

Audited Financial Statements

# The Genesis Fund

March 31, 2017



*Proven Expertise and Integrity*

THE GENESIS FUND

MARCH 31, 2017

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FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Genesis Fund  
Brunswick, Maine

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of The Genesis Fund (a nonprofit organization), which comprise the statement of financial position as of March 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, where due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Genesis Fund as of March 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RHR Smith & Company*

Buxton, Maine  
June 21, 2017

## THE GENESIS FUND

STATEMENTS OF FINANCIAL POSITION  
MARCH 31,

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,804,170	\$ 3,058,407
Investments	215,638	489,917
Accounts receivable	537,166	-
Current portion of notes receivable	2,053,350	968,286
Notes receivable - interest	92,104	64,689
Prepaid items	24,019	3,545
Total current assets	<u>4,726,447</u>	<u>4,584,844</u>
FIXED ASSETS		
Land and building	611,225	611,225
Office equipment/furniture	50,265	45,709
Total fixed assets	<u>661,490</u>	<u>656,934</u>
Less accumulated depreciation	<u>(71,236)</u>	<u>(43,879)</u>
Net fixed assets	<u>590,254</u>	<u>613,055</u>
OTHER ASSETS:		
Notes receivable - net of current portion (net of allowance for uncollectibles)	11,398,450	10,094,630
Investment - Community Development Trust	500	500
Total other assets	<u>11,398,950</u>	<u>10,095,130</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 16,715,651</u></u>	<u><u>\$ 15,293,029</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 63,532	\$ 16,446
Accrued interest payable	161,593	143,847
Accrued salaries	-	9,597
Accrued vacation	9,958	11,669
Unearned income	2,098	-
Deferred grants	-	78,131
Current portion of long-term liabilities	4,848,503	4,631,731
Total current liabilities	<u>5,085,684</u>	<u>4,891,421</u>
Noncurrent liabilities:		
Notes payable - net of current portion	8,195,785	7,428,424
Total noncurrent liabilities	<u>8,195,785</u>	<u>7,428,424</u>
<b>TOTAL LIABILITIES</b>	<u>13,281,469</u>	<u>12,319,845</u>
<b>NET ASSETS</b>		
Unrestricted	3,434,182	2,973,184
<b>TOTAL NET ASSETS</b>	<u>3,434,182</u>	<u>2,973,184</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 16,715,651</u></u>	<u><u>\$ 15,293,029</u></u>

See accompanying independent auditors' report and notes to financial statements.

## THE GENESIS FUND

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MARCH 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Grants and Donations	\$ 749,271	\$ 263,374
Interest Income - Banks	9,816	6,084
Interest Income - Loans	720,749	556,763
Technical Assistance Fees	22,880	26,770
Loan Fees	27,412	40,890
Investment Income	884	6,691
Rental Income	-	900
Gain on Sale of Asset	-	17,173
Miscellaneous Income	-	1,037
TOTAL REVENUES	<u>1,531,012</u>	<u>919,682</u>
EXPENSES		
Bookkeeping and Accounting	7,100	7,700
Bank Charges and Fees	660	2,216
Building Maintenance	10,427	8,434
Computer and Equipment	3,870	6,046
Conferences and Meetings	8,306	5,895
Consultants	71,112	43,094
Depreciation	27,357	26,568
Dues	3,595	7,764
Grant Expense	75,315	36,788
Health Insurance	33,332	27,903
Insurance	5,623	4,968
Interest	287,284	257,285
Internet and Website	40	5,134
Loan Loss Reserve Provision	73,883	54,063
Marketing	3,306	8,407
Mailing and Shipping	1,323	1,632
Miscellaneous	3,435	2,565
Payroll Services	5,478	5,190
Property Taxes	7,453	5,897
Payroll Taxes	29,116	22,761
Printing and Copying	4,518	996
Employee Benefits	20,976	11,918
Salaries	361,959	296,330
Space and Utilities	4,534	6,031
Supplies	4,688	3,727
Telephone	4,664	5,967
Travel	10,660	10,149
TOTAL EXPENSES	<u>1,070,014</u>	<u>875,428</u>
INCREASE (DECREASE) IN NET ASSETS	460,998	44,254
NET ASSETS - APRIL 1	<u>2,973,184</u>	<u>2,928,930</u>
NET ASSETS - MARCH 31	<u>\$ 3,434,182</u>	<u>\$ 2,973,184</u>

