



DAVISKELLY CERTIFIED  
PUBLIC  
ACCOUNTANTS

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

***Financial Statements***

***Year Ended June 30, 2018***

Draft

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

***Financial Statements***

***For the Year Ended June 30, 2018***

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*Independent Accountant's Review Report*

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

We have reviewed the accompanying financial statements of the Middle Line Road Rental Duplex which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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'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 whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

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 accordance with accounting principles generally accepted in the United States of America.

***DavisKelly, LLC***

Boston, Massachusetts  
December 31, 2018

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

***Statement of Financial Position***

***As of June 30, 2018***

*(with comparative totals as of June 30, 2017)*

	<u>2018</u>	<u>2017</u>
<i>Assets</i>		
Cash	\$ 7,307	\$ 24,855
Security deposits	8,645	8,645
Account receivable	4,448	1,454
<i>Total assets</i>	<u>\$ 20,400</u>	<u>\$ 34,954</u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Account payable	\$ 1,378	\$ 16,332
Security deposits	8,645	8,645
Other liabilities	2,643	2,243
<i>Total liabilities</i>	<u>12,666</u>	<u>27,220</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>\$ 20,400</u>	 <u>\$ 34,954</u>

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

***Statement of Activities***

***As of June 30, 2018***

*(with comparative totals as of June 30, 2017)*

	<b>2018</b>	<b>2017</b>
<i>Revenues:</i>		
Rental income	\$ 89,154	\$ 80,773
Tenant fees	-	370
Interest income	4	-
<i>Total income</i>	89,158	81,143
 <i>Expenses:</i>		
Administrative fees	6,257	6,096
Property management fees	6,556	6,423
Repairs and maintenance	22,245	39,896
Property insurance	509	352
Utilities	853	3,336
Payments to the Town	39,257	16,332
Professional services	2,651	2,918
Office expenses	-	990
Associaion fees	6,000	4,800
Non capital improvements	4,830	-
<i>Total expenses</i>	89,158	81,143
 <i>Change in net assets</i>	-	-
 <i>Net assets, beginning of year</i>	7,734	7,734
 <i>Net assets, end of year</i>	\$ 7,734	\$ 7,734

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

*Statement of Cash Flows*

*As of June 30, 2018*

*(with comparative totals as of June 30, 2017)*

	<u>2018</u>	<u>2017</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Change in:		
Account receivable	(2,994)	(112)
Other current liabilities	400	2,243
Account payable	(14,954)	(69,166)
<i>Net cash (used in) / provided by operating activities</i>	<u>(17,548)</u>	<u>(67,035)</u>
<i>Net change in cash and cash equivalents</i>	(17,548)	(67,035)
<i>Cash and cash equivalents, beginning</i>	<u>24,855</u>	<u>91,780</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 7,307</u>	<u>\$ 24,855</u>

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

***Notes to Financial Statements***

***For the Year Ended June 30, 2018***

***(with comparative totals as of June 30, 2017)***

***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, 2018***

*(with comparative totals as of June 30, 2017)*

***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 an annual basis if the minimum cash requirements of \$10,000 is maintained in the operating account.

***Note 3 - Fees***

***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 an annual basis if the minimum cash requirements of \$10,000 are maintained in the operating account.

***Note 4 - Subsequent Events***

The Organization evaluated events that occurred after June 30, 2018, the date of the Statement of Financial Position, but before the date the financial statements were available to be issued, January 11, 2019, 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.