



Annual
report of the
Community
Development
Finance
Authority

SFY 17

In accordance with RSA 162-L:6, CDFA is providing this report of its activities from state fiscal year 2017, as well as operating and financial statements.

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1. Introduction

September 1, 2017

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

Dear Governor Sununu, 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, 2017.

It has been another exciting year at the Community Development Finance Authority. In the state fiscal year 2017, we have awarded approximately eighty projects, infusing more than \$19 million into community and economic development, as well as clean energy, 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, please do not hesitate to contact us.



Ted Kuchinski
Interim 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 alongside 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 \$170,000 to operate the Community Development Block Grant program. This is further explained in section 4 of this report.

CDFA staff members include:

Ted Kuchinski, Interim Executive Director and Chief Financial Officer;

Cassandra Bradley, Portfolio Manager;

Patrick Donahue, Senior Accountant;

Meena Gyawali, Director of Community Development;

George Hunton, Director of Tax Credits;

Alex Jette, Project Manager;

Missy Lackey, Contract Specialist;

Melissa Latham, Communications Manager;

Katy Easterly Martey, Chief Program Officer and Director of Economic Development;

Scott Maslansky, Director of Clean Energy Finance;

Cody Morrison, Community Partnership Manager;

Laura Nadeau, Accounting Assistant;

Maureen Quinn, Executive Assistant and Board Relations Manager; and

Theresa Upstill, Administrative Assistant / Receptionist.

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 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);

Christine Frost (representing Community Development);

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:

Christine Frost, 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).

(One seat for a public member and one for a municipal official are 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. In FY 2017, CDFA awarded tax credits projects ranging from downtown revitalization and job creation efforts to increasing access to addiction recovery services.

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 that 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 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 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. In the past five years, the number of applications have increased by 87 percent with nearly \$70 million in tax credit requests for \$25 million in available credits. The demand from businesses looking to purchase tax credits also continues to rise with pledges in FY 2017 reaching the \$5 million cap in less than the first six months of the state fiscal year.

FY 2017 Investment Tax Credit Awards

These projects received the following allocation tax credits for FY17/FY18² from CDFA:

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.

- **Belknap Economic Development Corporation (Laconia) – \$650,000:** Tax credits will support the renovation of the Colonial Theatre Block in downtown Laconia, including the Colonial Theatre and two additional buildings. These revitalization efforts are expected to spur economic growth through job creation, as well as the development of new retail storefronts and residential, market-rate housing units.
- **Community Action Partnership of Strafford County (Dover) – \$312,500:** Funds will be used to acquire new commercial space in downtown Dover, enabling the organization to streamline and increase access to its services for low-income families in the region.
- **Dismas Home of New Hampshire (Manchester) – \$62,500:** Tax credits will be used to fund the development of transitional group housing and counseling services in Manchester for formerly incarcerated women. The project will focus on successfully reintegrating formerly incarcerated female inmates into the community and reducing recidivism.
- **Families In Transition (Manchester) – \$300,000:** Funds will assist the organization in developing additional space for individual and group therapy for the Family Willows Intensive Outpatient Program. The program serves low-income women dealing with substance use disorders with the new space significantly increasing its capacity to provide treatment services.
- **Franklin Business and Industrial Development Corporation (Franklin) – \$400,000:** To help boost revitalization efforts and economic growth in Franklin, tax credit funds will be used for façade and building improvements for three downtown properties. The renovated properties will house new business tenants including a restaurant and micro-brewery, community coffee house, an outdoor recreation business and a software company.
- **Granite State Children’s Alliance (Laconia) – \$325,000:** The organization will use tax credits to purchase and make necessary modifications to its current location in downtown Laconia. The newly renovated building will enable a wider range of services that aid in the recovery for abused children to take place in a central location.
- **HOPE for New Hampshire Recovery (Manchester) – \$615,000:** Tax credits will be used to fund the build of a recovery community center in downtown Manchester. The new facility will create greater capacity and access to services for those suffering with addiction.
- **Lakes Region Mental Health Center, Inc. (Laconia) – \$300,000:** Funds will be used to consolidate the organization’s four mental health facilities to one centralized location. The move will help meet the growing demand for and improve access to mental health services, specifically among low-income individuals.
- **Manchester Police Athletic League (Manchester) – \$187,500:** Funds will be invested in the extensive renovations to the Officer Michael Briggs Community Center. The Center’s programs are focused on fostering and maintaining positive relationships between at-risk Manchester youth and the City’s officers.
- **MAPS Counseling Services (Keene) – \$150,000:** Tax credits funds 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, many of whom come from low- and moderate-income households.

