



Annual report
of the
Community
Development
Finance
Authority

SFY 18

In accordance with RSA 162-L:6, CDFA is providing this report of its activities from state fiscal year 2018, as well as operating and financial statements.

Table of Contents

- 1. Introduction 2
- 2. The Community Development Finance Authority 3
 - Mission 3
 - CDFA Staff..... 3
 - CDFA Board of Directors..... 4
 - Community Development Advisory Committee 5
- 3. The CDFA Tax Credit Program 6
 - Tax Credit Overview 6
 - Demand and Challenges 6
 - FY 2018 Investment Tax Credit Awards..... 6
 - Investment Tax Credit Pledges..... 8
- 4. The Community Development Block Grant (CDBG)..... 10
 - Program Overview..... 10
 - Additional Background on New Hampshire’s CDBG Program..... 10
 - Distribution of Funds..... 11
 - CDBG Awards..... 12
 - Housing and Public Facilities..... 12
 - Economic Development 12
 - Microenterprise (Economic Development) 13
 - Feasibility Grants 14
 - CDBG Challenges and Opportunities..... 14
- 5. Clean Energy Fund 16
 - The Clean Energy Fund..... 16
 - Loans made..... 16
 - Future energy initiatives 17
- 6. Additional CDFA Initiatives 18
 - Recovery Friendly Workplace Initiative 18
 - Ideas to Innovation Program (“i2i”) 18
 - Economic Development Capacity Building Program..... 18
 - Job Retention Fund..... 19
 - CDBG Bridge Loans 19
 - DADCo..... 19
- 7. Financial Reports for CDFA 20
- 8. Financial Reports for DADCo..... 25

1. Introduction

September 1, 2018

The Honorable Christopher T. Sununu, Governor
The Honorable Chuck Morse, Senate President
The Honorable Gene Chandler, Speaker of the House
The Honorable William Dwyer, State Treasury Commissioner

Dear Governor Sununu, President Morse, Speaker Chandler, 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, 2018.

It has been another impactful year at the Community Development Finance Authority. In the state fiscal year 2018, we have awarded approximately seventy projects, infusing more than \$11.47 million into community and economic development, as well as clean energy, initiatives throughout New Hampshire. These projects have provided new jobs, healthy and safe affordable housing, community development, helped revitalize Main Streets, improved public facilities, 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, please do not hesitate to contact us.



Katherine Easterly Martey
Executive Director



Robert Tourigny
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 work in partnership with state and federal initiatives to strengthen New Hampshire communities through the distribution of resources to municipalities, nonprofits, and businesses.

Mission

CDFA envisions New Hampshire’s future with economically and socially resilient communities that reflect and respect their natural surroundings and represent places where people want to live and work. In working towards this vision, CDFA invests in the people of New Hampshire by:

- Enabling its partners to make transformational and sustainable changes;
- Meeting the evolving needs of New Hampshire communities;
- Deploying a well-tuned, effective investment system which directly impacts local communities; and
- Taking an innovative and collaborative approach to development finance.

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.

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

¹ The State provides a federally-mandated 2% administrative match of approximately \$172,000 to operate the Community Development Block Grant program. This is further explained in section four of this report.

CDFA staff members include:

Katherine Easterly Martey, Executive Director;

Meena Gyawali, Director of Community Development;

George Hunton, Director of Tax Credits;

Alex Jette, Compliance Manager;

Missy Lackey, Contract Specialist;

Melissa Latham, Communications Manager;

Scott Maslansky, Director of Clean Energy Finance;

Jacqueline Matthews, Grants Management System Specialist;

Deborah Morin, Chief Financial Officer;

Cody Morrison, Compliance Specialist;

Laura Nadeau, Accounting Assistant;

Kim Pacocha, Senior Accountant;

Kevin Peterson, Director of Economic Development;

Maureen Quinn, Office Manager and Board Relations Manager; and

Theresa Upstill, Administrative Assistant / Receptionist.

CDFA Board of Directors

CDFA is governed by an eleven-member Board of Directors (Board) 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 CDFA should be guided by representatives from several sectors, each bringing their professional expertise to best guide the organization:

“The authority shall be governed by a board of 11 directors which shall include the commissioner of the Department of Business and Economic Affairs 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:

- Robert Tourigny, Chair** (representing Community Development);
- Christopher Diego, Vice-Chair** (representing Small Business);
- David Moore, Secretary / Treasurer** (representing Community Development);
- Janet Ackerman** (representing Financial Institutions);
- Taylor Caswell** (representing Department of Business and Economic Affairs);
- Mary Ann Kristiansen** (representing Small Business);
- John Manning** (representing Community Development);
- Clayton Mitchell, Ph.D.** (representing Organized Labor);
- Martha Rush-Mueller** (representing Employment and Training); and
- Richard Wallis** (representing Financial Institutions).

Community Development Advisory Committee

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

According to RSA 162-L:15, the Community Development Advisory Committee shall consist of 10 voting members. They include the chairperson of the CDFA Board of Directors, or designee; director of the NH Office of Strategic Initiatives, or designee; executive director of the NH Housing Finance Authority, or designee; and the director of the Division of Economic Development at the Department of Business and Economic Affairs, or designee. The committee also includes six public members appointed by the governor. Among them, there are three municipal officials.

Community Development Advisory Committee members include:

- John Manning**, Chairperson;
- Elizabeth Fox** (Municipal official);
- Howard Glynn** (Public member);
- Joseph Doiron** (Office of Strategic Initiatives designee);
- Bill Ray** (NH Housing and Finance Authority designee);
- Justin Slattery** (Public member);
- Matthew Walsh** (Municipal official);
- Christopher Way** (Department of Business and Economic Affairs designee).

