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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, 2018 and 2017, 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, 2018 and 2017, 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 5, 2018



TEDFORD HOUSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS:		
Cash (Note B)	\$ 516,930	\$ 466,215
Accounts Receivable	116,347	129,146
Investments (Note C)	385,131	342,928
Prepaid Expenses	2,736	3,350
Total Current Assets	\$ 1,021,144	\$ 941,639
PROPERTY, PLANT, AND EQUIPMENT (NOTE D):		
Land	\$ 117,428	\$ 117,428
Buildings	5,852,164	5,852,164
Furniture, Fixtures, and Equipment	30,288	30,288
Vehicles	8,239	8,239
Leasehold Improvements	73,209	73,209
Total Property, Plant, and Equipment	\$ 6,081,328	\$ 6,081,328
Less: Accumulated Depreciation	1,523,731	1,371,967
Net Property, Plant, and Equipment	\$ 4,557,597	\$ 4,709,361
Total Assets	\$ 5,578,741	\$ 5,651,000
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Notes Payable - Current Portion (Note I)	\$ 15,468	\$ 15,468
Accounts Payable	8,309	3,605
Accrued Payroll and Taxes	54,757	49,171
Security Deposits	22,264	24,342
Deferred Revenue	169,928	105,584
Total Current Liabilities	\$ 270,726	\$ 198,170
LONG-TERM LIABILITIES:		
Notes Payable - Net of Current Portion (Note I)	3,578,605	3,594,074
Total Liabilities	\$ 3,849,331	\$ 3,792,244
NET ASSETS:		
Unrestricted	1,729,410	1,858,756
Total Liabilities and Net Assets	\$ 5,578,741	\$ 5,651,000

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
UNRESTRICTED PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 473,808	\$ 387,687
State and Federal Grants	279,646	392,375
County and Municipal Support	6,550	11,205
United Way	90,650	80,076
Warm Thy Neighbor	33,206	36,994
ARC Contract	1,000	1,000
Interest and Dividends	8,032	7,246
Unrealized Appreciation	30,553	13,482
Rental Income (Note K)	295,401	308,651
Targeted Case Management	182,104	217,825
Supportive Housing	10,444	17,543
	<u>\$ 1,411,394</u>	<u>\$ 1,474,084</u>
EXPENSES:		
Program Services:		
Tedford Housing	\$ 451,086	\$ 474,344
Homelessness Prevention	203,087	211,352
<i>1K</i> Total Program Services	<u>\$ 654,173</u>	<u>\$ 685,696</u>
Support Services:		
Management and General	\$ 198,992	\$ 204,983
Fund Raising	125,092	99,353
Supportive Housing	562,483	510,312
<i>1K</i> Total Support Services	<u>\$ 886,567</u>	<u>\$ 814,648</u>
Total Expenses	<u>\$ 1,540,740</u>	<u>\$ 1,500,344</u>
Change in Unrestricted Net Assets	<u>\$ (129,346)</u>	<u>\$ (26,260)</u>
Unrestricted Net Assets, July 1	1,858,756	1,885,016
Unrestricted Net Assets, June 30	<u>\$ 1,729,410</u>	<u>\$ 1,858,756</u>

TEDFORD HOUSING
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	TEDFORD HOUSING	MANAGEMENT AND GENERAL			SUPPORTIVE HOUSING	FUND RAISING	2018 TOTALS	2017 TOTALS
		HOMELESSNESS PREVENTION	GENERAL					
Payroll and Related Taxes	\$ 280,338	\$ 88,973	\$ 118,215	\$ 88,714	\$ 53,324	\$ 629,564	\$ 623,713	
Employee Health Benefits	41,861	10,923	18,179	15,457	8,180	94,600	89,371	
Food	4,504					4,504	3,603	
Client Services	906	11,997	950	7,083		20,936	12,161	
Security Deposits/MRRA Rent		16,593				16,593	48,684	
Rent	10,176	10,043	9,240			29,459	25,789	
Utilities and Telephone	33,555	36,384	10,857	80,523	336	161,655	161,310	
Supplies	11,740	944	5,248	1,360	9,167	28,459	26,929	
Insurance	2,322		2,096	37,086		41,504	41,285	
Miscellaneous	2,556	6,563	13,333	21,739	7,152	51,343	65,235	
Consultants	9,255	20,358	17,458	3,873	43,879	94,823	67,750	
Maintenance and Repairs	43,915		951	167,616	3,054	215,536	182,395	
Depreciation	9,958	309	2,466	139,031		151,764	152,119	
Total Expenses	\$ 451,086	\$ 203,087	\$ 198,993	\$ 562,482	\$ 125,092	\$ 1,540,740	\$ 1,500,344	

The accompanying notes are an integral part of the financial statements

TEDFORD HOUSING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (129,346)	\$ (26,260)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	151,764	152,119
Unrealized Appreciation	(30,553)	(13,482)
(Increase) Decrease in Accounts Receivable	12,799	9,951
(Increase) Decrease in Prepaid Expenses	614	1,182
Increase (Decrease) in Accounts Payable	4,703	(2,603)
Increase (Decrease) in Accrued Payroll and Taxes	5,586	(16,764)
Increase (Decrease) in Security Deposits	(2,078)	390
Increase (Decrease) in Deferred Revenue	64,344	47,608
Net Cash Provided by Operating Activities	\$ 77,833	\$ 152,141
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant, and Equipment	\$ -	\$ (4,446)
Purchase of Investments	(14,650)	(12,883)
Proceeds from Investments	3,000	2,674
Net Cash Used in Investing Activities	\$ (11,650)	\$ (14,655)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Debt	\$ (15,468)	\$ (15,468)
 Increase in Cash	\$ 50,715	\$ 122,018
Cash Balance, July 1	466,215	344,197
Cash Balance, June 30	\$ 516,930	\$ 466,215

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid for Interest	\$ -	\$ -
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TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated at zero dollars as of June 30, 2018.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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

Subsequent Accounting Pronouncements

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 updates 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 2018 and 2017, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Subsequent Events

As of October 5, 2018, the date the financial statements were available to be issued, management has reviewed events after June 30, 2018 and determined there were no material events requiring disclosure.

