



**CDFA**  
Community Development Finance Authority  
*Strengthening New Hampshire's Communities*

Annual  
report of the  
Community  
Development  
Finance  
Authority

SFY 15

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In accordance with RSA 162-L:6, CDFA is providing this report of its activities from state fiscal year 2015, as well as operating and financial statements.

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## 1. Introduction

September 1, 2015

The Honorable Margaret Wood Hassan, Governor  
The Honorable Chuck Morse, Senate President  
The Honorable Shawn Jasper, Speaker of the House  
The Honorable William Dwyer, State Treasury Commissioner

Dear Governor Hassan, President Morse, Speaker Jasper, and Commissioner Dwyer:

In accordance with RSA 162-L:6, we are providing you with this annual report on the operations and outcomes of CDFA for the fiscal year ending June 30, 2015

We have had another remarkable and exciting year here at CDFA, the Community Development Finance Authority. In the state fiscal year 2015, we have awarded fifty-four projects that have provided affordable housing, community development, improved public facilities, new jobs, energy efficiency resources, and emergency situation funding.

We hope you will find this annual report enlightening and informative. If you have any further questions, comments, or ideas about CDFA and its many initiatives, don't hesitate to contact us.



Taylor Caswell  
Executive Director



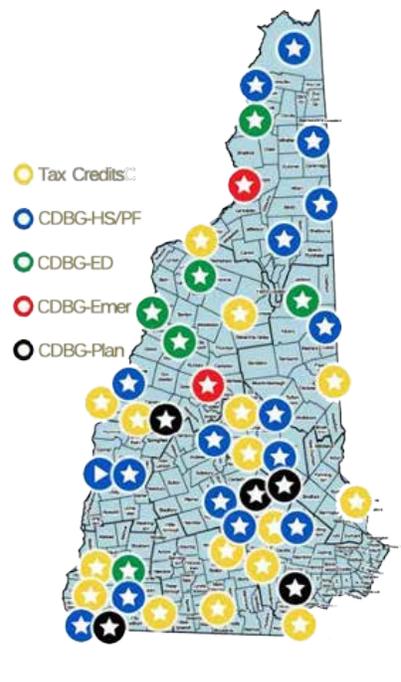
Michael Long  
Chair, Board of Directors

## 2. The Community Development Finance Authority

According to its founding legislation in 1983, the Community Development Finance Authority (CDFA) is “a body corporate and politic...a public instrumentality of the state... [and] a nonprofit corporation organized under RSA 292.” As a state “authority” – as opposed to a state “agency” – we are among a handful of unique entities that works alongside state and federal initiatives to strengthen New Hampshire communities through the distribution of resources to municipalities, nonprofits, and to businesses committed to creating new jobs. Through this report, we hope to educate and inform you about the operations and achievements of CDFA.

### CDFA Staff

Staff members of CDFA oversee several state and federal programs. Their duties include providing technical assistance, assisting with applications, scoring and evaluating projects for possible funding, monitoring compliance with state and federal regulations throughout the life of award contracts, public outreach, and other duties required to keep the organization running.



1. Map of all CDFA awards made in calendar year 2014. These include Investment Tax Credits and Community Development Block Grant awards.

As CDFA receives virtually no allocation from the state General Fund,<sup>1</sup> the organization is financially self-sufficient and relies on fees from its primary program, the Investment Tax Credit program, as its major source of revenue. As a state authority, the organization does not enjoy many of the benefits that traditional state agencies do. Staff are not state employees and do not receive any state benefits. For example, CDFA must contract and pay for its own legal counsel, IT support, and other vendors.

Taylor Caswell, Executive Director

Cassandra Bradley, Portfolio Manager

Amy Currie, Director of Tax Credit and Equity Programs

Patrick Donahue, Staff Accountant

Katy Easterly Martey, Director of Economic Development

Kevin Flynn, External Relations & Communications Director

Meena Gyawali, Director of Policy and Planning

Joe Harrison, Director of Clean Energy Finance

George Hunton, Director of Housing and Community Development

Ted Kuchinski, Chief Financial Officer

Missy Lackey, Contract Specialist

Maureen Quinn, Executive Assistant and Board Relations Manager

Theresa Upstill, Administrative Assistant/ Receptionist

Lori Wamser, Senior Financial Analyst

### **CDFA Board of Directors**

CDFA is governed by an eleven-member Board of Directors appointed by the governor for five-year terms. These are volunteer positions with no salary provided to directors.

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<sup>1</sup> The State provides a federally-mandated 2% administrative match of approximately \$170,000 to operate the Community Development Block Grant program. This is further explained in section 4 of this report.

The board makes the annual determination of which projects seeking Investment Tax Credits shall be awarded. The board also provides oversight into operations, strategy, and the fiscal health of the organization. The Legislature in its wisdom determined that CDFA should be guided by representatives from several sectors, each bringing their professional expertise to best guide the organization and to best make award decisions.

The authority shall be governed by a board of 11 directors which shall include the commissioner of the Department of Resources and Economic Development or designee, and 10 public members appointed by the governor and council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities; one representative of organized labor; two representatives of small business and the financial community; one representative of employment training programs; and two representatives of private financial institutions.

Michael Long, Chair; (representing Financial Institutions)

Robert Tourigny, Vice-chair; (representing Community Development)

Brian Hoffman, Secretary/Treasurer; (representing Community Development)

Janet Ackerman; (representing Financial Institutions)

Christopher Diego; (representing Small Business)

Christine Frost; (representing Community Development)

Mary Ann Kristiansen; (representing Small Business)

Benoit Lamontagne, designee; (representing NH DRED)

David Moore; (representing Community Development)

Kathleen Moore; (representing Employment & Training)

*(Seat for the representative from organized labor is currently vacant)*

### **Community Development Advisory Committee**

Applications for federal Community Development Block Grants are approved by the Community Development Advisory Committee (CDAC). Projects that are approved for funding are then forwarded to the New Hampshire Executive Council for final approval.

CDAC provides administrative assistance to staff and the authority. In addition to the federal objectives and regulations tied to CDBG, there are additional state rules governing awarding and implementing the grants.

According to RSA 162-L:15, the CDAC committee shall consist of 10 voting members. They include the chairperson of the CDFA Board of Directors, or his or her designee; the director of the NH Office of Energy and Planning, or his or her designee; the executive director of the NH Housing Finance Authority, or his or her designee; and the director of Division of Economic Development at DRED, or his or her designee. There are also six public members appointed by the governor. Among them, there are three municipal officials.

David Moore, Chairman (CDFA designee)

Elizabeth Fox, (Municipal official)

Howard Glynn, (Public member)

Meredith Hatfield, (Director of OEP)

Bill Ray, (NHHFA designee)

Earl Sires, (Municipal official)

Justin Slattery, (Public member)

Matthew Walsh, (Municipal official)

Deb Avery, (DRED designee)

*(One seat for a public member is currently vacant)*

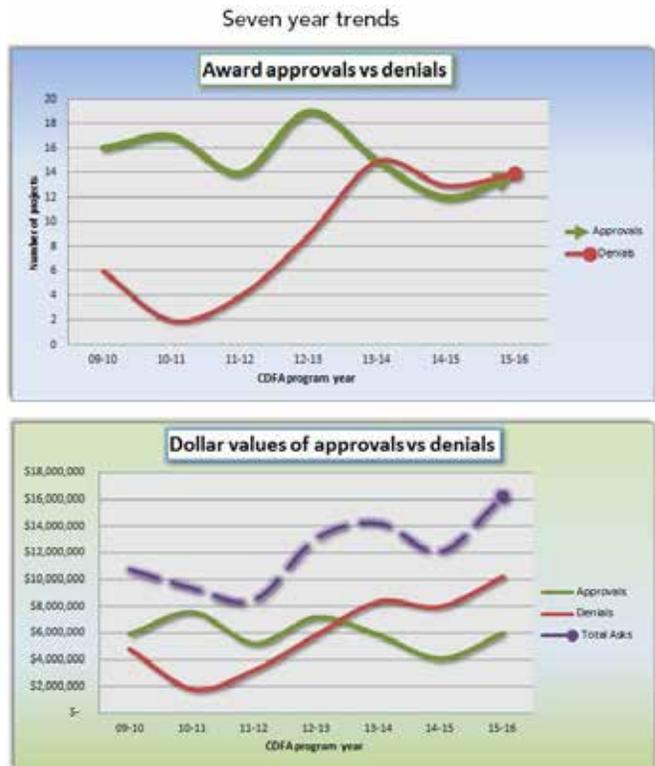
### 3. The Investment Tax Credit Program

#### Tax Credit Overview

Our most popular financial offering, the Tax Credit Program brings together worthy nonprofit projects and conscientious businesses to foster community development.