- **Monarch School of New England (Rochester) – \$500,000:** The nonprofit school for special needs and disabled children will use tax credits to help develop a new high school and vocational technical center to better serve its students. In addition to providing increased capacity and improved services for students, the new facility will result in the creation of new, full-time jobs.
- **Mountain Top Music Center (Conway) – \$350,000:** Funds will be used to help renovate and revitalize the historic Bolduc Block in downtown Conway Village. Major improvements which tax credits will help fund include the development of four retail storefronts, teaching studios for the music center and the rebuilding the historic Majestic Theater.
- **Sandwich Children’s Center (Sandwich) – \$125,000:** Tax credits will be used to rebuild the Center’s school age classroom. The project will enable the organization to continue to fulfill a significant, local economic need by providing full-time, quality childcare to the families in the region.
- **St. Joseph Hospital (Nashua) – \$137,500:** Tax credit funds will be used to outfit an RV with medical equipment that will serve as a Mobile Health Clinic for the Greater Nashua region. The clinic will provide access to medical care and preventative health services for those in the local community with limited or no access.
- **The Housing Partnership (Dover) – \$350,000:** Tax credits will fund the development of a mixed-use property in downtown Dover, specifically the newly constructed commercial space. In addition to 16,000 square feet of commercial space, the new building will also include 39 units of affordable housing.
- **The Triangle Club (Dover) – \$200,000:** Funds will help expand and improve the organization’s current facility. The expansion will increase its capacity to provide meeting space for drug and alcohol addiction recovery meetings, a growing and critical community need.
- **TwinState MakerSpaces (Claremont) – \$360,000:** Funding will assist in the renovation of a vacant building in downtown Claremont, turning it into a community MakerSpace facility. The new space will centralize equipment, workspace and training opportunities for local workforce and business development initiatives.

In FY 2017, CDFA introduced the L5 Capacity Program aimed at providing resources to organizations looking to advance specific community development focused projects, causes or organizational needs. The L5 Capacity 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 tax credit funds among the following nonprofit organizations:

- Jean’s Playhouse;
- Keene Housing;
- Laconia Area Community Land Trust;
- Nashua Regional Planning Commission and Central NH Regional Planning Commission;
- New Hampshire Preservation Alliance;
- Regional Economic Development Corporation;
- Strafford Economic Development Corporation; and

- The Jordan Institute.

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 FY17.

The following businesses invested in New Hampshire community and economic development projects with the purchase of tax credits in FY17.

106 Grill, LLC	Cleveland, Waters and Bass, P.A.
33 South Commercial Street, LLC	Cochino Ventures, LLC
A. B. Gile, Inc.	Coliseum Avenue Entertainment, LLC
Aaron Morrissey	Common Man Inn, Inc.
Affordable Oil, LLC	Concord Coach Lines, Inc.
AIRMAR Technology Corp	Conneston Construction
All Metals Industries, Inc.	Connors, Fong and Mancuso, Inc.
American Residuals & Talent dba ART Payroll	Contemporary Automotive, Inc.
Amherst Orthodontics	ControlAir, Inc.
AMI Graphics, Inc.	Country News Club, Inc. DBA The Conway Daily Sun
Anagnost Investments, Inc.	Crane & Bell, PLLC
Appalachian Stitching Company	Cross Financial Corporation
Aqua Specialties LLC	CruCon Cruise Outlet Plus, Inc.
Associated Grocers of New England, Inc.	Cummings Lamont & McNamee
Atlas PyroVision Entertainment Group, Inc.	Curtis Quality Care, LLC
Autofair 1477, LP	d.b.a. Lori K. Lambert
Automotive Supply Associates, Inc. D/B/A Sanel Auto Parts Company	Denoncourt, Waldron & Sullivan, PA
AutoServ Management, LLC	DeStefano Architects
AW Rose Construction, LLC	Dos Amigos Burritos, LLC
B & S Locksmiths Inc.	East Coast Electronic Material Supply, LLC
Baker Newman & Noyes, LLC	Eastern Bank
Bank of New Hampshire	Eastern Boats, Inc.
Bedford Ambulatory Surgical Center, LLC	Eastern Propane Gas, Inc.
Belknap Landscape Company, Inc.	Eaton & Berube Insurance Agency, LLC
Benson Woodworking Company, Inc.	Edmund & Wheeler, Inc.
Bescorp, Inc.	Ella Reape & Associates
Bigelow & Company CPA PLLC	Energy Emporium LLC
Boothby Therapy Services	Enterprise Bank
Bow Junction Associates, Inc.	Event Video Productions, Inc.
Boyle Energy Services & Technology	Exponential Squared
Brady Sullivan Payroll Management, Inc.	Federal Savings Bank
BSP Trans Inc	Financial Focus, Inc.
C&S Wholesale Grocers, Inc.	Firenze Realty Associates
Calef's Country Store	Four Seasons Home Care, LLC
Carlson's Lodge LLC	Franklin Savings Bank
Central Paper Products Co., Inc.	Full Circle Consulting, LLC
Chinburg Builders, Inc.	Garrison Glen LLC
Christopher P. Williams Architects, PLLC	GI Plastek Corp.
Chutters LLC	Goodhue & Hawkins Navy Yard, LLC
Ciardelli Fuel Company Inc.	Gordi's Fish & Steak House, Inc.
	Grapp, Inc. dba Grappone Mazda

