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**Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX**

Financial Statements

Year Ended June 30, 2013

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Financial Statements

For the Year Ended June 30, 2013

Table of Contents

Independent Accountant's Review Report	1
<i>Financial Statements:</i>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6



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Independent Accountant's Review Report

Mr. Tim Carroll, Executive Secretary
Town of Chilmark
Middle Line Road Rental Duplex
Chilmark, MA 02535

We have reviewed the accompanying special-purpose statement of assets and liabilities of the Middle Line Road Rental Duplex as of June 30, 2013 and the related special-purpose statements of revenues and expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the management agreement of between Middle Line Road Rental Duplex and the Dukes County Housing Authority (the "Authority") as discussed in Note 1 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The accompanying special-purpose financial statements were prepared for the purpose of complying with the management agreement between Middle Line Road Rental Duplex and the Authority, as discussed in Note 1, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Based on our review, we are not aware of any material modifications that should be made to the accompanying special-purpose financial statements in order for them to be in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information and use of the management of Middle Line Road Rental Duplex and the Authority and is not intended to be and should not be used by anyone other than these specified parties.

NE Kelly & Associates, LLC
Boston, Massachusetts
January 14, 2014

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Statement of Financial Position

As of June 30, 2013

(with comparative totals as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
<i>Assets</i>		
Cash	\$ 78,606	\$ 41,399
Security deposits	6,525	6,525
Account receivable	<u>1,115</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 86,246</u>	<u>\$ 47,924</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Account payable	\$ 2,232	\$ 4,228
Security deposits	<u>6,525</u>	<u>6,525</u>
<i>Total liabilities</i>	<u>8,757</u>	<u>10,753</u>
<i>Net assets:</i>		
Unrestricted	<u>77,489</u>	<u>37,171</u>
<i>Total net assets</i>	<u>77,489</u>	<u>37,171</u>
<i>Total liabilities and net assets</i>	<u>\$ 86,246</u>	<u>\$ 47,924</u>

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Statement of Activities

For the Year Ended June 30, 2013

(with summarized comparative totals for October 27, 2011 (period of inception) to June 30, 2012)

	<u>2013</u>	<u>2012</u>
<i>Revenues:</i>		
Rental income	\$ 78,300	\$ 52,250
Other income	<u>9</u>	<u>-</u>
<i>Total income</i>	<u>78,309</u>	<u>52,250</u>
<i>Expenses:</i>		
Administrative fees	5,481	4,283
Property management fees	6,264	2,930
Property insurance	132	358
Repairs and maintenance	9,948	3,969
Utilities	303	1,539
Professional services	2,000	2,000
Non capital improvements	<u>13,863</u>	<u>-</u>
<i>Total expenses</i>	<u>37,991</u>	<u>15,079</u>
<i>Change in net assets</i>	40,318	37,171
<i>Net assets, beginning of the year</i>	<u>37,171</u>	<u>-</u>
<i>Net assets, end of year</i>	<u>\$ 77,489</u>	<u>\$ 37,171</u>

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Statement of Cash Flows

For the Year Ended June 30, 2013

(with summarized comparative totals for October 27, 2011 (period of inception) to June 30, 2012)

	<u>2013</u>	<u>2012</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 40,318	\$ 37,171
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Change in:		
Account receivable	(1,115)	-
Account payable	<u>(1,996)</u>	<u>4,228</u>
<i>Net cash provided by operating activities</i>	<u>37,207</u>	<u>41,399</u>
<i>Net change in cash and cash equivalents</i>	37,207	41,399
<i>Cash and cash equivalents, beginning</i>	<u>41,399</u>	<u>-</u>
<i>Cash and cash equivalents, ending</i>	\$ <u><u>78,606</u></u>	\$ <u><u>41,399</u></u>

**Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX**

Notes to Financial Statements

For the Year Ended June 30, 2013

Note 1 - The Organization

The Middle Line Road Rental Duplex ("The Project") is a property located in Chilmark, Massachusetts ("The Town"). The property is managed pursuant to an agreement as defined below by the Dukes County Housing Authority ("DCRHA") (the "Authority").

Note 2 - Significant Accounting Policies

Basis of Accounting

Summary of Significant Accounting Policies

The Authority has prepared the accompanying special-purpose financial statements to present the assets, liabilities, revenues, expenses, and cash flows of the activity related to the Project pursuant to a management agreement between the Project and the Authority. The agreement specifies that the Authority prepares special-purpose financial statements in which all assets are presented in accordance with accounting principles generally accepted in the United States of America except for land and buildings, which are not presented as they are assets of the Town.

Cash and Cash Equivalents

For the purpose of the statement of cash flow, the Project considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Management Agreement

Management

The term of the agreement shall commence on October 27, 2011 and shall remain in full force and effect for a period of (5) year and shall continue thereafter on mutually agreeable terms from year to year unless sooner terminated. The Manager shall use all reasonable efforts to achieve and maintain the property at 100% occupancy. The Manager shall lease said units to qualified households with incomes ranging from 65% of the area median income for one bedroom and two bedroom apartment and 70% of the area median income for all other apartments up to a maximum of 150% of the area median income as defined by HUD. As per DCRHA procedures in other town sponsored rentals, otherwise qualified households who additionally either reside, work or volunteer in Town will receive initial preference for any vacant unit. No tenant lease term may exceed 12 consecutive months.

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Notes to Financial Statements

For the Year Ended June 30, 2013

Note 2 - Significant Accounting Policies (Continued)

Compensation

Management Fee

The Town agrees to pay the Authority for management of the Project a fee at the rate of eight percent (8%) of the gross residential rental revenue.

Administrative Fee

The Town agrees to pay the Authority for administrative services of the Project a fee at the rate of seven percent (7%) of the gross residential rental revenue.

Note 3 - Subsequent Events

Subsequent events have been evaluated through January 14, 2014 which is the date the financial statements were available to be issued.