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. In FY 2018, CDFa awarded tax credits projects ranging from increased access to quality, affordable housing and critical services to downtown revitalization and job creation.

Tax credit awardees demonstrate a strong commitment to serving New Hampshire through a variety of initiatives vital to the success of our communities. CDFa's Tax Credit Program plays an important role in strengthening the connection between awarded organizations and their local business community. The result – long-lasting public-private partnerships that enable New Hampshire businesses to make investments which have an impact within their communities.

The program exchanges a 75 percent 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 committed to providing support to nonprofit community development organizations, cooperatives and 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 and economic 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 increased significantly year-over-year. The number of applications to the program continues to rise, making it extremely competitive. The number of applications have increased significantly with more than \$95 million in tax credit requests for \$35 million in available credits since FY 2012. The demand from businesses looking to purchase tax credits also continues to rise with pledges in FY 2018 reaching the \$5 million cap in less than the first five months of the state fiscal year.

FY 2018 Investment Tax Credit Awards

These projects received the following allocation tax credits for FY18/FY19² from CDFa:

- **Boys and Girls Clubs of Central NH (Laconia) – \$375,000:** Increase the organization's capacity to serve local youth by making the facility ADA compliant, among other necessary facility improvements.
- **Concord Coalition to End Homelessness (Concord) – \$431,166:** Develop a permanent emergency winter shelter that will provide up to 42 beds for the homeless, combined with a more accessible and permanent home for the

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.

organization's Homeless Resource Center services. This project will address a critical gap in Concord's safety net for the homeless.

- **Easterseals NH (Manchester) – \$250,000:** Renovate a 60,000 square foot building which houses numerous programs and community-based services benefiting low-income individuals. Services to be housed in the renovated facility include those impacting children, seniors, veterans, individuals with developmental disabilities, as well as a workforce development program.
- **Friends of the Goffstown Rail Trail (Goffstown) – \$72,875:** Upgrade a portion of the rail trail connecting Goffstown with Manchester, helping to create a safe space for recreation and transit for local residents.
- **Girls, Inc. of New Hampshire (Nashua) – \$250,000:** Expand and renovate the organization's Nashua facility. The project will enable Girls, Inc. to provide important services – including leadership development and enrichment programs for girls – to additional families.
- **Harbor Homes, Inc. (Plymouth) – \$700,000:** Develop a veteran's housing project in Plymouth. The new facility will include 25 one-bedroom and 5 two-bedroom apartments for homeless veterans, as well as space to deliver individualized supportive services and case management.
- **Historic Harrisville, Inc. (Harrisville) – \$257,719:** Install a new hydropower turbine in order to generate renewable electricity onsite at the historic Cheshire Mills Complex. The significant energy savings will help the organization focus more funds on furthering its mission and continue to provide affordable commercial and residential space for the local community.
- **Boys and Girls Club of Manchester (Manchester) – \$400,000:** Expand the organization's current facility by 4,800 square feet. The new space will enable the Boys and Girls Club of Manchester to deliver important programming and services to 50 percent more low-income children by 2020.
- **Moving Company Dance Center (Keene) – \$350,000:** Construct a new 16,887 square foot building in downtown Keene, enabling the organization to serve more area youth, as well as create four new full-time jobs, redevelop a vacant and blemished city block, and increase its tuition assistance for low-income students.
- **NeighborWorks Southern NH (Nashua) – \$375,000:** Invest in the Nashua Tree Streets neighborhood to revitalize the area and improve the quality and affordability of area homes. The project will result in the creation of 10 renovated low-income housing units, as well as help provide money for down payment assistance.
- **New Hampshire Community Loan Fund (Statewide) – \$244,000:** Fund the NH Individual Development Accounts program. This initiative provides financial education and matched savings account to promote healthy savings habits, asset building and financial stability for low-income individuals. More specifically, the program matches at eight-to-one the bank deposits of qualified participants so they may save for things like cars, homes, or higher education.
- **One Sky Community Services (Epping) – \$230,000:** Renovate and expand a facility in Epping, which provides housing, supportive services and case management for individuals with developmental disabilities.
- **Palace Theatre Trust (Manchester) – \$156,250:** Install energy efficient and ADA-compliant doors at the primary entrance of the theatre. The project will allow for increased access to a community asset and enable the organization to allocate its operational savings towards program delivery.
- **Seacoast Family Promise (Exeter) – \$177,100:** Renovate the organization's Exeter facility, providing for the increased access to critical services that help move homeless families into housing and self-sufficiency. These services include case management, life skills counseling, financial management, housing applications referrals to local mental health services and more.

- **SEE Science Center (Manchester) – \$200,000:** Fund new and enhanced exhibits that promote interactive Science, Technology, Engineering and Mathematics (STEM) learning for Manchester school-aged children and the local community.
- **The Community Kitchen (Keene) – \$156,250:** Complete critical facility upgrades that will ensure the continued delivery of food pantry and hot meal program services to low- and moderate-income individuals and families in the Keene area.

CDFA’s L5 Capacity Program is aimed at providing resources to organizations looking to advance specific community development focused projects, causes or organizational needs. The program is aligned with the intent of section 162-L:5 of CDFA’s enabling legislation, which states “the authority may award grants to...fund their operating costs or other costs of projects including, but not limited to, costs incurred for planning, feasibility or other studies, consultants, technical assistance, or educational or publicity programs.” The L5 Capacity Building Program seeks to provide resources to CDFA partner organizations to deepen their mission through the strengthening of their organizational infrastructure or development of new or enhanced programs. These resources will further enable partner organizations to deliver increased value to the communities they serve.