Grappone Collision Center, Inc.
 Grappone Hyundai, Inc.
 Grappone Management Company
 Great American Dining, Inc.
 GTI Spindle Technology Inc
 H.L.F. Corporation
 H.P. Cummings Construction Company
 Hampshire Hospitality Holdings, Inc.
 Hart's Restaurant, Inc.
 Harvey Construction Corporation
 HEB Engineers, Inc.
 HLF Corporation
 Hooksett Kawasaki Inc.
 Horsefeathers, Inc.
 Hubert's of Claremont
 Hubert's of Peterborough, Inc.
 I.T. Insiders
 IMS Corp
 Ingram Construction Corporation
 Iterim Health Care
 Jay Steel, LLC
 JJFC, Inc.
 John Grappone Leasing, Inc.
 John Grappone, Inc. dba Grappone Ford
 K4E Company Inc.
 Kalwall Corporation
 Keegan Capital, LLC
 Ken's All Season Maintenance Inc.
 Kheops International, Inc.
 Kimball Physics Inc.
 Lake Sunapee Bank
 Lakes Region News Club Inc.
 Latva Machine, Inc.
 Law Realty Co., Inc.
 Leone, McDonnell & Roberts P.A.
 Littleton Auto Mart, Inc.
 Littleton Chevrolet Buick, Inc.
 Littleton Consumer Cooperative Society Inc.
 Littleton Millwork
 Longchamps Electric
 LPL Financial
 Lupine Inc.
 M & M Assurance Group
 Main Street America Assurance Company
 Mascoma Savings Bank
 MB Tractor and Equipment
 McGee Company, Inc.
 McMahon & Christopher
 Meadowbrook Farm, LLC
 Melcher & Prescott Agency Inc.
 Merchants Automotive Group
 Meredith Village Savings Bank
 Merrimack County Savings Bank
 Milestone Engineering & Construction, Inc.
 Milford Flooring, Inc.

Montagne Communications
 Mountain View Dental, PA
 MSBC 325, LLC
 Murphy, Powers & Wilson CPAs
 Nantucket Beadboard Company, Inc.
 Nashua Wallpaper Co. Inc.
 Nathan Wechsler & Company, P.A.
 National Field Representatives, Inc.
 New England Wire Technologies
 Corporation
 Newburyport Five Cents Savings Bank
 NGM Insurance Company
 North & South
 Northway Bank - Berlin
 Northway Bank - Portsmouth
 Norton Asset Management, Inc.
 Old Dominion Insurance Company
 One Middle Street, LLC
 Optima Bank & Trust Company
 Orr & Reno Professional Association
 Ossipee Insurance Agency, Inc.
 Passumpsic Savings Bank
 Patsy's Leasing Corporation
 Patsy's, Inc.
 Peabody & Smith Realty, Inc.
 Pelletier Financial Group LLC
 People's United Bank
 Pete Stuben, LLC; dba Wildcat Inn
 Pichette Brothers Construction Inc.
 Polly's Pancake Parlor, Inc.
 Pope Security Systems, Inc.
 ProCon Inc.
 Profile Bank, FSB
 Puritan Backroom Restaurant
 Raiche and Company, CPA's
 ResponseForce1 Corp
 Ripano Stoneworks
 Rist-Frost-Shumway, P.C.
 Rochester Hospitality LLC
 Rustic Crust, Inc.
 SAETEC, Inc.
 Safco Management, Inc.
 Salem Co-operative Bank
 Savings Bank of Walpole
 Seneca Machine
 Skillings & Sons, Inc.
 State Street Realty, Inc.
 Stellos Electric Supply, Inc.
 Straight Forward Wealth Management, LLC
 Sugar River Bank
 Summit Land Development, LLC
 The Melanson Company, Inc.
 The Provident Bank
 The Works Community Health Corporation
 DBA The Works

Thomas F. Moran, Incorporated
Town Docks
Trivantus, Inc.
Turnstone Corporation
Union Bank
Vader MTM LLC
Verani Realty, Inc.
Vida Cantina LLC
Waste Management of New Hampshire

Wheeler Office Park, LLC
White Mountain Oil & Propane Inc.
White Mountain Puzzles
Wit-Way Supply, Inc.
Woodstock Inn
Woodsville Guaranty Savings Bank
World 2 Systems
Yankee Truck, LLC
Zeb's General Store, Inc.

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.

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 approximately \$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.

Additional Background on New Hampshire's CDBG Program

The NH Office of State Planning administered the program until it was transferred to the Community Development Finance Authority in September 2003. 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 run the program. This figure is no more than three-percent. In this current biennium, the State allocated approximately \$170,000 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 its own administrative fee with its own reserves.

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 2016 through June 2017.

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
- 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. Grants for affordable housing and public facilities, as well as planning, 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 2017, the allocation for New Hampshire's statewide CDBG program is \$8,022,548. For calendar year 2016, the HUD allocation to CDFA for the Community Development Block Grant program was \$8,099,926.⁵

No unspent CDBG funds are returned to Washington D.C.; 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.

CDBG Awards

The following counties and municipalities were awarded CDBG grants between July 1, 2016 and June 30, 2017:

Housing and Public Facilities

- An award of \$500,000 in CDBG funds was made to Grafton County on behalf of Tri County CAP to help build the new Friendship House Drug Rehabilitation Facility. Founded in 1981, the Friendship House (FH) provides drug and alcohol treatment services including Recovery Support Services, Outpatient services and

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.

