

Audited Financial Statements

The Genesis Fund

March 31, 2018



Proven Expertise and Integrity

THE GENESIS FUND

MARCH 31, 2018

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FINANCIAL STATEMENTS

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Proven Expertise and Integrity

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, 2018 and 2017, 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, 2018 and 2017, 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
July 9, 2018

THE GENESIS FUND

STATEMENTS OF FINANCIAL POSITION
MARCH 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,698,807	\$ 1,804,170
Investments	216,177	215,638
Accounts receivable	22,372	537,166
Current portion of notes receivable	534,748	2,053,350
Notes receivable - interest	49,904	92,104
Prepaid items	31,003	24,019
Total current assets	<u>2,553,011</u>	<u>4,726,447</u>
FIXED ASSETS		
Land and building	611,225	611,225
Office equipment/furniture	51,264	50,265
Total fixed assets	<u>662,489</u>	<u>661,490</u>
Less accumulated depreciation	(93,216)	(71,236)
Net fixed assets	<u>569,273</u>	<u>590,254</u>
OTHER ASSETS:		
Notes receivable - net of current portion (net of allowance for uncollectibles)	13,196,500	11,398,450
Restricted cash	1,353,801	-
Investment - Community Development Trust	500	500
Total other assets	<u>14,550,801</u>	<u>11,398,950</u>
TOTAL ASSETS	<u><u>\$ 17,673,085</u></u>	<u><u>\$ 16,715,651</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 19,550	\$ 63,532
Accrued interest payable	168,714	161,593
Accrued vacation	17,205	9,958
Unearned income	1,743	2,098
Current portion of long-term liabilities	6,211,834	4,848,503
Total current liabilities	<u>6,419,046</u>	<u>5,085,684</u>
Noncurrent liabilities:		
Notes payable - net of current portion	7,311,437	8,195,785
Total noncurrent liabilities	<u>7,311,437</u>	<u>8,195,785</u>
TOTAL LIABILITIES	<u>13,730,483</u>	<u>13,281,469</u>
NET ASSETS		
Unrestricted	<u>3,942,602</u>	<u>3,434,182</u>
TOTAL NET ASSETS	<u>3,942,602</u>	<u>3,434,182</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,673,085</u></u>	<u><u>\$ 16,715,651</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>2018</u>	<u>2017</u>
REVENUES		
Interest Income - Loans	\$ 771,598	\$ 720,749
Loan Fees	30,033	27,412
Interest Income - Banks	16,247	9,816
Technical Assistance Fees	20,941	22,880
Grants and Donations	959,506	749,271
Rental Income	6,160	-
Investment Income	68	884
TOTAL REVENUES	<u>1,804,553</u>	<u>1,531,012</u>
EXPENSES		
Salaries & wages	456,572	361,958
Payroll tax	34,368	29,116
Benefits	84,256	54,309
Interest expense	289,158	278,015
Loan loss provision	8,643	73,883
Conferences & training	6,838	8,306
Travel	15,891	10,659
Recruitment	35	225
Professional fees	38,257	30,711
Technical assistance consultant	30,062	47,501
Grant Expense	204,166	75,315
Marketing and outreach	23,247	10,876
Bank fees	227	660
Dues & publication	4,602	3,595
Postage & shipping	1,300	1,323
Meetings	3,664	-
Payroll services	5,669	5,478
Supplies	4,584	4,688
Telephone	4,193	4,664
Other operations expenses	560	46
Office equipment	11,097	3,870
Insurance	11,336	5,623
Building expenses	55,847	59,039
Miscellaneous expenses	1,561	153
TOTAL EXPENSES	<u>1,296,133</u>	<u>1,070,014</u>
INCREASE (DECREASE) IN NET ASSETS	508,420	460,998
NET ASSETS - APRIL 1	<u>3,434,182</u>	<u>2,973,184</u>
NET ASSETS - MARCH 31	<u>\$ 3,942,602</u>	<u>\$ 3,434,182</u>

