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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tedford Housing  
Brunswick, Maine

We have audited the accompanying financial statements of Tedford Housing (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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, 2019 and 2018, 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.

Bath, Maine

October 11, 2019

TEDFORD HOUSING  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
<b>CURRENT ASSETS:</b>		
Cash (Note B)	\$ 520,090	\$ 516,930
Accounts Receivable	89,790	116,347
Investments (Note C)	377,867	385,131
Prepaid Expenses	9,207	2,736
Total Current Assets	\$ 996,954	\$ 1,021,144
<b>PROPERTY, PLANT, AND EQUIPMENT (NOTE D):</b>		
Land	\$ 117,428	\$ 117,428
Buildings	5,852,164	5,852,164
Furniture, Fixtures, and Equipment	33,688	30,288
Vehicles		8,239
Leasehold Improvements	73,209	73,209
Total Property, Plant, and Equipment	\$ 6,076,489	\$ 6,081,328
Less: Accumulated Depreciation	1,668,730	1,523,731
Net Property, Plant, and Equipment	\$ 4,407,759	\$ 4,557,597
Total Assets	\$ 5,404,713	\$ 5,578,741
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Notes Payable - Current Portion (Note I)	\$ 15,468	\$ 15,468
Accounts Payable	6,904	8,309
Accrued Payroll and Taxes	48,350	54,757
Security Deposits	24,838	22,264
Deferred Revenue	148,759	169,928
Total Current Liabilities	\$ 244,319	\$ 270,726
<b>LONG-TERM LIABILITIES:</b>		
Notes Payable - Net of Current Portion (Note I)	3,563,137	3,578,605
Total Liabilities	\$ 3,807,456	\$ 3,849,331
<b>NET ASSETS:</b>		
Without Donor Restrictions	\$ 1,549,931	\$ 1,683,248
With Donor Restrictions	47,326	46,162
Total Net Assets	\$ 1,597,257	\$ 1,729,410
Total Liabilities and Net Assets	\$ 5,404,713	\$ 5,532,579

TEDFORD HOUSING  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019	2018
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Contributions	\$ 422,607	\$ -	\$ 422,607	\$ 473,808
State and Federal Grants	256,412		256,412	279,646
County and Municipal Support	7,650		7,650	6,550
United Way	86,630		86,630	90,650
Warm Thy Neighbor		35,294	35,294	33,206
ARC Contract	1,000		1,000	1,000
Interest and Dividends	9,538		9,538	8,032
Unrealized Appreciation	70,182		70,182	30,553
Rental Income (Note K)	302,377		302,377	295,401
Targeted Case Management	172,267		172,267	182,104
Supportive Housing	12,605		12,605	10,444
Gain (Loss) on Sale of Assets	(2,256)		(2,256)	
<b>Total Public Support and Revenue</b>	<b>\$ 1,339,012</b>	<b>\$ 35,294</b>	<b>\$ 1,374,306</b>	<b>\$ 1,411,394</b>
<b>EXPENSES:</b>				
Program Services:				
Emergency Housing	\$ 466,363	\$ -	\$ 466,363	\$ 451,086
Homelessness Prevention	195,998		195,998	203,087
Supportive Housing	482,262	49,252	531,513	562,483
<b>Total Program Services</b>	<b>\$ 1,144,623</b>	<b>\$ 49,252</b>	<b>\$ 1,193,874</b>	<b>\$ 1,216,656</b>
Support Services:				
Management and General	\$ 213,432	\$ -	\$ 213,432	\$ 198,992
Fund Raising	99,153		99,153	125,092
<b>Total Support Services</b>	<b>\$ 312,585</b>	<b>\$ -</b>	<b>\$ 312,585</b>	<b>\$ 324,084</b>
<b>Total Expenses</b>	<b>\$ 1,457,208</b>	<b>\$ 49,252</b>	<b>\$ 1,506,459</b>	<b>\$ 1,540,740</b>
Decrease in Net Assets	\$ (118,196)	\$ (13,958)	\$ (132,153)	\$ (129,346)
Net Assets, July 1	1,668,126	61,284	1,729,410	1,858,756
Net Assets, June 30	<b>\$ 1,549,930</b>	<b>\$ 47,326</b>	<b>\$ 1,597,257</b>	<b>\$ 1,729,410</b>

