

Audited Financial Statements
and Other Financial Information

The Genesis Fund

March 31, 2019



Proven Expertise and Integrity

THE GENESIS FUND

MARCH 31, 2019

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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, 2019 and 2018, 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2019 and 2018, 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 16, 2019

THE GENESIS FUND

STATEMENTS OF FINANCIAL POSITION
MARCH 31,

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,369,700 | \$ 3,052,608 |
| Investments | 468,164 | 216,177 |
| Accounts receivable | 1,392,858 | 22,372 |
| Current portion of notes receivable | 625,056 | 534,748 |
| Notes receivable - interest | 63,495 | 49,904 |
| Prepaid items | 19,373 | 31,003 |
| Total current assets | <u>5,938,646</u> | <u>3,906,812</u> |
| FIXED ASSETS | | |
| Land and building | 644,017 | 611,225 |
| Office equipment/furniture | 66,887 | 51,264 |
| Total fixed assets | <u>710,904</u> | <u>662,489</u> |
| Less accumulated depreciation | (115,756) | (93,216) |
| Net fixed assets | <u>595,148</u> | <u>569,273</u> |
| OTHER ASSETS | | |
| Notes receivable - net of current portion (net of allowance for uncollectibles) | 15,336,750 | 13,196,500 |
| Investment - Community Development Trust | 500 | 500 |
| Total other assets | <u>15,337,250</u> | <u>13,197,000</u> |
| TOTAL ASSETS | <u>\$ 21,871,044</u> | <u>\$ 17,673,085</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 22,822 | \$ 19,550 |
| Accrued interest payable | 186,951 | 168,714 |
| Accrued salaries | 19,594 | - |
| Accrued vacation | 17,513 | 17,205 |
| Unearned income | 6,005 | 1,743 |
| Deferred grants | 1,165,000 | - |
| Current portion of long-term liabilities | 4,382,102 | 6,211,834 |
| Total current liabilities | <u>5,799,987</u> | <u>6,419,046</u> |
| Noncurrent liabilities: | | |
| Notes payable - net of current portion | <u>10,773,819</u> | <u>7,311,437</u> |
| Total noncurrent liabilities | <u>10,773,819</u> | <u>7,311,437</u> |
| TOTAL LIABILITIES | <u>16,573,806</u> | <u>13,730,483</u> |
| NET ASSETS | | |
| Without external source restrictions | 5,294,998 | 3,942,602 |
| With external source restrictions | 2,240 | - |
| TOTAL NET ASSETS | <u>5,297,238</u> | <u>3,942,602</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 21,871,044</u> | <u>\$ 17,673,085</u> |

