PENQUIS C.A.P., INC. AND ITS AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 30, 2019 and 2018

With Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Penquis C.A.P., Inc. and its Affiliates

We have audited the accompanying consolidated financial statements of Penquis C.A.P., Inc. and its Affiliates (the Organizations), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Penquis C.A.P., Inc. and its Affiliates as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information presented in Schedules 1 through 7 on pages 39 through 45 is presented for purposes of additional analysis, rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended September 30, 2019 the Organizations adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 14, 2020

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidated Statements of Financial Position
September 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,124,175	$ 2,493,023
Restricted cash and cash equivalents	1,956,874	1,667,077
Accounts and grants receivable, net of allowances of $11,325 in 2019 and $37,139 in 2018	4,493,608	2,984,551
Current investment	125,000	-
Inventory	204,646	49,874
Current portion of loans receivable, net	481,019	376,711
Prepaid expenses	1,211,661	821,590
Total current assets	13,596,983	8,392,826
Property, equipment, and software:		
Land	1,825,438	575,210
Buildings and improvements	15,560,157	7,182,568
Software	679,712	319,370
Equipment and fixtures	3,377,295	2,719,342
	21,442,602	10,796,490
Less: Accumulated depreciation	5,680,231	4,752,613
Net property, equipment, and software	15,762,371	6,043,877
Other assets:		
Restricted cash and cash equivalents	566,886	711,954
Work in progress	642,857	408,543
Investments	9,356,841	6,763,389
Loans receivable, net of current portion	6,331,484	6,199,468
Less allowance for loan losses	(322,668)	(319,689)
Property held for development	295,000	370,454
Total other assets	16,870,400	14,134,119
Total assets	**$ 46,229,754**	**$ 28,570,822**
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 916,921	$ 744,028
Accounts payable	1,096,512	699,155
Short-term notes payable, housing line of credit	170,477	55,148
Accrued expenses	2,275,290	1,477,402
Vehicle reserve	268,838	211,817
Refundable advances/due to funding sources	3,425,362	1,974,878
Total current liabilities	8,153,400	5,162,428
Non-current liabilities:		
Capital leases	8,792	29,982
Long-term debt, net of current portion	14,775,333	7,814,406
Total liabilities	22,937,525	13,006,816
Net assets:		
Net assets without donor restrictions - undesignated	16,517,351	10,621,799
Net assets without donor restrictions - designated	335,150	332,198
Net assets without donor restrictions - invested in fixed assets	3,730,041	2,270,317
Total net assets without donor restrictions	20,582,542	13,224,314
Net assets with donor restrictions	2,709,687	2,339,692
Total net assets	23,292,229	15,564,006
Total liabilities and net assets	**$ 46,229,754**	**$ 28,570,822**

The accompanying notes are an integral part of these consolidated financial statements.

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidated Statements of Activities
Years Ended September 30, 2019 and 2018

	2019	**2018**
Support and revenue without donor restrictions:		
Grants and contracts	$ 20,420,143	$ 19,503,236
Loan interest income	255,980	225,885
Fees/donations	33,553,990	21,425,483
Other revenue	1,121,884	306,320
In-kind	766,093	950,495
Total support and revenue without donor restrictions	56,118,090	42,411,419
Operating expenses:		
Program services:		
Family Enrichment services	4,225,497	5,524,775
Child Development services	9,704,283	8,110,605
Housing and Energy services	5,243,562	4,339,231
Housing Development services	1,083,403	505,964
Lynx Mobility services	2,729,954	2,649,691
Transportation Brokerage services	17,501,132	15,541,617
Charlotte White Support services	8,905,225	-
Other services	3,836,784	2,748,344
Total program service expenses	53,229,840	39,420,227
Supporting services:		
Management and general	2,675,138	2,332,608
Grant writing and resource development	94,010	19,127
Total operating expenses	55,998,988	41,771,962
Income from operations without donor restrictions	119,102	639,457
Other changes in net assets without donor restrictions:		
Other	(156,824)	(334,402)
Net assets released from restriction	212,620	407,265
Excess (deficit) of fair value of net assets over consideration	7,183,328	-
Total other changes in net assets without donor restrictions	7,239,124	72,863
Change in net assets without donor restrictions	7,358,226	712,320
Change in net assets with donor restrictions:		
Grants and contracts	444,954	62,108
Revolving loan fund receipts/other	137,663	101,331
Net assets released from restriction	(212,620)	(407,265)
Change in net assets with donor restrictions	369,997	(243,826)
Change in net assets	7,728,223	468,494
Net assets, beginning of year	15,564,006	15,095,512
Net assets, end of year	**$ 23,292,229**	**$ 15,564,006**

The accompanying notes are an integral part of these consolidated financial statements.

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidated Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services									Supporting Services	Supporting Services	
	Family Enrichment Services	Child Development Services	Housing and Energy Services	Housing Development Services	Lynx Mobility Services	Transportation Brokerage Services	Charlotte White Support Services	Other Services	Total Program	Management and General	Grant Writing and Resource Development	Total
Personnel	$ 3,033,603	$ 7,110,542	$ 1,475,303	$ 285,697	$ 1,122,116	$ 2,055,352	$ 7,264,104	$ 1,897,042	$ 24,243,759	$ 1,946,361	$ 19,173	$ 26,209,293
Travel	140,680	134,733	84,253	6,766	1,126,265	4,708,765	44,072	211,545	6,457,079	47,346	225	6,504,650
Space and occupancy	310,844	694,874	161,000	42,676	121,800	253,156	577,660	(290,408)	1,871,602	181,852	-	2,053,454
Supplies	91,272	195,627	83,621	11,368	24,256	97,249	345,502	559,151	1,408,046	64,133	1,211	1,473,390
Minor equipment/ renovations	(12,318)	-	-	-	-	204	-	15,601	3,487	664	21	4,172
Direct benefits	324,477	829,037	3,208,980	91,917	98,288	10,093,555	140,334	366,208	15,152,796	120	67,681	15,220,597
Other	251,244	306,735	230,405	625,516	214,185	255,172	799,413	164,949	2,847,619	417,604	5,699	3,270,922
In-kind	71,961	429,274	-	-	-	-	2,544	11,499	515,278	815	-	516,093
Total expenses, prior to depreciation	4,211,763	9,700,822	5,243,562	1,063,940	2,706,910	17,463,453	9,173,629	2,935,587	52,499,666	2,658,895	94,010	55,252,571
Depreciation	13,734	3,461	-	19,463	23,044	37,679	3,053	901,197	1,001,631	16,243	-	1,017,874
Total expense, prior to elimination	4,225,497	9,704,283	5,243,562	1,083,403	2,729,954	17,501,132	9,176,682	3,836,784	53,501,297	2,675,138	94,010	56,270,445
Elimination	-	-	-	-	-	-	(271,457)	-	(271,457)	-	-	(271,457)
Total expenses	**$ 4,225,497**	**$ 9,704,283**	**$ 5,243,562**	**$ 1,083,403**	**$ 2,729,954**	**$ 17,501,132**	**$ 8,905,225**	**$ 3,836,784**	**$ 53,229,840**	**$ 2,675,138**	**$ 94,010**	**$ 55,998,988**

The accompanying notes are an integral part of these consolidated financial statements.

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidated Statement of Functional Expenses
Year Ended September 30, 2018

	Program Services								Supporting Services	Supporting Services	
	Family Enrichment Services	Child Development Services	Housing and Energy Services	Housing Development Services	Lynx Mobility Services	Transportation Brokerage Services	Other Services	Total Program	Management and General	Grant Writing and Resource Development	Total
Personnel	$ 3,909,394	$ 5,500,485	$ 1,282,481	$ 265,569	$ 1,079,758	$ 1,819,922	$ 1,363,303	$ 15,220,912	$ 1,798,090	$ 16,923	$ 17,035,925
Travel	145,825	52,672	62,796	5,361	1,254,514	4,290,813	78,235	5,890,216	28,990	8	5,919,214
Space and occupancy	351,201	621,831	138,818	61,236	110,016	234,313	(237,229)	1,280,186	115,237	-	1,395,423
Supplies	300,214	203,718	97,139	6,987	24,397	82,320	174,330	889,105	35,130	573	924,808
Minor equipment/ renovations	12,373	-	-	-	-	-	-	12,373	-	-	12,373
Direct benefits	290,163	774,966	2,522,473	58	79,016	8,984,364	524,390	13,175,430	-	-	13,175,430
Other	311,215	213,581	235,524	147,290	87,405	108,649	316,476	1,420,140	335,614	1,623	1,757,377
In-kind	186,862	738,737	-	-	-	-	22,981	948,580	1,915	-	950,495
Total expenses, prior to depreciation	5,507,247	8,105,990	4,339,231	486,501	2,635,106	15,520,381	2,242,486	38,836,942	2,314,976	19,127	41,171,045
Depreciation	17,528	4,615	-	19,463	14,585	21,236	505,858	583,285	17,632	-	600,917
Total expenses	**$ 5,524,775**	**$ 8,110,605**	**$ 4,339,231**	**$ 505,964**	**$ 2,649,691**	**$ 15,541,617**	**$ 2,748,344**	**$ 39,420,227**	**$ 2,332,608**	**$ 19,127**	**$ 41,771,962**

The accompanying notes are an integral part of these consolidated financial statements.

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidated Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 7,728,223	$ 468,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation on funded and unfunded assets	1,017,874	600,916
(Excess) deficit of fair value of net assets over consideration in acquisition of CWC, PMHA, GSSHA, and PHHA	(7,174,669)	212,777
Unrealized losses on investments	57,197	-
Provision for loan losses	141,537	131,981
Revolving loan fund receipts/other restricted for long-term purposes	(50,149)	(85,367)
Forgiveness of debt	(198,641)	(418,641)
Decrease (increase) in:		
Accounts and grants receivable	(416,186)	1,036,010
Inventory	96,245	154,059
Prepaid expenses	(255,990)	(514,720)
Work in progress	(15,815)	-
(Decrease) increase in:		
Accounts payable	(286,972)	(9,130)
Accrued expenses	383,438	88,377
Vehicle reserve	57,021	(7,524)
Refundable advances/due to funding sources	1,439,337	(773,763)
Net cash provided by operating activities	2,522,450	883,469
Cash flows from investing activities:		
Cash acquired in acquisition of CWC, PMHA, GSSHA, and PHHA	1,993,288	864
Loans made including soft seconds	(1,086,219)	(1,276,310)
Principal repayments of rehab loans	753,800	1,123,317
Purchase of property and equipment, net of proceeds from sale	(4,342,032)	(459,650)
Net withdrawals from restricted cash	408,958	711,416
Purchases of investments	(235,366)	(4,130,109)
Net cash used in investing activities	(2,507,571)	(4,030,472)
Cash flows from financing activities:		
Repayment of capital leases	(21,190)	(21,744)
Revolving loan fund receipts/other restricted for long term purposes	188,503	85,367
Proceeds from long-term debt	3,097,844	826,532
Repayment of long-term debt	(764,213)	(985,157)
Proceeds from short-term debt, housing line of credit	115,329	55,148
Net cash provided by (used in) financing activities	2,616,273	(39,854)
Net increase (decrease) in cash and cash equivalents	2,631,152	(3,186,857)
Cash and cash equivalents, beginning of year	2,493,023	5,679,880
Cash and cash equivalents, end of year	**$ 5,124,175**	**$ 2,493,023**
Supplemental cash flow disclosures:		
Inventory received in lieu of loans receivable payments	**$ 128,956**	**$ -**
Cash paid during the year for interest	**$ 95,063**	**$ 105,704**

The accompanying notes are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Purpose - The Organizations presented in these consolidated financial statements are organized as Maine corporations to control and expend amounts received under federal grants and nonfederal grants, contracts, and fees.