Residential Treatment in Bethlehem. The project will allow Friendship House to serve 234 people per year. A minimum of 76 percent of the people served will be low- and moderate-income persons.

- \$500,000 in CDBG funds were awarded to the Town of Winchester to replace existing water systems in the Jones Road Neighborhood. The funds will support necessary improvements to the water infrastructure throughout the neighborhood that consists of 34 households of which 79 percent are low- and moderate-income.
- \$500,000 in CDBG funds were awarded to Belknap County on behalf of the New England Family Housing (NEFH) to develop the Newfound River Apartment project. Newfound River Apartments is a proposed 32-unit, two building affordable housing complex located along the Newfound River in Bristol, NH.
- The Town of Gilford was awarded \$300,000 in CDBG funds on behalf of Laconia Area Community Land Trust for a project that will create 24 new units of affordable, senior housing in Gilford. Twenty-two (22) of those units will be for low and moderate income individuals.
- The Town of Newmarket was awarded \$500,000 in CDBG funds on behalf of the Newmarket Housing Authority to make improvements to 50 units of family housing, 48 of which are occupied by people from low- to moderate-income households. The funds will be used to make critical water and sewer infrastructure improvements, handicap accessible walkways to all residential units, as well as a variety of interior updates.
- The Town of Newport was awarded \$500,000 on behalf of the Newport Senior Center to expand and renovate the existing facility. The Senior Center provides services to 600 seniors annually of whom at least 93 percent are from low- and moderate-income households. The proposed renovations will address the critical need for space for both immediate and future needs
- The City of Keene was awarded \$500,000 in CDBG funds for critical building and equipment improvements at The Community Kitchen. The Community Kitchen provides healthy and nutritious hot meals, take-home food boxes, as well as advocacy to low- and moderate-income individuals and families in the Monadnock Region.
- The City of Concord was awarded \$500,000 on behalf of the Concord YMCA to undertake extensive interior and exterior renovations critical to its operation, including replacing the furnace, nonworking elevator and other improvements to their childcare facility. The Concord YMCA provides childcare services in its Firehouse building to 135 children, of whom at least 66 percent are from low- and moderate-income households. The YMCA must complete the improvement project or the facility may close and the families of the 135 children would need to find another affordable childcare facility. There are very limited affordable, high-quality choices in the area.
- The Town of Charlestown was awarded \$499,460 in CDBG funds on behalf of the Crown Point Cooperative to replace its existing individual septic systems with a single distribution system which will connect to the municipal wastewater system. In addition, the project will replace existing substandard electrical infrastructure. The 15-unit manufactured home community is made up of 100 percent low- and moderate-income households.

- The Town of Derry received a grant of \$499,840 on behalf of Frost Residents Cooperative to replace existing septic systems by connecting to the municipal wastewater system and demolish an unsafe building. The Department of Environmental Services considers the issues with the septic system and its potential to contaminate the water supply and distribution system to be a significant deficiency which poses a risk to public health. The co-op has 30 households of which 83 percent are low- and moderate-income.
- The Town of Exeter was awarded \$500,000 on behalf of Avesta Housing to assist in the development of 43 units of family housing, 38 of which will be affordable. This project is the forth phase of a larger development that results in a four building, 122-unit development in which 88 percent of the units will be occupied by low-income households.
- Belknap County was awarded \$455,000 in CDBG funds on behalf of the Granite State Children's Alliance to renovate a 4000 square foot building in Laconia to centralize services for the Greater Lakes Child Advocacy Center (CAC) and develop a Model Child Advocacy Center. The newly renovated facility will allow CAC to offer centrally located, coordinated services for children and families all in one location. Having these services under one roof streamlines a very complicated support system, putting the child and family in the best position to be successful in recovery. The CAC supports child victims of physical and sexual abuse, as well children who have witnessed violent crimes with 76 percent of those served being of low- and moderate-income.

Economic Development

- The Town of Bethlehem was awarded \$500,000 in CDBG funds on behalf of Friendship House to assist in the construction of a new residential 32-bed drug and alcohol treatment facility in Bethlehem. The project will retain 23 quality jobs and create two full-time equivalent positions to support the opening of the new facility. Founded in 1981, the Friendship House provides drug and alcohol treatment services including recovery support services, outpatient services and residential treatment. It is the only facility of its kind within a 65-mile radius with a minimum of 76 percent of those individuals served by the organization being from low- and moderate-income households.
- Cheshire County was awarded \$300,000 in CDBG funds on behalf of the Monadnock Economic Development Corporation in order to provide equity for the redevelopment of a warehouse that will be a production home for Unity Building Technologies, a subsidiary of Benson Woodworking Company Inc. As a result of the investment, Bensonwood/Unity Homes has committed to creating fifteen new jobs, of which at least nine will be available to persons of low- to moderate-income.
- The City of Keene was awarded \$300,000 in CDBG funds on behalf of the Monadnock Economic Development Corporation in order to provide a loan to MamaSezz Foods Inc., a Keene-area start-up business. Funds will be used by the business for working capital, website beta launch, delivery vans and to purchase equipment for a new facility. As a result of the investment, MamaSezz Foods Inc. has committed to creating fifteen new jobs, of which at least thirteen will be available to persons of low- to moderate-income.
- The Town of Exeter was awarded \$499,000 in CDBG funds on behalf of the Regional Economic Development Center in order to provide a loan to Gourmet Gift Baskets. The business is leasing a new, larger facility and will use the loan proceeds to purchase equipment for the new facility. As a result of the

investment, Gourmet Gift Baskets has committed to creating twenty-five new jobs, of which at least fifteen will be available to persons of low- to moderate-income.