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

THE GENESIS FUND

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over (under) expenses	\$ 508,420	\$ 460,998
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	38,257	27,357
Changes in operating assets and liabilities:		
(Increase) decrease in investments	(539)	274,279
(Increase) decrease in accounts receivable	514,794	(537,166)
(Increase) decrease in notes receivable	(279,448)	(2,388,884)
(Increase) decrease in notes receivable - interest	42,200	(27,415)
(Increase) decrease in prepaid expenses	(6,984)	(20,474)
Increase (decrease) in accounts payable	(43,982)	47,086
Increase (decrease) in accrued expenses	14,368	6,438
Increase (decrease) in unearned income	(355)	2,098
Increase (decrease) in deferred grants	-	(78,131)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>786,731</u>	<u>(2,233,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of property and equipment	(1,000)	(4,556)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,000)</u>	<u>(4,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (payments) from long-term debt net	478,983	984,133
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>478,983</u>	<u>984,133</u>
NET INCREASE (DECREASE) IN CASH	1,264,714	(1,254,237)
CASH - APRIL 1	<u>1,804,170</u>	<u>3,058,407</u>
CASH - MARCH 31	<u>\$ 3,068,884</u>	<u>\$ 1,804,170</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 4,602</u>	<u>\$ 287,284</u>
Cash reported on the Statement of Financial Position:		
Cash	\$ 1,698,807	\$ 1,804,170
Restricted cash	1,353,801	-
	<u>\$ 3,052,608</u>	<u>\$ 1,804,170</u>

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

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 and 2017

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, 2018. 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, 2018 and 2017

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, 2018, 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 \$424,678 at March 31, 2018 and \$416,035 at March 31, 2017.

NOTE 4 - NOTES RECEIVABLE

At March 31, 2018 and 2017, the Genesis Fund had various notes receivable with interest rates between 3.5-7%. During fiscal year 2018 and 2017 no notes receivable were in default. The value of the notes receivable at March 31, 2018 and 2017 is below:

	<u>2018</u>	<u>2017</u>
Short-Term Portion	\$ 534,748	\$ 2,053,350
Long-Term Portion	<u>13,196,500</u>	<u>11,398,450</u>
	<u>\$ 13,731,248</u>	<u>\$13,451,800</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, 2018 and 2017

NOTE 6 - NOTES PAYABLE

Notes payable outstanding consisted of the following as of March 31, 2018:

Investment #	Name for Publication	O/S Balance	Rate
G121-2002IP	Holly Antolini	\$ 1,503	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	26,117	0.00%
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	1.50%
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	11,256	3.00%
G140-1997IP	Clients of Trillium Asset Management	50,000	3.00%
G141-2003BP	Kennebec Savings Bank	250,000	1.00%
G145-1994FP	Maine Women's Fund	25,000	2.00%
G152-1994IP	Jean Parker	4,085	2.00%
G155-2002IA	Greg Raymond & Jamien Jacobs	7,810	3.00%
G166-1994RP	St. Paul's Episcopal Church	11,785	1.00%
G167-1991RP	St. Philip's Episcopal Church	10,000	1.00%
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%
G174-2001IP	Clients of Trillium Asset Management	25,000	3.00%
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	27,958	3.00%
G200-2007IP	Anonymous	5,000	2.50%
G201-2007BP	Gorham Savings Bank	100,000	2.00%
G204-2007IP	Elizabeth McPherson & Paul Kando	5,075	1.50%
G205-2008IP	Clients of the Sustainability Group	15,000	3.00%

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 and 2017

NOTE 6 - NOTES PAYABLE (CONTINUED)

Investment #	Name for Publication	O/S Balance	Rate
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	2,929	2.00%
G216-2009IP	Elizabeth Howe	11,891	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%
G220-2009IP	Mark Ward & Shannon Carr	12,980	3.00%
G223-2011BP	Bath Savings Institution	100,000	2.00%
G224-2011IA	Anonymous	59,133	0.00%
G225-2011IP	Anonymous	2,000	3.00%
G226-2011IP	Clients of the Sustainability Group	10,000	3.00%
G228-2012IA	Anonymous	1,227	3.00%
G229-2012IP	Greg Raymond III	29,360	3.00%
G231-2012IP	Marcie & Stephan Porter	22,244	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%
G238-2012IP	Denise Soucy and Ned Steinberger	10,000	0.00%
G239-2012IA	Anonymous	10,000	2.00%
G240-2013IP	Anne Gass & Rick Leavitt	5,520	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	3.00%
G245-2013IA	Tamler Revocable Trust (Tamler, Julie)	62,997	3.00%
G246-2013op	Northern New England Housing Investment Fund	541,216	2.00%
G247-2013BP	Bangor Savings Bank	500,000	2.00%
G249-2013IA	Anonymous	108,212	3.00%
G250-213OP	USDA Rural Development	179,521	1.00%
G251-2013BP	Bar Harbor Bank & Trust	250,000	2.00%
G253-2014IP	John Kaminski	10,000	3.00%
G254-2014IP	Gregg Raymond	56,275	3.00%
G255-2014IP	Andrew Gorril	4,837	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	11,319	2.00%
G261-2014BP	People's United	150,000	2.00%