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT C

## THE GENESIS FUND

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over (under) expenses	\$ 460,998	\$ 44,254
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	27,357	26,568
Changes in operating assets and liabilities:		
(Increase) decrease in investments	274,279	56,828
(Increase) decrease in accounts receivable	(537,166)	1,304
(Increase) decrease in notes receivable	(2,388,884)	(1,753,024)
(Increase) decrease in notes receivable - interest	(27,415)	(27,133)
(Increase) decrease in prepaid expenses	(20,474)	(3,545)
Increase (decrease) in accounts payable	47,086	11,647
Increase (decrease) in accrued expenses	6,438	12,265
Increase (decrease) in unearned income	2,098	-
Increase (decrease) in deferred grants	(78,131)	78,131
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,233,814)</u>	<u>(1,552,705)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of property and equipment	(4,556)	(167,301)
Disposition of property and equipment	-	193,933
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(4,556)</u>	<u>26,632</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (payments) from long-term debt net	984,133	1,250,574
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>984,133</u>	<u>1,250,574</u>
NET INCREASE (DECREASE) IN CASH	(1,254,237)	(275,499)
CASH - APRIL 1	<u>3,058,407</u>	<u>3,333,906</u>
CASH - MARCH 31	<u>\$ 1,804,170</u>	<u>\$ 3,058,407</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 287,284</u>	<u>\$ 257,285</u>

See accompanying independent auditors' report and notes to financial statements.

# THE GENESIS FUND

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 and 2016

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

The Genesis Fund is a critical link in the development of affordable housing and community facilities in Maine. Its mission is to bring together resources to create housing and other economic and social opportunities for underserved people and communities. The Genesis Fund, a certified Community Development Financial Institution (CDFI), is a statewide nonprofit organization that began in 1992.

The Genesis Fund provides innovative financing by soliciting low-interest loans from individuals, churches, corporations and foundations, and then re-lending the money to nonprofit organizations developing affordable housing and community facilities in underserved neighborhoods and needy communities. If requested, The Genesis Fund provides substantial technical assistance to the sponsors of capital projects that will create housing and community development opportunities.

#### Basis of Presentation

The Genesis Fund prepares its financial statements on the accrual basis of accounting. The Genesis Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Genesis Fund had no temporarily or permanently restricted net assets as of March 31, 2017. Temporarily or permanently restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

#### Fixed Assets Acquisition

Fixed assets are stated at cost. Depreciation is provided by the straight-line method at rates which are designed to amortize the original cost of the assets over their estimated useful lives of twenty to thirty years for buildings and improvements, and three to ten years for computers, furniture, and equipment.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Recognition of Interest Income

Interest income on the notes receivable is recognized on the accrual basis.



# THE GENESIS FUND

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 and 2016

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Donated Services

A substantial number of the Board of Directors have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

### NOTE 2 – CASH

The Genesis Fund maintains deposits at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. As of March 31, 2017, all deposits over \$250,000 were fully insured due to pledged securities that collateralize the deposits that exceed FDIC insurance.

### NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE

The allowance for uncollectible accounts was estimated to be \$416,035 at March 31, 2017 and \$342,152 at March 31, 2016.

### NOTE 4 - NOTES RECEIVABLE

At March 31, 2017 and 2016, the Genesis Fund had various notes receivable with interest rates between 3.5-7.25%. During fiscal year 2017 and 2016 no notes receivable were in default. The value of the notes receivable at March 31, 2017 and 2016 is below:

	<u>2017</u>	<u>2016</u>
Short-Term Portion	\$ 2,053,350	\$ 968,286
Long-Term Portion	<u>11,398,450</u>	<u>10,094,630</u>
	<u>\$ 13,451,800</u>	<u>\$ 11,062,916</u>

### NOTE 5 – OTHER INVESTMENTS

During the 2000 fiscal year the organization received, as a contribution, seventy-five shares of Community Development Trust, Inc. (CDT). The shares had an estimated value of \$500, but are not publicly traded and therefore are not liquid and do not have a readily determinable fair market value.

