



Annual
report of the
Community
Development
Finance
Authority

SFY 16

In accordance with RSA 162-L:6, CDFA is providing this report of its activities from state fiscal year 2016, as well as operating and financial statements.

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1. Introduction

September 1, 2016

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, 2016.

It has been another exciting year at the Community Development Finance Authority. In the state fiscal year 2016, we have awarded seventy-four projects, infusing more than \$12 million into community and economic development initiatives throughout New Hampshire. These projects 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.

A handwritten signature in blue ink, appearing to read 'Taylor Caswell'.

Taylor Caswell
Executive Director

A handwritten signature in blue ink, appearing to read 'Michael Long'.

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 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.

As CDFA receives virtually no allocation from the state General Fund,¹ the organization provides the State of New Hampshire with an exceptionally cost-efficient system for providing these resources to its communities. CDFA is financially self-sufficient and relies on fees from the programs it administers as 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.

CDFA’s professional staff administers all competitive grant rounds, performs extensive programmatic and financial reviews on all applicants, and works with all partners to ease the burden of compliance and protect the investment of these taxpayer funds. Just as importantly, CDFA staff provide expert technical assistance in multiple forms to all partners across the state. These staff members are:

Taylor Caswell, Executive Director

Cassandra Bradley, Portfolio Manager

Patrick Donahue, Staff Accountant

¹ 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.

Meena Gyawali, Director of CDBG

Joe Harrison, Director of Clean Energy Finance

George Hunton, Director of Tax Credits

Ted Kuchinski, Chief Financial Officer

Missy Lackey, Contract Specialist

Melissa Latham, Communications Manager

Katy Easterly Martey, Director of Economic Development

Maureen Quinn, Executive Assistant and Board Relations Manager

Theresa Upstill, Administrative Assistant / Receptionist

Lori Wamser, Director of Operations

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.

The board provides oversight into operations, strategy, and the fiscal health of the organization. The Legislature 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.”

CDFA’s Board of Directors includes:

Michael Long, Chair; (representing Financial Institutions)

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

Christopher Diego, Secretary/Treasurer; (representing Small Business)

Janet Ackerman; (representing Financial Institutions)

Christine Frost; (representing Community Development)

Brian Hoffman; (representing Community Development)

Mary Ann Kristiansen; (representing Small Business)

Benoit Lamontagne, designee; (representing NH DRED)

Clayton Mitchell, Ph.D.; (representing organized labor)

David Moore; (representing Community Development)

Kathleen Moore; (representing Employment & Training)

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.

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

Elizabeth Fox, (Municipal official)

Howard Glynn, (Public member)

Rick Minard, (OEP designee)

Bill Ray, (NHHFA designee)

Earl Sires, (Municipal official)

Justin Slattery, (Public member)

Matthew Walsh, (Municipal official)

Christopher Way, (DRED designee)

(One seat for a public member is currently vacant)

3. The CDFA Tax Credit Program

Tax Credit Overview

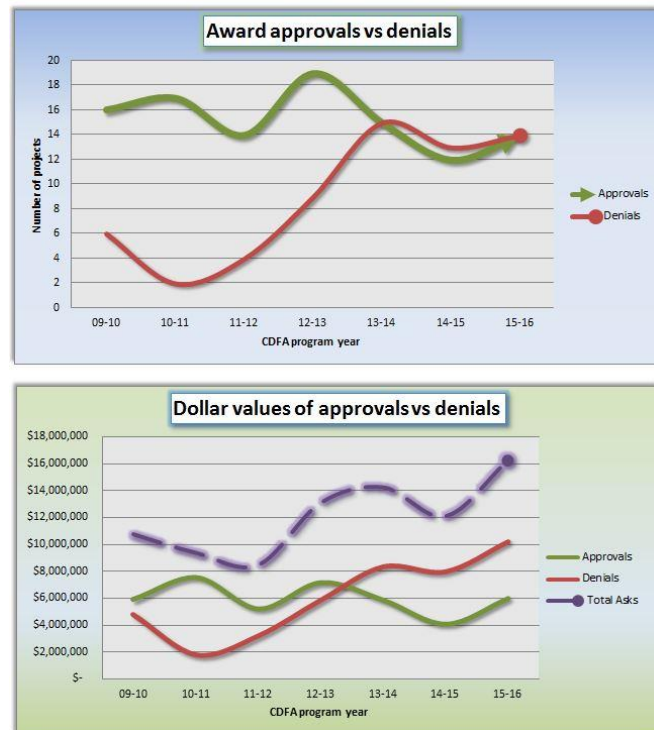
The CDFA Tax Credit Program brings together worthy nonprofit projects and conscientious businesses to foster community development.

The program exchanges a 75% state tax credit against a donation made to any CDFA 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. 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.

Demand and Challenges

The popularity of CDFA 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 to the program continues to rise. Since 2011, we have experienced a 127% increase in reviewed applications to this program.