Penquis C.A.P., Inc. (Penquis) is established for the purpose of assisting local communities to mobilize their resources to combat poverty. The accounting practices of Penquis are designed primarily to demonstrate stewardship of the funds entrusted to it, compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash or non-cash contributions to programs from nonfederal sources. Approximately 77% and 84% of Penquis' support for the years ended September 30, 2019 and 2018, respectively, came from grants, contracts, and fees from the federal and state governments.

MaineStream Finance (MSF), a nonprofit corporation fully owned by Penquis, is a certified Community Development Financial Institution which is dedicated to promoting community development through financing activities targeted to low and moderate income populations of the State of Maine. MSF provides loans to financially underserved individuals and micro entrepreneurs for home purchase and housing rehabilitation, as well as for the startup or expansion of Micro Businesses. In addition to loan services, MSF offers financial counseling and assistance programs, including pre- and post-purchase mortgage counseling, foreclosure intervention, home buyer education, 1:1 business technical assistance, and business planning classes and seminars.

Charlotte White Center (CWC) – On January 1, 2019, Charlotte White Center merged with Penquis, to provide an expansion of services to the local communities served. A management agreement had been in place since January 1, 2018. All staff, assets, and liabilities have been assumed by Penquis. No consideration was exchanged.

Assets acquired and liabilities assumed were as follows (balances approximate fair value):

Cash and cash equivalents	$ 1,368,000
Accounts receivable	1,082,000
Prepaid expenses	118,000
Net property, plant, and equipment	326,000
Investments	2,719,000
Other assets	122,000
Current liabilities	(1,084,000)
Long-term debt	(4,000)
Excess of fair value of net assets over consideration acquisition of CWC	**$ 4,647,000**

Penquis Mental Health Association – On January 1, 2019, Penquis Mental Health Association (PMHA) became 100% owned by Penquis. PMHA is the holding company for all of the CWC support services properties in operation. No consideration was exchanged.

Assets acquired and liabilities assumed were as follows (balances approximate fair value):

Cash and cash equivalents	$ 624,000
Cash - restricted	317,000
Other assets	11,000
Reserve accounts for properties	-
Net property, plant & equipment	6,060,000
Current liabilities	(203,000)
Long-term debt	(4,042,000)
Excess of fair value of net assets over consideration acquisition of PMHA	**$ 2,767,000**

Penquis Development, Inc. (PDI) is a nonprofit corporation fully owned by Penquis, and is established to promote community housing development. Its primary function is to seek out and acquire funding to develop affordable housing partnerships. These projects are developed with the use of Low Income Housing Tax Credits, and include both residential private ownership subdivision-style developments and/or multi-units of family, senior, and special needs rental housing. PDI acts as a conduit for owner/contractors and funding sources. Separate audits and tax certifications are performed in accordance with U.S. Department of Housing and Urban Development (HUD) regulations. PDI is a general partner in each project with a .01% ownership interest. The remaining 99.99% interests in Windward Housing Associates LP, Penquis Family Housing Associates LP, and Corundel Commons Senior Housing Associates LP are held by Northern New England Housing Investment Fund Limited Partnerships, an unrelated entity.

The limited partnerships operate with December 31 year ends and are listed below with their completion date and location:

- Windward Housing Associates, LP (WHA, LP) in Searsport, Maine – September 2004
- Penquis Family Housing Associates, LP (PFHA, LP) in Bangor, Maine – April 2005
- Corundel Commons Senior Housing Associates, LP (CCSHA, LP) Corinna, Maine – March 2006

Patterson Hill Housing Associates, LP (PHHA) is a limited partnership fully owned by the consolidated entities. This partnership is used to manage Patterson Hill Housing, a 24-unit dwelling in Belfast, Maine. This is a Low Income Housing Tax Credit (LIHTC) project and must comply with special requirements and regulations pursuant to Internal Revenue Code (Section 42) which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. During fiscal year 2018, Penquis acquired all assets of PHHA in exchange for assumption of PHHA liabilities. The fair value of assets acquired and liabilities assumed and recorded using the acquisition method as of October 1, 2017 were:

Cash - unrestricted	$ 864
Cash - restricted	129,900
Property and equipment	213,090
Other assets	3,408
Accounts payable and other liabilities	(40,039)
Long-term debt*	(520,000)
Deficit of fair value of net assets over consideration in acquisition of PHHA	**$ (212,777)**

No cash consideration was paid in the transaction.

*Subsequently, $220,000 in debt was forgiven, leaving $300,000 outstanding for the year ended September 30, 2018. Based on the planned nature of this debt forgiveness, this balance was used to offset the deficit of fair value of net assets over consideration in acquisition of PHHA.

Graham School Senior Housing Associates, LP (GSSHA) is a limited partnership fully owned by the consolidated entities. This partnership is used to manage Graham School Senior Housing, a 20-unit dwelling in Veazie, Maine. This is a Low Income Housing Tax Credit (LIHTC) project and must comply with special requirements and regulations pursuant to Internal Revenue Code (Section 42) which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. During fiscal year 2019, Penquis acquired all assets of GSSHA in exchange for assumption of GSSHA liabilities. The fair value of assets acquired and liabilities assumed and recorded using the acquisition method as of October 1, 2018 were:

Cash - unrestricted	$ 1,157
Cash - restricted	237,259
Property and equipment	243,053
Other assets	2,885
Accounts payable and other liabilities	(23,897)
Long-term debt	(700,236)
Deficit of fair value of net assets over consideration in acquisition of GSSHA	**$ (239,779)**

No cash consideration was paid in the transaction.

Penquis Housing, Inc. (PHI) is a for-profit corporation fully owned by Penquis, and is established to promote community housing development. Its primary function is to seek out and acquire funding to develop affordable housing projects. These projects, multi-units of family, senior, and special needs rental housing, are developed primarily with Low Income Housing Tax Credits. PHI acts as a conduit for owner/contractors and funding sources. Separate audits and tax certifications are performed in accordance with the HUD regulations. PHI is a general partner in each project with a .01% ownership interest. Except as noted below, the remaining 99.99% interest in the projects is held by MMA Financial

TC Corp. and Northern New England Housing Investment Fund Limited Partnerships, both unrelated entities. All of the limited partnerships except Straw Way Housing Associates, LP, which has a year-end date of October 31, operate with December 31 year-end dates and are listed below with their completion date and location.

- Northside Family Housing Associates, LP (Northside, LP) in Bangor, Maine – January 2008
- Veazie Village Senior Housing Associates, LP in Veazie, Maine – October 2008
- Lakeview Senior Housing Associates, LP (LSHA, LP) in Lincoln, Maine – November 2010
- Straw Way Housing Associates, LP in Ellsworth, Maine – March 2013
- Chamberlain Place, LP in Brewer, Maine – July 2013
- Leonard Lake, LP in Ellsworth, Maine – August 2014
- Ernst Manor Housing Associates, LP (EMHA, LP) in Bangor, Maine – April 2015

The consolidated entity has 100% ownership of LSHA, LP.

Rape Response Services, Inc. (RRS) is a nonprofit corporation established for the general purpose of providing free and confidential services to victims of sexual assault in Penobscot and Piscataquis counties. RRS offers advocacy and support to victims and people affected by sexual assault and stalking, and programs to increase public awareness and promote an understanding of sexual assault issues. RRS achieves its purpose by providing a 24-hour toll free support line staffed by trained volunteers, trained advocates to help in the healing process, trained facilitator-led support and education groups to anyone affected by sexual violence, and primary prevention education.

MoM CAP, LLC is a fifty percent owned limited liability corporation as described under the Investments footnote. No goods or services are sold through this entity.

Basis of Accounting - The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Organizations present net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

> Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. These net assets may be used at the discretion of the Organizations' management and the board of directors.
>
> Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Accounting Standards Adoption - Certain amounts in the 2018 financial statements have been reclassified to conform with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, effective for fiscal years beginning after December 15, 2017. The ASU makes targeted changes to the not-for-profit financial reporting model. The ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the ASU, net asset reporting is streamlined and clarified. The three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU also imposes several new requirements related to reporting expenses. The adoption of this ASU had no impact on previously reported total financial position or changes in net assets.

Consolidated Financial Statements - The consolidated financial statements include the accounts of Penquis C.A.P., Inc., MaineStream Finance, Penquis Development, Inc., Penquis Housing, Inc., Rape Response Services, Inc., Lakeview Senior Housing Associates, LP, Graham School Senior Housing Associates, LP, Penquis Mental Health Association, and Patterson Hill Housing Associates, LP. All significant inter-organization transactions and accounts have been eliminated.

Functional Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs. Those expenses include building costs allocated to the specific programs based on square footage. Human resources expense is allocated based on salaries. Information technology is allocated based on technology units. Reception costs are allocated by a combination of technology units and benefits received by programs. Management and general expenses are allocated based on overall expenses by the Organizations using a federally approved indirect cost rate. All allocation methods have been approved by the Board of Directors.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Organizations consider all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable consist primarily of revenue from various government grants and fees, and are stated at the amount management expects to collect.

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Income Taxes - All Organizations, except for PHI, PHHA, GSSHA, and LSHA, LP, are operating as not-for-profit organizations, are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and have been determined not to be "private foundations" within the meaning of Section 509(a) of the Code. In addition, these Organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) of the Code.

PHHA, GSSHA, and LSHA, LP are taxable entities owned by the consolidated entities. PHI is a taxable entity wholly-owned by Penquis.

Loans Receivable - Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or pay off, are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Direct loan origination costs have not been capitalized as the amount would be immaterial. Impairment is considered on an individual basis, rather than collectively, and a charge is recorded to operations when a loan is deemed permanently impaired.

Loans past due 30 days or more are considered delinquent. Management is responsible to initiate timely collection efforts to promptly address delinquency and mitigate the risk of eventual adverse impact on the Organizations.