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

NOTE 6 – NOTES PAYABLE

Notes payable outstanding consisted of the following as of March 31, 2017:

<b>Investment #</b>	<b>Name for Publication</b>	<b>O/S Balance</b>	<b>Rate</b>
G121-2002IP	Holly Antolini	\$ 1,481	1.50%
G123-2003BP	Bath Savings Institution	100,000	2.00%
G123-2005BP	Bath Savings Institution	100,000	2.00%
G125-2002BP	Camden National Corporation	100,000	1.00%
G129-1997IA	Anonymous	100,000	3.00%
G130-1993IP	Anonymous	25,356	3.00%
G133-1997RP	Clients of the Sustainability Group	50,000	2.50%
G134-1992RP	Episcopal Diocese of Maine	50,000	2.00%
G136-2000BP	The First, NA	300,000	1.00%
G137-1992IA	Clients of the Sustainability Group	25,000	3.00%
G138-1996IA	Clients of the Sustainability Group	25,000	2.00%
G139-2003IP	Jamien Jacobs	10,928	3.00%
G140-1997IP	Clients of Trillium Asset Management	50,000	3.00%
G141-2003BP	Kennebec Savings Bank	125,000	1.00%
G145-1994FP	Maine Women's Fund	15,000	2.00%
G152-1994IP	Jean Parker	4,005	2.00%
G155-2002IA	Greg Raymond & Jamien Jacobs	7,583	3.00%
G166-1994RP	St. Paul's Epsiscopal Church	11,668	1.00%
G167-1991RP	St. Philip's Episcopal Church	10,000	2.00%
G168-2001IP	Stephanie & Wendell Stephenson	1,600	2.00%
G169-1992IP	Clients of the Sustainability Group	10,000	3.00%
G170-1992IP	Clients of the Sustainability Group	10,000	3.00%
G172-1995IP	Jean Tucker	2,438	2.00%
G174-2001IP	Clients of Trillium Asset Management	15,000	3.50%
G176-1999IP	Clients of the Sustainability Group	75,000	3.00%
G177-1998IP	Clients of the Sustainability Group	15,000	3.00%
G180-2003BP	Sanford Institute for Savings	250,000	2.00%
G181-2003BP	Saco & Biddeford Savings Institution	100,000	1.00%
G186-2003BP	Camden National Corporation	100,000	1.00%
G187-2004IP	Anonymous	10,000	2.50%
G196-2005IP	Randy Phelps & Pamelea Daley	100,000	2.00%
G199-2006IP	Gregg Raymond	27,144	3.00%
G200-2007IP	Anonymous	5,000	2.50%
G201-2007BP	Gorham Savings Bank	100,000	2.00%
G204-2007IP	Elizabeth McPherson & Paul Kando	5,000	1.50%

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

NOTE 6 – NOTES PAYABLE (CONTINUED)