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

FY 2016 Investment Tax Credit Awards

These projects received the following allocation tax credits for FY16/FY17² from CDFA:

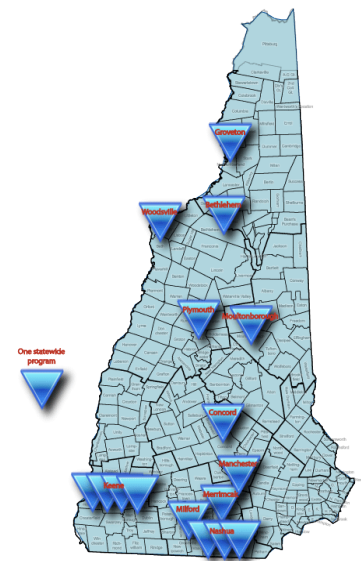
- To help build the Center for Youth and Teen Leadership at their downtown Manchester facility, the Granite YMCA received \$525,000 in tax credits. Once completed the center would provide a safe afterschool space for up to 1,100 students, many of whom are from low- and moderate-income families.

- Tax credits in the amount of \$400,000 to CATCH Neighborhood Housing for creation of administrative space on Concord's Loudon Road. Offered at the facility will be homeownership workshops and other assistance to people of low-to-moderate-income.

- To the Bike-Walk Alliance of New Hampshire, \$105,000 in tax credits for Phase II of the Salem Bike-Ped Corridor. The development of an additional .8 mile section of the project near downtown Salem and Route 28, creating both recreational opportunities and safe pedestrian passage to adjacent businesses.

- Tax credits totaling \$228,125 were given to the Boys & Girls Club of Greater Nashua to purchase three mini-buses to get members to the club house. The lack of adequate transportation is a barrier to providing service to the children, many of whom come from families of low- or moderate-income.

- MakeIT Labs received \$312,500 in tax credits for the relocation and expansion of its community MakerSpace facility in Nashua. The building will provide equipment and workspace for small manufacturing entrepreneurs to create products for market.



Map of all FY16/FY17 Investment Tax Credit awardees throughout the state.

² CDFA 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 CDFA'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.

- In Nashua, Girls Incorporated of New Hampshire received tax credits totaling \$375,000 for their Fuel Her Fire program. This project will expand and upgrade their Burke Street facility, allowing them to provide more services to girls from low- and moderate-income families.
- The YMCA of Greater Nashua received \$300,000 in tax credits for expansion and improvements to its facility in Merrimack. Planned upgrades include energy efficiency measures and a rehab of the pool and locker rooms. New jobs will be created as a result of the expansion.
- Boys & Girls Club of Souhegan Valley received a tax credit award of \$750,000 to expand their Milford facility to include a new gym and teen center. The initiative will focus on retaining at-risk children who tend to leave the program when they become teenagers.
- The Keene East Side Senior Housing project, developed by Southwestern Community Services, received tax credits totaling \$375,000. Proceeds will go toward major building and site improvements to Unit A of the Beaver Mill Condominium complex, which houses 30-units of affordable senior housing.
- For the development of a new business incubator in Keene, \$250,000 in tax credits to the Hannah Grimes Center. The Business Center for Technology and Advanced Manufacturing will focus on manufacturing skills and promoting technology and manufacturing businesses in the area.
- The Historical Society of Cheshire County received tax credits totaling \$312,500 to complete an expansion of the organization's Keene facilities. Efforts will include repairs to its headquarters, rehabilitation of the museum at the Wyman Tavern, and acquiring an adjacent building to serve as a welcome center.
- A tax credit award of \$375,000 to the Bethlehem Redevelopment Association to conduct upgrades to the historic Colonial Theater. Proceeds will pay for life safety and structural upgrades to the building, an economic driver in the region.
- To Cottage Hospital in Woodsville, an award of \$312,500 in tax credits for work on the proposed 16,000 square foot Dr. Harry Rowe Health Center. The effort will increase access to primary care in the Upper Valley and create new jobs for medical personnel.
- The Granite United Way received \$321,875 in tax credits for clean energy upgrades to Bridge House and Whole Village Family Resource Center in Plymouth. Guided by the Plymouth Area Renewable Energy Initiative, reduced costs for these facilities will allow the organization to apply more resources toward services for clients.
- In Moultonborough, tax credits worth \$250,000 to the Castle Preservation Society's Castle in the Clouds Fund. Restoration of this cultural and historic resource will lead to increased tourism and the transition of jobs from being seasonal to year-round.
- \$287,500 in tax credits for the NH Individual Development Accounts program. This initiative, run by the NH Community Loan Fund, matches at eight-to-one the bank deposits of qualified participants so they may save for things like cars, homes, or higher education.

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 Tax Credit continues to be the best performing tax credit program offered by the state. Investment tax credits have been fully subscribed for fifteen out of the last sixteen fiscal years. Per RSA 162-L:10, \$5,000,000 in tax receipts were applied to FY16. The amount of pledges outstanding for FY16 is \$0.

The following businesses invested in New Hampshire community development projects with the purchase of tax credits in FY16.