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

STATEMENT B

THE GENESIS FUND

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019

| | Without External Source <u>Restrictions</u> | With External Source <u>Restrictions</u> | <u>Total</u> |
|------------------------------------|--|---|---------------------|
| REVENUES | | | |
| Interest income - loans | \$ 858,273 | \$ - | \$ 858,273 |
| Loan fees | 43,646 | - | 43,646 |
| Interest income - banks | 24,070 | - | 24,070 |
| Technical assistance fees | 59,660 | - | 59,660 |
| Grants and donations | 1,746,539 | - | 1,746,539 |
| Rental income | 8,300 | - | 8,300 |
| Investment income | 55 | - | 55 |
| Miscellaneous income | 350 | - | 350 |
| TOTAL REVENUES | <u>2,740,893</u> | <u>-</u> | <u>2,740,893</u> |
| EXPENSES | | | |
| Salaries and wages | 512,652 | - | 512,652 |
| Payroll tax | 38,242 | - | 38,242 |
| Benefits | 86,539 | - | 86,539 |
| Interest expense | 325,173 | - | 325,173 |
| Loan loss provision | 68,986 | - | 68,986 |
| Conferences and training | 7,677 | - | 7,677 |
| Travel | 24,316 | - | 24,316 |
| Recruitment | 354 | - | 354 |
| Professional fees | 41,944 | - | 41,944 |
| Technical assistance program costs | 52,177 | - | 52,177 |
| Grant expense | 103,903 | - | 103,903 |
| Marketing and outreach | 18,831 | - | 18,831 |
| Bank fees | 684 | - | 684 |
| Dues and publication | 5,033 | - | 5,033 |
| Postage and shipping | 1,761 | - | 1,761 |
| Meetings | 2,825 | - | 2,825 |
| Payroll services | 5,731 | - | 5,731 |
| Supplies | 4,418 | - | 4,418 |
| Telephone | 4,330 | - | 4,330 |
| Other operations expenses | 1,090 | - | 1,090 |
| Office equipment | 13,840 | - | 13,840 |
| Insurance | 11,682 | - | 11,682 |
| Building expenses | 53,674 | - | 53,674 |
| Miscellaneous expenses | 395 | - | 395 |
| TOTAL EXPENSES | <u>1,386,257</u> | <u>-</u> | <u>1,386,257</u> |
| INCREASE (DECREASE) IN NET ASSETS | 1,354,636 | - | 1,354,636 |
| NET ASSETS - APRIL 1 | <u>3,942,602</u> | <u>-</u> | <u>3,942,602</u> |
| NET ASSETS - MARCH 31 | <u>\$ 5,297,238</u> | <u>\$ -</u> | <u>\$ 5,297,238</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>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenues over (under) expenses | \$ 1,354,636 | \$ 508,420 |
| Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities: | | |
| Depreciation | 23,380 | 21,981 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in investments | (251,987) | (539) |
| (Increase) decrease in accounts receivable | (1,370,486) | 514,794 |
| (Increase) decrease in notes receivable | (2,230,558) | (279,448) |
| (Increase) decrease in notes receivable - interest | (13,591) | 42,200 |
| (Increase) decrease in prepaid items | 11,630 | (6,984) |
| Increase (decrease) in accounts payable | 3,272 | (43,982) |
| Increase (decrease) in accrued expenses | 38,139 | 14,368 |
| Increase (decrease) in unearned income | 4,262 | (355) |
| Increase (decrease) in deferred grants | 1,165,000 | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(1,266,303)</u> | <u>770,455</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Purchase) of property and equipment | (49,255) | (1,000) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(49,255)</u> | <u>(1,000)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds (payments) from long-term debt net | 1,632,650 | 478,983 |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | <u>1,632,650</u> | <u>478,983</u> |
| NET INCREASE (DECREASE) IN CASH | 317,092 | 1,248,438 |
| CASH - APRIL 1 | <u>3,052,608</u> | <u>1,804,170</u> |
| CASH - MARCH 31 | <u>\$ 3,369,700</u> | <u>\$ 3,052,608</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for: | | |
| Interest | <u>\$ 325,173</u> | <u>\$ 289,158</u> |