Loan interest income is accrued daily on the outstanding balances. For all classes of loans, past due loans will not be considered for non-accrual until at least 180 days past due. During this time, loan collection efforts will continue per the Organizations' guidelines and management will attempt to work with the borrower to resolve the situation. If the situation cannot be resolved within the 180 days, the loan will be considered non-performing and a written letter of recommendation to place the loan on non-accrual will be sent to the Chief Executive Officer (CEO). Upon approval by the CEO, the loan will be placed on non-accrual. Once held as a non-accruing asset, the interest will no longer be accrued for that particular loan. The loan will then be on a cash-basis so that interest is booked only when payment is made. A loan may be taken off non-accrual and returned to an accruing status once the past due obligation has been paid current and the borrower has made two consecutive payments on time. The Organizations had total loans in non-accrual of $217,928 and $325,353 at September 30, 2019 and 2018, respectively.

Allowance for Loan Losses - The allowance for loan losses is established as losses are estimated to occur through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when a foreclosure has occurred and the Organizations' Board of Directors has resolved to realize the loss. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Due to the nature of the programs under which the Organizations make loans, all loans are considered to have some degree of impairment, and accordingly are assigned an allowance based on management's evaluation of their collectability. For the years ended September 30, 2019 and 2018, the average balance of impaired loans was approximately $6,858,000 and $6,816,500, respectively.

Methodology

The allowance for loan losses is based on historical loss ratios adjusted for qualitative factors stratified by the following portfolio segments: first and second mortgages, Micro Business, and consumer. Management uses a range of historical loss factors, ranging from 2% to 100% of the outstanding loan balance at the date of the statement of financial position, based on risk rankings which are discussed in the Loans Receivable note. Once a loan has been moved to the "Loss" ranking, the loan loss reserve is based on the calculated risk of loss. Loans with specific reserves that vary significantly from the applicable historical loss factors are not material.

The qualitative factors are determined based on the various risk characteristics of each portfolio segment. Risk characteristics relevant to each portfolio segment are as follows:

Mortgage Loans - All loans in this segment are collateralized by first and second mortgages on owner-occupied residential real estate. The repayment ability of the borrower is dependent on the credit quality of the applicant. The overall health of the economy, including unemployment rates and housing prices, will also have an effect on the credit quality of this segment.

Micro Business Loans - Loans in this segment are made to businesses and are generally collateralized by assets of the business. A cash flow assessment is completed to determine the repayment ability of the borrower. In addition, a weakened economy, leading to decreased consumer spending, will have an effect on the credit quality in this segment.

Consumer Loans - The ability to repay loans in this segment is generally dependent on the credit quality of the individual borrower.

Revenue and Support with and without Donor Restrictions - Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

In-kind Contributions and Expenses - Consulting services, space and supplies donated to Penquis' and MSF's programs and used for program purposes are presented in the consolidated financial statements at estimated fair market value and recorded when received. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organizations in their Family Enrichment, Child Development, Lynx Mobility, and Community Support programs. Penquis and MSF received $2,499,171 and $4,142,059 of non-professional volunteer services during the years ended September 30, 2019 and 2018, respectively. These amounts are not included in the consolidated financial statements for the years ended September 30, 2019 and 2018.

Property, Equipment, and Software - These assets are stated at cost or estimated fair value at the date of donation for donated items. Absent donor stipulations regarding how long donated assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired assets are placed in service. The Organizations reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is recorded on assets with a unit cost in excess of $5,000 on a straight-line basis over estimated useful lives, which range from 30-40 years for buildings, 5-10 years for building renovations, and 3-5 years for equipment and software.

Depreciation expense totaled $1,017,874 and $600,917 for the years ended September 30, 2019 and 2018, respectively.

Investments in Limited Partnerships - Investments in all unconsolidated Limited Partnerships are held by general partner affiliates and are accounted for using the equity method. Investments in Limited Partnerships generally consist of development grants and subsidies received by Penquis and invested into various limited partnerships through its general partner affiliates as support for development projects carried on by the Limited Partnerships.

Work in Progress - Work in progress at September 30 includes all legal, engineering, material, contractor and related personnel costs incurred for the construction and oversight for weatherization jobs in process at year-end, and for other capitalized items for the Organizations. Work in progress is summarized below by project:

	2019	2018
Microsoft Licenses	$ -	$ 1,240
262 Harlow Street Purchase	-	28,250
Transportation Software	-	314,628
Mattawamkeag Home	6,518	6,518
CWSS Vehicles	42,068	-
Housing and Energy	80,189	40,943
262 Harlow Street Renovation	89,424	16,964
Housing Development	424,658	-
Total work in progress	**$ 642,857**	**$ 408,543**

Property Held for Development - Property held for development consists of land and related development costs incurred. The property is to be used for a low-income single family housing development in Searsport, Maine. At September 30, 2019, an impairment was determined to be necessary. The property value was decreased from $370,454 to $295,000.

Inventory - Penquis' inventory at September 30, 2019 consists of one home obtained through a donation from Wells Fargo as a foreclosed home to be sold in a subsequent fiscal year, in the amount of $14,900 and Christmas trees valued at $121,746. MSF's inventory at September 30, 2019, in the amount of $68,000, consists of surrendered collateral and one home obtained through foreclosure to be sold in a subsequent fiscal year, including costs incurred to bring them to saleable condition. Penquis' inventory at September 30, 2018 consisted of one home obtained through a donation from Wells Fargo as a foreclosed home to be sold in a subsequent fiscal year, in the amount of $14,900 plus surrendered collateral. MSF's inventory at September 30, 2018, in the amount of $32,500, consists of surrendered collateral and one home obtained through foreclosure to be sold in a subsequent fiscal year, including costs incurred to bring them to saleable condition.

Refundable Advances/Due to Funding Sources - Governmental grants are provided to support specific programs and are subject to various budgetary restrictions. Grants received are expended within the time stated in the guidelines of the grant. Grant revenues earned, but not yet received, are recorded as grants receivable, and funds received, but not yet earned, are recorded as refundable advances/due to funding sources.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DESCRIPTION OF PROGRAMS

Family Enrichment Services - Family Enrichment offers programs in youth development, case management for families whose children are on the autism spectrum, home visiting for expecting parents and parents of newborns and young children, case management for low-income individuals and families, child abuse prevention, transitional housing, assisted living, civil legal services for domestic relations cases and visit coaching and assessment services. This department also operates senior volunteer programs and provides supportive visitation and safe exchange services.

Child Development Services - Child Development administers Head Start, Early Head Start and Child Care programs, Child and Adult Care Food Program and the home visiting for expecting parents and parents of newborns and young children.

Housing and Energy Services - Housing and Energy provides heating and utilities assistance, family self-sufficiency program, weatherization and improvements to inefficient heating systems, housing rehabilitation and replacement loan programs, Community Development Block Grant with participating towns, lead testing, abatement services, and green resource education while helping to make homes more energy efficient.

Housing Development Services - Housing Development creates safe, affordable rental and home ownership opportunities.

Lynx Mobility Services - Lynx Mobility Services provides and coordinates non MaineCare transportation, including general public transportation, transportation for treatment of cancer, and transportation for individuals with disabilities. It also provides MaineCare non-emergency transportation in support of The Transportation Brokerage.

The Transportation Brokerage - The Transportation Brokerage is the single source for scheduling MaineCare non-emergency transportation in Penobscot, Piscataquis, Somerset, and Kennebec counties.

Charlotte White Support Services - The Charlotte White Support Services Department promotes independence in the least restrictive setting, offering both community and residential supports for seniors and adults with disabilities. Through individualized goals, each person is supported to reach their optimal social, emotional, and physical self-sufficiency.

Other Services - Other program services relate to Penquis and subsidiary program expenses not specifically identifiable to other program categories.

Management and General - Management and general expenses are costs that have been incurred for common or joint objectives that cannot be readily identifiable with a particular cost objective.

Grant Writing and Resource Development - Grant writing and resource development expenses shown in the consolidated statements of functional expenses for September 30, 2019 and 2018 represent expenses for employees dedicated to and costs associated with grant writing, community relations, emergency task forces, and other services considered relevant to the non-profit mission. Management acknowledges the importance of these activities to attract new service dollars as well as to increase the knowledge of services available in the communities served.

NeighborWorks® America Affiliation - Penquis became a chartered member of NeighborWorks® Reinvestment Corporation d/b/a NeighborWorks® America (NeighborWorks®) in the Spring of 2013. NeighborWorks® is a nonprofit corporation, federally chartered pursuant to P.L. 95-557. Its mission is to strengthen communities and expand the supply of affordable housing through a network of partnership-based organizations. NeighborWorks® makes training, networking opportunities, and funding available to its members in order to build the skills, supplement the resources and amplify the reach of these organizations so they can build more houses, empower more individuals, and transform more communities than they would be able to do on their own.

3. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organizations maintain their cash balance consisting of checking accounts in four financial institutions located in Bangor, Maine. The balances are insured by various federal insurers up to $250,000 at each institution. To minimize the impact of having deposits in excess of the Federal Deposit Insurance Corporation limits, Penquis entered into an arrangement with two institutions whereby excess cash is swept into an account that is used to purchase short-term investments. The Organizations also maintain a trust account with a local banking institution.

4. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

Financial assets were as follows as of September 30, 2019:

Cash and cash equivalents	$ 5,349,508
Restricted cash and cash equivalents	2,523,761
Accounts and grants receivable, net	4,493,608
Investments	9,481,841
Loans receivable	6,812,503
Financial assets	**$28,661,221**

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows as of September 30, 2019:

Cash and cash equivalents	$ 5,349,508
Accounts and grants receivable, net	4,493,608
Investments convertible to cash in the next 12 months	139,932
Loans receivable, current portion	481,019
Financial assets available at year end for current use	**$10,464,067**

The Organizations manage liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance the long-term obligations will be discharged. The Organizations have a liquidity practice to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organizations have a practice to target a year-end balance of reserves of cash to 30 days of expected expenditures. To achieve these targets, the Organizations forecast future cash flows and monitor liquidity monthly, and monitor reserves at least quarterly. During the years ended September 30, 2019 and 2018, the level of liquidity and reserves were managed within the Organizations' practices.

The Organizations also have a line of credit available to meet short-term needs, discussed in Note 9.

5. RESTRICTED CASH ACCOUNTS

Penquis Mental Health Association has entered into various loan arrangements with Maine State Housing Authority (MSHA) and U.S. Department of Housing and Urban Development - Rural Development (RD) which contain a replacement reserve, loan reserve, and insurance/utility reserve covenants requiring money to be set aside for future replacements and annual operating expenses. Per grant requirements, Penquis maintains a segregated cash account for Individual Development Account grants received from the U.S. Department of Health and Human Services and maintains replacement reserves, loan reserves and insurance/utility reserves in accordance with debt requirements.

MSF has restricted funds for lending purposes only.