3W Design, Inc.	Cobb Hill Construction, Inc.
A. B. Gile, Inc.	Common Man Concord, Inc.
Airport Diner, Inc.	Common Man Lincoln, Inc.
Albany International Corp.	Common Man Meredith, Inc.
Alex Ray	Common Man Town Dock, Inc.
Allen Mello Companies LLC	Community Guaranty Savings Bank
Ambrose Bros. Inc.	Computer Hut of NE Inc.
Amoskeag Beverages, LLC	Concord Orthopedics
Anthem Blue Cross and Blue Shield	Connors, Fong and Mancuso, Inc.
Associated Grocers of New England, Inc.	Contemporary Automotive, Inc.
Autofair 1477, LP	ControlAir, Inc.
Automotive Supply Associates, Inc.	Conway News Club, Inc.
B & S Locksmiths Inc.	Crane & Bell, PLLC
Baker Newman & Noyes, LLC	CruCon Cruise Outlet Plus, Inc.
Bank of New Hampshire	Lori K. Lambert, M.D.
Belletetes Inc.	Discovery Translation, LLC
Benson Woodworking Company, Inc.	Eastern Bank
Bert Whittemore, Jr.	Eastern Boats, Inc.
Boothby Therapy Services	EEHRE Inc.
Bow Junction Associates, Inc.	Electronic Imaging Materials, Inc.
BSP Trans Inc.	Energy Emporium LLC
C & J Bus Line	Enfield House of Pizza, Inc.
C&S Wholesale Grocers, Inc.	Enfield Publishing & Distribution Co.
C. Harrison Trumbull	Enterprise Bank
Carusi Realty Inc.	EPTAM Plastics Ltd.
Central Paper Products Co., Inc.	Estes & Gallup, Inc.
CGI Business Solutions	Federal Savings Bank
Cheshire Builders, Inc.	Four Seasons Home Care, LLC
Christopher P. Williams Architects, PLLC	Frank P. Marinace Architect P.A.
Ciardelli Fuel Company Inc.	Franklin Savings Bank
Clark-Mortenson Agency, Inc.	Garrison Family Dental
Cleveland, Waters and Bass, P.A.	Gary Chicoine Construction Corp.

Geokon Inc.
 George E Merrill DBA ARTECH
 GI Plastek Corp.
 Granite Investment Advisors
 Granite Northland Associates
 Granite State Glass
 Granite State Minerals, Inc.
 Grapp, Inc.
 Grappone Management Co. Inc.
 Great American Dining, Inc.
 Hart's Restaurant, Inc.
 Harvey Construction Corporation
 Hayner/Swanson, Inc
 Hewitt House Associates
 Hitchiner Manufacturing Company, Inc.
 HLF ATS, LLC
 Hoefle, Phoenix, Gormley & Roberts, PA
 Housing Solutions Real Estate, LLC
 Howe, Riley & Howe, PLLC
 Huberts of West Lebanon, Inc.
 Hutter Construction Corporation
 Irish Electric Corporation
 Jeremy Hiltz Excavating, Inc.
 Joseph Downing, DMD
 K4E Company Inc.
 Kennebunk Savings Bank
 Ken's All Season Maintenance Inc.
 Kevin Halloran Financial
 Kheops International, Inc.
 Kimball Physics Inc.
 Lake Sunapee Bank
 Lakes Region Computer LLC
 Lakes Region News Club Inc.
 Ledyard National Bank
 Lenk Orthodontics PLLC
 Leone, McDonnell & Roberts P.A.
 Lifetime Benefits Group, Inc.
 Littleton Consumer Cooperative
 Society, Inc.
 Littleton Imports, LLC
 Littleton Millwork
 Lynn C. Rust, CPA PC
 Main Street America Assurance Company
 Mainstay Technologies, LLC
 Martin's Mechanical Plumbing &
 Heating, LLC
 Mascoma Savings Bank
 McDevitt Trucks Inc.
 McGee Company, Inc.
 McMahan & Christopher
 Melanson Heath & Company PC
 Melcher & Prescott Agency Inc.
 Melvin Village Marina, Inc.
 Merchants Automotive Group
 Meredith Village Savings Bank

Merrimack County Savings Bank
 Metzger/McGuire, Inc.
 Mill Street Meat Market LLC
 Monadnock Disposal Service, Inc.
 Moore Pike LLC
 Morin's Landscaping & Lawn
 Maintenance Inc.
 Nathan Wechsler & Company, P.A.
 Ness, David A. DMD PA
 New England Wire Technologies
 Corporation
 Newburyport Five Cents Savings Bank
 NGM Insurance Company
 Northway Bank
 Norton Asset Management, Inc.
 Old Dominion Insurance Company
 Optima Bank & Trust Company
 Orr & Reno Professional Association
 Oztek Corporation
 P and D Zimmerman, FLP
 P&S Equipment, Inc.
 Passumpsic Savings Bank
 Pentucket Bank
 People's United Bank
 Piscataqua Savings Bank
 PLC Construction of Farmington, Inc.
 Puritan Confectionery Co.
 Raiche and Company, CPAs, PA
 Rath Young and Pignatelli
 RH Laboratories, Inc.
 Robert H. Irwin Motors, Inc
 Salem Co-operative Bank
 Sapphire Consulting, LLC
 Seacoast Endodontic Associates, P.A.
 Seacoast Pediatric Dentistry
 Seventy-One Water Street
 Associates, LLC
 Shaker Valley Auto Body
 Sowa Entertainment
 State Street Realty, Inc
 Stewart Associates Architects, LLC
 Subaru of Milford
 Summa Humma Enterprises, LLC
 Technical Solutions, Inc.
 Tender Corporation
 The Boulia Gorrell Lumber Company Inc.
 The Common Man, Inc.
 The Nature of Things, LLC
 The Provident Bank
 Tilt'n Diner, Inc.
 TMS Architects, P.A.
 Trivantus, Inc.
 Tulley Automotive Group Inc.
 Turner-Liberty Agency, Inc.
 Union Bank

W.S. Badger Co., Inc.
Wescott, Dyer, Fitzgerald & Nichols PA
White Mountain Subways LLC

Wolfeboro Oil Co. Inc.
Wood & Clay, Inc.
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 not the full match amount required by HUD, so CDFA supplemented its own administrative fee with its own reserves.