Also known as the Community Development Investment Program (CDIP), the Investment Tax Credit program gives a 75% state tax credit against a donation made to any approved project. The tax credit may be applied against the New Hampshire business profits tax, business enterprise tax, and/or the insurance premium tax. The donation also may be eligible for treatment as a state and federal charitable contribution. The contributing company may carry forward the credit for up to five years. The company can select which business tax and how much of their credit to apply towards their taxes in any given year.

Tax credit awards are made annually in July. By law, CDFA is restricted to providing support to nonprofit community development organizations, cooperatives, and some municipal entities. RSA 162-L:10 permits CDFA to accept donations of up to \$5 million in each state fiscal year in exchange for \$3.75 million in state tax credits for CDFA approved community development projects.



2. These line graphs demonstrate the seven year trend for tax credit applications and dollar values approved by CDFA.

#### Demand and Challenges

The popularity of CDFA Investment Tax Credits, with both the nonprofits that seek them and the businesses that purchase them, has put a level of strain on the program. The number of applications CDFA has to reject continues to rise.

In FY 15, the number of applications *denied* was equal to the number of applications *approved*. Also, for the second year in a row, the dollar value of the denied projects exceeded the value of projects which were approved. Of the twelve applications approved, ten had their requested funding level reduced to maximize the number of projects awarded.

## FY 2015 Investment Tax Credit Awards

These projects received the following allocation tax credits for FY15/FY16<sup>2</sup> from CDFR:

- \$500,000 to the Downtown Littleton Reconnect Project. The award will be put toward completion of the downtown riverwalk and other measures in this \$7.4 million initiative to promote community and economic growth.
- \$518,593 to the Grafton County Senior Centers. The funds will be used to upgrade six senior centers in Lebanon, Plymouth, Littleton, Canaan, and North Haverhill which are in various states of disrepair.
- \$187,500 for the Greeley House Renovation in Enfield. The project will help restore a blighted, historical building which will include affordable housing units and office space.
- \$150,000 to Goodwin Community Health in Somersworth, to expand facility technologies and services to its 8,000 patients. Fifty-six percent of their patients are of low-to-moderate income or are uninsured.
- \$125,000 for the Salem Bicycle-Pedestrian Corridor. This will complete the required fundraising to develop the 1.1 mile paved section connecting to Windham. The complete 5.1 mile Salem Bicycle and Pedestrian Corridor will facilitate access to businesses, safer alternative transportation, health and recreational benefits, and increased commercial development.
- \$367,250 to the NH Institute of Art in Manchester toward the rehabilitation of the abandoned former St. Anne church. In addition to helping revitalize a blighted Center City neighborhood, the new facility will function as an art lab which will serve over 100 children from low- and moderate-income families.
- \$750,000 to Serenity Place in Manchester to redevelop three dilapidated buildings in downtown. The substance abuse treatment center will use the renovated space to provide care to additional patients, create commercial office space, and provide six new units of affordable housing.

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<sup>2</sup> Investment Tax Credit awards to selected projects are often divided and spread over two state fiscal years, as best suits either the project's fundraising timeline and/or CDFR's year-to-year accounting of tax credits sales. Total project awards in any annual round may be over \$5 million; however, the amount of tax credits assigned to New Hampshire businesses does not exceed \$5 million in each fiscal year. Because the tax credits may be carried forward for up to five years, the amount of tax credits claimed by businesses to the Department of Revenue Administration may vary from year to year.

- \$62,500 to the SHARE Outreach program in Milford to expand the food pantry and increase services to 1,900 low income clients in Amherst, Brookline, Milford, Mont Vernon, and Wilton.
- \$700,000 to the Boys & Girls Club of Greater Concord for a new Community Center in Suncook. The project will build a new Boys and Girls Club at their current location in Whitten Street Park, which will double the number of children served in the community.
- \$500,000 to the Boys and Girls Club of the Lakes Region in Laconia to complete the rehab of the former St. James Episcopal Church building. The new clubhouse will serve 300 children, many of whom are from low-to-moderate income families.
- \$125,000 to WOW Trail in Laconia to complete the . The proposed biking and walking corridor around the Winnepesaukee, Opechee, and Winnisquam lakes will stimulate recreation, tourism, and economic impacts for communities along the regional trail running from Meredith to Franklin.
- \$450,000 to Westmill Senior Housing, a \$5.25 million project in Keene. The facility will provide 26-units of affordable housing for senior citizens in the revitalized Railroad Yard.
- \$425,000 to the Hannah Grimes Center in Keene to renovate the business incubator's 2nd floor, creating space for 12 new microbusinesses. Since 2013, Hannah Grimes start-ups earned \$2.6 million with payrolls of \$890,000.
- \$550,000 to the Park Theatre in Jaffrey to complete the rebuild of a downtown performing arts center. Once completed, the facility will generate an estimated \$591,000 in economic activity in Jaffrey and surrounding communities.

In addition to this year's projects, these programs are also funded annually by CDFA tax credits set-asides:

- \$250,000 to the Regional Development Corporation Capacity Fund. The fund will provide capital for the ten nonprofit RDCs throughout the state working to create jobs and economic opportunities for low- and moderate-income residents in their areas.
- \$337,500 for the Housing Futures Fund. This initiative, administered by CDFA, will grant tax credits to nonprofit housing organizations statewide that demonstrate innovative solutions to affordable housing issues in their communities.

### **Investment Tax Credit Pledges**

The CDFA Investment Tax Credit continues to be the best performing tax credit program offered by the state. Investment tax credits have been fully subscribed for fourteen out of the last fifteen fiscal years.

Between July 1, 2014 and June 30, 2015, the amount of cash received against pledges was \$4,851,842, which was added to \$990,000 in receipts rolled over from FY14. Per RSA 162-L:10, \$5,000,000 in tax receipts were applied to FY15. The amount of pledges outstanding for FY15 is \$0.

The following businesses invested in New Hampshire community development projects with the purchase of tax credits in FY15.