Restricted cash and cash equivalents consist of the following:

	2019	2018
Penquis - individual development account	$ 674,395	$ 837,926
Penquis - replacement reserves	39,789	36,543
MSF - lending	566,886	711,954
MSF - RD Micro Loan Fund (MRF) (RD operating account)	295,343	257,514
MSF - Small Business Administration (SBA) MRF (SBA operating account)	108,441	188,133
LSHA LP- escrow and reserves	162,801	160,000
LSHA LP - tenant security deposits	13,342	12,653
PHHA - escrow and reserves	142,204	159,026
PHHA - tenant security deposits	16,556	15,282
GSSHA - escrow and reserves	210,181	-
GSSHA - tenant security deposits	12,844	-
PMHA - MSHA Reserve	123,201	-
PMHA - RD Reserve	157,777	-
Total	**$ 2,523,760**	**$ 2,379,031**

6. LOANS RECEIVABLE

Penquis receives funds under restricted housing programs from Maine State Housing Authority to make loans affordable to low-income families. These loans are forgiveable over varying periods ranging from 5-20 years. Because these loans are forgivable, no allowance is necessary. Penquis loans receivable totaled $1,935,283 and $2,038,175 at September 30, 2019 and 2018, respectively. PDI loans receivable totaled $175,425 at September 30, 2019 and 2018.

The Chamberlain Place loan receivable is an interest-free, thirty-year loan receivable. The Organization has an offsetting note payable to the Maine State Housing Authority for the same amount. The repayment of each is deferred until July 2043.

The FHLB Leonard Lake loan receivable is an interest free, fifteen-year loan receivable. The Organization has an offsetting note payable to the Federal Home Loan Bank of Boston for the same amount. The repayment of each is deferred until July 2029.

MSF receives funds under housing programs where the principal is loaned to qualified low-income individuals. Repayments of loans are returned to the revolving fund to allow for additional loans. MSF also borrows funds to re-lend for home mortgages and business loans. MSF's loans receivable total was $4,401,795 and $4,062,580 at September 30, 2019 and 2018, respectively. Management has established a reserve for uncollectible loans which totaled $322,668 and $319,689 at September 30, 2019 and 2018, respectively.

Loans receivable were as follows:

	2019		
	Loans Receivable	Valuation Allowance	Net Loans Receivable
1st Mortgage Loans	$ 3,297,053	$ 169,922	$ 3,127,131
2nd Mortgage Loans	273,172	13,132	260,040
MicroBusiness Loans	831,570	139,614	691,956
Soft 2nd Mortgage Forgivable Loans	943,023	-	943,023
Mobile Home Replacement Project	47,000	-	47,000
Penquis Development, Inc.	175,425	-	175,425
Chamberlain Place	1,270,260	-	1,270,260
FHLB Leonard Lake	300,000	-	300,000
Graham School	49,124	-	49,124
Ernst Manor	25,000	-	25,000
Total	$ 7,211,627	$ 322,668	$ 6,888,959
Less related party loan receivable, eliminated	(399,124)	-	(399,124)
Total	**$ 6,812,503**	**$ 322,668**	**$ 6,489,835**

	2018		
	Loans Receivable	Valuation Allowance	Net Loans Receivable
1st Mortgage Loans	$ 2,893,199	$ 119,992	$ 2,773,207
2nd Mortgage Loans	217,925	19,904	198,021
MicroBusiness Loans	951,455	179,793	771,662
Soft 2nd Mortgage Forgivable Loans	1,162,310	-	1,162,310
Mobile Home Replacement Project	21,000	-	21,000
Penquis Development, Inc.	175,425	-	175,425
Chamberlain Place	1,270,260	-	1,270,260
FHLB Leonard Lake	300,000	-	300,000
Graham School	55,148	-	55,148
Leonard Lake	75,000	-	75,000
Ernst Manor	25,000	-	25,000
	$ 7,146,722	$ 319,689	$ 6,827,033
Less related party loan receivable, eliminated	(570,543)	-	(570,543)
Total	**$ 6,576,179**	**$ 319,689**	**$ 6,256,490**

Valuation allowances on loans receivable were as follows:

	2019			
	1st Mortgage	2nd Mortgage	MicroBusiness Loans	Total
Allowances, beginning of year	$ 119,992	$ 19,904	$ 179,793	$ 319,689
Additions charged to operations	74,395	5,440	61,702	141,537
Write-downs	(24,465)	(12,212)	(101,881)	(138,558)
Allowances, End of Year	**$ 169,922**	**$ 13,132**	**$ 139,614**	**$ 322,668**

	2018			
	1st Mortgage	2nd Mortgage	MicroBusiness Loans	Total
Allowances, beginning of year	$ 92,856	$ 15,994	$ 194,846	$ 303,696
Additions charged to operations	64,539	13,815	53,627	131,981
Write-downs	(37,403)	(9,905)	(68,680)	(115,988)
Allowances, end of year	**$ 119,992**	**$ 19,904**	**$ 179,793**	**$ 319,689**

The following tables present an aging analysis of loans as of September 30, 2019 and 2018:

	2019		
	1st Mortgage Loans	2nd Mortgage Loans	MicroBusiness Loans
31-60 days	$ -	$ -	$ 13,861
61-90 days	-	-	12,205
91+ days	274,958	22,611	105,598
Total past due loans	274,958	22,611	131,664
Current	3,022,095	250,561	699,906
Total loans	**$ 3,297,053**	**$ 273,172**	**$ 831,570**
Non-accrual loans	**$ 185,512**	**$ -**	**$ 32,416**

	2018		
	1st Mortgage Loans	2nd Mortgage Loans	MicroBusiness Loans
31-60 days	$ 191,568	$ -	$ 2,142
61-90 days	-	-	13,644
91+ days	523,416	29,020	311,807
Total past due loans	714,984	29,020	327,593
Current	2,178,215	188,905	623,862
Total loans	**$ 2,893,199**	**$ 217,925**	**$ 951,455**
Non-accrual loans	**$ 238,777**	**$ 11,259**	**$ 75,317**

There were $185,239 and $538,890 in loans 91+ days past due and accruing interest at September 30, 2019 and 2018, respectively.

The Organizations classify loans in each loan category by credit risk exposure. The following tables present the credit risk profile by creditworthiness category as of September 30, 2019 and 2018. The categories are as follows:

Superior: These loans are made to borrowers with a strong financial condition, good credit and more than adequate ability to repay. Under current circumstances, management sees no risk of non-payment, or loss in a highly unlikely liquidation.

Desirable: These loans are made to borrowers with a good financial condition, good credit, and ability to repay. Under current circumstances, management sees little risk of non-payment.

Acceptable: These loans are made to borrowers with an acceptable financial condition and ability to repay. The borrower's credit rating is acceptable or marginal but improving. Management sees some risk of loss under current circumstances but believes the loan and support services from the agency will allow for repayment in full.

Marginal: Loans in this category have potential weaknesses that if not corrected may result in payment defaults or a weakening of the collateral position. These borrowers require prompt attention and additional monitoring, but do not demonstrate sufficient risk to warrant a more adverse rank.

Substandard: These borrowers have a well-defined weakness and normal repayment of principal and interest may be jeopardized by adverse trends or development of a negative financial or managerial problem. These loans have an important collateral weakness which is not supported by other financial strengths. No loss is foreseen, but a protracted workout is a possibility and prompt corrective action is required.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loss: Loans in this category have a predicted, calculated estimate of a loss. Losses are recognized when they become apparent.

On an annual basis, or more often if needed, the Organizations formally reviews the ratings on all commercial and residential loans.

The following tables present an analysis of loans by risk rating as of September 30, 2019 and 2018:

	2019		
	1st Mortgage Loans	2nd Mortgage Loans	MicroBusiness Loans
Desirable	$ 227,711	$ 16,800	$ 292,657
Acceptable	1,455,100	104,023	96,534
Marginal	867,841	109,891	116,593
Substandard	364,638	19,847	216,528
Doubtful	309,031	22,611	45,372
Loss	72,732	-	63,886
Total loans	**$ 3,297,053**	**$ 273,172**	**$ 831,570**

	2018		
	1st Mortgage Loans	2nd Mortgage Loans	MicroBusiness Loans
Desirable	$ 358,175	$ 22,409	$ 265,289
Acceptable	1,344,567	83,153	126,899
Marginal	632,719	73,562	218,875
Substandard	80,649	15,250	92,133
Doubtful	450,927	12,292	124,333
Loss	26,162	11,259	123,926
Total loans	**$ 2,893,199**	**$ 217,925**	**$ 951,455**

There were $474,753 and $296,000 in loans committed, but not yet disbursed, at September 30, 2019 and 2018, respectively. The total value of loans in foreclosure at September 30, 2019 was approximately $290,000.

A loan modification constitutes a troubled debt restructuring (TDR) if the Organizations, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. To determine whether or not a loan should be classified as a TDR, management evaluates a loan based upon the following criteria:

> The borrower demonstrates financial difficulty; common indicators include past due status with bank obligations, substandard credit bureau reports, or an inability to refinance with another lender, and
>
> The Organizations have granted a concession; common concessions include maturity date extension, interest rate adjustments to below market pricing, reduction of principal, and deferment of payments.

As of September 30, 2019 and 2018, the Organizations had a recorded investment in 1st and 2nd Mortgages classified as TDRs of $170,477 and $72,397, respectively. As of September 30, 2019 and 2018, there were no loans classified as a TDR that were nonperforming.

TDR loans are considered impaired. As of September 30, 2019 and 2018, there were no commitments to lend additional amounts to customers with outstanding loans that are classified as TDRs.

Loans are considered to be in payment default once they are greater than 90 days contractually past due under the modified terms. There were no TDRs that defaulted during 2019 or 2018 and were modified as TDRs within the 12 months prior to the payment default.

The following tables present a summary of information pertaining to TDRs by loan category:

		2019		
		Recorded Investment	Unpaid Principal Balance	Related Allowance
With an allowance recorded				
	1st Mortgage	$ 64,117	$ 64,117	$ 1,924
	2nd Mortgage	5,515	5,515	221
Total		**$ 69,632**	**$ 69,632**	**$ 2,145**

		2018		
		Recorded Investment	Unpaid Principal Balance	Related Allowance
With an allowance recorded				
	1st Mortgage	$ 66,576	$ 66,576	$ 1,997
	2nd Mortgage	5,820	5,820	1,346
Total		**$ 72,396**	**$ 72,396**	**$ 3,343**

7. INVESTMENTS

Fair Value Measurements

The Organizations have adopted FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access.

Level 2 - Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investment assets measured at fair value:

Level 1: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organizations' investment assets at fair value:

Investment Assets at Fair Value as of September 30, 2019

	2019			
	Level 1	Level 2	Level 3	Total
Equities	$ 5,426,255	$ -	$ -	$ 5,426,255
Fixed Income Mutual Funds	2,991,279	-	-	2,991,279
Total Assets at Fair Value	**$ 8,417,534**	**$ -**	**$ -**	**$ 8,417,534**

Money market funds are included in cash and cash equivalents in the consolidated statement of financial position.