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.

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.³

CDFA directly awards CDBG grants to New Hampshire's cities, towns, and counties,⁴ which often subgrant the money to a nonprofit agency or other entity conducting the work.

³ 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 2015 through June 2016.

⁴ 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.

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.

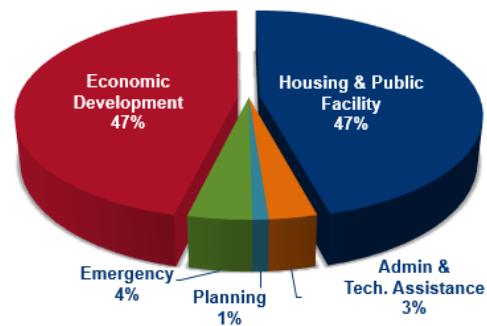
Grants for affordable housing and public facilities are awarded twice a year in competitive rounds. Funding levels for these two rounds are made by dividing the annual Housing & Public Facilities allocation in half.

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 2015, the allocation to CDFA from HUD was \$7,979,261. For calendar year 2016, the HUD allocation to CDFA for the Community Development Block Grant program is \$8,099,926.⁵

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.



The CDBG allocation to CDFA from HUD is distributed equally between Economic Development and Housing & Public Facility awards. Funds are also allocated for Emergency and Planning Grants, as well as to support administration and technical assistance to grantees.

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

CDBG Awards

The following counties and municipalities were awarded CDBG grants between July 1, 2015 and June 30, 2016:

Housing and Public Facilities

- An award of \$500,000 in funds to the town of Littleton to support the upgrade of its aging sewer and storm infrastructure in the River District. The investment is a key component in the community's larger effort over the past several years to revitalize the River District through a variety of improvements. The funds will assist Littleton in resolving substandard wastewater conditions, improve living conditions for area residents and allow the capacity to expand employment opportunities along the towns' riverfront.
- The town of Farmington received \$500,000 in CDBG funds, subgranted to CAP of Strafford County, in order to make critical renovations at the Farmington Childcare Center. Funds will support interior and exterior improvements, including energy efficiency upgrades, which will enable the childcare center to increase its capacity while maintaining the ability to serve low- and moderate-income families.
- The city of Keene received a grant of \$455,000 that will enable MAPS Counseling Services, the largest provider of out-patient mental health services in Cheshire County, to relocate. The new location will provide more space to accommodate staff, ADA access, as well as improved privacy and security for clients.
- A \$500,000 grant to the County of Cheshire, subgranted to Keene Housing, will help finance a \$750,000 capital improvement project at Riverbend Apartments located in Swanzey. Interior and exterior upgrades to the 24-unit family development will extend the life of the property which provides quality, affordable housing for the region.
- The town of Exeter received \$500,000 to be subgranted to Exeter Housing Authority for energy improvements at four affordable housing complexes. The proposed improvements will provide an annual savings of more than \$30,000 across the four properties, ultimately delivering cost savings to low- and moderate-income tenants.
- The city of Laconia received \$482,480 in CDBG funds on behalf of the Laconia Housing Authority, for energy improvements to the Scott & Williams property. The property, which includes the 60-unit Normandin Square Apartments, provides affordable housing and health services to a majority of low- and moderate-income individuals and families. The investment in energy efficiency upgrades is expected to deliver an annual dollar savings of \$67,000 in electricity and natural gas costs.
- A grant of \$327,373 to the town of Belmont to assist the Belmont Solar Village Association with infrastructure improvements. The neighborhood of 48 manufactured homes, 80 percent of which are occupied by low- and moderate-income households, will invest in water and sewer

infrastructure upgrades to deliver improved services to its residents.

- An award of \$500,000 was made to the city of Franklin on behalf of the Concord Area Trust for Community Housing (CATCH) to renovate the currently vacant Riverbend Mill property into 45 units of affordable housing. The housing units will provide permanently affordable homes for approximately 80-100 adults and children, all of which are of low- and moderate-income households.
- The city of Concord was granted \$200,000 in CDBG funds on behalf of Merrimack Valley Day Care Service (MVDCS) for upgrades to address health, safety and licensing requirements for its childcare center. MVDCS provides quality, affordable childcare with more than 80% of those served coming from low- and moderate-income households.
- A grant of \$407,100 was awarded to the town of Newport on behalf of Housing for the Elderly and Handicapped of Newport to implement energy improvements at Maple Manor, a senior affordable housing complex which serves 100% low- and moderate-income residents.
- The city of Lebanon received \$425,000 in CDBG funds on behalf of the Lebanon Housing Authority to rehabilitate the historic Rogers House. Funds will be used to reduce energy usage, reduce energy costs and improve the comfort of the residents. The Rogers House is a 56-unit, low-income senior housing facility in downtown Lebanon.

