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1745 Broadway | 17th Floor  
New York, NY 10019

4238 Washington Street | Suite 307  
Boston, MA 02131

Phone (888) 490-8885  
[www.kellycpas.com](http://www.kellycpas.com)

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

***Financial Statements***

***Year Ended June 30, 2015***

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

***Financial Statements***

***For the Year Ended June 30, 2015***

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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 statement of financial position of the Middle Line Road Rental Duplex as of June 30, 2015, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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.

The prior year summarized comparative information has been derived from the Middle Line Road Rental Duplex financial statements for the year ended June 30, 2015, which were reviewed by us, and in our report dated February 11, 2016, we noted no material modifications that should be made in order for the financial statements to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



**NE Kelly & Associates, LLC**  
Boston, Massachusetts  
February 11, 2016

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

***Statement of Financial Position***

***As of June 30, 2015***

*(with comparative totals as of June 30, 2014)*

	<u>2015</u>	<u>2014</u>
<i>Assets</i>		
Cash	\$ 91,780	\$ 54,068
Security deposits	8,645	6,525
Account receivable	<u>781</u>	<u>1,204</u>
<i>Total assets</i>	<u>\$ 101,206</u>	<u>\$ 61,797</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Account payable	\$ 41,510	\$ 43,746
Security deposits	<u>8,645</u>	<u>6,525</u>
<i>Total liabilities</i>	<u>50,155</u>	<u>50,271</u>
<i>Net assets:</i>		
Unrestricted	<u>51,051</u>	<u>11,526</u>
<i>Total net assets</i>	<u>51,051</u>	<u>11,526</u>
<i>Total liabilities and net assets</i>	<u>\$ 101,206</u>	<u>\$ 61,797</u>

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

***Statement of Activities***

***For the Year Ended June 30, 2015***

*(with summarized comparative totals for the year ended June 30, 2014)*

	<u>2015</u>	<u>2014</u>
<i>Revenues:</i>		
Rental income	\$ 74,273	\$ 78,751
Other income	<u>2,145</u>	<u>10</u>
<i>Total income</i>	<u>76,418</u>	<u>78,761</u>
<i>Expenses:</i>		
Administrative fees	5,760	5,319
Property management fees	6,587	6,456
Property insurance	308	392
Repairs and maintenance	20,594	11,993
Utilities	467	380
Professional services	2,257	3,181
Non capital improvements	1,350	9,142
Due to Town of Chilmark	-	41,878
Miscellaneous	<u>-</u>	<u>20</u>
<i>Total expenses</i>	<u>37,323</u>	<u>78,761</u>
<i>Change in net assets</i>	39,525	-
<i>Net assets, beginning of year</i>	11,526	-
<i>Prior period adjustment</i>	<u>-</u>	<u>(65,963)</u>
<i>Net assets, beginning of year, as restated</i>	<u>11,526</u>	<u>11,526</u>
<i>Net assets, end of year</i>	<u><u>\$ 51,051</u></u>	<u><u>\$ 11,526</u></u>

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

***Statement of Cash Flows***

***For the Year Ended June 30, 2015***

*(with summarized comparative totals for the year ended June 30, 2014)*

	<u><b>2015</b></u>	<u><b>2014</b></u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 39,525	\$ -
Prior period adjustment	-	(65,963)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Change in:		
Account receivable	423	(89)
Account payable	<u>(2,236)</u>	<u>41,514</u>
<i>Net cash provided by / used in operating activities</i>	<u>37,712</u>	<u>(24,538)</u>
<i>Net change in cash and cash equivalents</i>	37,712	(24,538)
<i>Cash and cash equivalents, beginning</i>	<u>54,068</u>	<u>78,606</u>
<i>Cash and cash equivalents, ending</i>	<u><u>\$ 91,780</u></u>	<u><u>\$ 54,068</u></u>

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

***Notes to Financial Statements***

***For the Year Ended June 30, 2015***

***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, 2015*

*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.

*Payments to the Town*

Any surplus of revenue, over expenses, is to be paid to the Town on a quarterly basis as long as the minimum cash requirements are maintained in the operating account, along with reconciliation.

*Note 3 – Due to Town of Chilmark*

Surplus of revenue over expenses owed to the Town of Chilmark for the year ended June 30, 2015 and 2014 is \$41,510 and \$41,878, respectively.

*Note 4 - Subsequent Events*

Subsequent events have been evaluated through October 3, 2015 which is the date the financial statements were available to be issued.