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

THE GENESIS FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

| | Program Activities | | | | | Program Activities Total | Fundraising | General and Administrative | Total |
|--|-------------------------|--------------------|---------------------|---------------------|-------------------------|--------------------------------|--------------------|-------------------------------|---------------------|
| | Business Development | General | Investments | Lending | Technical Assistance | | | | |
| REVENUES | | | | | | | | | |
| Grants and donations | \$ 26,176 | \$ 99,643 | \$ 12,524 | \$ 1,452,553 | \$ 89,301 | \$ 1,680,197 | \$ 44,986 | \$ 25,000 | \$ 1,750,183 |
| Interest income - loans | - | - | - | 858,273 | - | 858,273 | - | - | 858,273 |
| Technical assistance fees | - | - | - | - | 56,016 | 56,016 | - | - | 56,016 |
| Loan fees | - | - | - | 43,646 | - | 43,646 | - | - | 43,646 |
| Investment income | - | - | - | 24,070 | - | 24,070 | 55 | - | 24,125 |
| Rental income | - | - | - | - | - | - | - | 8,300 | 8,300 |
| Miscellaneous | - | - | - | 159 | - | 159 | - | 191 | 350 |
| TOTAL REVENUES | 26,176 | 99,643 | 12,524 | 2,378,701 | 145,317 | 2,662,361 | 45,041 | 33,491 | 2,740,893 |
| EXPENDITURES | | | | | | | | | |
| Salaries and wages | 62,066 | 48,871 | 54,308 | 113,256 | 78,045 | 356,546 | 48,471 | 107,635 | 512,652 |
| Payroll taxes | 4,623 | 3,640 | 4,044 | 8,495 | 5,818 | 26,620 | 3,610 | 8,012 | 38,242 |
| Benefits | 10,520 | 8,283 | 9,203 | 18,792 | 13,193 | 59,991 | 8,215 | 18,333 | 86,539 |
| Interest expense | - | - | 325,173 | - | - | 325,173 | - | - | 325,173 |
| Loan loss provision | - | - | - | 68,986 | - | 68,986 | - | - | 68,986 |
| Conferences and training | 101 | 5,989 | 114 | 1,269 | 20 | 7,493 | 155 | 29 | 7,677 |
| Travel | 4,939 | 13,804 | 146 | 2,590 | 2,447 | 23,926 | 211 | 179 | 24,316 |
| Recruitment | - | 114 | - | 240 | - | 354 | - | - | 354 |
| Professional fees | 2,460 | 11,084 | 1,874 | 17,378 | 2,639 | 35,435 | 1,673 | 4,836 | 41,944 |
| Technical assistance program costs | 4,500 | - | - | - | 47,677 | 52,177 | - | - | 52,177 |
| Grant expense | - | 85,730 | - | - | 18,173 | 103,903 | - | - | 103,903 |
| Marketing and outreach | 9,283 | 426 | 385 | 622 | 533 | 11,249 | 6,799 | 783 | 18,831 |
| Bank fees | 15 | 12 | 13 | 521 | 18 | 579 | 80 | 25 | 684 |
| Dues and publication | 114 | 3,840 | 99 | 263 | 149 | 4,465 | 363 | 205 | 5,033 |
| Postage and shipping | 286 | 104 | 133 | 330 | 152 | 1,005 | 542 | 214 | 1,761 |
| Meetings | 742 | 415 | 184 | 478 | 433 | 2,252 | 206 | 367 | 2,825 |
| Payroll services | 697 | 549 | 610 | 1,229 | 873 | 3,958 | 545 | 1,228 | 5,731 |
| Supplies | 521 | 445 | 577 | 895 | 651 | 3,089 | 407 | 922 | 4,418 |
| Telephone | 509 | 803 | 407 | 859 | 579 | 3,157 | 368 | 805 | 4,330 |
| Other operations expenses | 61 | 48 | 96 | 624 | 80 | 909 | 88 | 93 | 1,090 |
| Office equipment | 1,126 | 3,970 | 985 | 2,050 | 1,409 | 9,540 | 879 | 3,421 | 13,840 |
| Insurance | 808 | 636 | 706 | 6,446 | 1,018 | 9,614 | 630 | 1,438 | 11,682 |
| Building expenses | 6,299 | 5,269 | 5,657 | 11,807 | 8,045 | 37,077 | 4,994 | 11,603 | 53,674 |
| Miscellaneous expenses | - | 350 | - | 45 | - | 395 | - | - | 395 |
| TOTAL EXPENDITURES | 109,670 | 194,382 | 404,714 | 257,175 | 181,952 | 1,147,893 | 78,236 | 160,128 | 1,386,257 |
| INCREASE/(DECREASE) IN NET ASSETS | \$ (83,494) | \$ (94,739) | \$ (392,190) | \$ 2,121,526 | \$ (36,635) | \$ 1,514,468 | \$ (33,195) | \$ (126,637) | \$ 1,354,636 |

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

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

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.

Implementation of New Accounting Standards

During the year ended March 31, 2019, the following statements of financial accounting standards issued by the Financial Accounting Standards Board became effective:

ASU #2016-14, "*Presentation of Financial Statements for Not-for-Profit Entities.*" The primary objective of this Statement is to improve the presentation of financial statements for not-for-profit entities. The main provisions of ASU 2016-14 include changes to net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The major improvements FASB made include reducing complexity in net asset classification, clarifying information regarding liquidity and availability of cash, increasing transparency in reporting financial measures, providing consistency in reporting expenses by function and nature and simplifying the presentation of operating cash flows.

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 two classes of net assets: without donor restrictions and with donor restrictions. The Genesis Fund had no permanently restricted net assets as of March 31, 2019. Temporarily or permanently restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019, all deposits over \$250,000 were fully insured due to pledged securities that collateralize the deposits that exceed FDIC insurance.

NOTE 3 - CASH OBLIGATIONS

Frequently at the end of the fiscal year the Genesis Fund has loans that have been closed but not fully disbursed or that have been committed but not yet closed.

These loan obligations were to be funded through a combination of cash on hand, loan principal revolving from other outstanding loans and capital raised from new investor notes payable. Furthermore, the organization had access to a \$2,000,000 line of credit for the purpose of providing loan capital.

