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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, 2016 and 2015, 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, 2016 and 2015, 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 24, 2016

Bath, Maine

TEDFORD HOUSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS	2016	2015
CURRENT ASSETS:		
Cash (Note B)	\$ 344,197	\$ 299,816
Accounts Receivable	139,097	88,386
Investments (Note C)	319,236	308,015
Prepaid Expenses	4,533	3,047
Total Current Assets	\$ 807,063	\$ 699,264
PROPERTY, PLANT, AND EQUIPMENT (NOTE D):		
Land	\$ 117,428	\$ 117,428
Buildings	5,847,718	5,847,718
Furniture, Fixtures, and Equipment	30,288	45,671
Vehicles	8,239	8,239
Leasehold Improvements	73,209	73,209
Total Property, Plant, and Equipment	\$ 6,076,882	\$ 6,092,265
Less: Accumulated Depreciation	1,219,848	1,085,673
Net Property, Plant, and Equipment	\$ 4,857,034	\$ 5,006,592
Total Assets	\$ 5,664,097	\$ 5,705,856
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Notes Payable - Current Portion (Note I)	\$ 15,468	\$ 15,468
Accounts Payable	6,208	14,618
Accrued Payroll and Taxes	65,934	71,347
Security Deposits	23,952	25,508
Deferred Revenue	57,976	26,548
Total Current Liabilities	\$ 169,538	\$ 153,489
LONG-TERM LIABILITIES:		
Notes Payable - Net of Current Portion (Note I)	3,609,543	3,625,012
Total Liabilities	\$ 3,779,081	\$ 3,778,501
NET ASSETS:		
Unrestricted	1,885,016	1,927,355
Total Liabilities and Net Assets	\$ 5,664,097	\$ 5,705,856

TEDFORD HOUSING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016 TOTALS	2015 TOTALS
PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 316,967	\$ 291,440
State and Federal Grants	424,910	269,957
County and Municipal Support	10,105	63,603
United Way	81,362	79,532
Warm Thy Neighbor	37,573	60,948
ARC Contract	1,000	1,000
Interest and Dividends	5,369	2,125
Unrealized Appreciation	6,462	6,663
Rental Income (Note K)	304,608	287,461
Targeted Case Management	199,512	170,869
Supportive Housing	40,127	43,583
	<u>\$ 1,427,995</u>	<u>\$ 1,277,181</u>
EXPENSES:		
Program Services:		
Tedford Housing	\$ 416,366	\$ 385,201
Homelessness Prevention	302,152	232,375
Total Program Services	<u>\$ 718,518</u>	<u>\$ 617,576</u>
Support Services:		
Management and General	\$ 195,213	\$ 181,468
Fund Raising	65,548	71,518
Supportive Housing	491,055	511,724
Total Support Services	<u>\$ 751,816</u>	<u>\$ 764,710</u>
Total Expenses	<u>\$ 1,470,334</u>	<u>\$ 1,382,286</u>
Change in Net Assets	<u>\$ (42,339)</u>	<u>\$ (105,105)</u>
Net Assets, July 1	1,927,355	2,032,460
Net Assets, June 30	<u>\$ 1,885,016</u>	<u>\$ 1,927,355</u>