TEDFORD HOUSING  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	EMERGENCY HOUSING	HOMELESSNESS PREVENTION	SUPPORTIVE HOUSING	MANAGEMENT AND GENERAL	FUND RAISING	2019 TOTALS	2018 TOTALS
Payroll and Related Taxes	\$ 268,303	\$ 94,917	\$ 84,013	\$ 128,979	\$ 58,299	\$ 634,511	\$ 629,564
Employee Health Benefits	43,022	12,235	13,538	19,769	8,799	97,363	94,600
Food	4,721					4,721	4,504
Client Services	733	21,633	5,072	975		28,413	20,936
Security Deposits/MRRA Rent		14,430				14,430	16,593
Rent	10,440	960		9,240		20,640	29,459
Utilities and Telephone	36,297	45,581	91,528	16,522	517	190,445	161,655
Supplies	6,671	597	3,276	6,206	7,153	23,903	28,459
Insurance	2,322		37,087	2,096		41,505	41,504
Miscellaneous	3,253	4,260	19,699	12,426	2,102	41,740	51,343
Consultants	9,255	1,385	3,948	11,446	19,199	45,233	94,823
Maintenance and Repairs	46,915		160,764	1,810	3,084	212,573	215,536
Depreciation	34,431		112,588	3,963		150,982	151,764
Total Expenses	<u>\$ 466,363</u>	<u>\$ 195,998</u>	<u>\$ 531,513</u>	<u>\$ 213,432</u>	<u>\$ 99,153</u>	<u>\$ 1,506,459</u>	<u>\$ 1,540,740</u>

TEDFORD HOUSING  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Contributions	\$ 401,438	\$ 538,152
State and Federal Grants	282,969	292,445
County and Municipal Support	7,650	6,550
United Way	86,630	90,650
Warm Thy Neighbor	35,294	33,206
ARC Contract	1,000	1,000
Interest and Dividends	9,538	8,032
Rental Income	304,951	293,323
Targeted Case Management	172,267	182,104
Supportive Housing	12,605	10,444
	<u>\$ 1,314,342</u>	<u>\$ 1,455,906</u>
<b>EXPENDITURES:</b>		
Program Services	\$ 634,337	\$ 638,320
Support Services	735,423	739,753
	<u>\$ 1,369,760</u>	<u>\$ 1,378,073</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (55,418)</u>	<u>\$ 77,833</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property, Plant, and Equipment	\$ (3,400)	\$ -
Purchase of Investments	74,195	(14,650)
Proceeds from Investments	3,251	3,000
	<u>\$ 74,046</u>	<u>\$ (11,650)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Payments on Debt	\$ (15,468)	\$ (15,468)
	<u>\$ (15,468)</u>	<u>\$ (15,468)</u>
Increase in Cash	<u>\$ 3,160</u>	<u>\$ 50,715</u>
Cash Balance, July 1	516,930	466,215
Cash Balance, June 30	<u>\$ 520,090</u>	<u>\$ 516,930</u>
Increase (Decrease) in Net Assets (Exhibit B)	\$ (132,153)	\$ (129,346)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	150,982	151,764
Realized (Gain) Loss	2,256	
Unrealized Capital (Gain) Loss	(70,182)	(30,553)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	26,557	12,799
(Increase) Decrease in Prepaid Expenses	(6,471)	614
Increase (Decrease) in Accounts Payable	(1,405)	4,703
Increase (Decrease) in Accrued Payroll and Taxes	(6,407)	5,586
Increase (Decrease) in Security Deposits	2,574	(2,078)
Increase (Decrease) in Deferred Revenue	(21,169)	64,344
Net Cash Provided by (Used in) Operating Activities	<u>\$ (55,418)</u>	<u>\$ 77,833</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Interest	\$ -	\$ -

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions:

These are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization and the Board of Trustees.

Net Assets with Donor Restrictions:

These are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those by the passage of time. Other donor restrictions are perpetual in nature, where by 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.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated at zero dollars as of June 30, 2019.

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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 with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Investments are valued with quoted market prices for the most current reflected fair values. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of securities with original maturities of twelve months or less. Long-term investments consist of securities with original maturities greater than twelve months.