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 and 2018

NOTE 3 - CASH OBLIGATIONS (CONTINUED)

The Genesis Fund had eight closed loans that had not been fully disbursed as of March 31, 2019. Undisbursed amounts were as follows:

| | |
|--|---------------------|
| Bangor Housing Development Corporation | \$ 59,064 |
| Marble Block Redevelopment Corporation | 249,049 |
| Reed School LLC | 146,506 |
| Brunswick Bay Mobile Home Cooperative | 22,000 |
| Elevate Childcare | 568,795 |
| Avesta Housing Development Corporation | 884,191 |
| Tree Street Youth, Inc. | 600,000 |
| Cooperative Development Institute | <u>50,000</u> |
| Total Cash Obligations | <u>\$ 2,579,605</u> |

The Genesis Fund also had six loan commitments that had not yet closed as of March 31, 2019. Possible future cash obligations for committed amounts were as follows:

| | |
|--|-------------------|
| Avesta Housing Development Corporation | \$ 170,000 |
| Avesta Housing Development Corporation | 210,000 |
| Deer Ridge Mobile Home Cooperative | 18,000 |
| Medomak Mobile Home Cooperative | 76,800 |
| Midcoast Recovery Coalition | 100,000 |
| North Haven Sustainable Housing | <u>130,000</u> |
| Total Loan Commitments | <u>\$ 704,800</u> |

NOTE 4 - CASH LIQUIDITY

The Genesis Fund Board of Directors has established an Investment and Cash Management Policy to promote prudent corporate stewardship of its funds and accountability to investors, funders and borrowers. These funds include unrestricted and restricted funds as well as Board-designated funds. Notwithstanding the Investment and Cash Management Policy, all restrictions placed by donors and investors on interest and other earnings from their funds are honored.

The Investment and Cash Management Policy includes the following Cash Management Policies:

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

NOTE 4 - CASH LIQUIDITY (CONTINUED)

- **Capital Liquidity Reserve:** The Genesis Fund requires sufficient liquidity in its investment portfolio to meet its ongoing repayment obligations to investors. To that end, it will maintain a capital liquidity reserve of no less than 5% of investor notes payable. These funds are not available for lending; however, they may be deposited in an interest-bearing account or appropriately invested in short-term vehicles. The Genesis Fund will strive to carefully manage liquidity needs to avoid penalties related to removing funds from the vehicles in which they are invested. In addition, Genesis carefully monitors maturity dates of assets and liabilities to ensure its capacity to repay investors at maturity.
- **Operating Liquidity Reserve:** The Genesis Fund will maintain an operating liquidity reserve greater than or equal to 3 months of operating expenses from the most recently completed fiscal year (calculated as Unrestricted Cash & Cash Equivalents plus Cash & Cash Equivalents Restricted for Operations divided by 25% of Expenses less any non-cash expenses [such as depreciation and loan loss provision] from the prior fiscal year).

The Investment and Cash Management Policy also addresses Investment Selection and Risk Management Policies related to prudent management of the organization's liquid capital.

Allocation of Net Assets - The Genesis Fund allocates on its balance sheet net assets that are available for lending, consisting of funds the organization has accumulated over time through contributions (such as donations and grants) and/or operating surpluses so allocated to this fund. These Net Assets Allocated to Lending represent a portion of the total Net Assets without external source restrictions. As of March 31, 2019, Net Assets Allocated to Lending without external source restrictions were \$5,105,681. The remaining portion of Net Assets without external source restrictions (\$189,317 at March 31, 2019) were considered allocated to Operating. However, funds allocated to lending are also available for operating as needed because they are without external source restrictions.

Restrictions on Cash - As of March 31, 2019, The Genesis Fund had \$2,240 in cash with external source restrictions, comprised of principal repaid from loans that were funded with a grant from the Federal Home Loan Bank of Boston. Those funds were restricted for use in future loans consistent with the purpose of that grant program.

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 and 2018

NOTE 4 - CASH LIQUIDITY (CONTINUED)

The Genesis Fund's financial assets available to meet capital needs for general expenditures within 12 months of the balance sheet date were as follows:

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 3,369,700 |
| Short-term investments | 468,164 |
| Accounts receivable | 1,392,858 |
| Current portion of notes receivable | 625,056 |
| Interest on notes receivable | 63,495 |
| Less cash with external source restrictions | (2,240) |
| | <u>\$ 5,917,033</u> |

The Genesis Fund also has a committed line of credit in the amount of \$2,000,000 to help manage unanticipated liquidity needs.