Investment Assets at Fair Value as of September 30, 2018

	2018			
	Level 1	Level 2	Level 3	Total
Equities	$ 3,520,408	$ -	$ -	$ 3,520,408
Fixed Income Mutual Funds	2,069,830	-	-	2,069,830
Total Assets at Fair Value	**$ 5,590,238**	**$ -**	**$ -**	**$ 5,590,238**

Money market funds are included in cash and cash equivalents in the consolidated statement of financial position.

Cost Method Measurements

Investments of Penquis also included an investment of 50% interest in MoM CAP, LLC, a limited liability corporation formed to provide access to the human resource and payroll system for nonprofit agencies. The Organizations' ownership interest in the LLC was $152,085 and $140,832 at September 30, 2019 and 2018, respectively, and is included in investments in the consolidated statements of financial position.

Investments by PDI in its limited partnerships are:

	2019	2018
PHHA	$ 368,043	$ 363,989
GSSHA, LP	309,658	178,396
WHA, LP	369,920	362,960
CCSHA, LP	90,625	60,787
PFHA, LP	76,195	62,696
Subtotal	1,214,441	1,028,828
Related party eliminated	(677,701)	(363,989)
Totals	**$ 536,740**	**$ 664,839**

Investments by PHI in its limited partnerships are:

	2019	2018
EMHA, LP	$ 89,556	$ 89,556
Northside, LP	3,939	1,832
LSHA, LP	99,306	70,632
Veazie Village, LP	5,895	-
Leonard Lake, LP	6,092	6,092
Subtotal	204,788	168,112
Related party eliminated	(99,306)	(70,632)
Totals	**$ 105,482**	**$ 97,480**

In April 2015 and October 2016, MSF loaned Community Concepts Finance Corporation (CCFC) $200,000 and $70,000, respectively. The purpose of these loans is for enterprise development in Maine's downtown centers. Under the terms of the agreements, CCFC pays MSF quarterly interest at the rate of 2.5%. Principal of $125,000 and $145,000 is due and payable in December 2019 and December 2024, respectively.

Penquis, in its role as sponsor and developer of the limited partnerships' developments, earns developer fees from each Partnership. For the years ended September 30, 2019 and 2018, Penquis did not recognize any developer fees from related Partnerships.

Under the terms of the Development Services Agreements, each Limited Partnership is required to pay Penquis a development service fee from the Limited Partnerships' annual surplus cash, but no later than 10 years from the inception of the Limited Partnership Agreement.

Penquis ownership interest in Limited Partnerships pursuant to these Agreements is as follows:

	2019	2018
Penquis Housing, Inc.	$ 213,895	$ 207,280
Penquis Development, Inc.	1,295,783	1,187,004
MaineStream Finance	350,000	350,000
Totals	**$ 1,859,678**	**$ 1,744,284**

Investments in all of these affiliated organizations were eliminated in the consolidated financial statements.

In addition, a donor established a fund directly with Maine Community Foundation (MCF) to benefit Penquis. As MCF retains variance power over the fund, Penquis has not recorded its beneficial interest related to the fund. Distributions are recognized as contributions when received. The fair value of the fund was $287,412 and $292,341 as of September 30, 2019 and 2018, respectively. Penquis received distributions of $11,010 and $10,670 during the years ended September 30, 2019 and 2018, respectively.

8. VEHICLE RESERVE LIABILITY

A principal funding source for certain transportation programs, the Maine Department of Transportation (MDOT) allows the Board of Directors of Penquis to designate amounts from program operations to be set aside as a vehicle reserve. The purpose of the reserve is to accumulate any excess of revenues over expenditures from those transportation programs over a period of time and to use the amounts for future outlays for facilities, vehicles, and equipment.

MDOT provides further guidance for the use of the reserve. Penquis must use the reserve to match costs of capital acquisitions and/or replacements funded through its grants to Penquis.

Contributions and support restricted by donors for capital use must also be placed in the reserve. Any planned additions to the reserve are required to be approved by Penquis' Board of Directors and be reflected in its budget with the MDOT.

The activity of the Vehicle Reserve account for the years ended September 30, 2019 and 2018 is as follows:

	2019	2018
Balance, beginning of year	$ 211,817	$ 219,341
Fiscal year additions	60,000	75,800
Less: Equipment purchased	2,979	83,324
Totals	**$ 268,838**	**$ 211,817**

9. SHORT-TERM NOTES PAYABLE

At September 30, 2019 and 2018, Penquis had the following uncollateralized lines of credit available for its use:

A working capital line of credit with a bank in the amount of $750,000. Advances are payable on demand including interest at 4.50% at September 30, 2019 and 2018. The renewal of this line of credit automatically occurs annually on the 29th day of July. At September 30, 2019 and 2018, there was no outstanding balance on this line.

A housing construction line of credit with a bank in the amount of $750,000 to be used specifically for the purchase of real estate and rehabilitation. Advances are payable on demand including interest at 4.50% at September 30, 2019 and 2018. The renewal of this line of credit automatically occurs annually on the 29th day of July. The outstanding balance was $170,477 and $55,148 at September 30, 2019 and 2018, respectively.

10. LONG-TERM DEBT

At September 30, 2019 and 2018, long-term debt consisted of the following:

	2019	**2018**
Penquis C.A.P., Inc.:		
Note payable to Maine State Housing Authority for interest free, forgivable soft 2nd mortgages. Forgiveness terms vary from 5 years to 20 years based on the various loan origination dates of each loan.	$ 593,022	$ 646,915
Note payable to Machias Savings Bank, for acquisition of Penquis administrative building. Monthly payment of $14,993, includes interest at 5.31% through October 2038; located at 262 Harlow Street, Bangor, ME, collateralized by the building and future rental income derived from the property.	2,142,495	-
Note payable to Maine State Housing Authority for acquisition and rehabilitation of a 2-unit domestic violence transitional housing facility. Repayment of interest free loan is deferred and amortized at specific times over a thirty-year term to June 2035.	153,279	153,279
Note payable to Rural Development for providing Child Care Services to families in Knox County. Monthly payment of $1,043 for 30 years at 4.75%; maturing October 2021, located at 7 High Street, Rockland, Maine.	24,297	35,372
Note payable to Maine State Housing Authority for acquisition and rehabilitation of a 4-unit affordable housing facility, located at 41-43 Second Street, Bangor, Maine. Repayment of interest free loan is deferred at specific times over a 30 year term until February 2041.	622,479	622,479
Note payable to Maine State Housing Authority for Chamberlain Place. Repayment of interest free loan is deferred until the maturity date of July 2043, collateralized by leasehold mortgage and security agreement.	1,270,260	1,270,260
Interest-free forgivable note to Federal Home Loan Bank of Boston for Leonard Lake AHP for Subsidiary due July 2029, collateralized by mortgage and security agreement.	300,000	300,000
MaineStream Finance:		
Note payable to Bangor Savings Bank, varying interest payments due monthly at 4% on outstanding balances, collateralized by mortgages on individual notes, due in October 2019.	56,989	110,225

	2019	**2018**
Note payable to Bangor Savings Bank, varying interest payments due monthly at 4% on outstanding balances, collateralized by mortgages on individual notes, due in October 2019.	136,846	141,041
Note payable to Bangor Savings Bank, varying principal plus interest due monthly at 6% on outstanding balances, due in 2025. Collateralized by mortgage on individual notes.	137,466	189,756
Note payable to TD Bank, principal and interest payments due monthly at 2.86% interest on outstanding balances, collateralized by mortgages on individual notes, maturing in varying amounts between June 2037 and October 2043.	1,137,795	1,260,627
Note payable to Rural Microentrepreneur Assistance Program/USDA, principal and interest payments due monthly at 2% on outstanding balances, collateralized by revolving loan fund, due in September 2029.	292,387	320,440
Note payable to Small Business Administration, principal and interest payments due monthly at .625% on outstanding balances, collateralized by individual notes, due in October 2022.	148,161	190,493
Note payable to Machias Savings Bank, principal payment due at end of maturity at 0% interest on outstanding balances, due in March 2023. Uncollateralized note.	75,000	75,000
Long-term payable to Penquis due when capital grant from NeighborWorks® is released from restriction. Uncollateralized note.	100,000	150,000
Note payable to U.S. Department of Treasury-CDFI Fund, interest payments due monthly at 2.2% interest on outstanding balances, due in 2030. Uncollateralized note.	344,000	139,000
Note payable to U.S. Department of Treasury-CDFI Fund, interest payments due monthly at 1.95% interest on outstanding balances, due in December 2027. Uncollateralized note.	468,213	468,213
Note payable to Maine Community Foundation, interest payments due quarterly at 2% interest on outstanding balances, due in September 2024. Uncollateralized note.	150,000	150,000
Note payable to Maine Community Foundation, interest payments due monthly at 2% interest on outstanding balances, due in December 2019. Uncollateralized note.	135,208	135,208

	2019	**2018**
Note payable to Bangor Savings Bank, varying principal plus interest due monthly at 5.25% interest on outstanding balances, due in 2020. Collateralized by all business assets on individual notes.	58,515	-
Note payable,varying principal plus interest due monthly at 3.84% interest on outstanding balances, maturing in varying amounts between December 2043 and September 2044. Collateralized by mortgage on individual notes.	525,588	-
<u>Penquis Development, Inc.:</u>		
Note payable to Penquis for Deferred Development fee is non-interest bearing and is to be paid from future surplus cash based on the priority of distribution as defined by the Partnership Agreement.	115,395	115,395
Note payable to Penquis for Graham School Senior Housing Associates, LP loan payoff with principal and interest payments due monthly at a variable interest rate currently at 4.50%, due in October 2021.	49,123	55,148
<u>Lakeview Senior Housing Associates, LP:</u>		
Note payable to Maine State Housing Authority through its rental loan program. This mortgage bears interest at a rate of 6.5% compounded annually and accrues during the term of the mortgage. The mortgage is payable on the earliest of (a) a sale, assignment, transfer or change in the use of the Development, (b) a default of the Mortgage and Security Agreement given as security for the Note, including all other loan documents incorporated by reference therein, or (c) February 23, 2041.	66,000	66,000