106 Grill, LLC	The Concord Group Insurance Companies
33 South Commercial Street, LLC	Concord Steam Corporation
3W Design, Inc.	Connors, Fong and Mancuso, Inc.
AIRMAR Technology Corp	Continental Paving, Inc.
Airport Diner, Inc.	Conway News Club, Inc.
Anagnost Investments, Inc.	Cross Financial Corporation
Atlantic Plastic Surgery Associates	Davis & Towle Group
AutoFair	Dean Lizotte, CPA
Automotive Supply Associates, Inc.	DEKA Research & Development Corp.
Baker Newman & Noyes, LLC	Digital Prospectors Corp.
Bank of New England	East Coast Electronic Material Supply, LLC
Bank of New Hampshire	Eastern Boats, Inc.
Battle Road Press	Eaton & Berube Insurance Agency, Inc.
Bedford Ambulatory Surgical Center, LLC	Eckman Construction Company, Inc.
Belknap Landscape Company, Inc.	Elektrisola, Inc.
Boothby Therapy Services	Energy Emporium, LLC
Bow Junction Associates, Inc.	Enfield Publishing & Distribution Co.
Brady Sullivan, Inc.	Enterprise Bank & Trust
The Boullia Gorrell Lumber Company, Inc.	EPTAM Plastics, Ltd.
C & J Bus Line	Erigo Technologies, LLC
C&S Wholesale Grocers, Inc.	Federal Savings Bank
C. Harrison Trumbull	Five M's Autogroup, Inc.
Canobie Lake Park, Corp.	Franklin Savings Bank
Caron Building Center, Inc.	Freightliner of NH
The Cat Doctor of Dover	Full Circle Consulting, LLC
Central Paper Products Co.	G & S Management Corporation
Centrix Bank & Trust	Garrison Family Dental
Cityside Management Corp.	Georgetown Bank
Claremont Savings Bank	GJC Associates
Cleveland, Waters and Bass, P.A.	Granite Bank
Cobb Hill Construction, Inc.	Granite Investment Advisors
Coldwell Banker Redpath & Co.	Grapp, Inc.
Common Man Concord, Inc.	Grappone Management Co. Inc.
Community Guaranty Savings Bank	Great American Dining, Inc.
Concord Food Cooperative, Inc.	Great Bridge Properties, LLC
	Harvey Construction Corporation

Harvard Management Solutions  
HLF Corporation  
Horseshoe Pond Physical Therapy, LLC  
JD Jewelry Inc. Dutilles Jewelers  
JJFC, Inc.  
John P. Stabile II  
K4E Company, Inc.  
Kerrigans Fuel & Convenience, LLC  
Kheops International, Inc.  
Kovacs Enterprises, Inc.  
Laconia Clinic, P.C.  
Lagcheck Realty, LLC  
Lake Sunapee Bank  
Lori K. Lambert, M.D.  
Ledyard National Bank  
Leone, McDonnell & Roberts P.A.  
Littleton Auto Mart, Inc.  
Littleton Chevrolet Buick, Inc.  
Littleton Coin Co. LLC  
Logical Innovations, LLC  
Main Street America Group  
Mainstay Technologies, LLC  
Malone, Dirubbo & Company, PC  
Martin's Mechanical Plumbing &  
Heating, LLC  
Mascoma Savings Bank  
MB Tractor and Equipment  
Melcher & Prescott Agency, Inc.  
Meredith Village Savings Bank  
Merrimack County Savings Bank  
Metzger/McGuire, Inc.  
Mickey's Roadside Cafe  
Mike Guay Electric, LLC  
Milestone Engineering & Construction,  
Inc.  
Moore Pike, LLC  
Mt. Washington Railway Co.  
MTI/Polyexe  
MTS Services, Inc.  
Nathan Wechsler & Company, P.A.  
New England Wire Technologies Corp.  
Newburyport Five Cents Savings Bank  
NGM Insurance Company  
NH Electric Cooperative, Inc.  
Nobis Engineering, Inc.

North Branch Construction, Inc.  
Northway Bank  
Old Dominion Insurance Company  
One Middle Street, LLC  
Opechee Construction Corporation  
Paradigm Plumbing, Heating & Air  
Conditioning Inc.  
Passumpsic Savings Bank  
Pentucket Bank  
People's United Bank  
PLC Construction of Farmington, Inc.  
Portsmouth Foot & Ankle, LLC  
Pro Con, Inc.  
Proctor's General Store  
The Provident Bank  
R Ergas, DMD  
Regency Mortgage Corp.  
Retail Control Systems, Inc.  
The Rowley Agency, Inc.  
Safflowers, LLC  
Salem Co-operative Bank  
ScanSport, Inc.  
Seacoast Endodontic Associates, P.A.  
Seventy-One Water St. Associates, LLC  
Steve Patten EXC, LLC  
Stewart Associates Architects, LLC  
Stewart's Ambulance Service, Inc.  
Sulloway & Hollis, PLLC  
Technology Seed, LLC  
Thomas F. Moran, Incorporated  
Town Docks  
Townline Equipment Sales, Inc.  
Trivantus, Inc.  
Union Bank  
Vanessa Stone Real Estate, LLC  
Verona Investment Associates, LLC  
Vida Cantina, LLC  
Watterworth Orthodontics, PA  
Wescott, Dyer, Fitzgerald & Nichols  
PA  
Whales Tale Water Park  
WhippleHill Communications, Inc.  
White Heron Tea, LLC  
Woodstock Inn Again, Ltd.  
Woodsville Guaranty Savings Bank

## 4. The Community Development Block Grant (CDBG)

### CDBG Overview

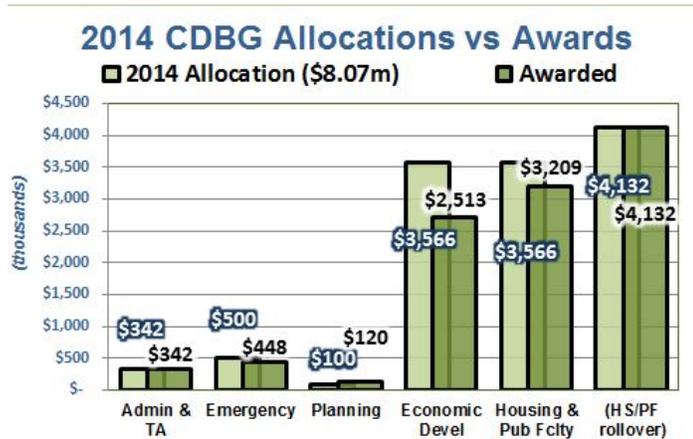
In 1974, Congress passed the Housing and Community Development Act, Public Law 93-383, creating the Community Development Block Grant Program. The CDBG Program was administered by the Department of Housing and Urban Development until 1983, when the individual states took control of the Small Cities Program, which is now the CDBG Program.

The NH Office of State Planning administered the program until it was transferred to the Community Development Finance Authority in September 2003. The Community Development Finance Authority receives its allocation directly from HUD and administers CDBG funds for non-entitlement municipalities. Over the past ten years, CDFA has saved the State hundreds of thousands of dollars eliminating salaries, benefits and overhead by running CDBG.

Federal rules require the State to match dollar-for-dollar the administrative fee CDFA can take from the HUD CDBG allocation to run the program. This figure is no more than 3%. In this current biennium, the State allocated approximately \$170,000 each year in order for HUD to award the State just over \$8 million annually. This General Fund allocation, however, was the not the full match amount required by HUD, so CDFA supplemented its own administrative fee with its own reserves.

(As a financially self-sufficient organization, operating primarily on proceeds from the Investment Tax Credit program, this CDBG administrative fee is the *only* General Fund allocation made to CDFA by the legislature.)

CDBG projects in New Hampshire have leveraged tens of millions of dollars in matching capital. Many of the state's most important and most prominent initiatives have been partly financed by CDBG.



3. CDBG 2014 [calendar year] money allocated for awards versus money awarded. Any surplus is rolled over into the following program year.

The primary purpose of the CDBG program is the development of viable communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low and moderate income people. The program is sponsored by the US Department of Housing and Urban Development (HUD). All eligible municipalities and counties can apply for up to \$500,000 in CDBG funds per year.<sup>3</sup>

CDFA directly awards CDBG grants to New Hampshire's cities, towns, and counties,<sup>4</sup> which often sub-grant the money to a nonprofit agency or other entity conducting the work. In the case of economic development, municipalities sub-grant the award to a nonprofit economic development entity (EDE) which provides a loan to a business which pledges to create jobs, the majority of which are available to low- and moderate-income residents. (It's important to note that assistance to private businesses is only in the form of *loans* and not taxpayer-funded grants. If the business fails to create the jobs they've pledged, CDBG funds from the loan are encumbered or could be clawed back from the business and EDE. Cities and towns originally awarded are held financially harmless if the CDBG project should fail.)