NOTE 5 - ALLOWANCE FOR UNCOLLECTIBLE NOTES RECEIVABLE

The allowance for uncollectible accounts was estimated to be \$493,664 at March 31, 2019 and \$424,678 at March 31, 2018.

NOTE 6 - NOTES RECEIVABLE

At March 31, 2019 and 2018, the Genesis Fund had various notes receivable with interest rates between 3.5 - 7.0%. During fiscal year 2019 and 2018 no notes receivable were in default. The value of the notes receivable at March 31, 2019 and 2018 is below:

| | <u>2019</u> | <u>2018</u> |
|--------------------|----------------------|----------------------|
| Short-Term Portion | \$ 625,056 | \$ 534,748 |
| Long-Term Portion | <u>15,336,750</u> | <u>13,196,500</u> |
| | <u>\$ 15,961,806</u> | <u>\$ 13,731,248</u> |

NOTE 7 - 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, 2019 and 2018

NOTE 8 - NOTES PAYABLE

Notes payable outstanding consisted of the following as of March 31, 2019:

| Investment # | Name for Publication | O/S Balance | Rate |
|--------------|--|-------------|-------|
| G121-2002IP | Holly Antolini | \$ 1,525 | 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 | Gregg Raymond and Jamien Jacobs | 11,594 | 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 | 4,167 | 2.00% |
| G155-2002IA | Gregg Raymond and Jamien Jacobs | 8,044 | 3.00% |
| G166-1994RP | St. Paul's Episcopal Church | 11,902 | 1.00% |
| G167-1991RP | St. Philip's Episcopal Church | 10,000 | 1.00% |
| G168-2001IP | Stephanie and 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 and Biddeford Savings Institution | 100,000 | 1.00% |
| G186-2003BP | Camden National Corporation | 100,000 | 1.00% |
| G196-2005IP | Randy Phelps and Pamelea Daley | 100,000 | 2.00% |
| G199-2006IP | Gregg Raymond and Jamien Jacobs | 28,797 | 3.00% |
| G200-2007IP | Anonymous | 5,000 | 2.50% |
| G201-2007BP | Gorham Savings Bank | 100,000 | 2.00% |
| G204-2007IP | Elizabeth McPherson and Paul Kando | 5,151 | 1.50% |
| G205-2008IP | Clients of the Sustainability Group | 15,000 | 3.00% |

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 and 2018

NOTE 8 - 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% |
| G215-2009IP | Jennifer Southard and Ed Suslovic | 2,988 | 2.00% |
| G216-2009IP | Elizabeth Howe | 12,188 | 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 and Shannon Carr | 13,370 | 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 | 1,264 | 3.00% |
| G229-2012IP | Gregg Raymond and Jamien Jacobs | 30,240 | 3.00% |
| G231-2012IP | Marcie and Stephan Porter | 22,689 | 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 and Rick Leavitt | 5,631 | 2.00% |
| G242-2013RP | Mercy Partnership Fund | 500,000 | 3.00% |
| G243-2013BP | People's United | 300,000 | 2.00% |
| G244-2013IP | Robert and Karen George | 12,000 | 3.00% |
| G245-2013IA | Tamler Revocable Trust (Julie Tamler) | 62,996 | 3.00% |
| G246-2013OP | Northern New England Housing Investment Fund | 551,349 | 2.00% |
| G247-2013BP | Bangor Savings Bank | 500,000 | 2.00% |
| G249-2013IA | Anonymous | 108,212 | 3.00% |
| G250-213OP | USDA Rural Development | 173,536 | 1.00% |
| G251-2013BP | Bar Harbor Bank & Trust | 250,000 | 2.00% |
| G253-2014IP | John Kaminski | 10,000 | 3.00% |
| G254-2014IP | Gregg Raymond and Jamien Jacobs | 57,964 | 3.00% |
| G255-2014IP | Andrew Gorril | 4,933 | 2.00% |
| G257-2014IA | Anonymous | 100,000 | 2.00% |
| G258-2014BP | Bank of America | 1,000,000 | 3.00% |
| G260-2014IP | Anne Gass and Rick Leavitt | 11,546 | 2.00% |
| G261-2014BP | People's United | 150,000 | 2.00% |