To support the various organizational and development initiatives proposed by applicants, CDFA awarded \$375,000 in FY 2018 tax credit funds among the following nonprofit organizations:

- Alpha Loft;
- Nashua Soup Kitchen and Shelter;
- Northern Forest Center;
- One Sky Community Services;
- Plymouth Area Renewable Energy Initiative; and
- Turning Points Network.

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 sixteen out of the last seventeen fiscal years. Per RSA 162-L:10, \$5,000,000 in tax receipts were applied to FY 2018. The following businesses invested in New Hampshire community and economic development projects with the purchase of tax credits in FY 2018.

670, LLC	Belknap Landscape Company, Inc.
A & M Donuts, Inc.	BGP Properties, LLC
Affordable Oil, LLC	Boothby Therapy Services
Airport Diner, Inc.	Bow Junction Associates, Inc.
Allen Mello Chrysler Dodge Jeep RAM	Boyle Energy Services & Technology
American Residuals & Talent dba ART Payroll	Brady Sullivan Payroll Management, Inc.
Amoskeag Beverages, LLC	BSP Trans Inc
Anagnost Investments, Inc.	C&S Wholesale Grocers, Inc.
Atrium Medical Corporation	Calef’s Country Store
Attitash Mountain Service Company, Inc.	Central Paper Products Co., Inc.
Autofair 1477, LP	Cheshire Oil Co., LLC
Automotive Supply Associates, Inc. D/B/A Sanel	Chinburg Builders, Inc.
Auto Parts Company	Christopher P. Williams Architects, PLLC
AutoServ Management, LLC	Ciardelli Fuel Company Inc.
B & S Locksmiths Inc.	Claremont Savings Bank
Baker Newman Noyes, LLC	Coastal Canine Resort
Bank of New Hampshire	Common Man Inn, Inc.

Crane & Bell, PLLC
 Cross Financial Corporation
 CruCon Cruise Outlet Plus, Inc.
 d.b.a. Lori K. Lambert
 DeStefano Architects
 Eastern Bank
 Eastern Boats, Inc.
 Eastern Propane & Oil
 Eaton & Berube Insurance Agency, LLC
 Energy Emporium LLC
 Enterprise Bank
 Exponential Squared
 Federal Savings Bank
 FINOP Services LLC
 Foothills Physical Therapy
 Full Circle Consulting, LLC
 Garrison Family Dental
 GI Plastek Corp.
 Global Forest Partners LP
 Goodhue & Hawkins Navy Yard, LLC
 Granite Bank
 Great American Dining, Inc.
 H.P. Cummings Construction Company
 Hampshire Hospitality Holdings, Inc.
 Harvey Construction Corporation
 HEB Engineers, Inc.
 Hennessey & Vallee, PLLC
 Hodges Development Corporation
 Horsefeathers, Inc.
 I.T. Insiders
 Insurance Planning Group Inc. dba IPG Employee
 Benefits
 John P. Stabile II
 Kalwall Corporation
 Keegan Capital, LLC
 Kevin Halloran Financial
 Lake Sunapee Bank aka Bar Harbor Bank & Trust
 Lakes Region News Club Inc.
 Leone, McDonnell & Roberts P.A.
 Littleton Auto Mart, Inc.
 Littleton Chevrolet Buick, Inc.
 Logical Innovations, LLC
 Long Term Care Partners, LLC
 Longchamps Electric
 Louis Karno & Company, LLC
 Lupine Inc.
 M & M Assurance Group
 Main Street America Assurance Company
 Market My Property, LLC
 Mascoma Savings Bank
 MB Tractor and Equipment
 McGreer Associates, LLC dba Ted's Shoe & Sport
 McLane Middleton
 Meadowbrook Farm, LLC
 Meredith Village Savings Bank
 Merrimack County Savings Bank
 Milestone Engineering & Construction, Inc.
 Mill Street Meat Market LLC
 MRP Manufacturing, LLC
 MSBC 325, LLC
 Nantucket Beadboard Company, Inc.
 Nathan Wechsler & Company, P.A.
 NGM Insurance Company
 Northway Bank - Berlin
 Oasis Health & Sports Center Inc. DBA Executive
 Health & Sports Center
 Old Dominion Insurance Company
 Ossipee Insurance Agency, Inc.
 Passumpsic Savings Bank
 Pete Stuben, LLC; dba Wildcat Inn
 PixelMEDIA, Inc.
 Pope Security Systems, Inc.
 Profile Bank, FSB
 Public Service Company of New Hampshire
 Puritan Backroom Restaurant
 Raiche and Company, CPA's
 Rath, Young and Pignatelli, P.C.
 RBX, LLC
 Robert H. Irwin Motors, Inc
 Rochester Hospitality LLC
 Rustic Crust, Inc.
 SAETEC, Inc.
 Safco Management, Inc.
 Sage Advancement Group
 SLC Holdings, LLC
 State Farm Insurance Peggy Lynch Agency
 Straight Forward Wealth Management, LLC
 Sugar River Bank
 Summit Land Development, LLC
 The Rowley Agency, Inc.
 Tilt'n Diner, Inc.
 Town Docks
 Trivantus, Inc.
 Turbocam Automated Production Systems
 Union Bank
 Vader MTM LLC
 Waste Management of New Hampshire
 WBIN, Inc.
 Whales Tale Water Park
 Wheeler Office Park, LLC
 White Mountain Gourmet Coffee
 White Mountain Puzzles
 Whitney's Inn, LLC
 Woodstock Inn Station and Brewery
 Woodsville Guaranty Savings Bank
 Yankee Truck, LLC

4. The Community Development Block Grant (CDBG)

Program Overview

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

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 HUD.