Typically, each year the New Hampshire CDBG program receives approximately \$8-10 million from HUD to use towards the CDBG Programs:

- Economic Development
- Housing, Public Facilities
- Emergencies and Unanticipated Events
- Planning grants

After set-asides of approximately \$100,000 for feasibility studies and \$500,000 for emergency grants, CDFA divides the remaining allocation, with half going to economic development and the other half going to housing and public facilities projects. New Hampshire is one of the top states in the country with the highest percent of its CDBG allocation dedicated to economic development.

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<sup>3</sup> Unlike state programs which typically run through the state fiscal year of July-June, the federal CDBG program runs on a calendar year basis. For purposes of this report, we shall provide information from CDBG activities straddling the time from July 2014 through June 2015.

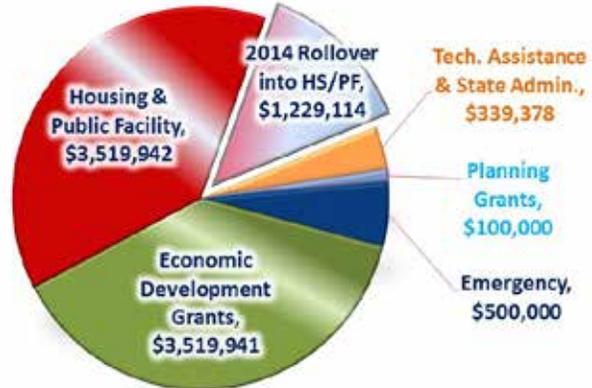
<sup>4</sup> There are, however, five "entitlement communities" which get money directly from HUD as a special set-aside (These are Manchester, Nashua, and the combined communities of Portsmouth-Rochester-Dover). Projects located in these communities can apply either directly to the city or to CDFA through their county if they can demonstrate a "regional" benefit.

Grants for affordable housing and public facilities are awarded twice a year in competitive rounds. Funding levels for these two rounds are made by dividing the annual Housing & Public Facilities allocation in half.

**Distribution of Funds**

Funding levels for each state are determined by a formula from HUD based on factors like population, poverty rate, and other socio-economic factors. The purpose is to find an algorithm in which each state gets its “fair share.”

In 2014, the allocation to CDFA from HUD was \$8,073,617 for CDBG in New Hampshire. For calendar year 2015, the HUD allocation to CDFA for the Community Development Block Grant program is \$7,979, 261. <sup>5</sup>



4. CDBG 2105 [calendar year] allocation to CDFA from HUD. Note the rollover funds from CDFA’s 2014 allocation which, by state rule, are rolled into the first Housing & Public Facility awards round of the following calendar year.

No unspent CDBG funds are returned to Washington; rather, they stay in New Hampshire to be rolled over into the following year’s funding round. Per state rules, these leftover moneys are to be rolled over into the next Housing and Public Facilities round. This led to an additional \$1.2 million available to cities, towns, and counties for projects in 2015.

**CDBG Awards**

The following counties and municipalities were awarded CDBG grants between July 1, 2014 and June 30, 2015:

**Housing and Public Facilities**

- For Grafton County, on behalf of Twin Pines Housing Trust, to acquire land for phase II of Gile Hill Apartments. This housing grant of \$300,000 will help create an additional

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<sup>5</sup> As this federal program runs on a calendar year, these two allocations straddle the state fiscal year.

15 units of low-cost, energy efficient apartments at the 120 unit development in Hanover. The completed construction cost is estimated at \$3.6 million.

- A housing grant for \$462,300 to the town of Conway to acquire land for the Conway Pines Elderly Housing Project. The proposed facility on Poliquin Drive will create 30 units of low-cost senior housing. The total price tag of the project is estimated at \$5.2 million.
- A housing grant for the city of Claremont of \$300,000 to replace the water system at the Pleasant Valley Estates Cooperative. The manufactured housing community's infrastructure is tied into the municipal services, but its 50-year-old pipes have experienced 12 leaks in the past 18 months and sediment has been getting into the drinking water. Repair work, expected to total \$459,000, will replace the water main and service lines, add gate valves to mitigate leakage, and install two fire hydrants.
- To the city of Concord, a \$345,000 housing grant on behalf of Independent Living Concord to develop 14 units of supportive housing on North Main Street for adults with developmental disabilities. The plan calls for ILC to partner with CATCH Neighborhood Housing Services and convert the vacant building. The estimated cost of the project is \$2.2 million.
- A public facilities grant of \$500,000 to the town of Allenstown in order to construct a new Suncook Boys & Girls Club. The facility is in one of five communities serviced by the Boys & Girls Club of Greater Concord. The project will build a new clubhouse at their current location in Whitten Street Park, which will double the number of children served in the community. In July, CDFA awarded \$700,000 in Investment Tax Credits toward the \$1.6 million initiative.
- A grant of \$500,000 to Hillsborough County for The Granite YMCA's plan to build a Center for Youth and Teen Leadership addition to their facility in Goffstown. The new, approximately 4,112 square foot addition will provide after school services for about 1,300 area children, the majority of whom come from families earning low-or-moderate income.
- The city of Berlin will receive \$500,000 in CDBG funds on behalf of Affordable Housing, Education and Development, Inc. (AHEAD) for energy improvements at Northern Lights Senior Housing. The scope of work includes installing a new wood pellet boiler, replacing one section of roofing, energy efficiency improvements, and fire alarm upgrades for the 63 unit facility.
- A \$255,000 grant to the city of Keene on behalf of Keene Housing Authority for the rehabilitation of the men's emergency shelter, which served 108 people last year. The proposed improvements include upgrades to electrical and fire alarm systems, a new roof, and general carpentry and plumbing repairs throughout the facility.
- On behalf of the Somersworth Housing Authority, a \$500,000 grant to the city of Somersworth to implement energy improvements at the Albert J. Nadeau Homes affordable housing development. The scope of the work will include the installation of

natural gas heat and hot water boilers as well as new baseboard heating. Without the upgrades, energy costs will eventually make the 17-unit property too expensive to maintain.

- Merrimack County will receive \$300,000 on behalf of Second Start to replace the roof and make masonry repairs on their main building in Concord. CDBG funds will be used to replace the leaky roof, make mortar repairs to the exterior façade, complete some exterior painting, and add some insulation to the building that provides services such as adult education, transitional employment training, and a drug and alcohol prevention program for teens.
- To make energy repairs to the Old Graded School Building, the town of Warner will receive a \$20,600 grant. The repurposed building houses several community programs including a food pantry, Head Start, and a pre-school. Annual energy costs for the facility exceed \$15,000 and planned upgrades will help reduce overhead.
- The proposed Suncook Senior Center will receive \$500,000 through a grant to the town of Allenstown. The center, to be run by the Belknap-Merrimack Community Action Program, will be an addition on to the soon-to-be-built Suncook Boys & Girls Club. The project will allow for Meals on Wheels operations and a handicapped accessible wellness facility for local seniors.
- A \$478,880 grant to the town of Tilton on behalf of the Gaslight Village Cooperative to replace existing septic systems by connecting to the municipal wastewater system. Additional work will be conducted to improve drainage to the manufactured home park. The project will also demolish a dilapidated building on site which poses a health and safety hazard to residents.

### **Economic Development**

- The town of Colebrook received \$300,000, subgranted to Northern Community Investment Corporation, which will provide a \$280,000 working capital loan to Tillotson Performance Polymers, LLC (TPP). TPP is an existing company which has manufactured specialty balloons and medical eyedroppers on a small scale while conducting research and development for nitrile medical gloves. TPP is ready to begin producing the gloves but lacks the capital to install a second dipping machine as well as working capital to purchase inventory and pay laborers.
- Grafton County received \$184,000 in CDBG funds to assist in the expansion of Polly's Pancake Parlor, Inc. in Sugar Hill, NH. Funds were sub-granted to Grafton County Economic Development Council (GCEDC) then loaned to Polly's Pancake Parlor to provide funding to procure equipment for the restaurant's expansion. The CDBG investment will result in the creation of 10 new full-time jobs, of which 9 will be available to low- and moderate-income individuals.