- Strafford County was awarded \$180,000 in CDBG funds on behalf of Community Action Program of Strafford County (CAPSC) in order to provide an employment training program for existing and new employees in early childhood education work. Grant funds will be used for the development of the program, direct training expenses to upgrade or develop skills for workers, case management for program participants and CAPSC project overhead, as well as direct reimbursement of project expenditures.

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 \$749,365 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 will serve approximately 274 businesses in New Hampshire.

A grant in the amount of \$332,000 has been made to Grafton County on behalf of these organizations:

- \$96,500 to the Grafton Regional Development Corporation in Plymouth. Some of the services GRDC will provide to approximately 35 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.
- \$101,500 for the Northern Community Investment Corporation in Lancaster. Approximately 50 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 they'll provide 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.

Emergency Grants

- The Town of Tamworth was awarded \$350,000 in CDBG Emergency Grant funds in order to make emergency repairs to the Village Association's Community Wastewater Treatment System. In spring 2016, it was discovered that the four leach fields had effluent on the surface and that the fields were failing. The failing leach beds posed an immediate health and safety risk to residents and per a violation letter received from DES needed to be replaced immediately.

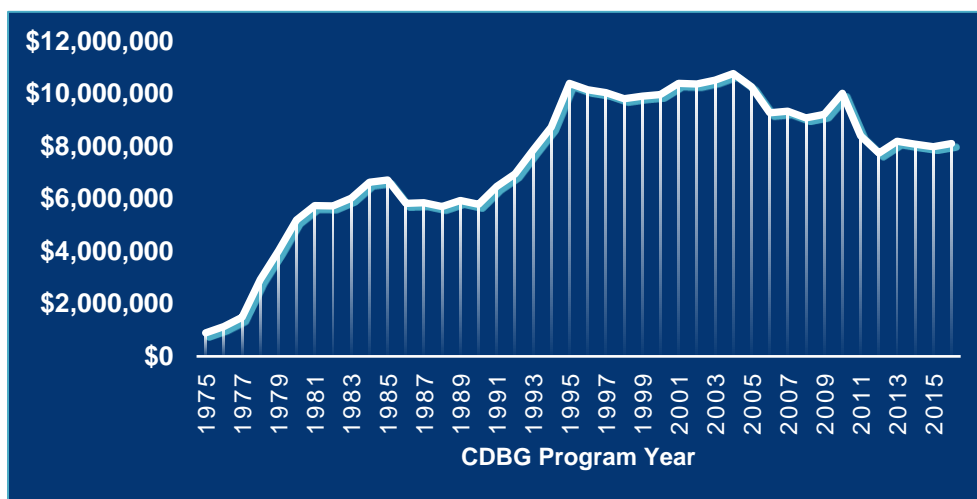
Planning Grants

- The City of Berlin was awarded \$12,000 in CDBG funds to complete a feasibility study for heated streets and sidewalks as part of a planned construction project. The study is intended to help the City determine whether snowmelt infrastructure is practically and financially feasible for the downtown area of Berlin.

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. On May 5, the President signed a continuing resolution for the remainder of fiscal year 2017 that allocated \$3 billion in funding for the Community Development Block Grant program – an amount that is on-par with funding levels in previous years. 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 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.



Federal funding levels for the CDBG program continue to steadily decrease, with the exception of a spike in funding surrounding the 2009 infusion of stimulus funds. CDFA continues to work diligently to create efficiencies and ensure New Hampshire's CDBG funds make the most impact throughout the state.

5. Clean Energy Fund

In 2009, CDFA began administering three programs to help municipalities, businesses and nonprofits 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.

In FY 2017, CDFA launched an Energy Audit Program under the Clean Energy Fund. 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 for 25 percent. Under the program, CDFA will work with qualifying business owners to identify an eligible energy auditor, as well as incentives and financing opportunities available for implementing the recommended energy upgrades.

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 FY17, CDFA made the following loans under the Clean Energy Fund.

- A loan for \$108,032 to Schumacher Equipment, Inc. in Belmont for the installation of a 58.96 kW solar array, which will reduce the company's operating costs by more than \$9,000 annually.