Program Impact

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 these resources. CDFA has awarded more than \$130 million in CDBG funds since 2003. These critical federal resources have been deployed to communities throughout New Hampshire and have a significant impact on economic development, housing and community-based initiatives across the state. Examples of priority projects funded by CDBG in New Hampshire include:

- Addiction treatment and recovery centers to help address our statewide drug crisis;
- Affordable, rural childcare to enable more people to participate in the economy;
- Investments in workforce development and training equipment for people to improve their careers in rural areas; and
- Low-income senior housing for our aging population.

In calendar year 2017, the CDBG program created 108 jobs, assisted 1053 persons under public facility infrastructure, rehabbed or preserved 211 housing units, helped 894 persons in non-housing activities for emergency grants, and provided technical assistance to 334 micro businesses

Additional Background on New Hampshire's CDBG Program

CDFA receives its allocation directly from HUD and administers CDBG funds for non-entitlement municipalities. All eligible municipalities and counties can apply for up to \$500,000 in CDBG funds per year.³

Federal rules require the State to match dollar-for-dollar the administrative fee CDFA can take from the HUD CDBG allocation to administer the program. This figure is no more than three-percent of the HUD allocation. In this

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 2017 through June 2018.

current biennium, the State allocated approximately \$172,000 each year in order for HUD to award New Hampshire just over \$8 million annually. This General Fund allocation, however, was not the full match amount required by HUD, so CDFA supplemented the HUD-mandated administrative fee with its own reserves.

CDFA directly awards CDBG grants to New Hampshire's cities, towns, and counties,⁴ which often sub-grant the money to a nonprofit agency or other entity conducting the work. New Hampshire's CDBG program focuses on funding projects in the following areas:

- Economic Development;
- Housing, Public Facilities;
- Emergencies and Unanticipated Events; and
- Feasibility 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. Grants for affordable housing and public facilities, as well as feasibility, are awarded twice a year in competitive rounds; economic development and emergency grants are awarded on a rolling basis.

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. In calendar year 2018, the allocation for New Hampshire's statewide CDBG program is \$8,849,833. For calendar year 2017, the HUD allocation to CDFA for the Community Development Block Grant program was \$8,022,548.⁵

In order for the organization to align its awards with the anticipated receipt of its fiscal year 2018 funding allocation from the U.S. Department of Housing and Urban Development, CDFA held one Housing and Public Facilities grant round this state fiscal year, making awards in December 2017. In state fiscal year 2019, CDFA will return to making CDBG awards twice annually in November 2018 and April 2019.

No unspent CDBG funds are returned to Washington D.C. Per state rules, these leftover moneys are to be rolled over into the next Housing and Public Facilities round.

⁴ There are, however, five "entitlement communities" which get money directly from HUD as a special set-aside (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.

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, 2017 and June 30, 2018:

Housing and Public Facilities

- The City of Franklin was awarded \$500,000 on behalf of Community Action Program of Belknap-Merrimack Counties, Inc. for the demolition of the existing building and construction of a new facility at 82 Elkins Street in Franklin. The downtown facility is a hub of critical services for low- and moderate-income residents in Franklin and the six surrounding communities. Services provided are in the areas of child development, health and nutrition, energy assistance, job development, housing, and more. The project will serve 2,452 beneficiaries in total, with 76 percent of the beneficiaries being of low-to-moderate income.
- The City of Claremont was awarded \$500,000 to support the building rehab and expansion of the Sullivan County Oral Health Collaborative. The improvements will allow the clinic to add treatment space and launch a new innovative dental lab program, as well as contribute to the restoration of a historic building in downtown Claremont. The expansion will allow the organization to provide dental services to an increased number of low- and moderate-income adults and children in Sullivan County.
- The City of Lebanon was awarded \$400,000 on behalf of Twin Pines Housing Trust to develop affordable housing on Tracy Street in downtown Lebanon with easy access to public transportation, employment opportunities and community facilities. The project will create a three story, net zero development with 29 housing units, 100 percent of which will be available to low- and moderate-income residents.
- Sullivan County was awarded \$500,000 on behalf of New England Family Housing to rehabilitate the Goddard Block in Claremont. The multi-use building rehabilitation will contribute to downtown redevelopment efforts by providing commercial space and 36 units of rental housing with 22 of those units reserved for low-to-moderate income tenants.

Economic Development

- The Town of Salem was awarded \$500,000 on behalf of the Regional Economic Development Center of Southern New Hampshire (REDC) in order to provide a loan to Salem Ford. The business will use the funds to build a new facility, enabling the creation of 25 jobs, of which sixteen will be held by and/or made available to individuals of low- and moderate-income.
- The Town of Stratham was awarded \$500,000 on behalf of the Regional Economic Development Center of Southern New Hampshire (REDC) in order to setup a revolving loan fund for small businesses. The revolving loan fund program will create at least thirty new, quality jobs. Twenty-seven of those jobs will be made available to persons of low- to moderate-income and require only a high school diploma or equivalent.
- The City of Keene was awarded \$500,000 on behalf of the Monadnock Economic Development Corporation to support the Monadnock Food Co-op expansion project. The business expansion will create

up to 25 new, quality jobs of which at least sixteen will be held by or made available to persons of low- to moderate-income and require only a high school diploma or equivalent.

- The City of Keene was awarded \$200,000 on behalf of the Monadnock Economic Development Corporation to support the purchase of equipment by local business 603 OPTX, Inc. The project will result in the creation of 10 new full-time jobs of which at least seven will be held by or made available to persons of low- to moderate-income and require only a high school diploma or equivalent.

Microenterprise (Economic Development)

A subset of the CDBG Economic Development program, 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 \$731,865 in awards was allocated to Grafton and Cheshire County and was divided among economic development centers from every corner of the state. Collectively, the program served approximately 267 businesses in New Hampshire.