- The town of Lebanon received \$220,000 on behalf of Grafton County Economic Development Council in order to provide a \$200,000 loan to FreshAir Sensor Corporation to provide a portion of initial capital and inventory needed to bring their new business product to the market. The CDBG investment will aid in the creation of 9 new full-time jobs, of which 7 will be available to low- and moderate-income individuals.
- The town of Littleton received \$169,000 in CDBG funds to assist Northern Community Investment Corporation (NCIC) with the purchase of new training equipment for the Littleton Computer Numerically Controlled (CNC) Training Center. Several manufacturing companies in the Littleton Industrial Development Corporation Industrial Park are considering expansions and adding new employees.
- Cheshire County received \$500,000 on behalf of Monadnock Economic Development Corporation (MEDC) in order to provide a \$475,000 loan to Keene Energy and Agriculture Project (KEAP). The loan will provide a portion of initial capital and finance the purchase of equipment needed to bring their new business to the market. The CDBG investment will aid in the creation of 25 new full-time jobs, of which 21 will be available to low-and-moderate-income individuals.
- The city of Keene is requesting \$300,000 in CDBG funds on behalf of MEDC in order to provide a loan of \$275,000 to Tree-Free Greetings, which is a manufacturer of Earth-friendly cards and gifts currently located in Swanzey, NH. If approved, Tree-Free will use the proceeds to renovate and upgrade an existing, 20,000-square-foot facility at 3 Krif Court in Keene where it will relocate its publishing company. The relocation will allow for the creation of 15 new jobs, 10 of which will be made available to people currently earning low-to-moderate income.

#### **Microenterprise (Economic Development)**

A subset of the CDBG Economic Development, this \$750,000 set-aside is used to aid entities that provide assistance to start-ups and very small businesses (those with fewer than 5 employees). With federal maximums of \$500,000 per municipality or county, the \$ 748,250 in awards was allocated to Grafton and Cheshire County and was divided among economic development centers from every corner of the state.

A grant in the amount of \$370,000 will be made to Grafton County on behalf of these organizations:

- \$97,500 to the Grafton County Economic Development Council in Plymouth. Some of the services GCEDC will provide to approximately 35 participants include lending advice, one-on-one counseling, and seminars geared toward small business development.

- \$135,000 to the Women’s Rural Entrepreneurial Network in Bethlehem. Technical assistance from WREN includes initiatives such as vendor readiness classes, business coaching, and computer tutorials to approximately 55 low-to-moderate income business owners.
- \$52,000 to the Mt. Washington Valley Economic Council in Conway. MWVEC’s incubator office will help 17 entrepreneurs with their business boot camp, monthly workshops, and access to their revolving loan funds.
- \$85,000 for the Northern Community Investment Corporation in Lancaster. Approximately 30 start-up businesses will be able to take advantage of NCIC’s financial management coaching, marketing seminars, and training in customer service, among other benefits.

A grant will be made to Cheshire County in the amount of \$378,250 on behalf of these organizations:

- \$147,750 to the Hannah Grimes Center in Keene. The center will provide access for 55 microenterprises to its industry cluster program, consultant’s round table, and leadership circles, as well as other services.
- \$112,750 for the Regional Economic Development Center in Raymond. Activities funded include one-on-one meetings with business advisors, training in reading financial statements, and assistance with brand development and marketing. An estimated 41 low-to-moderate income small business owners will use their many resources.
- \$117,750 to the NH Small Business Development Center’s Pathways to Work initiatives in Durham and Manchester. Some of the services they’ll provide to approximately 43 participants include classes on how to start a small business, e-courses on finance, and workshops on topics like marketing and accounting.

### Emergency Grants

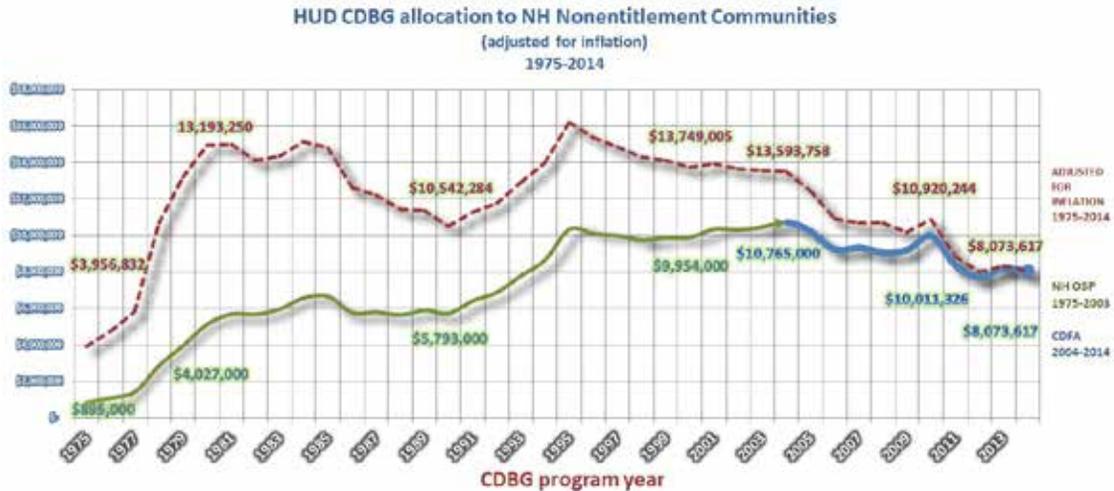
- An award of \$170,000 to Grafton County to replace its broken sprinkler system. If left unaddressed, the Plymouth Regional Senior Center would have to close for life safety reasons, disrupting service to nearly 150 elderly citizens. The fire suppression system that serves the facility required five emergency repairs between April and May. Inspections revealed numerous leaks throughout the system where condensation had built up.

## Planning Grants

- \$12,000 to the town of Winchester in order to complete an engineering assessment of the water distribution infrastructure on Jones Road.
- \$12,000 to the town of Newport on behalf of the Newport Senior Center to study the feasibility of converting the unfinished basement to additional program space and bringing the building up to ADA standards.
- \$12,000 to the city of Laconia on behalf of the Laconia Housing Authority in order to perform an energy audit at their Normandin Square Apartments.
- \$12,000 to Grafton County on behalf of Affordable Housing, Education and Development (AHEAD) Inc. to assess the feasibility of converting a vacant, historic Orford Academy building in Orford into senior housing.
- \$12,000 to Grafton County on behalf of Affordable Housing, Education and Development (AHEAD) Inc. to determine the feasibility of developing affordable housing in Bethlehem.
- \$12,000 to the town of Belmont on behalf of the Solar Village Association in order to hire a licensed engineer to evaluate the community infrastructure for the purpose of developing plans and costs associated with replacement of failing and near-end-of-life infrastructure in the community.
- \$12,000 to the town of Derry on behalf of Running Brook Cooperative in order to develop plans and estimate costs to replace the park's failing infrastructure by hooking into the Town's water and sewer system.
- \$12,000 to the city of Keene to study the feasibility of finding adequate operational property for MAPS Counseling Services.
- \$12,000 to the town of Madbury on behalf of the Bunker Lane Condo Association in order to develop plans and estimate costs for replacement of the association's failing and near-end-of-life water infrastructure.
- \$12,000 to the town of Richmond for a feasibility study to determine the most beneficial utilization of the Four Corners parcel, a town-owned Brownfield site at the center of town. The town of Richmond plans to use the information from the study to attract a developer to redevelop the site which will lead to the creation of jobs.
- \$12,000 to the city of Keene to assess the financial feasibility of purchasing a building in the Railroad Yard to develop as offices for local nonprofits.

