

TEDFORD HOUSING
TABLE OF CONTENTS
JUNE 30, 2014

Independent Auditors' Report

General Purpose Financial Statements

Exhibit

Statements of Financial Position

A

Statements of Activities

B

Statements of Functional Expenses

C

Statements of Cash Flows

D

Notes to Financial Statements

WILLIAM H. BREWER
Certified Public Accountant
858 Washington Street
P.O. Box 306
Bath, Maine 04530

(207) 443-9759
(207) 563-5495

INDEPENDENT AUDITORS' REPORT

Board of Directors
Tedford Housing
P.O. Box 958
Brunswick, Maine 04011

We have audited the accompanying financial statements of Tedford Housing (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tedford Housing as of June 30, 2014 and 2013, 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.

August 20, 2014

TEDFORD HOUSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash (Note B)	\$ 307,493	\$ 288,092
Accounts Receivable	70,067	103,423
Investments (Note C)	311,207	277,932
Prepaid Expenses	11,150	20,632
Total Current Assets	<u>\$ 699,917</u>	<u>\$ 690,079</u>
PROPERTY, PLANT, AND EQUIPMENT (NOTE D):		
Land	\$ 117,428	\$ 117,428
Buildings	5,817,720	5,802,293
Furniture, Fixtures, and Equipment	37,280	24,968
Vehicles	8,239	
Leasehold Improvements	56,165	56,165
Total Property, Plant, and Equipment	<u>\$ 6,036,832</u>	<u>\$ 6,000,854</u>
Less: Accumulated Depreciation	935,199	786,146
Net Property, Plant, and Equipment	<u>\$ 5,101,633</u>	<u>\$ 5,214,708</u>
Total Assets	<u><u>\$ 5,801,550</u></u>	<u><u>\$ 5,904,787</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Notes Payable - Current Portion (Note I)	\$ 15,468	\$ 15,468
Accounts Payable	15,318	8,481
Accrued Payroll and Taxes	61,495	53,169
Security Deposits	18,552	24,097
Deferred Revenue	17,777	26,259
Total Current Liabilities	<u>\$ 128,610</u>	<u>\$ 127,474</u>
LONG-TERM DEBT:		
Notes Payable - Net of Current Portion (Note I)	3,593,719	3,609,187
Total Liabilities	<u>\$ 3,722,329</u>	<u>\$ 3,736,661</u>
NET ASSETS:		
Unrestricted	\$ 2,079,221	\$ 2,165,626
Temporarily Restricted		2,500
Total Net Assets	<u>\$ 2,079,221</u>	<u>\$ 2,168,126</u>
Total Liabilities and Net Assets	<u><u>\$ 5,801,550</u></u>	<u><u>\$ 5,904,787</u></u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	2014 TOTAL	2013 TOTAL
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 303,615	\$ -	\$ 303,615	\$ 254,178
State and Federal Grants	246,889		246,889	261,645
County and Municipal Support	51,707		51,707	72,691
United Way	87,700		87,700	94,865
Warm Thy Neighbor	76,963		76,963	54,639
ARC Contract	1,000		1,000	1,250
Interest and Dividends	3,136		3,136	2,736
Unrealized Appreciation	37,482		37,482	29,959
Master Lease Program (Note K)	283,633		283,633	259,274
Targeted Case Management	236,117		236,117	160,085
Supportive Housing	15,345		15,345	21,847
Restrictions Satisfied by Payments	2,500	(2,500)		
Total Public Support and Revenue	\$ 1,346,087	\$ (2,500)	\$ 1,343,587	\$ 1,213,169
EXPENSES:				
Program Services:				
Tedford Housing	\$ 424,472	\$ -	\$ 424,472	\$ 398,546
Homelessness Prevention	170,197		170,197	157,594
Total Program Services	\$ 594,669	\$ -	\$ 594,669	\$ 556,140
Support Services:				
Management and General	\$ 198,122	\$ -	\$ 198,122	\$ 188,075
Fund Raising	72,296		72,296	42,009
Supportive Housing	567,405		567,405	556,769
Total Support Services	\$ 837,823	\$ -	\$ 837,823	\$ 786,853
Total Expenses	\$ 1,432,492	\$ -	\$ 1,432,492	\$ 1,342,993
Change in Net Assets	\$ (86,405)	\$ (2,500)	\$ (88,905)	\$ (129,824)
Net Assets, July 1	2,165,626	2,500	2,168,126	2,297,950
Net Assets, June 30	\$ 2,079,221	\$ -	\$ 2,079,221	\$ 2,168,126