<b>Investment #</b>	<b>Name for Publication</b>	<b>O/S Balance</b>	<b>Rate</b>
G205-2008IP	Clients of the Sustainability Group	\$ 15,000	3.00%
G207-2008OP	Atlantic Charitable Fund	100,000	3.00%
G208-2008BP	Bath Savings Institution	100,000	2.00%
G209-2008BP	TD Bank	1,500,000	2.50%
g213-2008rp	Basilian Fathers of Toronto	150,000	3.00%
G214-2009BP	Norway Savings Bank	300,000	1.75%
G215-2009IP	Jennifer Southard & Ed Suslovic	2,872	2.00%
G216-2009IP	Elizabeth Howe	11,601	2.50%
G216-2010IP	Clients of the Sustainability Group	25,000	3.00%
G217-2009BP	Franklin Savings Bank	200,000	2.00%
G218-2009IP	Clients of the Sustainability Group	10,000	3.00%
G219-2009IP	Robert & Andrea Summers	10,000	3.00%
G220-2009IP	Mark Ward & Shannon Carr	12,602	3.00%
G223-2011BP	Bath Savings Institution	100,000	2.00%
G224-2011IA	Anonymous	57,411	3.00%
G225-2011IP	Anonymous	2,000	3.00%
G226-2011IP	Clients of the Sustainability Group	10,000	3.00%
G227-2011IP	Caroline Pryor & David MacDonald	5,000	2.00%
G228-2012IA	Anonymous	1,191	3.00%
G229-2012IP	Greg Raymond III	28,504	3.00%
G231-2012IP	Marcie & Stephan Porter	21,808	2.00%
G232-2012BP	Machias Savings Bank	100,000	2.00%
G233-2013IA	Clients of the Sustainability Group	50,000	3.00%
G234-2012BP	TD Bank	1,000,000	2.50%
G235-2012RP	Adrian Dominican Sisters	100,000	2.50%
G238-2012IP	Denise Soucy and Ned Steinberger	10,000	0.00%
G239-2012IA	Anonymous	10,000	2.00%
G240-2013IP	Anne Gass & Rick Leavitt	5,412	2.00%
G241-2013IA	Anonymous	10,000	2.50%
G242-2013RP	Mercy Partnership Fund	250,000	3.00%
G243-2013BP	People's United	300,000	2.00%
G244-2013IP	Robert & Karen George	12,000	3.50%
G245-2013IA	Tamler Revocable Trust (Tamler, Julie)	62,997	3.00%
G246-2013op	Northern New England Housing Investment Fund	530,604	2.00%
G247-2013BP	Bangor Savings Bank	500,000	2.00%
G248-2013IP	James and Darcy Austin	21,300	2.00%
G249-2013IA	Anonymous	108,212	3.00%
G250-213OP	USDA Rural Development	185,634	1.00%
G251-2013BP	Bar Harbor Bank & Trust	250,000	2.00%
G252-2014IP	Anonymous	5,464	3.00%
G253-2014IP	John Kaminski	10,000	3.00%
G254-2014IP	Gregg Raymond	54,636	3.00%

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

NOTE 6 – NOTES PAYABLE (CONTINUED)

<b>Investment #</b>	<b>Name for Publication</b>	<b>O/S Balance</b>	<b>Rate</b>
G255-2014IP	Andrew Gorril	\$ 4,742	2.00%
G256-2014OP	Freeport Housing Trust inc.	200,000	2.00%
G257-2014IA	Anonymous	100,000	2.00%
G258-2014BP	Bank of America	1,000,000	3.00%
G260-2014IP	Anne Gass & Rick Leavitt	11,097	2.00%
G261-2014BP	People's United	150,000	2.00%
G262-2014BP	Biddeford Savings Bank	250,000	1.50%
G263-2014IP	John Kaminski	5,000	3.00%
G264-2014IA	Clients of the Sustainability Group	25,000	2.50%
G265-2014IA	Clients of the Sustainability Group	25,000	2.50%
G266-2014IA	Clients of the Sustainability Group	25,000	2.50%
G268-2014BP	Androscoggin Savings Bank	250,000	2.00%
G269-2014IP	Greg Raymond and Jamien Jacobs	106,090	3.00%
G270-2014IP	Cathy Ramsdell	10,609	3.00%
G271-2015IP	John Kaminsky	5,000	3.00%
G272-2015IP	Clients of Trillium Asset Management	30,000	3.00%
G273-2015BP	Bar Harbor Bank & Trust	250,000	2.00%
G274-2015IP	Suzanne Tarzoff	25,000	3.00%
G275-2015IA	Emma DayBranch	50,000	3.00%
G276-2015IA	Ruby Day Branch	50,000	3.00%
G277-2015IP	John Kaminsky	5,000	3.00%
G278-2015IP	The Sylvia Granader Trust	50,000	3.00%
G279-2015O	Freeport Housing Trust inc.	50,000	2.00%
G280-2015BP	Androscoggin Savings Bank	350,000	2.00%
G281-2015IP	Cathy Ramsdell	15,450	3.00%
G282-2015IP	Anna Court	5,100	2.00%
G283-2015IP	John Kaminsky	5,000	3.00%
G284-2016OP	Maine Community Foundation	500,000	2.00%
G285-2016IP	Susan Cutting	5,000	3.00%
G286-2016IA	Andrew Schindel	5,000	3.00%
G287-2016IP	Gregg Raymond and Jamien Jacobs	100,000	3.00%
G288-2016IP	John Kaminski	5,000	3.00%
G289-2016IP	Gregg Raymond and Jamien Jacobs	165,000	3.00%
G290-2016BP	NBT Bank	50,000	1.75%
G291-2016RP	St. Paul's Episcopal Church	2,000	2.00%
G292-2015BP	Kennebunk Savings Bank	500,000	1.00%
G293-2016IP	Marta Jo Lawrence	50,000	3.00%
G294-2016IP	Bonnie Rukin	75,000	3.00%
G295-2017IA	Gabrielle Wellman	50,000	2.00%
G296-2017IP	John Kaminski	6,000	3.00%
G297-2017IP	Cipperly Good	1,000	2.00%
G298-2017IP	Anne Gass & Rick Leavitt	10,000	1.50%
126-2003BP	Camden National Corporation	50,000	1.00%
		<u>\$ 12,803,539</u>	