A grant in the amount of \$314,500 has been made to Grafton County on behalf of these organizations:

- \$109,000 to the Grafton Regional Development Corporation in Plymouth. Some of the services GRDC will provide to approximately 40 participants include lending advice, one-on-one counseling, and seminars geared toward small business development.
- \$134,000 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.
- \$71,500 for the Northern Community Investment Corporation in Lancaster. Approximately 25 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 \$417,365 on behalf of these organizations:

- \$149,955 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.
- \$137,455 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 50 low-to-moderate income small business owners will use their many resources.
- \$129,955 to the NH Small Business Development Center's Pathways to Work initiatives in Durham and Manchester. Some of the services provided to approximately 47 participants include classes on how to start a small business, e-courses on finance, and workshops on topics like marketing and accounting.

Feasibility Grants

- The City of Berlin was awarded \$12,000 to hire a consultant to review the feasibility of the installation of an elevator system in City Hall or to replace their current chairlift system with a modern chairlift system. The desired outcome is to increase accessibility of the building for the citizens of Berlin.
- The City of Berlin was awarded \$12,000 on behalf of Affordable Housing Education & Development (AHEAD) to determine the feasibility of repurposing 121 Main Street, Berlin into a possible health and wellness center. The center would provide space for the development of a new model of healthcare delivery that emphasizes the prevention and self-management of chronic disease, as well as the integration of primary care, oral health and alternative healing therapies.
- Grafton County was awarded \$12,000 on behalf of Cottage Hospital to conduct a study to identify the need and practicality of the development of an offsite or mobile facility. The study will identify gaps in healthcare coverage within their primary service area which spans seven towns. The proposed mobile or offsite facility will provide services to known and to-be-identified clusters of low- and moderate-income individuals in the Lisbon community and beyond.
- Sullivan County was awarded \$12,000 to hire a consultant to identify the specific needs of partners and develop a financial and operational model for a sober transitional housing facility. This study will identify an appropriate facility which will help host programs to meet the short-term sober housing and support needs of formerly incarcerated individuals.
- The Town of Derry was awarded \$12,000 to hire a consultant to determine preliminary design and property development costs for a mixed-use facility that would house a job training center. The study will help determine the maximum development capacity of one of four parcels of town owned land to construct the facility. The facility would expand job training opportunities to help meet the demands of both employers and the available under-skilled labor market while contributing to downtown development.

CDBG Challenges and Opportunities

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. In March 2018, almost six months into the federal fiscal year, the President signed a bill that allocated \$3.3 billion in funding for the Community Development Block Grant program. However, future funding of the program continues to remain uncertain. CDFA will continue to work with New Hampshire's federal delegation in Washington D.C. to urge continued funding of these critical resources for the state.

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

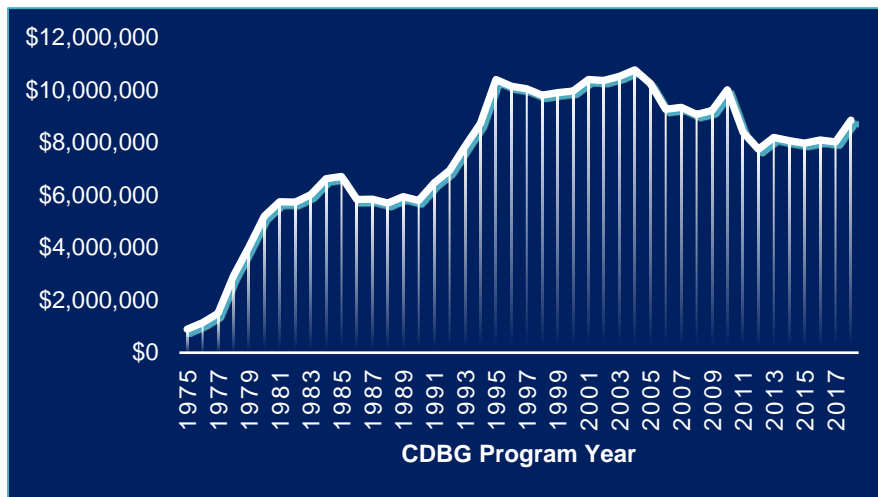
On the state level, CDFA continues to work towards increasing the effectiveness of New Hampshire's program while reducing regulatory challenges. A significant part of this work is the evaluation of the program's

Administrative Rules pursuant to RSA 541-A. CDFA seeks to modify and simplify its Administrative Rules in order to continue to administer the program in alignment with state and federal regulatory intent.

The modification of CDFA's Administrative Rules, which the organization is undergoing in accordance with the state's rule change process, will assist the organization in accomplishing the following goals relative to the CDBG program:

- Increase accessibility to and ease-of-use of CDBG funds;
- Create flexible structure to better adapt to evolving needs in New Hampshire;
- Adjust to new funding levels and a technology-driven world; and
- Continue to integrate CDFA resources to support critical, community-driven projects.

As funding levels for the CDBG program continue to remain uncertain, it's critical to ensure New Hampshire's program is well-positioned to make the most impact possible with limited resources. CDFA will continue to collaborate with state and federal leadership on this initiative.



5. Clean Energy Fund

In 2009, CDFA began administering three programs to help municipalities, businesses and nonprofits secure resources to assess the energy efficiency of their buildings and make upgrades and retrofits to increase efficiency, health and safety to reduce costs and 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 American Recovery and Reinvestment Act 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. 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. CDFA provides substantial technical assistance to help facilitate these projects from inception to completion.

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.

CDFA launched an Energy Audit Program under the Clean Energy Fund in FY 2017. Using resources from the USDA Rural Energy for America Program (REAP) grant program, CDFA began offering funds to assist agricultural producers and rural small businesses throughout New Hampshire in receiving comprehensive energy audits. Grant funds will cover 75 percent of the comprehensive energy audit costs with eligible participants required to pay the remaining 25 percent.

