense	<u>80,257</u>	<u>96,033</u>
Operating & Maintenance Expenses		
Payroll	122,756	\$ 135,428
Supplies	30,219	34,755
Contracts	38,485	46,263
Garbage and Trash Removal	3,397	3,464
Total Operating and Maintenance Expenses	<u>194,857</u>	<u>219,910</u>
Taxes & Insurance		
Real Estate Taxes	35,000	35,000
Property & Liability Insurance (Hazard)	34,451	31,441
Health Insurance and Other Employee Benefits	17,660	15,742
Total Taxes and Insurance	<u>87,111</u>	<u>82,183</u>
Financial Expenses		
Interest on First Mortgage (or Bonds) Payable	73,061	79,512
Miscellaneous Financial Expenses	--	10,067
Total Financial Expenses	<u>73,061</u>	<u>89,579</u>
Expenses		
Nursing Homes/Assisted Living/ Board & Care/ Other Elderly Care Expenses	<u>28,991</u>	<u>24,853</u>
Operating Results		
Total Cost of Operations before Depreciation	<u>605,897</u>	<u>654,004</u>
Profit before Depreciation	<u>285,064</u>	<u>186,014</u>
Depreciation Expenses	<u>89,017</u>	<u>88,581</u>
Operating Profit	<u>\$ 196,047</u>	<u>\$ 97,433</u>

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**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flow from Operating Activities

Rental Receipts	\$ 867,386
Interest Receipts	18,343
Other Operating Receipts	<u>6,244</u>
Total Receipts	<u>891,973</u>
Administrative	(73,106)
Management Fee	(103,965)
Utilities	(80,257)
Operating and Maintenance	(194,857)
Real Estate Taxes	(35,000)
Property Insurance	(33,921)
Miscellaneous Taxes and Insurance	(17,660)
Tenant Security Deposits	492
Other Operating Expenses	(28,991)
Interest on First Mortgage	<u>(70,558)</u>
Total Disbursements	<u>(637,823)</u>
Net Cash provided by Operating Activities	<u>254,150</u>

Cash Flow from Investing Activities

Net Withdrawals to the Mortgage Escrow account	35,812
Net Deposits to the Reserve for Replacement account	(99,887)
Net Deposits to Other Reserves	<u>(667)</u>
Net Cash used in Investing Activities	<u>(64,742)</u>

Cash Flow from Financing Activities

Principal Payments - First Mortgage (or Bonds)	<u>(129,549)</u>
Net Cash used in Financing Activities	<u>(129,549)</u>
Net decrease in Cash and Cash Equivalentents	<u>59,859</u>

Beginning of Period Cash	<u> --</u>
End of Period Cash	<u><u>\$ 59,859</u></u>

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BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEAR ENDED DECEMBER 31, 2024

**Reconciliation of Net Profit (Loss) to Net Cash Provided by
(Used in) Operating Activities**

Change in Total Net Assets from Operations	\$ 196,047
--	------------

**Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by
(Used in) Operating Activities**

Depreciation Expenses	89,017
Amortization of Debt Issuance Costs	2,539
Decrease (increase) in Tenant/Member Accounts Receivable	(1,359)
Decrease (increase) in Prepaid Expenses	530
Increase (decrease) in Accounts Payable	(36,335)
Increase (decrease) in Accrued Interest Payable	(36)
Increase (decrease) in Tenant Security Deposits held in trust	492
Increase (decrease) in Prepaid Revenue	2,371
Other adjustments to reconcile net profit (loss) to Net Cash provided by (used in) Operating Activities	<u>884</u>

Net Cash provided by Operating Activities	<u><u>\$ 254,150</u></u>
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**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule of Reserve for Replacement

Balance at Beginning of Year	\$ 362,963
Total Monthly Deposits	82,260
Interest on Replacement Reserve Accounts	<u>17,627</u>
Balance at End of Year, Confirmed by Mortgagee	<u>\$ 462,850</u>
Deposits Suspended or Waived Indicator	

Schedule of Residual Receipts

Balance at Beginning of Year	\$ 12,850
Interest on Residual Receipt Accounts	<u>667</u>
Balance at Current Fiscal Year End	<u>\$ 13,517</u>

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**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

SUPPLEMENTARY DATA REQUIRED BY HUD

FOR THE YEAR ENDED DECEMBER 31, 2024

Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)

Cash	\$ 59,859
Cash - Tenant Security Deposit	16,392
Total Cash	<u>76,251</u>
Accrued Mortgage (or Bond) Interest Payable	367
Accounts Payable - 30 days	19,537
Prepaid Revenue	2,680
Tenant/Patient Deposits Held In Trust (Contra)	15,377
Other Current Obligations (deficiency in tax and insurance escrow)	10,578
Total Current Obligations	<u>48,539</u>
Surplus Cash (Deficiency)	<u>\$ 27,712</u>
Deposit Due Residual Receipts	<u>\$ 27,712</u>