- A loan in the amount of \$30,000 to Peak Performance Day, LLC, dba Seacoast Sports Club, to complete a full LED lighting replacement project in Seabrook which is estimated to save the business \$16,330 annually.
- A loan in the amount of \$213,513 to Contemporary Automotive, Inc. in Milford for the installation of an 135kW solar array, which will produce approximately 70 percent of the business' annual electricity usage and save the organization more than \$15,000 per year.
- A \$265,200 loan to Rockingham County to finance the installation of an electrostatic precipitator, which will enable its boiler to meet a stringent particulate emissions standard required by state air quality regulators and qualify the wood chip heating system for the Thermal Renewable Energy Credit (T-REC) program. Once qualified, the County will be able to generate \$138,000 per year in revenue from the T-REC program.
- A loan for \$29,313 to the Town of Lyme for the installation of an 18 kW photovoltaic solar array on the town office building, which will result in an estimated annual cost savings of \$3,500.
- A loan in the amount of \$30,000 to BP Keene, LLC to install a 16 kW solar electric system on the roof of the Keene Unitarian Universalist Church, which will help reduce its annual operating costs
- A loan in the amount of \$220,000 to BP Plainfield, LLC in Plainfield for the installation of a 134 kW solar array on the campus of the Plainfield Elementary School. The system will provide approximately 15 percent of the school's electrical needs with an annual savings ranging from \$900 to \$1,000 per year.
- A loan for \$262,727 to Wallace Building Products Corp. in Danbury to install a 102.6 kW solar array which will produce approximately 98 percent of the kWh's consumed annually by the business. The solar array will reduce their electricity bill by more than \$12,000 per year.
- A \$273,595 loan to the Town of Warner to construct a 113 kWh solar array which will offset approximately 100 percent of the annual municipal electric usage by producing electricity for several town buildings and public sites. The installation is expected to save the town \$27,000 annually.
- A loan in the amount of \$162,958 to RBX, LLC in Belmont for the installation of an 85 kW solar array which will produce nearly 100 percent of the kWh's consumed annually by Mainstay Technologies, which occupies the building. The solar array will reduce Mainstay Technologies' electricity bill by more than \$7,000 per year.
- A loan for \$120,000 to PermaCityLife to make energy efficiency improvements to support six new businesses located in downtown Franklin and resulting in lower energy costs.
- A \$170,165 loan to Multi-Weld Services, Inc. to install a 56 kW solar array on the roof of the business's machine shop in Contoocook. The solar array will save the business more than \$14,000 in electricity costs annually.
- A loan in the amount of \$57,900 to MMCM Properties LLC to support the deep energy retrofit of a commercial building, occupied by local small business Sandwich Tech, in Lancaster. The project is

expected to save Sandwich Tech \$11,408 in heating costs annually, as well as enable them to expand and hire additional employees.

- A loan for \$393,150 to Lisbon Regional School District for extensive energy efficiency upgrades, including the existing heating system, all interior and exterior lighting, as well as upgrading all controls for real-time management and increased efficiency. The project is expected to provide an annual savings of more than \$35,000.

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.

Ideas to Innovation Program (“i2i”)

The new 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); and
- Generate actionable ideas and innovative thinking potentially leading to new and replicable policies, incentives, or financing models that advance and/or compliment multiple systems in New Hampshire communities.

CDFA sponsored its inaugural i2i symposium in September 2016 in Franklin, a community in the midst of a substantial revitalization effort. The well-attended event featured internationally acclaimed sustainability and regenerative community planning expert Bill Reed, who discussed new ways New Hampshire can address community development in the 21st century. The presentation was followed by an engaging conversation focused on holistic community development strategies to help New Hampshire communities build effective, long-term visions which take into account evolving local economic and social patterns.

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 \$400,000 through the Community Development Block Grant (CDBG) and Tax Credit Programs. These resources are designed to provide capital to New Hampshire’s nonprofit RDCs that 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 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 2017, 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 2017. 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 12, 2017 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, 2017 AND 2016**

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and equivalents	\$	641,391	\$ 3,392,591
Cash and equivalents - restricted		3,106,991	2,947,251
Current portion of Community Development Block Grant Recovery Funds Receivable, net of allowance of \$64,261 and \$45,301		328,052	93,903
Current portion of notes receivable, net of allowance of \$176,838 and \$134,749		552,446	1,098,557
Current portion of notes receivable, energy loans, net of allowance of \$59,771 and \$53,227		679,158	478,020
Community Development Investment Program - pledges receivable		2,525,535	1,855,790
Community Development Block Grant Funds Receivable - HUD		305,327	216,223
Prepaid expenses		23,593	58,544
Due from affiliate, net of allowance of \$385,068 and \$363,068		462,405	448,795
Investments		7,495,884	5,651,257
Total current assets		<u>16,120,782</u>	<u>16,040,931</u>
PROPERTY AND EQUIPMENT			
Property and equipment		209,967	197,445
Less accumulated depreciation		<u>(175,207)</u>	<u>(148,309)</u>
Net property and equipment		<u>34,760</u>	<u>49,136</u>
OTHER ASSETS			
Community Development Block Grant Recovery Funds Receivable, net of allowance of \$109,092 and \$203,296		380,876	386,889
Notes receivable, energy loans, net current portion and allowance of \$621,546 and \$1,029,542		3,368,901	2,925,057
Notes receivable, net of current portion and allowance of \$433,626 and \$490,179		2,337,043	2,566,782
Long term investments		505,051	763,864
Long term investments - related party		<u>(91,347)</u>	<u>(45,844)</u>
Total other assets		<u>6,500,524</u>	<u>6,596,748</u>
TOTAL ASSETS		<u>\$ 22,656,066</u>	<u>\$ 22,686,815</u>
	<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES			
Accounts payable	\$	91,151	\$ 114,713
Community Development Investment Program projects payable		6,508,203	6,922,153
Community Development Block Grant funds payable		120,000	13,500
Community Development Investment Program deferred revenue		831,847	627,777
Downtown Services Grant deferred revenue		26,452	26,452
New Hampshire Charitable Foundation deferred revenue		<u>47</u>	<u>47</u>
Total liabilities		<u>7,577,700</u>	<u>7,704,642</u>
NET ASSETS			
Unrestricted		2,257,353	2,323,438
Board designated		4,552,661	3,815,772
Donor restricted		<u>8,268,352</u>	<u>8,842,963</u>
Total net assets		<u>15,078,366</u>	<u>14,982,173</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 22,656,066</u>	<u>\$ 22,686,815</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, 2017 AND 2016