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	\$ 516,930	\$ 532,517	\$ 532,517	\$	\$

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.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE C - INVESTMENTS (CONT'D):

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:

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	\$ 385,131	\$	\$	\$ 385,131

Investments at Fair Value as of June 30, 2017

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 70,088	\$	\$	\$ 70,088
Mutual Funds	18,351			18,351
Corporate Bonds	52,354			52,354
Common Stock	202,135			202,135
Total	\$ 342,928	\$	\$	\$ 342,928

The following summarizes investment returns and their classification in the statement of activities for years ended:

	Year Ended June 30, 2018	Year Ended June 30, 2017
Interest and Dividends	\$ 7,841	\$ 6,775
Realized (Unrealized) Gains	30,553	13,482
Total Investment Return	\$ 38,394	\$ 20,257

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE C - INVESTMENTS (CONT'D):

The Organization's Investments as of June 30, 2018 and 2017 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, 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>

Investments as of June 30, 2017 consist of the Organization's:

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash and Cash Equivalents	\$ 70,088	\$ 70,088	\$
Mutual Funds	17,796	18,351	555
Corporate Bonds	50,049	52,354	2,305
Common Stock	178,711	202,135	23,424
	<u>\$ 316,644</u>	<u>\$ 342,928</u>	<u>\$ 26,284</u>

NOTE D - PROPERTY, PLANT, AND EQUIPMENT:

Activity in fixed asset accounts for the year ended June 30, 2018 is as follows:

	BALANCE JULY 1, 2017	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2018
Land	\$ 117,428	\$	\$	\$ 117,428
Buildings	5,852,164			5,852,164
Furniture, Fixtures, and Equipment	30,288			30,288
Vehicles	8,239			8,239
Leasehold Improvements	73,209			73,209
Total Fixed Assets	\$ 6,081,328	\$	\$	\$ 6,081,328
Accumulated Depreciation	(1,371,967)	(151,764)		(1,523,731)
Fixed Assets Net of Accumulated Depreciation	<u>\$ 4,709,361</u>	<u>\$ (151,764)</u>	<u>\$</u>	<u>\$ 4,557,597</u>

NOTE E - DONATED MATERIALS:

The value of donated food, which is included as revenue and expense in the financial statements, is \$18,700 for the year ended June 30, 2018. The organization also received donations of supplies for the year ended June 30, 2018 totaling \$8,432. In 2017 the value of the donated food was \$18,000 and the donated supplies were valued at \$8,000.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE F - GRANTS:

State and Federal Grants include:

	2018	2017
Emergency Shelter Housing Assistance Payments - Operations	\$ 101,986	\$ 105,890
Emergency Shelter Housing Assistance Payments - Stabilization	121,998	120,662
Emergency Shelter Housing Assistance Payments - Performance	38,664	48,743
Midcoast Regional Redevelopment Authority	6,071	105,971
Maine Community Development Block Grant	10,926	11,109
	\$ 279,645	\$ 392,375

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, 2018 employee contributions totaled \$22,801 and employer contributions totaled \$14,459. During the fiscal year ending June 30, 2017 employee contributions totaled \$22,093 and employer contributions totaled \$15,261.

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 2018/2019 fiscal year is \$10,176. The rental rate for the 2017/2018 fiscal year was \$9,888.

The Organization also rents office space in Brunswick at a rental rate of \$10,200 annually. The remaining rent paid, of \$9,083, was for client assisted rents in supported housing units. In 2017 the Organization paid \$6,740 for client assisted rents in supported housing units.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE I - NOTES PAYABLE:

Notes payable as of June 30, 2018 consists of the following:

CREDITOR	INTEREST RATE	TYPE	SECURITY	TOTAL	SHORT- TERM	LONG- TERM
Maine State Housing Authority - Gilbert Place	0%	Mortgage	Land & Building	\$ 285,000	\$ 5,000	\$ 280,000
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	535,474	5,055	530,419
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	97,439	5,413	92,026
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>\$ 3,594,073</u>	<u>\$ 15,468</u>	<u>\$ 3,578,605</u>

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

	PRINCIPAL	INTEREST	TOTAL
2019	\$ 15,468	\$	\$ 15,468
2020	594,216		594,216
2021	15,468		15,468
2022	15,468		15,468
2023	15,468		15,468
Thereafter	2,937,986		2,937,986
Total	<u>\$ 3,594,074</u>	<u>\$</u>	<u>\$ 3,594,074</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:

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE I - NOTES PAYABLE (CONT'D):

Maine State Housing Authority - Gilbert Place, Bath, Maine (Cont'd)

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.

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, 2018

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 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 - FRIENDS OF TEDFORD HOUSING:

The Friends of Tedford Housing account was closed out in the current year. The balance of their account, \$2,835, was transferred to the Capital Campaign account held by Tedford Housing.

NOTE K - RENTAL INCOME:

For fiscal year ended June 30, 2018 rental income was \$295,401 for the supportive housing program. For fiscal year ended June 30, 2017 rental income was \$308,651.

TEDFORD HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 2018, \$6,071 in funds were withdrawn for use in providing services for homeless families in the Brunswick Naval Air Station redevelopment area. For fiscal year 2017, \$105,971 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 - 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.