Economic Development

- The city of Lebanon was awarded \$500,000 in CDBG funds on behalf of The Community College System of New Hampshire - River Valley Community College (RVCC) for the purpose of developing a Center for Business and Industry Training at the former Lebanon College Building in Lebanon. Funds will renovate and transform the building into a hub for workforce development and business and industry training in the Upper Connecticut River Valley.
- An award of \$500,000 was provided to the city of Berlin on behalf of Coos Economic Development Corporation (CEDC) in order to provide a loan to Capone Iron Corporation North Woods, Inc. The loan will assist Capone Iron in purchasing the necessary machinery and equipment to run a state-of-the-art steel fabrication operation. Additionally, as a result of the investment, Capone Iron will create 25 new, full-time jobs. A minimum of 60 percent of those positions will be available to individuals from low- to moderate-income households.
- Grafton County received \$500,000 in CDBG funds on behalf of Monadnock Economic Development Corporation (MEDC) for the purpose of constructing a multi-specialty clinic on the campus of Alice Peck Day Memorial Hospital in Lebanon. The goal of this new facility is to serve as a “one-stop” destination for outpatient services to increase access and improve quality of services provided, as well as lower health care costs. The hospital has committed to creating 25 new jobs, with 60 percent of those positions available to low- to moderate-income individuals.
- The Town of Durham was awarded \$500,000 in CDBG funds on behalf of the Strafford Economic Development Corporation (SEDC) to provide a loan to Harmony on the Bay, LLC. The loan will

assist Harmony Homes in acquiring the necessary property to build a new, 60-bed assisted living facility which will provide affordable memory care to its residents. The development of the new facility will result in twenty-five new full-time jobs, fifteen of which will be available to low- and moderate-income individuals.

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 five 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 has been 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 50 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 has been 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

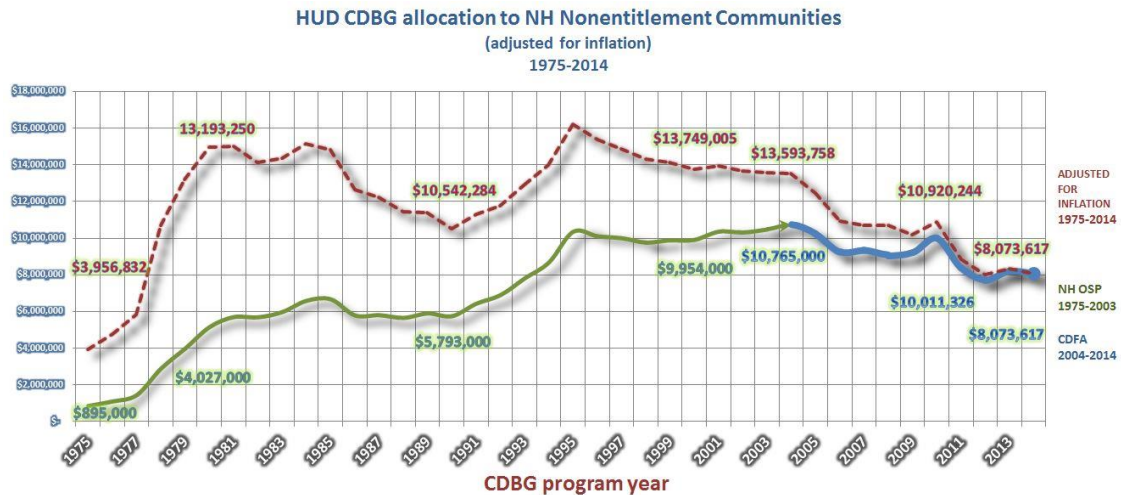
- An award of \$350,000 was made to the town of Whitefield to make emergency repairs to a portion of the town's water system. The funds were used to address an inadequate water supply to the Bray Hill portion of the water system, which serves an area that is primarily occupied by households earning low-to-moderate incomes. If left unattended to, these issues posed an immediate threat to public health and safety.

Planning Grants

- \$12,000 to the city of Berlin on behalf of The Holiday Center to conduct a feasibility study to determine the work scope and cost required to update the facility into an adult medical day program.
- \$12,000 to the city of Berlin to complete marketing and engineering studies to determine if the currently unoccupied St. Joseph School could be converted to a multiple use building, such as incubator space for new startup firms, growth space for existing businesses, and affordable space for organizations that work with low - and moderate-income (LMI) households.
- \$12,000 to the city of Laconia to complete a feasibility study for the acquisition and renovation of the building on 95 Water Street in Laconia in order to create a Model Child Advocacy Center (CAC) for abused children.
- \$12,000 to the city of Keene on behalf of the Monadnock Area Peer Support Agency (MPS), located at 64 Beaver Street to determine precisely how to design the ideal peer support center with sufficient space, security and efficiency.
- \$12,000 to the town of Enfield on behalf of Visions for Creative Housing to research and develop a sustainable and realistic facilities plan, as well as identify possible funding sources for capital needs and financing opportunities.

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 15 (around \$3 billion).



