

TEDFORD HOUSING
TABLE OF CONTENTS
JUNE 30, 2015

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, 2015 and 2014, 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, 2015 and 2014, 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.

July 31, 2015



TEDFORD HOUSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash (Note B)	\$ 299,816	\$ 307,493
Accounts Receivable	88,386	70,067
Investments (Note C)	308,015	311,207
Prepaid Expenses	3,047	11,150
	<u>\$ 699,264</u>	<u>\$ 699,917</u>
PROPERTY, PLANT, AND EQUIPMENT (NOTE D):		
Land	\$ 117,428	\$ 117,428
Buildings	5,847,718	5,817,720
Furniture, Fixtures, and Equipment	45,671	37,280
Vehicles	8,239	8,239
Leasehold Improvements	73,209	56,165
	<u>\$ 6,092,265</u>	<u>\$ 6,036,832</u>
Less: Accumulated Depreciation	1,085,673	935,199
Net Property, Plant, and Equipment	<u>\$ 5,006,592</u>	<u>\$ 5,101,633</u>
	<u>\$ 5,705,856</u>	<u>\$ 5,801,550</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Notes Payable - Current Portion (Note I)	\$ 15,468	\$ 15,468
Accounts Payable	14,618	15,318
Accrued Payroll and Taxes	71,347	61,495
Security Deposits	25,508	18,552
Deferred Revenue	26,548	17,777
	<u>\$ 153,489</u>	<u>\$ 128,610</u>
LONG-TERM DEBT:		
Notes Payable - Net of Current Portion (Note I)	3,505,012	3,520,480
	<u>\$ 3,658,501</u>	<u>\$ 3,649,090</u>
NET ASSETS:		
Unrestricted	2,047,355	2,152,460
	<u>\$ 5,705,856</u>	<u>\$ 5,801,550</u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015 TOTAL	2014 TOTAL
PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 280,972	\$ 303,615
State and Federal Grants	280,425	246,889
County and Municipal Support	63,603	51,707
United Way	79,532	87,700
Warm Thy Neighbor	60,948	76,963
ARC Contract	1,000	1,000
Interest and Dividends	2,125	3,136
Unrealized Appreciation	6,663	37,482
Master Lease Program (Note K)	287,461	283,633
Targeted Case Management	170,869	236,117
Supportive Housing	43,583	15,345
	<u>\$ 1,277,181</u>	<u>\$ 1,343,587</u>
EXPENSES:		
Program Services:		
Tedford Housing	\$ 385,201	\$ 424,472
Homelessness Prevention	232,375	170,197
	<u>\$ 617,576</u>	<u>\$ 594,669</u>
Support Services:		
Management and General	\$ 181,468	\$ 198,122
Fund Raising	71,518	72,296
Supportive Housing	511,724	567,405
	<u>\$ 764,710</u>	<u>\$ 837,823</u>
Total Expenses	<u>\$ 1,382,286</u>	<u>\$ 1,432,492</u>
Change in Net Assets	\$ (105,105)	\$ (88,905)
Net Assets, July 1	2,152,460	2,241,365
Net Assets, June 30	<u>\$ 2,047,355</u>	<u>\$ 2,152,460</u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	TEDFORD HOUSING	HOMELESSNESS PREVENTION	MANAGEMENT AND GENERAL	SUPPORTIVE HOUSING	FUND RAISING	2015 TOTALS	2014 TOTALS
Payroll and Related Taxes	\$ 219,909	\$ 106,858	\$ 122,318	\$ 79,344	\$ 48,341	\$ 576,770	\$ 622,064
Employee Health Benefits	21,757	12,475	6,869	9,033	7,800	57,934	67,449
Food	3,110			57		3,167	3,458
Client Services	1,295	3,208		1,655		6,158	9,148
Security Deposits		42,681				42,681	46,176
Rent	9,324	9,100	6,440			24,864	24,835
Utilities and Telephone	40,837	47,996	9,370	106,827	482	205,512	199,670
Supplies	4,635	1,480	4,626	1,146	256	12,143	12,336
Insurance	2,031		5,330	32,649		40,010	36,772
Miscellaneous	12,560	8,577	19,299	23,009	8,129	71,574	110,010
Maintenance and Repairs	35,203		3,868	145,416	6,510	190,997	151,521
Depreciation	34,540		3,348	112,588		150,476	149,053
Total Expenses	<u>\$ 385,201</u>	<u>\$ 232,375</u>	<u>\$ 181,468</u>	<u>\$ 511,724</u>	<u>\$ 71,518</u>	<u>\$ 1,382,286</u>	<u>\$ 1,432,492</u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (105,105)	\$ (88,905)
Adjustments to Reconcile Decrease in Net Assets to Net Cash from Operating Activities:		
Depreciation	150,474	149,052
Unrealized Appreciation	(6,663)	(37,482)
(Increase) Decrease in Accounts Receivable	(18,319)	33,356
Decrease in Prepaid Expenses	8,103	9,482
(Decrease) Increase in Accounts Payable	(700)	6,837
Increase in Accrued Payroll and Taxes	9,852	8,326
Increase (Decrease) in Security Deposits	6,956	(5,545)
Increase (Decrease) in Deferred Revenue	8,771	(8,482)
Net Cash Provided by Operating Activities	<u>\$ 53,369</u>	<u>\$ 66,639</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant, and Equipment	\$ (55,433)	\$ (35,978)
Purchase of Investments	(1,325)	(6,322)
Proceeds from Investments	11,180	10,530
Net Cash Used in Investing Activities	<u>\$ (45,578)</u>	<u>\$ (31,770)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Debt	\$ (15,468)	\$ (15,468)
 Increase (Decrease) in Cash	<u>\$ (7,677)</u>	<u>\$ 19,401</u>
Cash Balance, July 1	307,493	288,092
Cash Balance, June 30	<u>\$ 299,816</u>	<u>\$ 307,493</u>