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 and 2018

NOTE 8 - NOTES PAYABLE (CONTINUED)

| Investment # | Name for Publication | O/S Balance | Rate |
|--------------|---|-------------|-------|
| G262-2014BP | Biddeford Savings Bank | \$ 250,000 | 1.50% |
| G263-2014IP | John Kaminski | 6,000 | 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 | Gregg Raymond and Jamien Jacobs | 112,551 | 3.00% |
| G270-2014IP | Cathy Ramsdell | 11,255 | 3.00% |
| G271-2015IP | John Kaminski | 6,000 | 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 | 26,523 | 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 | 16,391 | 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 | 5,305 | 3.00% |
| G287-2016IP | Gregg Raymond and Jamien Jacobs | 106,090 | 3.00% |
| G288-2016IP | John Kaminski | 5,000 | 3.00% |
| G289-2016IP | Gregg Raymond and Jamien Jacobs | 175,049 | 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 | 52,020 | 2.00% |
| G296-2017IP | John Kaminski | 6,000 | 3.00% |
| G298-2017IP | Anne Gass and Rick Leavitt | 10,302 | 1.50% |
| G299-2017OP | Freeport Housing Trust, Inc. | 110,000 | 2.00% |
| G300-2017IA | Catherine H. Skove | 25,000 | 3.00% |
| G301-2017IP | Joseph Higdon | 103,000 | 3.00% |
| G302-2017IP | John Kaminski | 6,000 | 3.00% |
| G303-2017IP | Thomas Gorrill | 2,142 | 2.00% |
| G304-2017IP | Andrew Gorrill | 2,020 | 2.00% |
| G305-2017RP | First Universalist Church of Auburn Maine | 5,100 | 2.00% |

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 and 2018

NOTE 8 - NOTES PAYABLE (CONTINUED)

| Investment # | Name for Publication | O/S Balance | Rate |
|--------------|---|---------------|-------|
| G307-2017BP | Bath Savings Institution | 100,000 | 2.00% |
| G308-2017IP | Cathy Ramsdell | 25,750 | 3.00% |
| G309-2017IP | Lawrence Granader Living Trust | 50,000 | 3.00% |
| G310-2018IP | Margo Hope | 1,825 | 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% |
| G314-2018IA | Maria and Greg Jobin-Leeds Investment Management Ac | 25,000 | 3.00% |
| G315-2018IP | Suzanne Lynne LaFetra Rev Trust | 200,000 | 3.00% |
| G316-2018BP | Katahdin Trust Company | 100,000 | 2.00% |
| G317-2018IP | Andrew Gorrill | 2,000 | 2.00% |
| G318-2018IP | Brenda Peluso, Retirement Account | 10,000 | 3.00% |
| G319-2018BP | Norway Savings Bank | 500,000 | 1.75% |
| G320-2018IA | The Lyman Fund | 30,000 | 3.00% |
| G321-2018BP | NBT Bank | 250,000 | 2.00% |
| G323-2018BP | Mechanics Savings Bank | 250,000 | 2.00% |
| G324-2019IA | Miller-Adelburg Trust | 50,000 | 3.00% |
| G325-2019BP | Gorham Savings Bank | 400,000 | 2.00% |
| G326-2019IP | The Silberfeld Easterly Revocable Trust | 20,000 | 3.00% |
| G328-2019IP | Robert Johnston | 10,000 | 3.00% |
| G329-2019IP | Nancy Lawton and C. Steven Fury JT TEN | 75,000 | 3.00% |
| 126-2003BP | Camden National Corporation | 50,000 | 1.00% |
| | | \$ 14,934,461 | |

The scheduled estimated principal and interest payments are as follows:

| | Principal | Interest | Total |
|-----------|---------------|------------|---------------|
| 2020 | \$ 4,371,927 | \$ 209,691 | \$ 4,581,618 |
| 2021 | 3,108,368 | 171,392 | 3,279,760 |
| 2022 | 1,347,527 | 114,670 | 1,462,197 |
| 2023 | 3,356,072 | 91,773 | 3,447,845 |
| 2024 | 2,299,031 | 50,423 | 2,349,454 |
| 2025-2029 | 278,000 | 26,180 | 304,180 |
| 2030-2034 | - | 8,975 | 8,975 |
| 2035-2039 | - | 8,975 | 8,975 |
| 2040-2044 | 173,536 | 7,180 | 180,716 |
| | \$ 14,934,461 | \$ 689,259 | \$ 15,623,720 |