	2017	2016
REVENUES AND OTHER SUPPORT		
Grants		
Community Development Block Grant - HUD	\$ 6,764,327	\$ 7,771,598
Total grants	<u>6,764,327</u>	<u>7,771,598</u>
Administrative fees		
Community Development Block Grant - HUD	256,030	307,766
Community Development Block Grant - NH	170,604	170,604
Community Development Investment Program - NH	1,000,000	1,000,000
BetterBuildings - NHOEP	<u>3,437</u>	<u>(23,513)</u>
Total administrative fees	<u>1,430,071</u>	<u>1,454,857</u>
Other revenues and other support		
Related party service fees	72,000	72,000
Interest income - loans	165,358	132,810
Community Development Block Grant - program income	<u>285,000</u>	<u>60,000</u>
Total other revenues and other support	<u>522,358</u>	<u>264,810</u>
Total revenues and other support	<u>8,716,756</u>	<u>9,491,265</u>
OPERATING EXPENSES		
Salaries and wages	1,082,040	1,092,031
Employee benefits and payroll taxes	394,219	398,984
Office	109,740	99,121
Travel	15,428	24,086
Occupancy	91,619	94,863
Professional fees	105,156	122,294
Meetings and events	26,471	37,792
Depreciation	26,898	20,691
Change in allowance for bad debts	<u>(67,806)</u>	<u>818,009</u>
Total operating expenses	<u>1,783,765</u>	<u>2,707,871</u>
GRANT EXPENDITURES		
Community Development Block Grant: Economic Development - HUD	2,115,720	2,493,197
Community Development Block Grant: Housing and Public Facilities - HUD	4,297,894	4,895,137
Community Development Block Grant: Emergency - HUD	354,478	398,327
Community Development Block Grant: Feasibility - HUD	58,771	132,451
IRB BetterBuildings Res RLF	6,487	5,529
BetterBuildings - NHOEP	<u>37,769</u>	<u>10,000</u>
Total grant expenditures	<u>6,871,119</u>	<u>7,934,641</u>
TOTAL OPERATING INCOME (LOSS)	<u>61,872</u>	<u>(1,151,247)</u>
NON-OPERATING REVENUES (EXPENSES)		
Loss from investment in related party	(45,503)	(35,488)
Interest income	<u>79,824</u>	<u>96,688</u>
Total non-operating revenues (expenses)	<u>34,321</u>	<u>61,200</u>
CHANGE IN NET ASSETS	96,193	(1,090,047)
NET ASSETS, BEGINNING OF YEAR	<u>14,982,173</u>	<u>16,072,220</u>
NET ASSETS, END OF YEAR	<u>\$ 15,078,366</u>	<u>\$ 14,982,173</u>

See Notes to Financial Statements

NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt of Community Development Block Grant - HUD	\$ 6,675,223	\$ 8,226,185
Receipt of BetterBuildings Fund - NHOEP	-	30,378
Receipt of Community Development Block Grant - Program Income	285,000	60,000
Receipt of Community Development Block Grant Admin. Fees	426,634	478,370
Receipt of Community Development Investment Program Funds and Admin. Fees	(79,625)	2,236,384
Receipt of BetterBuildings Admin. Fees	3,437	(23,513)
Receipt of Related Party Service Fees	36,390	(12,238)
Receipt of Interest on Loans	165,358	132,810
Payment for Community Development Block Grant - HUD	(6,720,363)	(8,353,359)
Payment for IRB BetterBuildings RES RLF	(6,487)	(5,529)
Payment for BetterBuildings - NHOEP	(37,769)	(10,000)
Payment for Employees for Services	(1,476,259)	(1,491,015)
Payment for Suppliers, Goods and Services	(310,554)	(336,381)
Payment for Program Expenses	(26,471)	(37,792)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,065,486)</u>	<u>894,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of payments on notes receivable	2,046,227	1,274,959
Receipt of payments on notes receivable - Energy Loans	628,332	775,198
Disbursements of notes receivable	(1,413,538)	(2,864,930)
Disbursements of notes receivable - Energy Loans	(1,273,375)	-
Purchase of assets	(12,522)	(69,340)
Redemption of certificate of deposits	5,441,045	-
Investments in certificate of deposits	(7,021,967)	(562,800)
Interest received	79,824	96,688
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,525,974)</u>	<u>(1,350,225)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,591,460)</u>	<u>(455,925)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,339,842</u>	<u>6,795,767</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,748,382</u>	<u>\$ 6,339,842</u>