## CDBG Challenges and Opportunities

Recent instability in Congressional budgeting has left a considerable amount of uncertainty among the states as to the long term funding levels of the Community Development Block Grant, HOME, and other HUD-administered programs. The continuing resolution passed by Congress, however, allocated CDBG at approximately the same level as in FY 14 (around \$3 billion). For CDFA, that meant an allocation of \$7,979,261 from Washington for calendar year 2015, only 1.1% lower than in 2014.



5. Federal funding trend levels to CDFA's Community Development Block Grant program for years 1975 to 2014 in actual dollars and adjusted for inflation. The blue line distinguishes when CDFA took the program over from the NH Office of State Planning.

Many regulations for CDBG are set in Washington by the Department of Housing and Urban Development. CDFA enjoys a strong relationship with the regional HUD offices in Manchester and in Boston; however, the states have limited influence amending HUD regulations at the federal level.

In addition to the federal regulations that CDFA and our grant recipients and subrecipients must follow, there are extensive state rules (*Chapter CDFA 300 CDBG Rules*) which govern CDBG operations in New Hampshire. It is our opinion that we can streamline the state rules and institute modern best-practices. With the help of an ad hoc advisory committee comprised of community partners with experience in CDBG, staff has begun drafting a comprehensive revision of *Chapter CDFA 300*. This process will be a major undertaking for CDFA and submission to the Joint Legislative Committee on Administrative Rules (JALCAR) could be more than a year away.

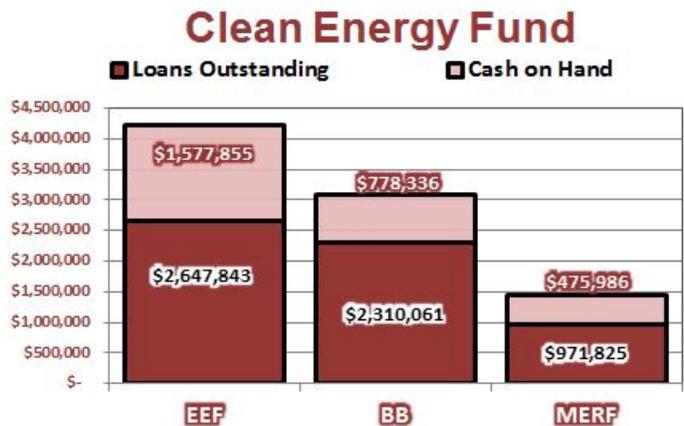
## 5. Clean Energy Fund

In 2009, CDFA began administering three programs to help municipalities, businesses, nonprofits, and home owners get resources to assess the energy efficiency of their buildings and make upgrades and retrofits to increase efficiency to reduce costs and to reduce greenhouse gas emissions in New Hampshire. These energy programs usually provided low-interest loans or, in the case of nonprofit organizations, grants to finance the cost of equipment or construction. It was determined there was great need for public assistance in driving the market and providing the capital, as few private or commercial lenders offered financing for energy-related projects.

### The Clean Energy Fund

Energy-based revolving loan funds – created either by ARRA money originating in the Office of Energy Planning or funds from the New Hampshire Public Utilities Commission – and administered by CDFA are now being recapitalized as those funds are repaid. These programs included BetterBuildings, the Energy Enterprise Fund, and the Municipal Energy Reduction Fund.

To reduce confusion and provide greater administrative efficiency, CDFA combined these various funding sources into one umbrella program called the Clean Energy Fund. With these moneys available, CDFA is again working with municipalities, nonprofits, and employers looking to lower costs and have greater control over their energy sourcing and usage through use renewable integration (such as solar or biomass) or make efficiency upgrades to their facilities



6. Loan fund performances for all Clean Energy Fund programs in FY15.

Using resources from the Clean Energy Fund, organizations will be directed to financing from one, or more than one, of these revolving loan funds. In addition, CDFA will be working with private sector lenders to create credit enhancement products to leverage our public funds and provide more resources.

### Loans made

As the revolving loan funds are being recapitalized, CDFA is able to redeploy these funds to businesses and municipalities for energy improvement initiatives. Toward the end of the fiscal

year, CDFA was once again able to grant new loans. Meantime, only weeks into FY16, CDFA is in the process of making at least half-a-dozen additional loans. We expect to report a robust list of recipients in next year's annual report.

- A loan in the amount of \$265,390 to the Dunning Building in North Walpole for energy efficiencies.
- A loan for \$214,000 to be made to TKB Properties for energy retrofits to the former Bartlett School in Berlin.
- A loan for the Tree-Free Greetings company in Swanzey for \$206,000 to install a solar array to their manufacturing facility, among other upgrades.

### **Future energy initiatives**

There are great opportunities available to increase CDFA's energy financing portfolio. Our partnerships with organizations like the US Department of Energy, the state Office of Energy and Planning, and the Public Utilities Commission have positioned CDFA as one of the leading resources for energy-based initiatives.

## **6. Additional CDFA Initiatives**

CDFA demonstrates its commitment to community development by creating additional programs that complement the work of our many recipients and public/private partners. These initiatives have been capitalized by either direct program fees or through any surpluses derived from CDFA operations.

### **Housing Futures Fund**

The Housing Futures Fund (HFF) awards grants, through the Tax Credit Program, to assist community-based nonprofit housing organizations. HFF grants are intended to build the capacity of participating nonprofits to investigate opportunities, secure financing, and test innovative new solutions for area residents.

The HFF provides operational grants and technical assistance to its grantees (nonprofit housing organizations). The operational grant program enables grantees to focus on housing development and educational outreach to individuals and families in need of quality affordable housing. The technical assistance aspect of the HFF program is implemented by the New Hampshire Community Loan Fund. It provides grantees with several areas of assistance including: supplying needed capital and related technical assistance for projects undertaken for which financing from other sources is unavailable, enhancing the grantees technical capacity, and affordable housing advocacy efforts of nonprofit affordable housing developers.

### **Regional Development Corporation Capacity Fund**

Regional Development Corporation (RDC) Capacity Fund awards grants, through the Community Development Block Grant (CDBG) and Tax Credit Programs, to assist New Hampshire's ten RDCs. These funds help reduce the amount of time a RDC spends on seeking operational funding, thereby giving it more time to focus on regional economic development activities.

The CDFA Board of Directors realizes that organizational capacity does not develop quickly. Therefore, they currently allocate \$250,000 in Tax Credit Program funds and the CDBG Advisory Committee allocates approximately \$200,000 in CDBG funds to the New Hampshire Alliance of Regional Development Corporations, a network of economic development organizations that support, enhance, and promote development efforts to their various regions. The Alliance distributes the Tax Credit Program funds to its 10-member RDCs.

Each RDC offers a variety of services that best meet the needs of its constituent communities and businesses, but they all have revolving loan funds to support an array of economic development projects in their service areas.

The revolving loan funds were principally created by loan repayments of CDBG Economic Development grants from the for-profit businesses. CDBG funds are awarded to municipalities that typically sub-grant to an RDC that then loans the funds to for-profit businesses to expand or acquire and develop property. The business guarantees to create or retain jobs that provide good wages, benefits, and training programs for low- and moderate-income people. When the for-profit business repays the CDBG funds, those funds get deposited into the RDC revolving loan funds so additional loans can be made, helping to strengthen the viability of the region.

### **Job Retention Fund**

The CDFA Job Retention Fund helps New Hampshire businesses which lack access to existing credit or equity resources. Loans are made to qualified economic development entities (EDEs), such as the ten Regional Development Corporations, to meet the immediate needs of area businesses. These EDEs then make loans or offer lines of credit to be used solely to assist businesses in remaining open and operating.