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BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

SCHEDULE OF CHANGES IN FIXED ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Balance January 1, 2024	Additions	Deductions	Balance December 31, 2024
Land and land improvements	\$ 1,328,168	\$ --	\$ --	\$ 1,328,168
Buildings and improvements	2,225,344	--	--	2,225,344
Building equipment	<u>133,329</u>	<u>--</u>	<u>--</u>	<u>133,329</u>
Total Fixed Assets	3,686,841	--	--	3,686,841
Accumulated Depreciation	<u>818,315</u>	<u>89,017</u>	<u>--</u>	<u>907,332</u>
Net Fixed Assets				<u>\$ 2,779,509</u>

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BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS

SCHEDULES OF RECEIPTS AND DISBURSEMENTS – OPERATING FUND

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Source of Funds		
Rental operations		
Tenant rent	\$ 238,702	\$ 205,102
Tenant assistance payments	628,684	598,089
Interest	49	56
Other income	6,244	7,076
Total rental operations receipts	873,679	810,323
Disbursements		
Administrative	177,071	100,736
Utilities	80,257	96,033
Operating and maintenance	194,857	234,961
Interest	70,558	77,007
Resident services	28,991	24,853
Taxes and insurance	86,581	83,029
Total rental operations disbursements	638,315	616,619
Other receipts		
Transfers from restricted deposits and funded reserves	108,706	74,760
Total other receipts or transfers	108,706	74,760
Other disbursements or transfers		
Transfers to restricted deposits and funded reserves	(155,154)	(154,465)
Transfers from tenant security deposit account	492	(1,507)
Purchases of property and equipment	--	(9,521)
Principal payments on mortgages	(129,549)	(123,101)
Total other disbursements or transfers	(284,211)	(288,594)
Net increase (decrease) in operating cash	59,859	(20,130)
Operating cash, beginning of year	--	20,130
Operating cash, end of year	\$ 59,859	\$ --

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**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Description</u>	Balance Beginning of Year	<u>Deposits</u>		<u>Withdrawals</u>	
		Transfers from Operations Account	Interest Earned	Transfers to Operations Account	Balance End of Year
Restricted Accounts:					
Taxes and Insurance Reserve	\$ 42,598	\$ 72,894	\$ --	\$ (108,706)	\$ 6,786
Replacement Reserve	362,963	82,260	17,627	--	462,850
Residual Receipts	<u>12,850</u>	<u>--</u>	<u>667</u>	<u>--</u>	<u>13,517</u>
Total restricted cash reserves and escrow	<u>\$ 418,411</u>	<u>\$ 155,154</u>	<u>\$ 18,294</u>	<u>\$ (108,706)</u>	<u>\$ 483,153</u>

Restricted Reserve Funding Calculations

	Annual	Due Date	Per Month	Number of months	Required Balance
Taxes	\$ 35,000	9/1	\$ 2,917	3	8,751
Property Insurance	33,825	1/1	\$ 2,819	3	8,457
Directors & Officers Insurance	626	1/1	\$ 52	3	156

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**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

SCHEDULE OF CASH IN FINANCIAL INSTITUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2024

Account Name	Account Number	Financial Insitution	Account Type	Interest Rate	Maturity Date	Signatory Control	Balance
Operating Account	xxx1738	Bath Savings Institution	Checking	0.07%	N/A	Sole	<u>\$ 59,859</u>
Tax and Insurance Reserve	xxx1835	Bath Savings Institution	Checking	0.00%	N/A	Either /Or	<u>\$ 6,786</u>
Replacement Reserve	xxx1649	Bath Savings Institution	Checking	3.73%	N/A	Either /Or	<u>\$ 462,850</u>
Residual Receipts	xxxxx0251	Federated Hermes	Money Market	5.19%	N/A	MaineHousing	<u>\$ 13,517</u>
Tenant Security Deposits	xxx1851	Bath Savings Institution	Checking	0.00%	N/A	Sole	<u>\$ 16,392</u>

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**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

December 31, 2024

Certificate of Managing Agent

I certify that I have examined the accompanying financial statements and supplementary information of Seacliff Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

Signed by:

1DB73AB187B7457...

Debora Keller, Executive Director
Bath Housing Authority

Date: 3/25/2025

**BATH HOUSING DEVELOPMENT CORPORATION
SEACLIFF APARTMENTS**

December 31, 2024

Certificate of Corporate Officers

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

Signed by:

1DB73AB187B7457...
Corporate Officer
Seacliff Apartments

Date: 3/25/2025

Signed by:

FCC6235A3D584C9...
Corporate Officer
Seacliff Apartments

Date: 3/25/2025