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 6 - NOTES PAYABLE (CONTINUED)

Investment #	Name for Publication	O/S Balance	Rate
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	109,273	3.00%
G270-2014IP	Cathy Ramsdell	10,927	3.00%
G271-2015IP	John Kaminski	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	25,750	3.00%
G275-2015IA	Emma Day Branch	50,000	3.00%
G276-2015IA	Ruby Day Branch	50,000	3.00%
G277-2015IP	John Kaminski	5,000	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	15,913	3.00%
G282-2015IP	Anna Court	5,202	2.00%
G283-2015IP	John Kaminski	5,000	3.00%
G284-2016OP	Maine Community Foundation	500,000	2.00%
G285-2016IP	Susan Cutting	5,150	3.00%
G287-2016IP	Gregg Raymond and Jamien Jacobs	103,000	3.00%
G288-2016IP	John Kaminski	5,000	3.00%
G289-2016IP	Gregg Raymond and Jamien Jacobs	169,950	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	51,000	2.00%
G296-2017IP	John Kaminski	6,000	3.00%
G298-2017IP	Anne Gass & Rick Leavitt	10,150	1.50%
G299-2017OP	Freeport Housing Trust, Inc.	50,000	2.00%
G300-2017IA	Skove, Catherine H.	25,000	3.00%
G301-2017IP	Higdon, Joseph	100,000	3.00%
G302-2017IP	Kaminski, John	6,000	3.00%
G303-2017IP	Gorrill, Thomas	2,100	2.00%
G304-2017IP	Gorrill, Andrew	1,000	2.00%
G305-2017RP	First Universalist Church of Auburn Maine	5,000	2.00%

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 6 - NOTES PAYABLE (CONTINUED)

Investment #	Name for Publication	O/S Balance	Rate
G306-2017IP	Austin, James	101,708	2.50%
G307-2017BP	Bath Savings Institution	100,000	2.00%
G308-2017IP	Ramsdell, Cathy	25,000	3.00%
G309-2017IP	Lawrence Granader Living Trust	50,000	3.00%
G310-2018IP	Hope, Margo	1,000	2.00%
G311-2018IA	G Jobin-LeedsTrust U/AgrDtd5/12/97 FBO Alex Job	16,667	3.00%
G312-2018IA	G Jobin-LeedsTrust U/AgrDtd5/12/97 FBO Casey A. Jo	16,667	3.00%
G313-2018IA	G Jobin-LeedsTrust U/AgrDtd5/12/97 FBO Caledonia J	16,667	3.00%
126-2003BP	Camden National Corporation	50,000	1.00%
		\$ 13,291,973	

The scheduled estimated principal and interest payments are as follows:

	Principal	Interest	Total
2019	\$ 6,202,031	\$ 293,471	\$ 6,495,502
2020	1,592,271	168,301	1,760,572
2021	1,837,710	138,783	1,976,493
2022	655,443	95,052	750,495
2023	1,662,000	77,145	1,739,145
2024-2028	1,162,997	52,865	1,215,862
2029-2033	-	8,975	8,975
2034-2038	-	8,975	8,975
2039-2043	179,521	8,975	188,496
	\$ 13,291,973	\$ 852,542	\$ 14,144,515

Mortgage Payable

\$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.

	2018	2017
	\$ 231,298	\$ 240,749

Short-Term Portion
Long-Term Portion

Short-Term Portion	\$ 9,803	\$ 9,420
Long-Term Portion	221,495	231,329
	\$ 231,298	\$ 240,749

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 and 2017

NOTE 6 - NOTES PAYABLE (CONTINUED)

	Principal	Interest	Total
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	51,062	5,658	56,720
	\$ 231,298	\$ 90,114	\$ 321,412

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, 2018 was \$18,980 and March 31, 2017 was \$13,563.

NOTE 8 - RELATED PARTIES

At March 31, 2018 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, 2018 and 2017. 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.

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 and 2017

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.

NOTE 11 - SUBSEQUENT EVENTS

The Genesis Fund issued a letter of commitment to Renewal Housing and Reed School. The total amount of the loans are \$2,100,000. As of March 31, 2018 these loans have been committed but not yet closed.

The Genesis Fund has four loans that have not been completely drawn down as of March 31, 2018. They are Habitat- Greater Portland \$130,374, Bangor Housing Authority \$923,010, Brunswick Bay Mobile Home Coop \$22,000 and Marble Block \$278,417. Genesis Fund has restricted the cash of \$1,353,801 for these loans.