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

NOTE 6 – NOTES PAYABLE (CONTINUED)

The scheduled estimated principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,839,083	\$ 278,976	\$ 5,118,059
2019	3,680,823	191,223	3,872,046
2020	769,840	106,439	876,279
2021	1,838,583	89,807	1,928,390
2022	426,579	46,050	472,629
2023-2027	1,062,997	73,060	1,136,057
2028-2032	-	9,280	9,280
2033-2037	-	9,280	9,280
2038-2042	-	9,280	9,280
2043-2047	185,634	3,712	189,346
	<u>\$ 12,803,539</u>	<u>\$ 817,107</u>	<u>\$ 13,620,646</u>

	<u>2017</u>	<u>2016</u>
<u>Mortgage Payable</u>		
\$260,000, 2015 Note due to Bath Savings Institution in monthly installments through 2035 of \$1,576, with an interest rate of 4% fixed for five years.	<u>\$ 240,749</u>	<u>\$ 249,829</u>
	<u>2017</u>	<u>2016</u>
Short-Term Portion	\$ 9,420	\$ 9,051
Long-Term Portion	231,329	240,778
	<u>\$ 240,749</u>	<u>\$ 249,829</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 9,420	\$ 9,487	\$ 18,907
2019	9,803	9,104	18,907
2020	10,203	8,704	18,907
2021	10,618	8,289	18,907
2022	11,051	7,856	18,907
2023-2027	62,387	32,146	94,533
2028-2032	76,174	18,359	94,533
2033-2037	51,093	5,627	56,720
	<u>\$ 240,749</u>	<u>\$ 99,570</u>	<u>\$ 340,319</u>

## THE GENESIS FUND

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 and 2016

#### NOTE 7 - RETIREMENT PLAN

The Genesis Fund has a 401(k) profit sharing plan. The 401(k) profit sharing plan covers all employees who have met age and service requirements. Elective deferrals are matched by the organization up to five percent of compensation. All contributions are 100% vested. The Plan also provides for discretionary employer profit sharing contributions. No discretionary contributions have been authorized or made. Retirement plan contributions for the year ended March 31, 2017 was \$13,057 and March 31, 2016 was \$13,563.

#### NOTE 8 – RELATED PARTIES

At March 31, 2017 the Genesis Fund had investment loans outstanding from various past and current directors. The notes carry interest at rates consistent with rates of similar loans with non-related parties and the organization.

#### NOTE 9 - INCOME TAXES

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Fund may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Fund and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management believes that there were no potential sources of unrelated business taxable income subject to tax for the years ended March 31, 2017 and 2016. Accordingly, no provision for income taxes has been made.

The Fund files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Maine. The Fund is generally no longer subject to examination by the Internal Revenue Service for years before 2011.

#### NOTE 10 - COMMITMENT AND CONTINGENCIES

The government grants may be subject to audit for compliance with laws and regulations by the federal and state authorities. No provision has been established for any liability that was a result from possible future audits.

## THE GENESIS FUND

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 and 2016

#### NOTE 11 – SUBSEQUENT EVENTS

The Genesis Fund issued a letter of commitment to Augusta Food Bank. The total loan amount is for \$350,000 at an interest rate of 5.2%. As of March 31, 2017 this loan has not been disbursed to the organization.

The Genesis Fund has six loans that have not been completely drawn down as of March 31, 2017. They are Habitat- Greater Portland \$130,374, Home for the Aged \$1,184,383, Cooperative Development Institute (LOC) \$50,000, Westbrook Housing \$250,000, Knox County Homeless Coalition \$50,000, Brunswick Bay Mobile Home Coop (LOC) \$22,000.