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 and 2018

NOTE 8 - NOTES PAYABLE (CONTINUED)

| | <u>2019</u> | <u>2018</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. | \$ 221,460 | \$ 231,298 |
| Short-Term Portion | \$ 10,175 | \$ 9,803 |
| Long-Term Portion | 211,285 | 221,495 |
| | <u>\$ 221,460</u> | <u>\$ 231,298</u> |

The scheduled estimated principal and interest payments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|------------------|-------------------|
| 2020 | \$ 10,175 | \$ 8,732 | \$ 18,907 |
| 2021 | 10,613 | 8,294 | 18,907 |
| 2022 | 11,045 | 7,861 | 18,906 |
| 2023 | 11,495 | 7,411 | 18,906 |
| 2024 | 11,945 | 6,961 | 18,906 |
| 2025-2029 | 67,521 | 27,012 | 94,533 |
| 2030-2034 | 82,450 | 12,083 | 94,533 |
| 2035-2039 | 16,216 | 346 | 16,562 |
| | <u>\$ 221,460</u> | <u>\$ 78,700</u> | <u>\$ 300,160</u> |

NOTE 9 - NET ASSETS

As of March 31, 2019, the Genesis Fund had the following net assets without external source restrictions allocation based upon Board approved policies:

| | |
|-------------------|---------------------|
| Operating Fund | \$ 189,317 |
| Loan Capital Fund | <u>5,105,681</u> |
| | <u>\$ 5,294,998</u> |

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

NOTE 9 - NET ASSETS (CONTINUED)

Throughout the year the Genesis Fund recognizes revenue that is subject to external source restrictions and releases funds from restriction as conditions are met either through expenditure for appropriate expenses or deployment through appropriate lending activity. As of March 31, 2019, there were no funds remaining with external source restrictions with the exception of granted loan funds that had been deployed to borrowers and repaid to the Genesis Fund.

As of March 31, 2019, the Genesis Fund had the following net assets with external source restrictions:

| | |
|-------------------------------------|-----------------|
| Federal Home Loan Bank Boston Grant | <u>\$ 2,240</u> |
|-------------------------------------|-----------------|

These funds were restricted for use in future loans consistent with the purpose of that grant program.

NOTE 10 - 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, 2019 was \$19,920 and March 31, 2018 was \$18,980.

NOTE 11 - COST ALLOCATION METHODOLOGY

The Genesis Fund's financial statements allocate expenses among the organization's programs in order to provide accurate information about the organization's operations and to ensure that expenses are attributed appropriately to corresponding revenue sources. Wherever possible, expenses are allocated directly to appropriate cost centers as they are incurred.

However, the Genesis Fund's financial statements report certain expenses that are attributed to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied in order to more accurately reflect the true cost of all programs and supporting functions.

Salaries and Wages

Time worked on Technical Assistance or other program activities will be billed directly to a client or to a grant funding source.

THE GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

NOTE 11 - COST ALLOCATION METHODOLOGY (CONTINUED)

Salary and wage expense that was not allocated to specific Technical Assistance projects, as well as fringe benefit expense, is allocated to programs on the basis of estimated time and effort directed to each program. Current staff job descriptions are the documentation for determining the estimated allocation of time and effort (and salary, wage and benefit expense) to each program.

Non-Salary and Wages

Direct Allocation

Non-salary and wage expenses that can be attributed directly to one of the organization's programs as they are incurred are allocated to the appropriate program. (Direct costs that can be allocated to more than one program are prorated to each program using a base that is appropriate to the particular cost.)

Indirect Allocation

Certain General Administrative expenses, as specified below, will be allocated on the basis of estimates of time and effort using current staff job descriptions as the documentation for determining the estimate of time and effort.

The following General Administrative expenses will be allocated: depreciation, occupancy, personnel costs, travel, insurance, supplies, postage, printing, meetings, licensing and recording fees, office equipment, dues and publications, professional services and telephone/internet.

Other expenses are based on actual costs directly related to the program services and support services categories and will be allocated accordingly.

NOTE 12 - RELATED PARTIES

At March 31, 2019 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 13 - 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 GENESIS FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

NOTE 13 - INCOME TAXES (CONTINUED)

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. 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, 2019 and 2018. 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 2016.

NOTE 14 - 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 15 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Genesis Fund's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.