	2019	**2018**
Forgivable loan plus applicable accrued interest at a rate of up to 10% payable to Maine State Housing Authority on demand upon default. The forgivable loan is subject to the requirements of Section 42 of the Code and Section 1602 of the American Recovery and Reinvestment Act of 2009. Provided there is no uncured event of default by the Partnership, then at the expiration of the compliance period (February of 2026) set forth in the Replacement Commitment Letter, this refundable advance shall be deemed satisfied in full. One fifteenth of the original amount of the forgivable loan or $198,641 shall be forgiven on each annual anniversary of the first day of the tax credit compliance period for the development so as the developer complies with the terms and condition of the loan.	1,390,485	1,589,126
Note payable to Machias Savings Bank for a mortgage advance plus applicable accrued interest at a rate determined at the time of default is payable on demand upon a default under or any breach of the Affordable Housing Program Agreement for Rental Projects between the Partnership and the Bank. Provided there is no uncured event of default by the Partnership, then at the expiration of compliance period (November of 2025) set forth in the Affordable Housing Program Agreement, this refundable advance shall be deemed satisfied in full and the Bank agrees to discharge all security instruments.	395,000	395,000
Promissory note payable to Penquis, non-interest bearing, due upon the date which is 30 years from the date on which the Project is placed in service for federal tax purposes, but in no event later than December 2041.	250,000	250,000
<u>Patterson Hill Housing Associates, LP:</u>		
Mortgage payable to the Maine State Housing Authority through its rental loan program. This is a non-interest bearing mortgage and is payable on the earlier of (1) a default of the Mortgage and Security Agreement given as security for this Note, including all other loan documents incorporated by reference therein, (the Mortgage) or (2) June 19, 2032.	300,000	300,000

Penquis Mental Health Association	2019	2018
Note payable to Rural Development (RD #14), due in monthly installments of $469, including interest at 4.125%, through September 2047; collateralized by real estate and related revenues and accounts receivable in Dover-Foxcroft, ME.	92,954	-
Note payable to Rural Development (RD #3), due in monthly installments of $201, including interest at 7.625%, through September 2026; collateralized by real estate and related revenues and accounts receivable in Abbot, ME.	9,262	-
Note payable to Rural Development (RD #4), due in monthly installments of $193, including interest at 6.00%, through October 2030; collateralized by real estate and related revenues and accounts receivable in Abbot, ME.	18,129	-
Note payable to Rural Development (RD #5), due in monthly installments of $349, including interest at 5.125%, through March 2034; collateralized by real estate and related revenues and accounts receivable in Dover-Foxcroft, ME.	41,778	-
Note payable to Rural Development (RD #6), due in monthly installments of $640, including interest at 4.875%, through September 2036; collateralized by real estate and related revenues and accounts receivable in Dover-Foxcroft, ME.	88,446	-
Note payable to MSHA (MSHA #2), due in monthly installments of $550, including interest at 1.00%, through April 2022; collateralized by real estate in Dover-Foxcroft, ME.	16,285	-
Noninterest bearing note payable to MSHA (MSHA #4), the entire amount of the original principal balance to be forgiven in the thirtieth year that the Organization is in compliance with the terms of the above note; collateralized by real estate in Dover-Foxcroft, ME.	80,000	-

	2019	2018
Noninterest bearing obligation to Maine Department of Health and Human Services, subject to above described MSHA #4. One-third of the original principal balance ($80,325) to be forgiven on the tenth anniversary, and one-thirtieth for each full year thereafter for twenty years, that the Organization is in compliance with the terms of the above note, collateralized by real estate in Dover-Foxcroft, ME.	22,758	-
Note payable to Rural Development (RD #9), due in monthly installments of $1,208, including interest at 5.00%, through January 2041; collateralized by real estate.	188,467	-
Note payable to Rural Development (RD #8), due in monthly installments of $1,304, including interest at 4.875%, through January 2041; collateralized by real estate.	206,887	-
Note payable to MaineHousing, due in monthly installments of $1,497, including interest at 7.00%, through February 2031; collateralized by real estate in Dexter, ME.	240,947	-
Note payable to Rural Development (RD #10), due in monthly installments of $534, including interest at 4.50%, through March 2043; collateralized by real estate in Dexter, ME.	91,822	-
Note payable to Rural Development (RD #12), due in monthly installments of $2,628, including interest at 4.25%, through March 2045; collateralized by real estate in Dover-Foxcroft, ME.	490,264	-
Note payable to Rural Development (RD #11), due in monthly installments of $641, including interest at 4.50%, through February 2046; collateralized by real estate in Dover-Foxcroft, ME.	118,378	-
Note payable to Rural Development (RD #13), due in monthly installments of $892, including interest at 4.275%, through March 2045; collateralized by real estate in Dover-Foxcroft, ME.	164,151	-
Note payable to Rural Development (RD #15), due in monthly installments of $691, including interest at 4.125%, through September 2047; collateralized by real estate in Dover-Foxcroft, ME.	136,840	-

	2019	**2018**
Note payable to Rural Development (RD #7), due in monthly installments of $124, including interest at 4.875%, through March 2038; collateralized by real estate and related revenues and accounts receivable in Dover-Foxcroft, ME.	17,423	-
Note payable to Rural Development (RD #18), due in monthly installments of $491, including interest at 4.50%, through March 2049; collateralized by real estate in Dover-Foxcroft, ME.	95,627	-
Note payable to Rural Development (RD #17), due in monthly installments of $643, including interest at 4.50%, through March 2049; collateralized by real estate in Dover-Foxcroft, ME.	125,481	-
Note payable to Rural Development (RD #16), due in monthly installments of $603, including interest at 4.50%, through January 2049; collateralized by real estate in Dover-Foxcroft, ME.	117,357	-
Note payable to Rural Development (RD #19), due in monthly installments of $630, including interest at 4.375%, through September 2049; collateralized by real estate in Dexter, ME.	125,895	-
Note payable to Rural Development (RD #21), due in monthly installments of $684, including interest at 4.125%, through June 2050; collateralized by real estate in Bangor, ME.	142,660	-
Note payable to Rural Development (RD #22), due in monthly installments of $615, including interest at 4.25%, through June 2051; collateralized by real estate in Brewer, ME.	128,028	-
Note payable to CUSO Mortgage, due in monthly installments of $1,329, including interest at 4.00%, through July 2025; collateralized by real estate in Bangor, ME.	74,733	-
Note payable to Rural Development (RD #24), due in monthly installments of $502, including interest at 3.375%, through April 2052; collateralized by real estate in Brewer, ME.	119,299	-
Note payable to Rural Development (RD #25), due in monthly installments of $598, including interest at 3.50%, through September 2053; collateralized by real estate in Brewer, ME.	140,424	-
Note payable to Rural Development (RD #26), due in monthly installments of $480, including interest at 3.125%, through July 2053; collateralized by real estate in Brewer, ME.	119,852	-

	2019	**2018**
Note payable to Rural Development (RD #27), due in monthly installments of $767, including interest at 4.125%, through May 2054; collateralized by real estate in Corinth, ME.	169,408	-
Note payable to CUSO Mortgage, due in monthly installments of $723, including interest at 4.00%, through December 2030; collateralized by real estate in Bangor, ME.	160,365	-
Note payable to CUSO Mortgage, due in monthly installments of $1,123, including interest at 4.00%, through December 2030; collateralized by real estate in Bangor, ME.	103,882	-
Note payable to CUSO Mortgage, due in monthly installments of $1,761, including interest at 4.00%, through July 2030; collateralized by real estate in Bangor, ME.	258,224	-
Note payable to Rural Development (RD #28), due in monthly installments of $597, including interest at 2.375%, through May 2052; collateralized by real estate in Glenburn, ME.	162,507	-
<u>Graham School Senior Housing Associates, LP</u>		
Note payable to Penquis, loan payoff with principal and interest payments due annually at a variable interest rate, currently at 4.50%, payable from future surplus cash based on the priority of distribution, as defined by the Partnership Agreement.	62,901	-
Noninterest bearing mortgage payable to People's United Bank, who is administering the loan for the Federal Home Loan Bank of Boston Affordable Housing Program, due on the date which is thirty (30) years from the commencement date of December 21, 2001 or earlier as may be demanded upon a default under any breach of the Affordable Housing Program Agreement for Rental Projects between the Partnership and the Bank.	400,000	-
Noninterest bearing mortgage payable to MSHA through its rental loan program. This is a noninterest bearing mortgage and is payable on the earlier of (1) a default of the Mortgage and Security Agreement, or (2) December 21, 2032.	300,236	-
	16,269,673	9,128,977
Less related party debt, eliminated	(577,419)	(570,543)
Less current portion	(916,921)	(744,028)
Long-term debt, net of current portion	**$14,775,333**	**$7,814,406**

Except as disclosed, these notes are unsecured. All MSF debt is guaranteed by Penquis.

Maturities on long-term debt, excluding related party debt, are as follows:

2020	$ 916,921
2021	761,514
2022	673,729
2023	953,228
2024	652,992
Thereafter	11,737,609
Total	**$ 15,695,993**

Interest expense was $72,397 and $106,010 for the years ended September 30, 2019 and 2018, respectively.

Cash balances held on deposit of $49,586 and $984,899 are pledged as of September 30, 2019 and 2018, respectively, related to notes payable to TD Bank.

11. OTHER LONG-TERM LIABILITIES AND SPECIAL FINANCING

Other long-term liabilities included in long-term debt consist of funds provided to MSF under the terms of an “equity-equivalent” (so-called “EQ2”) agreement from a local bank. Such instrument possesses characteristics both of equity as well as of debt, and has been provided to MSF as a means of funding current and future reserves. While such instrument is evidenced by agreement calling for the repayment of advanced funds to the issuer, MSF’s repayment obligations are deeply subordinated to substantially all other obligations it carries. Moreover, the agreement provides for indefinite or rolling maturities, thus rendering them similar in some respects to equity financing. The balance at September 30, 2019 and 2018 was $75,000.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds restricted by various grantors for the purpose of establishing and maintaining revolving loan funds, as well as contributions restricted by various donors for specific purposes to be expended in the subsequent fiscal year. As of October 2000, the revolving loan funds were transferred from Penquis to MSF.

Net assets with donor restrictions consisted of the following at September 30:

	2019	**2018**
Revolving loan funds (RLF)	$ 1,060,380	$ 1,050,060
Unexpended contributions	671,049	311,976
Funds of perpetual duration - RLF	683,258	557,656
Funds of perpetual duration - capital grant	295,000	420,000
Total net assets with donor restrictions	**$ 2,709,687**	**$ 2,339,692**

Net assets released from restriction consisted of the following for the years ended September 30:

	2019	2018
Program expenditures	$ 87,620	$ 230,265
Other	125,000	177,000
Total net assets released from restrictions	**$ 212,620**	**$ 407,265**

Board designated funds are included with net assets without donor restrictions. These funds have been set aside for specific purposes. The board designation is released by fulfilling the designation or by board vote.

13. OPERATING LEASES

The Organizations lease buildings, office space, and copiers under the terms of operating leases expiring at various dates through August 2027. The Organizations are liable for the cost of utilities under some of the lease agreements. Future minimum payments under the leases are as follows:

2020	$ 370,431
2021	204,783
2022	161,168
2023	98,721
2024	71,220
Thereafter	100,975
Total	**$ 1,007,298**

Rent expense paid under these operating leases totaled $263,312 and $528,544 for the years ended September 30, 2019 and 2018, respectively.