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.

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.

In 2013, CDFA combined these various funding sources into one umbrella program called the Clean Energy Fund. A FTE position was repositioned to be responsible for the fund and provide substantial technical assistance. Products and services offered under the Clean Energy Fund are used by municipalities, nonprofits, and employers seeking to lower costs and have greater control over their energy sourcing and usage through renewable energy integration and/or efficiency upgrades to their facilities

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 works 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. In FY16, CDFA made the following loans under the Clean Energy Fund.

- A loan for \$119,000 to Aldea Holdings, LLC to make energy efficiency improvements to a multi-family apartment building in Berlin, including the replacement of an electric heating system with a new wood pellet boiler and building envelope upgrades.
- A loan in the amount of \$192,000 to Barrington Rollinsford Mill, LLC in Rollinsford to fund the installation of a 120 kW rooftop solar array on the Mills at Salmon Falls, a former mill building.
- A loan for \$165,200 to the city of Franklin to replace nearly 500 streetlights with energy efficient LED fixtures which will save the city \$31,000 annually in electricity costs.

- A \$270,000 loan to Housing for the Elderly and Handicapped of Newport, Inc. to make energy efficiency improvements and reduce energy costs for Maple Manor, an independent housing complex that provides high-quality housing options for qualifying low income elderly and disabled persons.
- A loan in the amount of \$374,616 to Capital Hotel Company II, LLC to install a 136 kilowatt solar array at the Grappone Conference Center in Concord.
- A loan in the amount of \$275,000 to the city of Claremont to replace more than 1,000 streetlights with LED lights, as well as update indoor lighting at various municipal buildings throughout the city, resulting in an estimated cost savings of \$85,000 per year.
- A loan in the amount of \$470,000 to Froling LLC to install a state-of-the-art Precision Dried Wood Chip (PDC) fueled boiler.
- A loan in the amount of \$71,488 to the Mahoosuc Inn, LLC in Milan to install a 34kW solar electric array which will produce 100 percent of the kWh consumed by the Inn, or 35,000 kWh per year.
- A loan in the amount of \$79,080 to the Tannery Marketplace in Littleton to make energy efficiency improvements, including the installation of a wood pellet boiler system to reduce operating costs.
- A loan in the amount of \$45,250 to Second Start, a nonprofit education cooperative in Concord, to install a solar electric PV system which will generate approximately 50 percent of the organization's electricity needs, saving more than \$14,000 per year in avoided electricity costs.

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 Administrative Support Funding

New Hampshire has ten Regional Development Corporations (RDCs) across the state. They are each qualified economic development entities (EDEs). Last year, CDFA provided RDCs grants totaling \$450,000 through the Community Development Block Grant (CDBG) and Tax Credit Programs. These resources are designed to supplement administrative income for the RDCs. In addition to \$200,000 in federal grants, CDFA also sets aside \$250,000 in Tax Credit Program allocation for the New Hampshire Alliance of Regional Development Corporations, a network of the ten economic development organizations. The Alliance distributes the Tax Credit Program funds to its 10-member RDCs.

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), 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.

CDBG Bridge Loans

Government often does not move as quickly as the private sector does. The required 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's bridge loan program allows approved grant sponsors to borrow against awarded Community Development Block Grants and have access to money while the government process is completed.

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.

In FY 2016, 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 2016. The financials are being audited by Leone, McDonnell & Roberts, Certified Public Accountants.⁶

⁶ Once affirmed and formally accepted by the CDFA Board of Directors during their September 13, 2016 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, 2018 AND 2015**

	<u>ASSETS</u>	<u>2018</u>	<u>2015</u>
CURRENT ASSETS			
Cash and equivalents	\$	3,392,591	\$ 3,361,657
Cash and equivalents - restricted		2,947,251	3,434,110
Current portion of notes receivable, net of allowance of \$233,277 and \$121,147		1,000,029	862,281
Current portion of notes receivable, energy loans		531,247	504,501
Community Development Investment Program - pledges receivable		1,655,790	909,374
Community Development Block Grant Funds Receivable - HUD		216,223	670,810
BetterBuildings Grant Funds Receivable - NHOEP		-	30,378
Prepaid expenses		58,544	36,500
Due from affiliate, net of allowance of \$363,068 and \$219,068		448,795	436,557
Investments		5,651,257	512,324
Total current assets		<u>15,901,727</u>	<u>10,758,492</u>
PROPERTY AND EQUIPMENT			
Property and equipment		197,445	128,105
Less accumulated depreciation		<u>(148,309)</u>	<u>(127,619)</u>
Net property and equipment		<u>49,136</u>	<u>486</u>
OTHER ASSETS			
Community Development Block Grant Recovery Funds Receivable, net of allowance of \$277,797 and \$257,773		480,792	606,119
Notes receivable, energy loans, net current portion and allowance of \$1,082,769 and \$422,952		2,871,830	2,692,214
Notes receivable, net of current portion and allowance of \$624,928 and \$423,638		2,665,310	2,845,105
Long term Investments		763,864	5,310,222
Long term Investments - related party		<u>(45,844)</u>	<u>(10,356)</u>
Total other assets		<u>6,735,952</u>	<u>11,443,304</u>
TOTAL ASSETS	\$	<u>22,686,815</u>	<u>\$ 22,202,282</u>
	<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES			
Accounts payable	\$	114,713	\$ 88,686
Community Development Investment Program projects payable		6,922,153	5,216,826
Community Development Block Grant funds payable		13,500	447,747
Community Development Investment Program deferred revenue		627,777	350,304
Downtown Services Grant deferred revenue		26,452	26,452
New Hampshire Charitable Foundation deferred revenue		47	47
Total liabilities		<u>7,704,642</u>	<u>6,130,062</u>
NET ASSETS			
Unrestricted		2,323,438	3,358,300
Board designated		3,815,772	3,815,772
Donor restricted		<u>8,842,963</u>	<u>8,898,148</u>
Total net assets		<u>14,982,173</u>	<u>16,072,220</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>22,686,815</u>	<u>\$ 22,202,282</u>