Money from the CDFA Job Retention Fund has been used to retain employment in a variety of sectors across the state. Financing made to Country Hearth & Home in Conway saved five full-time positions and created three new ones. A loan to Rescue Welding in Somersworth preserved five jobs. A line of credit to the Pease International Tradeport helped capitalize on money-saving rebates which retained 40 jobs and created eight new ones.

### **CDBG Bridge Loans**

Government often does not move as quickly as the private sector does. After the Community Development Advisory Committee approves CDBG awards, contracts must be submitted for review by the Attorney General's Office and by the Department of Administrative Services, before going to the Executive Council for final approval. Also, because of budgetary reasons, HUD often doesn't make the calendar year allocation to CDFA and the other states until later and later in the year. This means that many CDBG awards made in the beginning of the year are contingent upon eventually receiving funds from Washington.

The process of making the money available can take weeks or months, which may be time that the nonprofits, municipalities, economic development entities, or job-creating businesses don't have.

CDFA has created a bridge loan program so awardees can borrow against their Community Development Block Grant and have access to money while the federal government process continues. Participants assume the risk that if their award is rejected by the Executive Council they are still responsible for repaying the CDBG Bridge Loan fund.

## **Community Development Loans**

While CDFA Investment Tax Credit awards are primarily made to nonprofits and municipalities in the form of grants (meaning there is no obligation to repay), over its history CDFA Tax Credits have been given to for-profit entities in the form of a loan. Examples include credits given to the construction of the Grappone Center in the 1990s and the restoration of the Mountain View Grand Hotel in the 2000s.

The businesses repay the tax credit loans in the same manner in which CDBG Economic Development loans are repaid. A third-party Economic Development Entity administers the loan. The principal goes into a revolving loan fund for the use of further community development activities. An example is the revolving loan fund capitalized by CDFA for the Capital Region Development Corporation used to provide financing for the Bindery Building project on Concord's South Main Street.

## **DADCo**

The 14 Dixon Avenue Development Company (DADCo) is a Limited Liability Corporation (LLC) which operates and manages the buildings at 6 -14 Dixon Avenue in Concord on behalf of the Community Development Finance Authority.

In FY 2015, tenants of DADCo included nonprofits and employers doing business in clean tech. Financial reports for DADCo are included in section 8 of this report.

## **7. Financial Reports for CDFA**

On the following pages are the financial statements for the Community Development Finance Authority for state fiscal year 2014. The financials are being audited by Leone, McDonnell & Roberts, Certified Public Accountants.<sup>6</sup>

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<sup>6</sup> Once affirmed and formally accepted by the CDFA Board of Directors during their September 8, 2015 meeting, the fully audited report will be submitted to the Department of Revenue Administration.

**NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY**

**STATEMENTS OF NET ASSETS  
JUNE 30, 2015 AND 2014**

	<b><u>ASSETS</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>CURRENT ASSETS</b>			
Cash and equivalents		\$ 3,361,657	\$ 2,835,365
Cash and equivalents - restricted		3,434,110	2,684,779
Current portion of notes receivable, net of allowance of \$121,147 and \$206,498		862,281	1,324,359
Current portion of notes receivable, energy loans		504,501	498,164
Community Development Investment Program - pledges receivable		909,374	1,216,186
Community Development Block Grant Funds Receivable - HUD		670,810	1,053,519
BetterBuildings Grant Funds Receivable - NHOEP		30,378	34,943
Prepaid expenses		36,500	41,325
Due from affiliate, net of allowance of \$291,068 and \$219,068		436,557	395,500
Investments		<u>512,324</u>	<u>511,339</u>
Total current assets		10,758,492	10,595,479
<b>PROPERTY AND EQUIPMENT</b>			
Property and equipment		128,105	128,105
Less accumulated depreciation		<u>(127,619)</u>	<u>(121,052)</u>
Net property and equipment		486	7,053
<b>OTHER ASSETS</b>			
Community Development Block Grant Recovery Funds Receivable, net of allowance of \$257,773 and \$195,855		606,119	719,712
Notes receivable, energy loans, net or current portion and allowance of \$422,952 and \$455,503		2,692,214	3,117,118
Notes receivable, net current portion and allowance of \$423,638 and \$337,313		2,845,105	2,876,125
Long term investments		5,310,222	5,221,297
Long term investments - related party		<u>(10,356)</u>	<u>54,982</u>
Total other assets		<u>11,443,304</u>	<u>11,989,234</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 22,202,282</u></b>	<b><u>\$ 22,591,766</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 88,686	\$ 60,938
Community Development Investment Program projects payable		5,216,826	5,094,662
Community Development Block Grant funds payable		447,747	844,508
Community Development Investment Program deferred revenue		350,304	441,608
Downtown Services Grant deferred revenue		26,452	26,452
New Hampshire Charitable Foundation deferred revenue		47	47
Total liabilities		<u>6,130,062</u>	<u>6,468,215</u>
<b>NET ASSETS</b>			
Non-spendable fund balance		1,820,742	1,018,721
Spendable fund balance		<u>14,251,478</u>	<u>15,104,830</u>
Total net assets		<u>16,072,220</u>	<u>16,123,551</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 22,202,282</u></b>	<b><u>\$ 22,591,766</u></b>

See Notes to Financial Statements

**NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>REVENUES AND OTHER SUPPORT</b>		
<b>Grants</b>		
Community Development Block Grant - HUD	\$ 8,686,207	\$ 7,163,529
Neighborhood Stabilization Program - HUD	-	2,456,415
BetterBuildings - NHOEP	80,753	143,188
New Hampshire Charitable Foundation grant revenue	-	39,953
Total grants	<u>8,766,960</u>	<u>9,803,085</u>
<b>Administrative fees</b>		
Community Development Block Grant - HUD	280,070	271,327
Community Development Block Grant - NH	170,925	179,550
Neighborhood Stabilization Program - HUD	(830)	20,727
Community Development Investment Program - NH	1,000,000	1,000,000
BetterBuildings - NHOEP	15,364	20,863
Total administrative fees	<u>1,465,529</u>	<u>1,492,467</u>
<b>Other revenues and other support</b>		
Related party service fees	72,000	72,000
Interest income - loans	155,035	178,543
Community Development Block Grant - program income	60,000	340,000
Total other revenues and other support	<u>287,035</u>	<u>590,543</u>
Total revenues and other support	<u>10,519,524</u>	<u>11,886,095</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	955,537	918,974
Employee benefits and payroll taxes	369,759	367,387
Office	102,269	94,831
Travel	25,984	30,819
Occupancy	94,069	92,006
Professional fees	125,767	194,774
Meetings and events	28,128	27,041
Depreciation	6,567	20,774
Change in allowance for bad debts	117,487	430,721
Total operating expenses	<u>1,825,567</u>	<u>2,177,327</u>
<b>GRANT EXPENDITURES</b>		
Community Development Block Grant: Economic Development - HUD	1,950,344	2,053,401
Community Development Block Grant: Housing and Public Facilities - HUD	6,669,712	4,426,901
Community Development Block Grant: Emergency - HUD	90,601	750,808
Community Development Block Grant: Feasibility - HUD	46,750	65,841
Community Development Block Grant: Technical - HUD	-	5,700
Neighborhood Stabilization Grant - HUD	-	2,456,415
BetterBuildings - NHOEP	2,500	86,700
Total grant expenditures	<u>8,759,907</u>	<u>9,845,766</u>
<b>TOTAL OPERATING INCOME</b>	<u>(65,950)</u>	<u>(136,998)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Loss from investment in related party	(65,339)	(99,963)
Interest income	79,958	71,556
Total non-operating revenues (expenses)	<u>14,619</u>	<u>(28,407)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(51,331)</u>	<u>(165,405)</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>16,123,551</u>	<u>16,288,956</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 16,072,220</u>	<u>\$ 16,123,551</u>