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	TEDFORD HOUSING	HOMELESSNESS PREVENTION	MANAGEMENT AND GENERAL	SUPPORTIVE HOUSING	FUND RAISING	2014 TOTALS	2013 TOTALS
Payroll and Related Taxes	\$ 258,116	\$ 92,891	\$ 130,912	\$ 89,928	\$ 50,217	\$ 622,064	\$ 589,818
Employee Health Benefits	27,647	11,828	7,932	13,146	6,896	67,449	70,146
Food	3,350		84	24		3,458	3,129
Client Services	3,354	3,424	27	2,343		9,148	19,180
Security Deposits		46,176				46,176	31,776
Rent	8,904	7,291	8,640			24,835	25,624
Utilities and Telephone	41,125	740	9,137	148,084	584	199,670	196,795
Supplies	5,851	906	2,722	1,955	902	12,336	11,307
Insurance	1,868		5,185	29,719		36,772	32,746
Miscellaneous	11,250	6,775	25,228	56,081	10,676	110,010	63,117
Maintenance and Repairs	29,890	166	4,907	113,537	3,021	151,521	143,061
Depreciation	33,117		3,348	112,588		149,053	147,384
Bad Debt Expense							8,910
Total Expenses	<u>\$ 424,472</u>	<u>\$ 170,197</u>	<u>\$ 198,122</u>	<u>\$ 567,405</u>	<u>\$ 72,296</u>	<u>\$ 1,432,492</u>	<u>\$ 1,342,993</u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (88,905)	\$ (129,824)
Adjustments to Reconcile Decrease in Net Assets to Net Cash from Operating Activities:		
Depreciation	149,052	147,384
Unrealized Appreciation	(37,482)	(29,959)
Decrease in Accounts Receivable	33,356	11,853
(Increase) Decrease in Prepaid Expenses	9,482	(13,447)
(Decrease) Increase in Accounts Payable	6,837	(1,114)
Increase in Accrued Payroll and Taxes	8,326	11,875
Decrease in Security Deposits	(5,545)	(15,086)
Increase (Decrease) in Deferred Revenue	(8,482)	26,259
Net Cash Provided by Operating Activities	\$ 66,639	\$ 7,941
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant, and Equipment	\$ (35,978)	\$ (19,212)
Purchase of Investments	(6,322)	(8,155)
Proceeds from Investments	10,530	10,000
Net Cash Used in Investing Activities	\$ (31,770)	\$ (17,367)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Debt	\$ (15,468)	\$ (15,468)
 Increase (Decrease) in Cash	\$ 19,401	\$ (24,894)
Cash Balance, July 1	288,092	312,986
Cash Balance, June 30	\$ 307,493	\$ 288,092

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Nature of Activities

Tedford Housing, a nonprofit organization, located in Brunswick, Maine, is a multi-service social agency whose mission is to meet the basic needs of homeless people and help them become self-sufficient.

Tedford Housing maintains two shelters in Brunswick. Up to twenty individuals can stay at 49 Cumberland Street, Brunswick and up to six families with children can stay in apartments located at 34 Federal Street in Brunswick.

Tedford Housing operates supportive housing at the following locations:

- Evergreen Woods – Bath, Maine accommodates six families
- Everett Street – Brunswick, Maine accommodates eight adults
- Pleasant Street – Augusta, Maine accommodates two families
- Gilbert Place – Bath, Maine accommodates five adults
- Blake Street – Lewiston, Maine accommodates ten families
- Pine Street – Auburn, Maine accommodates six adults

Tedford Housing is governed by a board of local volunteers.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets

Net assets whose uses by the Organization are subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted Net Assets

Net assets subject to donor-imposed restrictions that may be maintained permanently by the Organization.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Functional Allocation of Expenses

The costs of providing emergency shelter and other activities are summarized on the functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between Tedford Housing and supporting services benefited.