Land, Buildings, and Improvements

Land, buildings, and improvements are capitalized at amounts over \$1,000. Lesser amounts are expensed. Purchased land, buildings, and improvements are capitalized at cost. Donations of property, plant, and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless donor has proposed specific restrictions. Assets donated with proposed restrictions are reported as restricted contributions. Organization reports expirations of donor restrictions when restricted assets are placed in service. These assets are reclassified as unrestricted at that time. Property, plant, and equipment are depreciated using the straight-line method over the estimated useful lives ranging from five to thirty years.

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, 2019

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

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities with annual periods beginning after December 15, 2018. Management is currently evaluating the impact of adoption on its financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of companies that lease. The standard is for a dual-model approach; a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the company for leases with a term exceeding 12 months. Lessors will see some changes, too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard will apply for fiscal years beginning after December 15, 2019. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities, to amend current reporting requirements to make several improvements including reducing complexities of information presented within not-for-profit financial statements. A main provision of this update is that a not-for-profit entity will report two classes of net assets (amounts for net assets with donor restrictions and net assets without donor restrictions), rather than the currently required three classes. The guidance is effective for annual periods beginning after December 15, 2017, with early application permitted. This standard requires retroactive application to previously issued financial statements for the fiscal years ending in 2019 and 2018, if presented. Management has implemented this statement in the current year financial statements.

Subsequent Events

During the 2018/2019 fiscal year, Tedford Housing served as a fiscal agent for Housing Resources for Youth. On May 13, 2019 Housing Resources for Youth received their determination letter from the IRS awarding them exempt status under Section 501(c)(3). Tedford Housing plans on transferring the balance of their account to them during the 2019/2020 fiscal year.

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.

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE B - CASH AND CASH EQUIVALENTS (CONT'D):

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	\$ 520,090	\$ 529,854	\$ 529,854	\$	\$

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 Financial Position. 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.

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

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE C - INVESTMENTS (CONT'D):

**Investments at Fair Value as of June 30, 2019**

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 70,047	\$	\$	\$ 70,047
Mutual Funds	154,510			154,510
Corporate Bonds	31,963			31,963
Common Stock	121,348			121,348
Total	<u>\$ 377,868</u>	<u>\$</u>	<u>\$</u>	<u>\$ 377,868</u>

**Investments at Fair Value as of June 30, 2018**

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 51,969	\$	\$	\$ 51,969
Mutual Funds	48,550			48,550
Corporate Bonds	30,175			30,175
Common Stock	254,437			254,437
Total	<u>\$ 385,131</u>	<u>\$</u>	<u>\$</u>	<u>\$ 385,131</u>

The following summarizes investment returns and their classification in the statement of activities at year end:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Interest and Dividends	\$ 8,550	\$ 7,841
Realized (Unrealized) Gains	70,182	30,553
Total Investment Return	<u>\$ 78,732</u>	<u>\$ 38,394</u>

The Organization's Investments as of June 30, 2019 and 2018 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, 2019 consist of the Organization's:**

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash and Cash Equivalents	\$ 70,047	\$ 70,047	\$
Mutual Funds	151,681	154,510	2,829
Corporate Bonds	30,249	31,963	1,714
Common Stock	70,473	121,348	50,875
	<u>\$ 322,450</u>	<u>\$ 377,868</u>	<u>\$ 55,418</u>

**Investments as of June 30, 2018 consist of the Organization's:**

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash and Cash Equivalents	\$ 52,442	\$ 51,969	\$ (473)
Mutual Funds	48,794	48,550	(244)
Corporate Bonds	30,293	30,175	(118)
Common Stock	193,807	254,437	60,630
	<u>\$ 325,336</u>	<u>\$ 385,131</u>	<u>\$ 59,795</u>

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE D - PROPERTY, PLANT, AND EQUIPMENT:

Activity in fixed asset accounts for the year ended June 30, 2019 is as follows:

	BALANCE JULY 1, 2018	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2019
Land	\$ 117,428	\$	\$	\$ 117,428
Buildings	5,852,164			5,852,164
Furniture, Fixtures, and Equipment	30,288	3,400		33,688
Vehicles	8,239		(8,239)	
Leasehold Improvements	73,209			73,209
Total Fixed Assets	\$ 6,081,328	\$ 3,400	\$ (8,239)	\$ 6,076,489
Accumulated Depreciation	(1,523,731)	(150,982)	5,983	(1,668,730)
Fixed Assets Net of Accumulated Depreciation	<u>\$ 4,557,597</u>	<u>\$ (147,582)</u>	<u>\$ (2,256)</u>	<u>\$ 4,407,759</u>

NOTE E - DONATED MATERIALS:

The value of donated food, which is included as revenue and expense in the financial statements, is \$19,300 for the year ended June 30, 2019. The organization also received donations of supplies for the year ended June 30, 2019 totaling \$9,275. In 2018 the value of the donated food was \$18,700 and the donated supplies were valued at \$8,432.