14. RETIREMENT AND ANNUITY BENEFIT PLANS

The employees of Penquis may elect to be participants of the Maine Public Employees Retirement System (MainePERS). The risks of participating in this multi-employer plan are different from single-employer plans. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations may be borne by the remaining participating employers. As such, if Penquis chooses to stop participating, the Organizations may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Contributions to the plans are made by both the employee and by the employer. Penquis funds such amounts as charged for the employer portion of the retirement plan which amounted to $224,450 and $153,748 for the years ended September 30, 2019 and 2018, respectively.

MainePERS is for regular employees who are regularly scheduled to work at least 20 hours per week or 720 hours per twelve-month period. The Organizations offer membership in MainePERS. This is a contributory plan, with the employee contributing a percentage of annual salary (8% for employees who joined before July 1, 2014 and 7.25% for employees who joined after) and the Organizations contributing a percentage as assessed annually by MainePERS, based upon the past years' experience. Vesting in MainePERS occurs after five years of qualifying service. Employees will have only one opportunity to join/not join MainePERS. The lifetime benefit may only be obtained through retirement at age 60 or beyond. Disability may be an exception to this.

The employer obligations include appropriate calculation of the employee deduction and timely payment to MainePERS. The employer specified percentage is calculated and sent monthly with the employee remittances.

The administration of the MainePERS plan is the sole responsibility of the MainePERS staff. The Organizations' contributions are less than 5% of the total for all employers participating in MainePERS.

Employees receive periodic statements indicating their vested years of service and dollars invested. Information on the future value of the plan must be requested on a case by case basis by the individual employee.

The employees of Penquis may participate in a tax deferred annuity plan. Penquis also funds such amounts as charged for the employer portion of the annuity plan, which amounted to $412,130 and $305,983 for the years ended September 30, 2019 and 2018, respectively.

15. CONTINGENCIES

The Organizations participate in various intergovernmental grant programs, which may be subject to future program compliance audits by grantors or their representatives. Accordingly, the Organizations' compliance with applicable program grant requirements may be established at some future date. The amount, if any, of liabilities arising from disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

The Organizations are involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the Organizations' future financial position or results of operations.

16. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 14, 2020, which is the date the financial statements were available to be issued, and no events occurred other than those disclosed elsewhere in the notes to the financial statements.

Windward Housing Year 15 - It is expected that during the year ending September 30, 2020, Windward Housing Associates Limited Partnership will complete its year 15 Low Income Housing Tax Credit exit, transferring the 99.99% entity ownership from Maine Housing Equity Fund 2002 LP to Penquis C.A.P., Inc.

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidating Schedule of Financial Position
Year Ended September 30, 2019
(with comparative totals for 2018)

	2019											
	Penquis C.A.P., Inc.	MaineStream Finance	Penquis Development, Inc.	Penquis Housing, Inc.	Lakeview Senior Housing, LLP	Patterson Hill Housing, LP	Rape Response Services, Inc.	PMHA	GSSHA, LP	Eliminations	Total	2018
ASSETS												
Current assets:												
Cash and cash equivalents	$ 3,686,351	$ 341,302	$ 50,435	$ 112,702	$ 2,689	$ 2,315	$ 81,631	$ 841,156	$ 5,594	$ -	$ 5,124,175	$ 2,493,023
Restricted cash and cash equivalents	714,185	403,783	-	-	176,143	158,760	-	280,978	223,025	-	1,956,874	1,667,077
Accounts and grants receivable, net	4,408,507	72,497	10,000	-	-	-	-	2,604	-	-	4,493,608	2,984,551
Current investments	-	125,000	-	-	-	-	-	-	-	-	125,000	-
Inventory	136,646	68,000	-	-	-	-	-	-	-	-	204,646	49,874
Due from affiliates	1,272,984	-	1,816	101	-	-	-	-	-	(1,274,901)	-	-
Current portion of loans receivable, net	154,954	326,065	-	-	-	-	-	-	-	-	481,019	376,711
Prepaid expenses	1,160,855	11,345	-	3,537	13,340	3,775	3,150	-	15,659	-	1,211,661	821,590
Total current assets	11,534,482	1,347,992	62,251	116,340	192,172	164,850	84,781	1,124,738	244,278	(1,274,901)	13,596,983	8,392,826
Property, equipment, and software:												
Land	367,797	-	-	-	352,641	-	-	1,105,000	-	-	1,825,438	575,210
Buildings and improvements	6,845,331	-	-	-	3,235,074	245,960	-	4,954,997	278,795	-	15,560,157	7,182,568
Software	605,704	52,258	-	-	21,750	-	-	-	-	-	679,712	319,370
Equipment and fixtures	3,364,509	-	-	-	-	-	-	12,786	-	-	3,377,295	2,719,342
	11,183,341	52,258	-	-	3,609,465	245,960	-	6,072,783	278,795	-	21,442,602	10,796,490
Less: Accumulated depreciation	4,512,835	50,174	-	-	949,296	15,868	-	139,641	12,417	-	5,680,231	4,752,613
Net property, equipment, and software	6,670,506	2,084	-	-	2,660,169	230,092	-	5,933,142	266,378	-	15,762,371	6,043,877
Other assets:												
Work in progress	642,857	-	-	-	-	-	-	-	-	-	642,857	408,543
Restricted cash and cash equivalents	-	566,886	-	-	-	-	-	-	-	-	566,886	711,954
Investments	10,429,298	145,000	1,214,442	204,788	-	-	-	-	-	(2,636,687)	9,356,841	6,763,389
Loans receivable, net of current portion	2,479,453	4,075,730	175,425	-	-	-	-	-	-	(399,124)	6,331,484	6,199,468
Less allowance for loan losses	-	(322,668)	-	-	-	-	-	-	-	-	(322,668)	(319,689)
Property held for development	295,000	-	-	-	-	-	-	-	-	-	295,000	370,454
Total other assets	13,846,608	4,464,948	1,389,867	204,788	-	-	-	-	-	(3,035,811)	16,870,400	14,134,119
Total assets	**$ 32,051,596**	**$ 5,815,024**	**$ 1,452,118**	**$ 321,128**	**$ 2,852,341**	**$ 394,942**	**$ 84,781**	**$ 7,057,880**	**$ 510,656**	**$ (4,310,712)**	**$ 46,229,754**	**$ 28,570,822**
LIABILITIES AND NET ASSETS (DEFICIT)												
Current liabilities:												
Current portion of long-term debt	$ 308,969	$ 281,738	$ 10,234	$ -	$ 198,641	$ -	$ -	$ 117,339	$ -	$ -	$ 916,921	$ 744,028
Accounts payable	996,062	53,052	-	-	34,698	4,270	-	6,085	2,345	-	1,096,512	699,155
Short-term notes payable, housing line of credit	170,477	-	-	-	-	-	-	-	-	-	170,477	55,148
Due to affiliates	1,817	849,606	100	48,483	-	-	17,057	357,838	-	(1,274,901)	-	-
Accrued expenses	2,184,371	16,739	-	-	62,099	672	-	8,832	2,577	-	2,275,290	1,477,402
Vehicle reserve	268,838	-	-	-	-	-	-	-	-	-	268,838	211,817
Refundable advances/due to funding sources	3,350,628	28,546	-	-	13,333	16,563	-	2,086	14,206	-	3,425,362	1,974,878
Total current liabilities	7,281,162	1,229,681	10,334	48,483	308,771	21,505	17,057	492,180	19,128	(1,274,901)	8,153,400	5,162,428
Non-current liabilities:												
Capital leases	8,792	-	-	-	-	-	-	-	-	-	8,792	29,982
Long-term debt, net of current portion	4,796,864	3,484,429	154,284	-	1,902,844	300,000	-	3,951,195	763,136	(577,419)	14,775,333	7,814,406
Total liabilities	12,086,818	4,714,110	164,618	48,483	2,211,615	321,505	17,057	4,443,375	782,264	(1,852,320)	22,937,525	13,006,816
Net assets (deficit):												
Without donor restrictions - undesignated	15,122,022	(831,208)	1,287,500	272,645	640,726	73,437	67,724	2,614,505	(271,608)	(2,458,392)	16,517,351	10,621,799
Without donor restrictions - designated	148,750	186,400	-	-	-	-	-	-	-	-	335,150	332,198
Without donor restrictions - invested in fixed assets	3,727,957	2,084	-	-	-	-	-	-	-	-	3,730,041	2,270,317
Total net assets (deficit) without donor restrictions	18,998,729	(642,724)	1,287,500	272,645	640,726	73,437	67,724	2,614,505	(271,608)	(2,458,392)	20,582,542	13,224,314
Net assets with donor restrictions	966,049	1,743,638	-	-	-	-	-	-	-	-	2,709,687	2,339,692
Total net assets (deficit)	19,964,778	1,100,914	1,287,500	272,645	640,726	73,437	67,724	2,614,505	(271,608)	(2,458,392)	23,292,229	15,564,006
Total liabilities and net assets (deficit)	**$ 32,051,596**	**$ 5,815,024**	**$ 1,452,118**	**$ 321,128**	**$ 2,852,341**	**$ 394,942**	**$ 84,781**	**$ 7,057,880**	**$ 510,656**	**$ (4,310,712)**	**$ 46,229,754**	**$ 28,570,822**

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidating Schedule of Activities
Year Ended September 30, 2019
(with comparative totals for 2018)