Under the program, CDFA works with qualifying business owners to identify an eligible energy auditor, as well as incentives and financing opportunities available for implementing the recommended energy upgrades. In FY 2018, CDFA provided \$15,246 in resources to support energy audits for seven rural businesses throughout New Hampshire.

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 FY 2018, CDFA made the following loans under the Clean Energy Fund.

- A loan in the amount of \$19,430 to the Town of Franconia to reduce energy consumption and carbon emissions through the conversion of more than 140 streetlights to LED lighting. The conversion will provide an estimated annual energy cost savings of \$10,000 to the municipality.
- A loan for \$44,500 to the Peterborough Players to install a 20 kW photovoltaic solar array on the rooftops of the theater and storage facility buildings located in Peterborough. The project is expected to provide an annual energy cost savings of \$4,500 to the nonprofit.
- A loan in the amount of \$51,633 to Winnisquam Dental to install a 14.7 kW photovoltaic solar array consisting of a combination of rooftop panels on the dental office building and ground-mounted panels with tracking system at the business' property in Tilton. The conversion will provide an estimated annual energy cost savings of \$3,400 to the business.
- A loan for \$191,221 to Tru Form Precision Manufacturing to install a rooftop 118.72 kW grid-tied photovoltaic solar array at its location in Plaistow.
- A loan in the amount of \$43,300 to the Town of Newmarket to reduce energy consumption and carbon emissions through the conversion of more than 330 light fixtures and streetlights throughout downtown to LED lighting and fixtures. The conversion will provide an estimated annual energy cost savings of \$22,217 to the municipality.
- A loan of \$51,730 to the City of Claremont to retrofit all interior and exterior lighting fixtures at the Claremont Community Center facility to LED lighting. The conversion will reduce energy consumption and carbon emissions at the facility, as well as provide an estimated annual energy cost savings of \$14,219 to the municipality.
- A loan in the amount of \$40,000 to the Town of Gorham to reduce energy consumption and carbon emissions by converting more than 260 streetlights from high pressure sodium to LED lighting. The conversion will provide an estimated annual energy cost savings of \$17,896 to the municipality.
- A loan for \$92,778 to A Place to Grow childcare facility in Brentwood to make energy efficiency upgrades and install a rooftop 14kW photovoltaic solar array. The project will provide an estimated annual cost savings of \$4,992 and an estimated lifetime cost savings of \$108,575.

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.

Recovery Friendly Workplace Initiative

On behalf of the State, CDFA has been allocated a one-time, \$1 million appropriation to be awarded to nonprofit organizations delivering recovery friendly workplace programs. According to the authorizing legislation, “recovery friendly workplace programs” include programs that:

- Educate employers in evidence-based practices that demonstrably reduce substance misuse in the workplace;
- Create work environments that are conducive to enabling persons in addiction and mental health recovery to sustain and re-enter the workforce as productive members of society;
- Train employees, including specialized training for human resources personnel, on these matters;
- Raise public awareness and provide information that supports health and safety for employees; and
- Promote active community engagement that will assist in reducing the negative impact of unaddressed substance misuse and untreated mental health.

CDFA is coordinating with the Governor’s office, Department of Health and Human Services, Department of Business and Economic Affairs, other statewide departments and partners to ensure program administration aligns with the statewide vision for the public health continuum of care and regional community health needs assessments.

Ideas to Innovation Program (“i2i”)

The Ideas to Innovation Program (i2i) grant opportunity is designed to assist local nonprofits in developing new ideas, thinking and innovation in community and economic development efforts throughout New Hampshire. More specifically, CDFA seeks to provide resources for initiatives, public events and partnerships that recognize the value mutual relationships (e.g. interconnectedness) of various community systems (e.g. economic, social, environmental, public health, employment, and livability). In addition, i2i funded initiatives aim to generate actionable ideas and innovative thinking that have the potential to lead to new and replicable policies, incentives, or financing models that advance and/or complement multiple systems in New Hampshire communities.

Economic Development Capacity Building Program

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 \$550,000 through the Community Development Block Grant (CDBG) and Tax Credit Programs. These resources are designed to provide capital to New Hampshire’s nonprofit RDCs which have the primary goal to foster and encourage economic development. The funds are focused on assisting these organizations to fulfill their missions and provide technical assistance to New Hampshire businesses.

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 capital available can take weeks or months, which may be time that the nonprofits, municipalities, economic development entities, or job-creating businesses do not 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 2018, tenants of DADCo included nonprofits, small businesses and employers doing business in clean tech. Financial reports for DADCo are included in section 8 of this report. DADCo completed the sale of the properties that house 6 – 14 Dixon Avenue on August 2, 2018.