Investments

Investments are stated at fair value. Quoted market prices are used to value investments.

Land, Buildings, and Improvements

Land, Buildings, and Improvements are stated at cost. Depreciation is provided over the estimated useful lives using the straight-line method.

Deferred Revenue

Deferred Revenue results from grant money that has not been spent as of the balance sheet date. Revenue is recognized only to the extent expenses were incurred.

Donated Services and Materials

Donated food is reflected in the accompanying statements as contributions with a like amount included in food expense at its estimated market value at date of receipt. The value of donated services is not included in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers donate approximately 50 hours per week of direct services. Volunteers have also donated significant amounts of their time in board activities.

Tax Exemption

Tedford Housing is a not-for-profit organization and is exempt from income taxes under §501(c)(3) of the Internal Revenue Code.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE B - CASH AND CASH EQUIVALENTS:

The Organization's cash is categorized to give an indication of the level of risk assumed by the Organization at year-end. These categories are defined as follows:

Category #1 - Insured or collateralized with securities held by the Organization or by its agent in the Organization's name.

Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category #3 - Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Organization's name).

ACCOUNT TYPE	CARRYING AMOUNT	BANK BALANCE	CATEGORY		
			#1	#2	#3
Interest Bearing Accounts	\$ 307,493	\$ 327,799	\$ 327,799	\$	\$

NOTE C - INVESTMENTS:

Investments as of June 30, 2014 are summarized by type as follows:

	JUNE 30, 2014 COST	JUNE 30, 2014 FAIR VALUE
Mutual Funds	\$ 293,570	\$ 311,207

NOTE D - PROPERTY, PLANT, AND EQUIPMENT:

Activity in fixed asset accounts for the year ended June 30, 2014 is as follows:

	BALANCE JULY 1, 2013	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2014
Land	\$ 117,428	\$	\$	\$ 117,428
Buildings	5,802,293	15,427		5,817,720
Furniture, Fixtures, and Equipment	24,968	12,312		37,280
Vehicles		8,239		8,239
Leasehold Improvements	56,165			56,165
Total Fixed Assets	\$ 6,000,854	\$ 35,978	\$	\$ 6,036,832
Accumulated Depreciation	(786,146)	(149,053)		(935,199)
Fixed Assets Net of Accumulated Depreciation	\$ 5,214,708	\$ (113,075)	\$	\$ 5,101,633

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE E - DONATED MATERIALS:

The value of donated food, which is included as revenue and expense in the financial statements, is \$16,000 for the year ended June 30, 2014. The organization also received donations of supplies for the year ended June 30, 2014 totaling \$5,000.

NOTE F - GRANTS:

State and Federal Grants include:

Maine State Housing Authority	\$ 5,055
Maine State Housing Authority - Emergency Shelter Grant Program (ESG)	137,313
Maine Community Development Block Grant	5,000
State and Federal Grants - Total	<u>\$ 147,368</u>

The Organization records income from grants in the period when it has incurred expenditures in compliance with the restrictions of the grantor.

NOTE G - EMPLOYEE RETIREMENT BENEFITS:

Tedford Housing offers a Simple IRA with an employer-match to all employees after one year of continuous employment, provided that the Organization has sufficient resources. Employees may elect to have one, two, or three percent of wages matched by Tedford Housing towards the Simple IRA Retirement Savings Plan. The Plan is managed by American Funds. During the fiscal year ending June 30, 2014 employee contributions totaled \$21,957 and employer contributions totaled \$6,069.

Tedford Housing offers an Internal Revenue Code Section 457 Plan to employees approved by the Board of Directors. The Plan was effective July 1, 2005. Employees can elect to defer compensation to the Plan. Employer contributions are discretionary and can be awarded to individuals within the Plan. During the fiscal year ending June 30, 2014 there were no employer contributions to the Plan.