NOTE F - GRANTS:

State and Federal Grants include:

	2019	2018
Emergency Shelter Housing Assistance Payments - Operations	\$ 99,575	\$ 101,986
Emergency Shelter Housing Assistance Payments - Stabilization	85,958	121,998
Emergency Shelter Housing Assistance Payments - Performance	43,916	38,664
Midcoast Regional Redevelopment Authority	16,408	6,071
Maine Community Development Block Grant	10,555	10,926
	<u>\$ 256,412</u>	<u>\$ 279,645</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, 2019 employee contributions totaled \$23,569 and employer contributions totaled \$12,391. During the fiscal year ending June 30, 2018 employee contributions totaled \$22,801 and employer contributions totaled \$14,459.

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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 2019/2020 fiscal year is \$10,443. The rental rate for the 2018/2019 fiscal year was \$10,176.

The Organization also rents office space in Brunswick at a rental rate of \$10,200 annually. The remaining rent paid, of \$5,334, was for client assisted rents in supported housing units. In 2018 the Organization paid \$9,083 for client assisted rents in supported housing units.

NOTE I - NOTES PAYABLE:

Notes payable as of June 30, 2019 consists of the following:

CREDITOR	INTEREST RATE	TYPE	SECURITY	TOTAL	SHORT- TERM	LONG- TERM
Maine State Housing Authority - Gilbert Place	0%	Mortgage	Land & Building	\$ 280,000	\$ 5,000	\$ 275,000
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	530,419	5,055	525,364
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	92,026	5,413	86,613
City of Auburn - 22 Pine Street	0%	Mortgage	Land & Building	120,000		120,000
Bath Savings Institution	5.00%	Line of Credit	Land & Building			
				<u>\$ 3,578,605</u>	<u>\$ 15,468</u>	<u>\$ 3,563,137</u>

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

	PRINCIPAL	INTEREST	TOTAL
2020	\$ 594,216	\$	\$ 594,216
2021	15,468		15,468
2022	15,468		15,468
2023	15,468		15,468
2024	15,468		15,468
Thereafter	2,922,517		2,922,517
Total	<u>\$ 3,578,605</u>	<u>\$</u>	<u>\$ 3,578,605</u>

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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 renovation 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.

**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.

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE I - NOTES PAYABLE (CONT'D):

**Maine State Housing Authority - Everett Apartments, Brunswick, Maine (Cont'd)**

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.

NOTE J - RENTAL INCOME:

For fiscal year ended June 30, 2019 rental income was \$302,377 for the supportive housing program. For fiscal year ended June 30, 2018 rental income was \$295,401.

TEDFORD HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE K - 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 2019, \$16,408 in funds were withdrawn for use in providing services for homeless families in the Brunswick Naval Air Station redevelopment area. For fiscal year 2018, \$6,071 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.

Effective June 30, 2019, Tedford Housing is no longer administering the Merrymeeting Project for Homeless Youth. Maine Department of Education funding for Merrymeeting was not renewed for the FY19 year, with the loss of that \$40,000 impacting the Contributions line on page 4 of the financial statement.

NOTE L - 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.

NOTE M - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of the following at June 30, 2019:

Warm Thy Neighbor	\$	47,326
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NOTE N - DEFERRED REVENUE:

Senter Fund	\$ 7,000
Merrymeeting – Hagget Fund	3,044
United Way Midcoast Security	
Deposit/Rental Assistance Fund	196
People’s United Community Fund	119
Maine Women’s Giving Tree Fund	5,000
EGW Playground Fund	300
Moser Foundation Fund	10,000
John T. Gorman Case Management Fund	15,000
Host Home Fund	22,497
Capital Campaign Fund	74,795
Warm Thy Neighbor Fund	10,000
Guest Fees Fund	808
Total	<u>\$ 148,759</u>