7. Financial Reports for CDFA

On the following pages are the financial statements for the Community Development Finance Authority for state fiscal year 2018. 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 11, 2018 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 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and equivalents	\$ 8,961,013	\$ 7,624,839
Cash and equivalents - restricted	3,394,174	3,089,411
Current portion of Community Development Block Grant Recovery Funds Receivable, net of allowance of \$13,780 and \$64,261	128,220	328,052
Current portion of notes receivable, net of allowance of \$43,403 and \$176,838	446,557	552,446
Current portion of notes receivable, energy loans, net of allowance of \$59,272 and \$59,771	718,445	679,158
Community Development Investment Program - pledges receivable	1,158,949	2,525,535
Community Development Block Grant Funds Receivable - HUD	1,174,167	305,327
BetterBuildings and USDA Grant Funds Receivable - NHOEP	17,815	-
Prepaid expenses	55,143	23,593
Due from affiliate, net of allowance of \$0 and \$385,068	901,473	462,405
Investments	<u>1,031,808</u>	<u>772,540</u>
Total current assets	<u>17,987,754</u>	<u>16,363,305</u>
PROPERTY AND EQUIPMENT		
Property and equipment	184,207	209,967
Less accumulated depreciation	<u>(153,316)</u>	<u>(175,207)</u>
Net property and equipment	<u>30,891</u>	<u>34,760</u>
OTHER ASSETS		
Community Development Block Grant Recovery Funds Receivable, net of allowance of \$34,489 and \$109,092	320,906	380,876
Notes receivable, energy loans, net current portion and allowance of \$327,069 and \$621,546	3,554,996	3,368,901
Notes receivable, net of current portion and allowance of \$473,906 and \$433,626	2,648,988	2,337,043
Long term investments	-	262,527
Long term investments - related party	<u>(161,400)</u>	<u>(91,347)</u>
Total other assets	<u>6,363,490</u>	<u>6,258,000</u>
TOTAL ASSETS	<u>\$ 24,382,145</u>	<u>\$ 22,656,066</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	\$ 185,458	\$ 91,151
Community Development Investment Program projects payable	5,898,528	6,508,203
Community Development Block Grant funds payable	1,005,077	120,000
Community Development Investment Program deferred revenue	892,665	831,847
Downtown Services Grant deferred revenue	26,452	26,452
New Hampshire Charitable Foundation deferred revenue	-	47
Total liabilities	<u>8,008,180</u>	<u>7,577,700</u>
NET ASSETS		
Unrestricted	1,682,536	2,257,353
Board designated	5,320,796	4,552,661
Donor restricted	<u>9,370,633</u>	<u>8,268,352</u>
Total net assets	<u>16,373,965</u>	<u>15,078,366</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,382,145</u>	<u>\$ 22,656,066</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 2017

	<u>2018</u>	<u>2017</u>
REVENUES AND OTHER SUPPORT		
Grants		
Community Development Block Grant - HUD	\$ 7,883,153	\$ 6,764,327
Recovery Friendly Workplace Grant	<u>1,000,000</u>	<u>-</u>
Total grants	<u>8,883,153</u>	<u>6,764,327</u>
Administrative fees		
Community Development Block Grant - HUD	256,187	256,030
Community Development Block Grant - NH	170,604	170,604
Community Development Investment Program - NH	1,000,000	1,000,000
United States Department of Agriculture	10,790	-
BetterBuildings - NHOEP	<u>3,335</u>	<u>3,437</u>
Total administrative fees	<u>1,450,916</u>	<u>1,430,071</u>
Other revenues and other support		
Related party service fees	72,000	72,000
Interest income - loans	195,071	165,358
Community Development Block Grant - program income	<u>(60,000)</u>	<u>285,000</u>
Total other revenues and other support	<u>207,071</u>	<u>522,358</u>
Total revenues and other support	<u>10,541,140</u>	<u>8,716,756</u>
OPERATING EXPENSES		
Salaries and wages	1,021,133	1,082,040
Employee benefits and payroll taxes	363,807	394,219
Office	110,775	109,740
Travel	39,408	15,428
Occupancy	92,441	91,619
Professional fees	278,583	105,156
Meetings and events	15,462	26,471
Depreciation	34,908	26,898
Change in allowance for bad debts	<u>(906,283)</u>	<u>(67,806)</u>
Total operating expenses	<u>1,050,234</u>	<u>1,783,765</u>
GRANT EXPENDITURES		
Community Development Block Grant: Economic Development - HUD	1,874,553	2,115,720
Community Development Block Grant: Housing and Public Facilities - HUD	6,203,638	4,297,894
Community Development Block Grant: Emergency - HUD	50,396	354,478
Community Development Block Grant: Feasibility - HUD	18,200	58,771
United States Department of Agriculture	5,025	-
IRB BetterBuildings Res RLF	-	6,487
BetterBuildings - NHOEP	<u>56,398</u>	<u>37,769</u>
Total grant expenditures	<u>8,208,210</u>	<u>6,871,119</u>
TOTAL OPERATING INCOME	<u>1,282,696</u>	<u>61,872</u>
NON-OPERATING REVENUES (EXPENSES)		
Loss from investment in related party	(70,053)	(45,503)
Interest income	<u>82,956</u>	<u>79,824</u>
Total non-operating revenues (expenses)	<u>12,903</u>	<u>34,321</u>
CHANGE IN NET ASSETS	1,295,599	96,193
NET ASSETS, BEGINNING OF YEAR	<u>15,078,366</u>	<u>14,982,173</u>
NET ASSETS, END OF YEAR	<u>\$ 16,373,965</u>	<u>\$ 15,078,366</u>

See Notes to Financial Statements

NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY

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

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt of Community Development Block Grant - HUD	\$ 7,014,313	\$ 6,675,223
Receipt of BetterBuildings Fund - NHOEP	(5,263)	-
Receipt of Community Development Block Grant - Program Income	(60,000)	285,000
Receipt of Community Development Block Grant Admin. Fees	436,791	426,634
Receipt of Community Development Investment Program Funds and Admin. Fees	1,817,729	(79,625)
Receipt of Recovery Friendly Workplace Grant	1,000,000	-
Receipt of United States Department of Agriculture Admin Fees	7,230	-
Receipt of BetterBuildings Admin. Fees	(4,657)	3,437
Receipt of Related Party Service Fees	18,000	36,390
Receipt of Interest on Loans	195,071	165,358
Receipt of NH Charitable Foundation	(47)	-
Payment for Community Development Block Grant - HUD	(7,261,710)	(6,720,363)
Payment for IRB BetterBuildings RES RLF	-	(5,487)
Payment for BetterBuildings - NHOEP	(56,398)	(37,769)
Payment for Employees for Services	(1,384,940)	(1,478,259)
Payment for Suppliers, Goods and Services	(458,450)	(310,554)
Payment for USDA	(5,025)	-
Payment for Program Expenses	(15,462)	(26,471)
	<u>1,236,182</u>	<u>(1,065,486)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of payments on notes receivable	1,515,579	2,046,227
Receipt of payments on notes receivable - Energy Loans	942,115	628,332
Disbursements of notes receivable	(1,235,589)	(1,413,538)
Disbursements of notes receivable - Energy Loans	(872,525)	(1,273,375)
Purchase of assets	(31,040)	(12,522)
Redemption of certificate of deposits	754,960	5,441,045
Investments in certificate of deposits	(751,701)	(57,709)
Interest received	82,956	79,824
	<u>404,755</u>	<u>5,438,284</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,640,937	4,372,798
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,714,250</u>	<u>6,341,452</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,355,187</u>	<u>\$ 10,714,250</u>