See Notes to Financial Statements

NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY

(Continued)

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT)		
Operating income (loss)	\$ 61,872	\$ (1,151,247)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	26,898	20,691
Bad debt expense	(67,806)	818,009
(Increase) decrease in operating assets:		
Community Development Investment Program - pledges receivable	(869,745)	(746,416)
Community Development Block Grant Funds Receivable - HUD	(89,104)	454,587
BetterBuildings Grant Funds Receivable - NHOEP	-	30,378
Prepaid expenses	34,951	(22,044)
Due from affiliate	(35,610)	(84,238)
Increase (decrease) in operating liabilities:		
Accounts payable	(23,562)	26,027
Community Development Investment Program projects payable	(413,950)	1,705,327
Community Development Block Grant funds payable	106,500	(434,247)
Community Development Investment Program deferred revenue	204,070	277,473
Total adjustments	<u>(1,127,358)</u>	<u>2,045,547</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (1,065,486)</u>	<u>\$ 894,300</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 2017. The financials are being audited by Leone, McDonnell & Roberts, Certified Public Accountants.

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

**BALANCE SHEETS
JUNE 30, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 27,161	\$ 23,204
Accounts receivable, net of allowance of \$50 for 2017 and 2016	1,677	1,610
Prepaid taxes	4,150	4,332
Prepaid expenses	12,476	11,219
Deferred income tax benefit	<u>158,728</u>	<u>144,820</u>
Total current assets	<u>204,192</u>	<u>185,185</u>
PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment	2,180,237	2,171,737
Less accumulated depreciation	<u>(622,258)</u>	<u>(545,919)</u>
Property, plant and equipment, net	<u>1,557,979</u>	<u>1,625,818</u>
Total assets	<u>\$ 1,762,171</u>	<u>\$ 1,811,003</u>

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES		
Current portion of long term debt	\$ 44,853	\$ 40,917
Accounts payable	-	627
Accrued interest	1,343	1,343
Due to related party	<u>847,473</u>	<u>811,863</u>
Total current liabilities	<u>893,669</u>	<u>854,750</u>
LONG TERM LIABILITIES		
Long term debt, less current portion shown above	942,201	986,595
Security deposits and deferred rent	<u>15,648</u>	<u>15,502</u>
Total long term liabilities	<u>957,849</u>	<u>1,002,097</u>
Total liabilities	<u>1,851,518</u>	<u>1,856,847</u>
MEMBER'S DEFICIT	<u>(89,347)</u>	<u>(45,844)</u>
Total liabilities and member's deficit	<u>\$ 1,762,171</u>	<u>\$ 1,811,003</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUE	<u>\$ 290,615</u>	<u>\$ 282,011</u>
OPERATING EXPENSES		
Depreciation	76,339	58,996
Administration fees - related party	72,000	72,000
Property operating costs	68,229	53,081
Property taxes	63,710	69,032
Utilities	20,691	20,346
Rental management fees	13,849	17,419
Professional fees	7,699	9,390
New Hampshire business enterprise tax	182	215
Office supplies	<u>69</u>	<u>100</u>
Total operating expenses	<u>322,768</u>	<u>300,579</u>
LOSS FROM OPERATIONS	<u>(32,153)</u>	<u>(18,568)</u>
OTHER EXPENSES		
Interest expense	<u>(25,258)</u>	<u>(28,695)</u>
LOSS BEFORE BENEFIT FOR INCOME TAXES	<u>(57,411)</u>	<u>(47,263)</u>
BENEFIT FOR INCOME TAXES	<u>(13,908)</u>	<u>(11,775)</u>
NET LOSS	<u>(43,503)</u>	<u>(35,488)</u>
MEMBER'S DEFICIT, BEGINNING OF YEAR	<u>(45,844)</u>	<u>(10,356)</u>
MEMBER'S DEFICIT, END OF YEAR	<u>\$ (89,347)</u>	<u>\$ (45,844)</u>

See Notes to Financial Statements

14 DIXON AVENUE DEVELOPMENT COMPANY, LLC

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (43,503)	\$ (35,488)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	76,339	58,996
(Increase) decrease in assets:		
Accounts receivable	(67)	715
Prepaid taxes	182	(262)
Prepaid expenses	(1,257)	4,692
Deferred income tax benefit	(13,908)	(11,775)
Increase (decrease) in liabilities:		
Accounts payable	(627)	(13,033)
Accrued interest	-	(2,602)
Security deposits and deferred rent	146	(8,458)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>17,305</u>	<u>(7,215)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchases	<u>(8,500)</u>	<u>(159,510)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(8,500)</u>	<u>(159,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of long term debt	(40,458)	79,816
Due to related party	<u>35,610</u>	<u>84,238</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(4,848)</u>	<u>164,054</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	3,957	(2,671)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>23,204</u>	<u>25,875</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 27,161</u>	<u>\$ 23,204</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 25,258</u>	<u>\$ 28,695</u>

See Notes to Financial Statements