NOTE H - RENT:

The Organization leases the land and building located at 34 Federal Street under a ten year operating lease. The current lease term expired on June 30, 2014 and was extended on a year to year basis. Annual rent is subject to change provided notice is given thirty days prior to each lease anniversary date. The rental rate for the 2014/2015 fiscal year is \$8,904.

The Organization also rents office space in Brunswick at a rental rate of \$9,600 annually. The remaining rent paid of \$6,331 was for client assisted rents in supported housing units.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE I - NOTES PAYABLE:

Notes payable as of June 30, 2014 consists of the following:

CREDITOR	INTEREST RATE	TYPE	SECURITY	TOTAL	SHORT- TERM	LONG- TERM
Maine State Housing Authority - Gilbert Place	0%	Mortgage	Land & Building	\$ 305,000	\$ 5,000	\$ 300,000
City of Bath - Evergreen Woods	0%	Mortgage	Land & Building	50,000		50,000
Maine State Housing Authority - Evergreen Woods	0%	Mortgage	Land & Building	672,736		672,736
Maine State Housing Authority - Everett Apartments	0%	Mortgage	Land & Building	555,696	5,055	550,641
Maine State Housing Authority - 114 Blake Street	0%	Mortgage	Land & Building	1,534,099		1,534,099
Maine State Housing Authority - 22 Pine Street	0%	Mortgage	Land & Building	372,564		372,564
Maine State Housing Authority - 19 Pleasant Street	0%	Mortgage	Land & Building	119,092	5,413	113,679
Bath Savings Institution	Prime	Line of Credit	Land & Building			
				<u>\$ 3,609,187</u>	<u>\$ 15,468</u>	<u>\$ 3,593,719</u>

Maine State Housing Authority - Gilbert Place, Bath, Maine:

In February 2005 Tedford Housing obtained a deferred loan and a forgivable loan from Maine State Housing Authority for the purchase and renovations of 500 Middle Street, Bath, Maine. The deferred loan of \$150,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or February 27, 2035.

The forgivable loan of \$250,000 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the original principal balance was forgiven on the date that the mortgage was duly recorded in the Sagadahoc County Registry of Deeds. Forty percent (40%) of the original principal balance shall be forgiven 15 years from the date of the note. The remaining 40% of the original principal balance shall be forgiven 30 years from the date of the note.

City of Bath - Evergreen Woods, Bath, Maine:

The deferred loan of \$50,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or February 17, 2035.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE I - NOTES PAYABLE (CONT'D):

Maine State Housing Authority - Evergreen Woods, Bath, Maine:

The forgivable loan of \$346,073 is financed at 0% for 30 years. The loan will be forgiven as follows:

Fifty percent (50%) of the original principal balance is forgiven at the end of 15 years from the time of execution of the permanent mortgage documents, and the remaining fifty percent (50%) of the original principal balance shall be forgiven 30 years from the time of execution of the permanent mortgage documents.

In September 2006 Tedford Housing obtained a deferred loan from Maine State Housing Authority for the acquisition and construction of property located on Edgett Street, Bath, Maine. The deferred loan of \$100,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or September 28, 2036.

The forgivable loan of \$180,000 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the original principal balance was forgiven on the date of execution of the note. Forty percent (40%) of the original principal balance shall be forgiven 15 years following execution. The remaining forty percent (40%) of the original principal balance shall be forgiven 30 years following execution.

The forgivable loan of \$103,329 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the original principal balance was forgiven on the date of execution of the note. Forty percent (40%) of the original principal balance shall be forgiven 15 years following execution. The remaining forty percent (40%) of the original principal balance shall be forgiven 30 years following execution.

Maine State Housing Authority - Everett Apartments, Brunswick, Maine:

The forgivable loan of \$619,900 is financed at 0% for 30 years. The loan will be forgiven as follows:

Twenty percent (20%) of the forgivable note of \$98,342 was forgiven at closing of the loan October 17, 2006. Forty percent (40%) of the \$98,342 is forgiven at 15 years from the original date of the note with the remaining forty percent (40%) forgiven 30 years from the date of the note.