See Notes to Financial Statements

NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY

(Continued)

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

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT)		
Operating Income	\$ 1,282,696	\$ 61,872
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	34,908	26,898
Bad debt expense	(906,283)	(57,806)
(Increase) decrease in operating assets:		
Community Development Investment Program - pledges receivable	1,366,586	(869,745)
Community Development Block Grant Funds Receivable - HUD	(868,840)	(89,104)
BetterBuildings Grant Funds Receivable - NHOEP	(17,815)	
Prepaid expenses	(31,550)	34,951
Due from affiliate	(54,000)	(35,610)
Increase (decrease) in operating liabilities:		
Accounts payable	94,307	(23,562)
Community Development Investment Program projects payable	(609,675)	(413,950)
Community Development Block Grant funds payable	885,077	106,500
Community Development Investment Program deferred revenue	60,818	204,070
New Hampshire Charitable Foundation deferred revenue	(47)	-
Total adjustments	<u>(46,514)</u>	<u>(1,127,358)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,236,182</u>	<u>\$ (1,065,486)</u>

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 2018. The financials are being audited by Leone, McDonnell & Roberts, Certified Public Accountants.

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

**BALANCE SHEETS
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,827	\$ 27,161
Accounts receivable, net of allowance of \$0 and \$50 respectively for 2018 and 2017	210	1,665
Prepaid taxes	-	4,162
Prepaid expenses	12,491	12,476
Deferred income tax benefit	<u>176,400</u>	<u>158,728</u>
Total current assets	<u>210,928</u>	<u>204,192</u>
PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment	2,190,957	2,180,237
Less accumulated depreciation	<u>(697,200)</u>	<u>(622,258)</u>
Property, plant and equipment, net	<u>1,493,757</u>	<u>1,557,979</u>
Total assets	<u>\$ 1,704,685</u>	<u>\$ 1,762,171</u>

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES		
Current portion of long term debt	\$ 39,448	\$ 44,853
Accounts payable	2,203	-
Accrued interest	1,343	1,343
Accrued taxes	22	-
Due to related party	<u>901,473</u>	<u>847,473</u>
Total current liabilities	<u>944,489</u>	<u>893,669</u>
LONG TERM LIABILITIES		
Long term debt, less current portion shown above	909,537	942,201
Security deposits and deferred rent	<u>10,059</u>	<u>15,648</u>
Total long term liabilities	<u>919,596</u>	<u>957,849</u>
Total liabilities	1,864,085	1,851,518
MEMBER'S DEFICIT	<u>(159,400)</u>	<u>(89,347)</u>
Total liabilities and member's deficit	<u>\$ 1,704,685</u>	<u>\$ 1,762,171</u>

See Notes to Financial Statements

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE	\$ 302,195	\$ 290,615
OPERATING EXPENSES		
Depreciation	74,942	76,339
Administration fees - related party	72,000	72,000
Property taxes	70,753	63,710
Property operating costs	66,530	68,229
Professional fees	27,867	7,699
Utilities	27,698	20,691
Rental management fees	16,602	13,849
Advertising	1,261	-
New Hampshire business enterprise tax	230	182
Office supplies	149	69
Total operating expenses	<u>358,032</u>	<u>322,768</u>
LOSS FROM OPERATIONS	(55,837)	(32,153)
OTHER EXPENSES		
Interest expense	<u>(31,888)</u>	<u>(25,258)</u>
LOSS BEFORE BENEFIT FOR INCOME TAXES	(87,725)	(57,411)
BENEFIT FOR INCOME TAXES	<u>(17,672)</u>	<u>(13,908)</u>
NET LOSS	(70,053)	(43,503)
MEMBER'S DEFICIT, BEGINNING OF YEAR	<u>(89,347)</u>	<u>(45,844)</u>
MEMBER'S DEFICIT, END OF YEAR	<u>\$ (159,400)</u>	<u>\$ (89,347)</u>

See Notes to Financial Statements

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

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

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (70,053)	\$ (43,503)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	74,942	76,339
(Increase) decrease in assets:		
Accounts receivable	1,455	(67)
Prepaid taxes	4,162	182
Prepaid expenses	(15)	(1,257)
Deferred income tax benefit	(17,672)	(13,908)
Increase (decrease) in liabilities:		
Accounts payable	2,203	(627)
Accrued taxes	22	-
Security deposits and deferred rent	(5,589)	146
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(10,545)</u>	<u>17,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchases	(10,720)	(8,500)
NET CASH USED IN INVESTING ACTIVITIES	<u>(10,720)</u>	<u>(8,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of long term debt	(38,069)	(40,458)
Due to related party	54,000	35,610
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>15,931</u>	<u>(4,848)</u>
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(5,334)	3,957
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>27,161</u>	<u>23,204</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 21,827</u>	<u>\$ 27,161</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 31,888</u>	<u>\$ 25,258</u>

See Notes to Financial Statements