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, 2018 AND 2016

	<u>2018</u>	<u>2016</u>
REVENUES AND OTHER SUPPORT		
Grants		
Community Development Block Grant - HUD	\$ 7,771,598	\$ 8,686,207
BetterBuildings - NHOEP	-	80,753
Total grants	<u>7,771,598</u>	<u>8,766,960</u>
Administrative fees		
Community Development Block Grant - HUD	307,766	280,070
Community Development Block Grant - NH	170,604	170,925
Neighborhood Stabilization Program - HUD	-	(830)
Community Development Investment Program - NH	1,000,000	1,000,000
BetterBuildings - NHOEP	(23,513)	15,364
Total administrative fees	<u>1,454,857</u>	<u>1,465,529</u>
Other revenues and other support		
Related party service fees	72,000	72,000
Interest income - loans	132,810	155,035
Community Development Block Grant - program income	60,000	60,000
Total other revenues and other support	<u>264,810</u>	<u>287,035</u>
Total revenues and other support	<u>9,491,265</u>	<u>10,519,524</u>
OPERATING EXPENSES		
Salaries and wages	1,092,031	955,537
Employee benefits and payroll taxes	398,984	369,759
Office	99,121	102,269
Travel	24,086	25,984
Occupancy	94,863	94,069
Professional fees	122,294	125,767
Meetings and events	37,792	28,128
Depreciation	20,691	6,567
Change in allowance for bad debts	818,009	117,487
Total operating expenses	<u>2,707,871</u>	<u>1,825,567</u>
GRANT EXPENDITURES		
Community Development Block Grant: Economic Development - HUD	2,493,197	1,950,344
Community Development Block Grant: Housing and Public Facilities - HUD	4,895,137	6,669,712
Community Development Block Grant: Emergency - HUD	398,327	90,601
Community Development Block Grant: Feasibility - HUD	132,451	46,750
IRB BetterBuildings Res RLF	5,529	-
BetterBuildings - NHOEP	10,000	2,500
Total grant expenditures	<u>7,934,641</u>	<u>8,759,907</u>
TOTAL OPERATING LOSS	<u>(1,151,247)</u>	<u>(65,950)</u>
NON-OPERATING REVENUES (EXPENSES)		
Loss from investment in related party	(35,488)	(65,339)
Interest income	96,688	79,958
Total non-operating revenues (expenses)	<u>61,200</u>	<u>14,619</u>
CHANGE IN NET ASSETS	<u>(1,090,047)</u>	<u>(51,331)</u>
NET ASSETS - BEGINNING OF YEAR	<u>16,072,220</u>	<u>16,123,551</u>
NET ASSETS - END OF YEAR	<u>\$ 14,982,173</u>	<u>\$ 15,072,220</u>

See Notes to Financial Statements

NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2016

	2018	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt of Community Development Block Grant - HUD	\$ 8,226,185	\$ 9,068,916
Receipt of BetterBuildings Fund - NHOEP	30,378	85,318
Receipt of Community Development Block Grant - Program Income	60,000	60,000
Receipt of Community Development Block Grant Admin Fees	478,370	450,995
Receipt of Neighborhood Stabilization Program Admin Fees	-	(830)
Receipt of Community Development Investment Program Funds and Admin Fees	2,236,384	1,337,672
Receipt of BetterBuildings Admin Fees	(23,513)	15,364
Receipt of Related Party Service Fees	(12,238)	(41,057)
Receipt of Interest on Loans	132,810	155,035
Payment for Community Development Block Grant - HUD	(8,353,359)	(9,154,168)
Payment for IRB BetterBuildings RES RLF	(5,529)	-
Payment for BetterBuildings - NHOEP	(10,000)	(2,500)
Payment for Employees for Services	(1,491,015)	(1,325,295)
Payment for Suppliers, Goods and Services	(336,381)	(315,516)
Payment for Program Expenses	(37,792)	(28,128)
NET CASH PROVIDED BY OPERATING ACTIVITIES	894,300	305,805
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of payments on notes receivable	1,274,959	669,693
Receipt of payments on notes receivable - Energy Loans	775,198	472,658
Disbursements of notes receivable	(2,864,930)	(216,631)
Purchase of assets	(69,340)	-
Investments in certificate of deposits	(562,800)	(35,860)
Interest received	96,688	79,958
NET CASH PROVIDED BY INVESTING ACTIVITIES	(1,350,225)	969,818
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(455,925)	1,275,623
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,795,767	5,520,144
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,339,842	\$ 6,795,767