The deferred portion of the note, \$151,657 will be due 30 years from the date of the loan closing.

The remaining \$369,901 of the forgivable note is forgiven in the following order: Fifty percent (50%) of the note is forgiven 15 years from the execution of the permanent mortgage and the remaining fifty percent (50%) will be forgiven 30 years from the time of execution of the permanent mortgage documents.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE I - NOTES PAYABLE (CONT'D):

Maine State Housing Authority - 114 Blake Street, Lewiston, Maine:

The deferred loan of \$880,620 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or December 23, 2039.

The deferred loan of \$260,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or December 23, 2039.

The deferred loan of \$393,479 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or December 23, 2039.

Maine State Housing Authority - 22 Pine Street, Auburn, Maine:

The deferred loan of \$372,564 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or March 3, 2041.

Maine State Housing Authority - 19 Pleasant Street, Augusta, Maine:

The deferred loan of \$162,398 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or November 28, 2037.

Bath Savings Institution - Line of Credit:

Tedford Housing was approved for a Working Capital Line of Credit in the amount of \$50,000 to provide funds for short term cash flow needs. Interest rate shall be adjusted daily based on Prime. The term of the loan shall be twelve months, renewed annually, with monthly interest payments and principal and unpaid interest due at maturity. Security for this loan shall be a valid first mortgage, assignment of rents, and UCC-1 financing statement on real estate known as 49 Cumberland Street Brunswick, Maine.

NOTE J - FRIENDS OF TEDFORD HOUSING:

The Friends of Tedford Housing raises money to assist in the purchase of equipment and supplies for operation of the shelter. The balance of their checking and savings accounts combined was \$2,444 at June 30, 2014.

NOTE K - RENTAL INCOME:

Tedford Housing has a rental program where they pay rent for shelter residents and the residents pay the shelter back. For fiscal year ended June 30, 2014 rental income was \$283,633 and the related rental expenses were \$11,293.

NOTE L - FLEXIBLE BENEFIT PLAN:

On April 12, 2005 Tedford Housing started a flexible Health Benefit Plan for employees. The Plan allows employees to contribute pre-tax income into a reimbursement account to cover out of pocket medical expenses. Contributions to the Plan by employees totaled \$274 for the year ended June 30, 2014. Tedford Housing has decided to no longer offer the Plan as of October 2013.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE M - CONTRACTS:

On October 29, 2008 Tedford Housing entered into a contract with the Midcoast Regional Redevelopment Authority to provide services for homeless families in the Brunswick Naval Air Station redevelopment area. As part of the contract \$686,605 in funds (conveyance proceeds) will be held in trust for Tedford Housing to utilize for homeless programs. During fiscal year 2014, \$94,107 in funds were withdrawn for use in providing services for homeless families in the Brunswick Naval Air Station redevelopment area.

On January 1, 2012 Tedford Housing entered into a contract with LaBrecque Property Management LLC to manage their properties. LaBrecque Property Management LLC manages all properties (Franklin Apartments in Auburn, Pleasant Street in Augusta, Blake Street in Lewiston, Pine Street in Auburn, Everett Street in Brunswick, Gilbert Place in Bath, and Evergreen Woods in Bath) at a cost of \$40-\$50 per unit per month. Contracts are for one year and are renewed annually.

NOTE N - HOUSING ASSISTANCE CONTRACT:

On April 25, 2008 Tedford Housing entered into a housing assistance payment contract with the Department of Housing & Urban Development. This contract covers the rental assistance for 2 units at the 19 Pleasant Street, Augusta property. This contract expires April 25, 2018.

NOTE O - INCOME TAXES:

The Organization is exempt from income taxes on related business income under Section 501(c)(3) of the Internal Revenue Code.

Tax-exempt organizations could incur income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense.

The Organization has evaluated the position taken on its filed tax returns. The Organization has concluded no uncertain income tax positions exist at June 30, 2014. The Organization's tax years from 2011 through 2013 are open and subject to examination.

NOTE P - SUBSEQUENT EVENTS:

As of August 20, 2014, management has reviewed activity since year end and there are no subsequent events requiring disclosure.