

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.

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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.

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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>
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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.