See Notes to Financial Statements

NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY

(Continued)

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2016**

	2018	2016
CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT)		
Operating loss	\$ (1,151,247)	\$ (65,950)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,691	6,567
Bad debt expense	818,009	117,487
(Increase) decrease in operating assets:		
Community Development Investment Program - pledges receivable	(746,416)	306,812
Community Development Block Grant Funds Receivable - HUD	454,587	382,709
BetterBuildings Grant Funds Receivable - NHOEP	30,378	4,565
Prepaid expenses	(22,044)	4,825
Due from affiliate	(84,238)	(113,057)
Increase (decrease) in operating liabilities:		
Accounts payable	26,027	27,748
Community Development Investment Program projects payable	1,705,327	122,164
Community Development Block Grant funds payable	(434,247)	(396,761)
Community Development Investment Program deferred revenue	277,473	(91,304)
Total adjustments	<u>2,045,547</u>	<u>371,755</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 894,300	\$ 305,805

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 2016. The financials are being audited by Leone, McDonnell & Roberts, Certified Public Accountants.

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

**BALANCE SHEETS
JUNE 30, 2016 AND 2015**

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 23,204	\$ 25,875
Accounts receivable, net of allowance of \$50 for 2016 and 2015	1,810	2,325
Prepaid taxes	4,332	4,070
Prepaid expenses	11,219	15,911
Deferred income tax benefit	<u>144,820</u>	<u>133,045</u>
Total current assets	<u>185,185</u>	<u>181,226</u>
PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment	2,171,737	2,012,227
Less accumulated depreciation	<u>(545,919)</u>	<u>(488,923)</u>
Property, plant and equipment, net	<u>1,625,818</u>	<u>1,525,304</u>
Total assets	<u>\$ 1,811,003</u>	<u>\$ 1,706,530</u>

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES		
Current portion of long term debt	\$ 40,917	\$ 42,804
Accounts payable	827	13,660
Accrued interest	1,343	3,945
Due to related party	<u>811,863</u>	<u>727,625</u>
Total current liabilities	<u>854,750</u>	<u>787,834</u>
LONG TERM LIABILITIES		
Long term debt, less current portion shown above	988,595	905,092
Security deposits and deferred rent	<u>15,502</u>	<u>23,980</u>
Total long term liabilities	<u>1,002,097</u>	<u>929,052</u>
Total liabilities	<u>1,856,847</u>	<u>1,716,886</u>
MEMBER'S DEFICIT	<u>(45,844)</u>	<u>(10,356)</u>
Total liabilities and member's deficit	<u>\$ 1,811,003</u>	<u>\$ 1,706,530</u>

See Notes to Financial Statements

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

STATEMENTS OF INCOME AND MEMBER'S DEFICIT
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUE	\$ 282,011	\$ 285,731
OPERATING EXPENSES		
Administration fees - related party	72,000	72,000
Property taxes	88,032	58,094
Depreciation	58,996	38,886
Property operating costs	53,081	56,965
Utilities	20,346	44,101
Rental management fees	17,419	22,129
Professional fees	9,390	14,332
New Hampshire business enterprise tax	215	473
Office supplies	100	105
Total operating expenses	<u>300,579</u>	<u>306,085</u>
LOSS FROM OPERATIONS	<u>(18,568)</u>	<u>(20,354)</u>
OTHER EXPENSES		
Interest expense	<u>(28,865)</u>	<u>(63,095)</u>
LOSS BEFORE (BENEFIT) PROVISION FOR INCOME TAXES	(47,263)	(83,449)
(BENEFIT) PROVISION FOR INCOME TAXES	<u>(11,775)</u>	<u>(18,113)</u>
NET LOSS	(35,488)	(65,336)
MEMBER'S (DEFICIT) EQUITY, BEGINNING OF YEAR	<u>(10,356)</u>	<u>54,980</u>
MEMBER'S DEFICIT, END OF YEAR	\$ <u>(45,844)</u>	\$ <u>(10,356)</u>

See Notes to Financial Statements

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

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

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (35,488)	\$ (65,336)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	58,996	39,886
(Increase) decrease in assets:		
Accounts receivable	715	(1,395)
Prepaid taxes	(262)	831
Prepaid expenses	4,692	2,602
Other current assets	-	2,394
Deferred income tax benefit	(11,776)	(18,771)
Increase (decrease) in liabilities:		
Accounts payable	(13,033)	12,305
Accrued interest	(2,602)	
Security deposits and deferred rent	(8,458)	7,423
NET CASH USED IN OPERATING ACTIVITIES	<u>(7,215)</u>	<u>(20,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchases	<u>(158,510)</u>	<u>(17,034)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(158,510)</u>	<u>(17,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of long term debt	79,818	(81,801)
Due to related party	84,238	113,057
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>164,054</u>	<u>51,456</u>
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	<u>(2,671)</u>	<u>14,351</u>
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>25,875</u>	<u>11,524</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 23,204</u>	<u>\$ 25,875</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 28,695	\$ 63,095
Cash paid during the year for income taxes	\$ -	\$ 300

See Notes to Financial Statements