



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS

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

Financial Statements

Year Ended June 30, 2017

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Financial Statements

For the Year Ended June 30, 2017

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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, 2017, 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, 2016, which were reviewed by us, and in our report dated October 27, 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.

DavisKelly LLC

Boston, Massachusetts
August 10, 2017

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Statement of Financial Position

As of June 30, 2017

(with comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
<i>Assets</i>		
Cash	\$ 24,855	\$ 91,890
Security deposits	8,645	8,645
Account receivable	1,454	1,342
<i>Total assets</i>	\$ <u>34,954</u>	\$ <u>101,877</u>
 <i>Liabilities and Net Assets</i>		
 <i>Liabilities:</i>		
Other liabilities	\$ 2,243	\$ -
Account payable	16,332	85,498
Security deposits	<u>8,645</u>	<u>8,645</u>
<i>Total liabilities</i>	<u>27,220</u>	<u>94,143</u>
 <i>Net assets:</i>		
Unrestricted	<u>7,734</u>	<u>7,734</u>
 <i>Total net assets</i>	<u>7,734</u>	<u>7,734</u>
 <i>Total liabilities and net assets</i>	\$ <u>34,954</u>	\$ <u>101,877</u>

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

Statement of Activities

As of June 30, 2017

(with comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
<i>Revenues:</i>		
Rental income	\$ 80,773	\$ 81,010
Tenant fees	365	-
Interest income	5	-
<i>Total income</i>	<u>81,143</u>	<u>81,010</u>
<i>Expenses:</i>		
Administrative fees	6,096	5,837
Property management fees	6,423	6,588
Property insurance	352	315
Repairs and maintenance	41,568	15,572
Utilities	1,664	560
Payments to the Town	16,332	48,988
Professional services	2,918	2,750
Office expenses	990	
Associaion fees	4,800	
Non capital improvements	-	400
<i>Total expenses</i>	<u>81,143</u>	<u>81,010</u>
<i>Change in net assets</i>	-	-
<i>Net assets, beginning of year</i>	7,734	51,051
<i>Prior period adjustment</i>	<u>-</u>	<u>(43,317)</u>
<i>Net assets, beginning of year , as restated</i>	<u>7,734</u>	<u>7,734</u>
<i>Net assets, end of year</i>	<u>\$ 7,734</u>	<u>\$ 7,734</u>

Town of Chilmark
MIDDLE LINE ROAD RENTAL DUPLEX

Statement of Cash Flows

As of June 30, 2017

(with comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ -	\$ -
Prior period adjustment	-	(43,317)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Change in:		
Account receivable	(112)	(561)
Other current liabilities	2,243	
Account payable	<u>(69,166)</u>	<u>43,988</u>
<i>Net cash (used in) / provided by operating activities</i>	<u>(67,035)</u>	<u>110</u>
<i>Net change in cash and cash equivalents</i>	(67,035)	110
<i>Cash and cash equivalents, beginning</i>	<u>91,890</u>	<u>91,780</u>
<i>Cash and cash equivalents, ending</i>	\$ <u><u>24,855</u></u>	\$ <u><u>91,890</u></u>

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

Notes to Financial Statements

For the Year Ended June 30, 2017

(with comparative totals as of June 30, 2016)

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, 2017

(with comparative totals as of June 30, 2016)

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, 2017 and 2016 is \$16,332 and \$57,329, respectively.

Note 4 - Subsequent Events

The Organization evaluated events that occurred after June 30, 2017, the date of the Statement of Financial Position, but before the date the financial statements were available to be issued, August 10, 2017, for potential recognition or disclosure in the financial statements. The Organization did not identify any subsequent events that had a material effect on the accompanying financial statements.

Note 5 – Subsequent Payments and Related Reconciliations

Subsequent to year end the DCHA made a payment of \$57,329 which was for the amount due for the year ended June 30, 2016. The agreement is that any excess of revenue over excess less an initial \$10,000 for capital funding is to be paid back to the Town of Chilmark.