TEDFORD HOUSING
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	TEDFORD HOUSING	HOMELESSNESS PREVENTION	MANAGEMENT AND GENERAL	SUPPORTIVE HOUSING	FUND RAISING	2016 TOTALS	2015 TOTALS
Payroll and Related Taxes	\$ 230,162	\$ 113,972	\$ 112,308	\$ 75,476	\$ 48,420	\$ 580,338	\$ 576,770
Employee Health Benefits	30,003	15,096	6,721	9,323	3,464	64,607	57,934
Food	3,682					3,682	3,167
Client Services	740	12,963	37	4,470		18,210	6,158
Security Deposits/MRRA Rent		110,096				110,096	42,681
Rent	9,600	9,939	6,290			25,829	24,864
Utilities and Telephone	40,415	25,186	8,161	89,173	459	163,394	205,512
Supplies	12,416	4,523	11,654	2,346	8,144	39,083	12,143
Insurance	2,079		5,166	33,207		40,452	40,010
Miscellaneous	10,194	8,838	17,406	22,407	2,099	60,944	71,574
Consultants	12,292	1,500	21,399	4,586		39,777	
Maintenance and Repairs	30,131	39	1,464	137,479	2,962	172,075	190,997
Depreciation	34,652		4,607	112,588		151,847	150,476
Total Expenses	<u>\$ 416,366</u>	<u>\$ 302,152</u>	<u>\$ 195,213</u>	<u>\$ 491,055</u>	<u>\$ 65,548</u>	<u>\$ 1,470,334</u>	<u>\$ 1,382,286</u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (42,339)	\$ (105,105)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	151,847	150,474
Unrealized Appreciation	(6,462)	(6,663)
(Increase) Decrease in Accounts Receivable	(50,712)	(18,319)
(Increase) Decrease in Prepaid Expenses	(1,486)	8,103
Increase (Decrease) in Accounts Payable	(8,410)	(700)
Increase (Decrease) in Accrued Payroll and Taxes	(5,413)	9,852
Increase (Decrease) in Security Deposits	(1,556)	6,956
Increase (Decrease) in Deferred Revenue	31,428	8,771
Net Cash Provided by Operating Activities	<u>\$ 66,897</u>	<u>\$ 53,369</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant, and Equipment	\$ (2,289)	\$ (55,433)
Purchase of Investments	(7,252)	(1,325)
Proceeds from Investments	2,493	11,180
Net Cash Used in Investing Activities	<u>\$ (7,048)</u>	<u>\$ (45,578)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Debt	\$ (15,468)	\$ (15,468)
Increase (Decrease) in Cash	<u>\$ 44,381</u>	<u>\$ (7,677)</u>
Cash Balance, July 1	299,816	307,493
Cash Balance, June 30	<u>\$ 344,197</u>	<u>\$ 299,816</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ 17	\$ 65

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 sixteen 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, 2016

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, 2016

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	\$ 344,197	\$ 354,189	\$ 354,189	\$	\$

NOTE C - INVESTMENTS:

The Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the Statements of Assets and Net Assets. Realized and unrealized gains and losses are included in the change in net assets.

Fair value is the price 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. In determining fair value, the Organization uses various methods including market, income, and cost approaches.

Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumption about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is derived principally from observable market data or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant judgment or estimation.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE C - INVESTMENTS (CONT'D):

The following tables summarizes the levels in the ASC 820-10 fair value hierarchy into which the Organization's financial instruments fall:

Investments at Fair Value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 8,573	\$	\$	\$ 8,573
Mutual Funds	310,663			310,663
Total	\$ 319,236	\$	\$	\$ 319,236

Investments at Fair Value as of June 30, 2015

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 130	\$	\$	\$ 130
Mutual Funds	307,885			307,885
Total	\$ 308,015	\$	\$	\$ 308,015

The Organization's Investments as of June 30, 2016 and 2015 are stated at fair value. Shares of the investment account are valued at quoted market prices, which represent the net value of the shares held by the Organization at year end.

Investments as of June 30, 2016 consist of the Organization's:

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Mutual Funds	\$ 308,338	\$ 319,236	\$ 10,898

Investments as of June 30, 2015 consist of the Organization's:

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Mutual Funds	\$ 301,352	\$ 308,015	\$ 6,663

NOTE D - PROPERTY, PLANT, AND EQUIPMENT:

Activity in fixed asset accounts for the year ended June 30, 2016 is as follows:

	BALANCE JULY 1, 2015	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2016
Land	\$ 117,428	\$	\$	\$ 117,428
Buildings	5,847,718			5,847,718
Furniture, Fixtures, and Equipment	45,671	2,289	(17,672)	30,288
Vehicles	8,239			8,239
Leasehold Improvements	73,209			73,209
Total Fixed Assets	\$ 6,092,265	\$ 2,289	\$ (17,672)	\$ 6,076,882
Accumulated Depreciation	(1,085,673)	(151,847)	17,672	(1,219,848)
Fixed Assets Net of Accumulated Depreciation	\$ 5,006,592	\$ (149,558)	\$	\$ 4,857,034

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE E - DONATED MATERIALS:

The value of donated food, which is included as revenue and expense in the financial statements, is \$18,000 for the year ended June 30, 2016. The organization also received donations of supplies for the year ended June 30, 2016 totaling \$8,000. In 2015 the value of the donated food was \$18,000 and the donated supplies were valued at \$8,000.