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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, 2015

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	\$ 299,816	\$ 306,156	\$ 306,156	\$	\$

NOTE C - INVESTMENTS:

Investments as of June 30, 2015 are summarized by type as follows:

	JUNE 30, 2015 COST	JUNE 30, 2015 FAIR VALUE
Mutual Funds	\$ 290,378	\$ 308,015

NOTE D - PROPERTY, PLANT, AND EQUIPMENT:

Activity in fixed asset accounts for the year ended June 30, 2015 is as follows:

	BALANCE JULY 1, 2014	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2015
Land	\$ 117,428	\$	\$	\$ 117,428
Buildings	5,817,720	29,998		5,847,718
Furniture, Fixtures, and Equipment	37,280	8,391		45,671
Vehicles	8,239			8,239
Leasehold Improvements	56,165	17,044		73,209
Total Fixed Assets	\$ 6,036,832	\$ 55,433	\$	\$ 6,092,265
Accumulated Depreciation	(935,199)	(150,474)		(1,085,673)
Fixed Assets Net of Accumulated Depreciation	\$ 5,101,633	\$ (95,041)	\$	\$ 5,006,592

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015. The organization also received donations of supplies for the year ended June 30, 2015 totaling \$8,000.

NOTE F - GRANTS:

State and Federal Grants include:

Maine State Housing Authority	\$ 5,055
Maine State Housing Authority - Emergency Shelter Grant Program (ESG)	174,311
Maine Community Development Block Grant	<u>7,353</u>
State and Federal Grants - Total	<u>\$ 186,719</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, 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, 2015 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 2015/2016 fiscal year is \$9,324.

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

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE I - NOTES PAYABLE:

Notes payable as of June 30, 2015 consists of the following:

CREDITOR	INTEREST RATE	TYPE	SECURITY	TOTAL	SHORT- TERM	LONG- TERM
Maine State Housing Authority - Gilbert Place	0%	Mortgage	Land & Building	\$ 300,000	\$ 5,000	\$ 295,000
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	550,641	5,055	545,586
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	113,679	5,413	108,266
Bath Savings Institution	Prime	Line of Credit	Land & Building			
				<u>\$ 3,520,480</u>	<u>\$ 15,468</u>	<u>\$ 3,505,012</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, 2015

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 \$2,835 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, 2015 rental income was \$287,461 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 2015, \$88,293 in funds were withdrawn for use in providing services for homeless families in the Brunswick Naval Air Station redevelopment area.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE L - CONTRACTS (CONT'D):

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, 2015. The Organization's tax years from 2012 through 2014 are open and subject to examination.

NOTE O - FUND BALANCE:

The June 30, 2014 fund balance was restated to adjust for a Maine State Housing Authority withdraw from an escrow account held by them and applied to their loan with the Organization on the Evergreen Woods project. The escrow payment was in this amount of \$73,239.

NOTE P - SUBSEQUENT EVENTS:

As of July 31, 2015, management has reviewed activity since year end and there are no subsequent events requiring disclosure.