See Notes to Financial Statements

**NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY**

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipt of Community Development Block Grant - HUD	\$ 9,068,916	\$ 6,739,903
Receipt of Neighborhood Stabilization Program - HUD	-	2,456,415
Receipt of Charitable Foundation Grant Revenue	-	40,000
Receipt of BetterBuildings Fund - NHOEP	85,318	2,059,435
Receipt of Community Development Block Grant - Program Income	60,000	340,000
Receipt of Community Development Block Grant Admin Fees	450,995	450,877
Receipt of Neighborhood Stabilization Program Admin Fees	(830)	32,112
Receipt of Community Development Investment Program Funds and Admin. Fees	1,337,672	150,806
Receipt of BetterBuildings Admin Fees	15,364	20,863
Receipt of Related Party Service Fees	(41,057)	(141,267)
Receipt of Interest on Loans	155,035	178,543
Payment for Community Development Block Grant - HUD	(9,154,168)	(6,845,364)
Payment for Neighborhood Stabilization Grant - HUD	-	(2,456,415)
Payment for BetterBuildings - NHOEP	(2,500)	(322,808)
Payment for Employees for Services	(1,325,296)	(1,286,361)
Payment for Suppliers, Goods and Services	(315,516)	(508,516)
Payment for Program Expenses	<u>(28,128)</u>	<u>(27,041)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>305,805</u></b>	<b><u>881,182</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt of payments on notes receivable	669,693	1,244,741
Receipt of payments on notes receivable - Energy Loans	472,658	935,270
Disbursements of notes receivable	(216,631)	(420,000)
Investments in certificate of deposits	(35,860)	(89,235)
Interest paid	(12,214)	(19,764)
Interest received	<u>92,172</u>	<u>91,320</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>969,818</u></b>	<b><u>1,742,332</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,275,623</b>	<b>2,623,514</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>5,520,144</u></b>	<b><u>2,896,630</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 6,795,767</u></b>	<b><u>\$ 5,520,144</u></b>

See Notes to Financial Statements

**NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY**

(Continued)

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

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT)</b>		
Operating income (loss)	\$ (65,950)	\$ (136,998)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,567	20,774
Bad debt expense	117,487	430,721
(Increase) decrease in operating assets:		
Community Development Investment Program Pledges Receivable	306,812	336,814
Neighborhood Stabilization Program Admin Fees Receivable - HUD	-	10,859
Community Development Block Grant Funds Receivable - HUD	382,709	(423,626)
BetterBuildings Grant Funds Receivable - NHOEP	4,565	1,916,247
Prepaid expenses	4,825	(11,022)
Due from affiliate	(113,057)	(213,267)
Other current assets	-	812
Increase (decrease) in operating liabilities:		
Accounts payable	27,748	(85,350)
BetterBuildings Grant Funds payable	-	(236,108)
Community Development Investment Program projects payable	122,164	(1,131,182)
Community Development Block Grant funds payable	(396,761)	457,287
Community Development Investment Program deferred revenue	(91,304)	(54,826)
New Hampshire Charitable Foundation deferred revenue	-	47
Total adjustments	<u>371,755</u>	<u>1,018,180</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 305,805</u>	<u>\$ 881,182</u>

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08/27/15

See Notes to Financial Statements

## 8. Financial Reports for DADCo

On the following pages are the financial statements for 14 Dixon Avenue Development Company (DADCo) for state fiscal year 2014. The financials are being audited by Leone, McDonnell & Roberts, Certified Public Accountants.

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

**BALANCE SHEETS**  
**JUNE 30, 2015 AND 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 25,875	\$ 11,524
Accounts receivable, net of allowance of \$50 for 2015 and 2014	2,325	930
Prepaid taxes	4,070	4,901
Prepaid expenses	15,911	18,513
Other current assets	-	2,384
Deferred income tax benefit	133,045	113,605
Total current assets	<u>181,226</u>	<u>151,857</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Total property, plant and equipment	2,012,227	1,995,193
Less accumulated depreciation	<u>(486,923)</u>	<u>(447,037)</u>
Property, plant and equipment, net	<u>1,525,304</u>	<u>1,548,156</u>
<b>OTHER ASSETS</b>		
Deferred income tax benefit	-	669
Total assets	<u>\$ 1,706,530</u>	<u>\$ 1,700,682</u>

LIABILITIES AND MEMBER'S (DEFICIT) EQUITY

<b>CURRENT LIABILITIES</b>		
Current portion of long term debt	\$ 42,604	\$ 54,177
Accounts payable	13,660	1,355
Accrued interest	3,945	3,945
Due to related party	<u>727,625</u>	<u>614,568</u>
Total current liabilities	<u>787,834</u>	<u>674,045</u>
<b>LONG TERM LIABILITIES</b>		
Long term debt, less current portion shown above	905,092	955,120
Security deposits and deferred rent	<u>23,960</u>	<u>16,537</u>
Total long term liabilities	<u>929,052</u>	<u>971,657</u>
Total liabilities	<u>1,716,886</u>	<u>1,645,702</u>
<b>MEMBER'S (DEFICIT) EQUITY</b>	<u>(10,356)</u>	<u>54,980</u>
Total liabilities and member's (deficit) equity	<u>\$ 1,706,530</u>	<u>\$ 1,700,682</u>

See Notes to Financial Statements

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

STATEMENTS OF INCOME AND MEMBER'S (DEFICIT) EQUITY  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
REVENUE	\$ 285,731	\$ 277,494
<b>OPERATING EXPENSES</b>		
Administration fees - related party	72,000	72,000
Property operating costs	56,922	88,160
Property taxes	56,094	53,214
Utilities	44,101	36,628
Depreciation	39,886	40,079
Rental management fees	22,129	20,501
Professional fees	14,332	14,202
New Hampshire business enterprise tax	473	686
Office supplies	148	410
Total operating expenses	<u>306,085</u>	<u>325,880</u>
<b>LOSS FROM OPERATIONS</b>	<u>(20,354)</u>	<u>(48,386)</u>
<b>OTHER EXPENSES</b>		
Interest expense	<u>(63,095)</u>	<u>(66,532)</u>
<b>LOSS BEFORE (BENEFIT) PROVISION FOR INCOME TAXES</b>	<u>(83,449)</u>	<u>(114,918)</u>
<b>(BENEFIT) PROVISION FOR INCOME TAXES</b>	<u>(18,113)</u>	<u>(14,956)</u>
<b>NET LOSS</b>	<u>(65,336)</u>	<u>(99,962)</u>
<b>MEMBER'S EQUITY, BEGINNING OF YEAR</b>	<u>54,980</u>	<u>154,942</u>
<b>MEMBER'S EQUITY, END OF YEAR</b>	<u>\$ (10,356)</u>	<u>\$ 54,980</u>

See Notes to Financial Statements

**14 DIXON AVENUE DEVELOPMENT COMPANY, LLC**

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

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (65,336)	\$ (99,962)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	39,886	40,079
(Increase) decrease in assets:		
Accounts receivable	(1,395)	1,634
Prepaid taxes	831	(4,901)
Prepaid expenses	2,602	(9,784)
Other current assets	2,384	(2,384)
Deferred income tax benefit	(18,771)	(16,714)
Increase (decrease) in liabilities:		
Accounts payable	12,305	(6,792)
Accrued interest	-	(390)
Security deposits and deferred rent	7,423	3,803
	<u>(20,071)</u>	<u>(95,411)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment purchases	<u>(17,034)</u>	<u>(52,000)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(17,034)</u>	<u>(52,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of long term debt	(61,601)	(57,787)
Due to related party	<u>113,057</u>	<u>213,267</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>51,456</u>	<u>155,480</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	14,351	8,069
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>11,524</u>	<u>3,455</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 25,875</u>	<u>\$ 11,524</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 63,095</u>	<u>\$ 66,922</u>
Cash paid during the year for income taxes	<u>\$ 300</u>	<u>\$ 6,358</u>

See Notes to Financial Statements