NOTE F - GRANTS:

State and Federal Grants include:

	2016	2015
Emergency Shelter Housing Assistance Payments	\$ 141,574	\$
Midcoast Regional Redevelopment Authority	160,043	88,293
Maine State Housing Authority - Emergency Shelter Grant Program (ESG)	113,117	174,311
Maine Community Development Block Grant	10,176	7,353
State and Federal Grants - Total	<u>\$ 424,910</u>	<u>\$ 269,957</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, 2016 employee contributions totaled \$14,578 and employer contributions totaled \$7,987. During the fiscal year ending June 30, 2015 employee contributions totaled \$14,359 and employer contributions totaled \$4,378.

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, 2016 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 2016/2017 fiscal year is \$9,939. The rental rate for the 2015/2016 fiscal year was \$9,324.

The Organization also rents office space in Brunswick at a rental rate of \$9,600 annually. The remaining rent paid of \$6,290 was for client assisted rents in supported housing units. In 2015 the Organization paid \$5,939 for client assisted rents in supported housing units.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE I - NOTES PAYABLE:

Notes payable as of June 30, 2016 consists of the following:

CREDITOR	INTEREST RATE	TYPE	SECURITY	TOTAL	SHORT- TERM	LONG- TERM
Maine State Housing Authority - Gilbert Place	0%	Mortgage	Land & Building	\$ 295,000	\$ 5,000	\$ 290,000
City of Bath - Evergreen Woods	0%	Mortgage	Land & Building	50,000		50,000
Maine State Housing Authority - Evergreen Woods	0%	Mortgage	Land & Building	599,497		599,497
Maine State Housing Authority - Everett Apartments	0%	Mortgage	Land & Building	545,586	5,055	540,531
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	108,265	5,413	102,852
City of Auburn - 22 Pine Street	0%	Mortgage	Land & Building	120,000		120,000
Bath Savings Institution	0%	Line of Credit	Land & Building			
				<u>\$ 3,625,011</u>	<u>\$ 15,468</u>	<u>\$ 3,609,543</u>

Estimated principal and interest payments for the next five years and thereafter are as follows:

	PRINCIPAL	INTEREST	TOTAL
2017	\$ 15,468	\$	\$ 15,468
2018	15,468		15,468
2019	15,468		15,468
2020	594,213		594,213
2021	15,468		15,468
Thereafter	2,968,926		2,968,926
Total	<u>\$ 3,625,011</u>	<u>\$</u>	<u>\$ 3,625,011</u>

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE I - NOTES PAYABLE (CONT'D):

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.

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.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE I - NOTES PAYABLE (CONT'D):

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.

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 July 8, 2040.

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.

City of Auburn - 22 Pine Street, Auburn, Maine

The deferred loan of \$120,000 is financed at 0% for 30 years and becomes payable in full upon sale or transfer of the property, or March 3, 2041.

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.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$2,835 at June 30, 2016. The balance was \$2,835 at June 30, 2015.

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, 2016 rental income was \$307,606, and the related rental expenses were \$2,998. For fiscal year ended June 30, 2015 rental income was \$297,049 and the related rental expenses were \$9,588.

NOTE L - 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 2016, \$160,043 in funds were withdrawn for use in providing services for homeless families in the Brunswick Naval Air Station redevelopment area. For fiscal year 2015, \$88,293 in funds were withdrawn.

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 \$85 per unit per month. Contracts are for one year and are renewed annually.

NOTE M - 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 N - 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, 2016. The Organization's tax years from 2013 through 2015 are open and subject to examination.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE O - FUND BALANCE:

The June 30, 2015 fund balance was restated to adjust for a City of Auburn Community Development loan that was never recorded as a liability when it was originally agreed to. The loan was for 22 Pine Street, Auburn, Maine.

NOTE P - SUBSEQUENT EVENTS:

On June 27, 2016 Tedford Housing signed a grant agreement with the Doree Taylor Charitable Foundation in the amount of \$37,500 to be used for general operations for the provision of case management to all clients throughout the organization. This money was received on July 12, 2016.