	2019											
	Penquis C.A.P., Inc.	**MaineStream Finance**	**Penquis Development, Inc.**	**Penquis Housing, Inc.**	**Lakeview Senior Housing, LLP**	**Patterson Hill Housing, LP**	**Rape Response Services, Inc.**	**PMHA**	**GSSHA, LP**	**Eliminations**	**Total**	**2018**
Support and revenue without donor restrictions:												
Grants and contracts	$ 20,115,738	$ 105,764	$ -	$ -	$ 198,641	$ -	$ -	$ -	$ -	$ -	$ 20,420,143	$ 19,503,236
Loan interest income	-	255,980	-	-	-	-	-	-	-	-	255,980	225,885
Fees/donations	32,655,125	132,469	54,428	74,095	163,722	213,468	35,044	344,714	152,382	271,457	33,553,990	21,425,483
Other revenue	1,004,761	60,664	421	457	53,158	-	562	187	1,674	-	1,121,884	306,320
In-kind	760,725	5,368	-	-	-	-	-	-	-	-	766,093	950,495
Total support and revenue without donor restrictions	54,536,349	560,245	54,849	74,552	415,521	213,468	35,606	344,901	154,056	271,457	56,118,090	42,411,419
Operating expenses:												
Program services:												
Family Enrichment services	4,225,497	-	-	-	-	-	-	-	-	-	4,225,497	5,524,775
Child Development services	9,704,283	-	-	-	-	-	-	-	-	-	9,704,283	8,110,605
Housing and Energy services	5,243,562	-	-	-	-	-	-	-	-	-	5,243,562	4,339,231
Housing Development services	1,083,403	-	-	-	-	-	-	-	-	-	1,083,403	505,964
Lynx Mobility services	2,729,954	-	-	-	-	-	-	-	-	-	2,729,954	2,649,691
Transportation Brokerage services	17,501,132	-	-	-	-	-	-	-	-	-	17,501,132	15,541,617
Charlotte White Support services	9,176,682	-	-	-	-	-	-	-	-	(271,457)	8,905,225	-
Other program services	1,997,244	580,948	29	17,917	313,385	245,725	15,687	497,907	167,942	-	3,836,784	2,748,344
Total program service expenses	51,661,757	580,948	29	17,917	313,385	245,725	15,687	497,907	167,942	(271,457)	53,229,840	39,420,227
Supporting services:												
Management and general	2,386,128	289,010	-	-	-	-	-	-	-	-	2,675,138	2,332,608
Grant writing and resource development	94,010	-	-	-	-	-	-	-	-	-	94,010	19,127
Total operating expenses	54,141,895	869,958	29	17,917	313,385	245,725	15,687	497,907	167,942	(271,457)	55,998,988	41,771,962
Income (loss) from operations without donor restrictions	394,454	(309,713)	54,820	56,635	102,136	(32,257)	19,919	(153,006)	(13,886)	-	119,102	639,457
Other changes in net assets without donor restrictions:												
Other	(3,514)	-	108,780	6,615	28,725	-	-	-	(17,943)	(279,487)	(156,824)	(334,402)
Excess (deficit) of fair value of net assets over consideration	4,655,596	-	-	-	-	-	-	2,767,511	(239,779)	-	7,183,328	-
Net assets released from restriction	212,620	-	-	-	-	-	-	-	-	-	212,620	407,265
Total other changes in net assets without donor restrictions	4,864,702	-	108,780	6,615	28,725	-	-	2,767,511	(257,722)	(279,487)	7,239,124	72,863
Change in net assets without donor restrictions	5,259,156	(309,713)	163,600	63,250	130,861	(32,257)	19,919	2,614,505	(271,608)	(279,487)	7,358,226	712,320
Changes in net assets with donor restrictions:												
Grants and contracts	444,954	-	-	-	-	-	-	-	-	-	444,954	62,108
Revolving loan fund receipts/other	1,739	135,924	-	-	-	-	-	-	-	-	137,663	101,331
Net assets released from restriction	(212,620)	-	-	-	-	-	-	-	-	-	(212,620)	(407,265)
Change in net assets with donor restrictions	234,073	135,924	-	-	-	-	-	-	-	-	369,997	(243,826)
Total change in net assets	5,493,229	(173,789)	163,600	63,250	130,861	(32,257)	19,919	2,614,505	(271,608)	(279,487)	7,728,223	468,494
Net assets, beginning of year	14,471,549	1,274,703	1,123,900	209,395	509,865	105,694	47,805	-	-	(2,178,905)	15,564,006	15,095,512
Net assets (deficit), end of year	**$ 19,964,778**	**$ 1,100,914**	**$ 1,287,500**	**$ 272,645**	**$ 640,726**	**$ 73,437**	**$ 67,724**	**$ 2,614,505**	**$(271,608)**	**$ (2,458,392)**	**$ 23,292,229**	**$ 15,564,006**

Schedule 3

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidating Schedule of Functional Expenses
Year Ended September 30, 2019

	Penquis C.A.P., Inc.									MaineStream Finance	Penquis Development, Inc.	Penquis Housing, Inc.	Lakeview Senior Housing, LLC	Patterson Hill Housing, LP	Rape Response Services, Inc.	PMHA	GSSHA, LP		Penquis, C.A.P., Inc.		MaineStream Finance	
	Program Services																		Supporting Services			
	Family Enrichment Services	Child Development Services	Housing and Energy Services	Housing Development Services	Lynx Mobility Services	Transportation Brokerage Services	Charlotte White Support Services	Other Program Services	Total Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Total Program Services	Management and General	Grant Writing and Resource Development	Management and General	Total
Personnel	$ 3,033,603	$ 7,110,542	$ 1,475,303	$ 285,697	$ 1,122,116	$ 2,055,352	$ 7,264,104	$ 1,492,936	$ 23,839,653	$ 302,956	$ -	$ -	$ 24,166	$ 42,601	$ 4,014	$ 1,267	$ 29,102	$ 24,243,759	$ 1,808,950	$ 19,173	137,411	$ 26,209,293
Travel and related costs	140,680	134,733	84,253	6,766	1,126,265	4,708,765	44,072	192,544	6,438,078	6,656	-	-	2,856	7,740	936	-	813	6,457,079	45,914	225	1,432	6,504,650
Space and occupancy	310,844	694,874	161,000	42,676	121,800	253,156	577,660	(814,842)	1,347,168	15,340	-	-	149,732	136,730	100	130,333	92,199	1,871,602	145,709	-	36,143	2,053,454
Supplies and equipment	91,272	195,627	83,621	11,368	24,256	97,249	345,502	544,001	1,392,896	3,550	-	16	268	6,169	3,082	11	2,054	1,408,046	62,462	1,211	1,671	1,473,390
Major equipment /renovations	(12,318)	-	-	-	-	204	-	10,935	(1,179)	935	-	-	-	-	-	3,731	-	3,487	186	21	478	4,172
Direct benefits	324,477	829,037	3,208,980	91,917	98,288	10,093,555	140,334	358,155	15,144,743	7,310	-	-	-	-	743	-	-	15,152,796	120	67,681	-	15,220,597
Other	251,244	306,735	230,405	625,516	214,185	255,172	799,413	(433,876)	2,248,794	237,648	29	17,901	39,154	43,000	6,812	222,924	31,357	2,847,619	307,044	5,699	110,560	3,270,922
In-kind	71,961	429,274	-	-	-	-	2,544	6,946	510,725	4,553	-	-	-	-	-	-	-	515,278	-	-	815	516,093
Total expenses, prior to depreciation	4,211,763	9,700,822	5,243,562	1,063,940	2,706,910	17,463,453	9,173,629	1,356,799	50,920,878	578,948	29	17,917	216,176	236,240	15,687	358,266	155,525	52,499,666	2,370,385	94,010	288,510	55,252,571
Depreciation	13,734	3,461	-	19,463	23,044	37,679	3,053	640,445	740,879	2,000	-	-	97,209	9,485	-	139,641	12,417	1,001,631	15,743	-	500	1,017,874
Total expense, prior to Elimination	4,225,497	9,704,283	5,243,562	1,083,403	2,729,954	17,501,132	9,176,682	1,997,244	51,661,757	580,948	29	17,917	313,385	245,725	15,687	497,907	167,942	53,501,297	2,386,128	94,010	289,010	56,270,445
Elimination	-	-	-	-	-	-	(271,457)	-	(271,457)	-	-	-	-	-	-	-	-	(271,457)	-	-	-	(271,457)
Total expenses	**$ 4,225,497**	**$ 9,704,283**	**$ 5,243,562**	**$ 1,083,403**	**$ 2,729,954**	**$ 17,501,132**	**$ 8,905,225**	**$ 1,997,244**	**$ 51,390,300**	**$ 580,948**	**$ 29**	**$ 17,917**	**$ 313,385**	**$ 245,725**	**$ 15,687**	**$ 497,907**	**$ 167,942**	**$ 53,229,840**	**$ 2,386,128**	**$ 94,010**	**$ 289,010**	**$ 55,998,988**

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidating Schedule of Functional Expenses
Year Ended September 30, 2018

	Penquis C.A.P., Inc.								MaineStream Finance	Penquis Development, Inc.	Penquis Housing, Inc.	Lakeview Senior Housing, LLC	Patterson Hill Housing, LP	Rape Response Services, Inc.		Penquis, C.A.P., Inc.		MaineStream Finance	
	Program Services															Supporting Services		Supporting Services	
	Family Enrichment Services	Child Development Services	Housing and Energy Services	Housing Development Services	Lynx Mobility Services	Transportation Brokerage Services	Other Program Services	Total Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Other Program Services	Total Program Services	Management and General	Grant Writing and Resource Development	Management and General	Total
Personnel	$ 3,909,394	$ 5,500,485	$ 1,282,481	$ 265,569	$ 1,079,758	$ 1,819,922	$1,035,724	$14,893,333	$ 272,211	$ -	$ -	$ 25,864	$ 27,131	$ 2,373	$ 15,220,912	$ 1,585,431	$ 16,923	212,659	$17,035,925
Travel and related costs	145,825	52,672	62,796	5,361	1,254,514	4,290,813	66,273	5,878,254	7,098	-	-	2,324	2,260	280	5,890,216	26,782	8	2,208	5,919,214
Space and occupancy	351,201	621,831	138,818	61,236	110,016	234,313	(447,105)	1,070,310	12,098	-	-	95,057	102,346	375	1,280,186	84,194	-	31,043	1,395,423
Supplies and equipment	300,214	203,718	97,139	6,987	24,397	82,320	163,601	878,376	2,595	19	95	402	482	7,136	889,105	33,207	573	1,923	924,808
Major equipment/renovations	12,373	-	-	-	-	-	-	12,373	-	-	-	-	-	-	12,373	-	-	-	12,373
Direct benefits	290,163	774,966	2,522,473	58	79,016	8,984,364	508,702	13,159,742	15,688	-	-	-	-	-	13,175,430	-	-	-	13,175,430
Other	311,215	213,581	235,524	147,290	87,405	108,649	(50,035)	1,053,629	257,034	448	12,510	41,939	38,566	16,014	1,420,140	261,196	1,623	74,418	1,757,377
In-kind	186,862	738,737	-	-	-	-	-	925,599	22,981	-	-	-	-	-	948,580	-	-	1,915	950,495
Total expenses, prior to depreciation	5,507,247	8,105,990	4,339,231	486,501	2,635,106	15,520,381	1,277,160	37,871,616	589,705	467	12,605	165,586	170,785	26,178	38,836,942	1,990,810	19,127	324,166	41,171,045
Depreciation	17,528	4,615	-	19,463	14,585	21,236	389,518	466,945	9,931	-	-	100,026	6,383	-	583,285	17,132	-	500	600,917
Total expenses	**$ 5,524,775**	**$ 8,110,605**	**$ 4,339,231**	**$ 505,964**	**$ 2,649,691**	**$ 15,541,617**	**$1,666,678**	**$38,338,561**	**$ 599,636**	**$ 467**	**$ 12,605**	**$ 265,612**	**$ 177,168**	**$ 26,178**	**$ 39,420,227**	**$ 2,007,942**	**$ 19,127**	**324,666**	**$41,771,962**

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Consolidating Schedule of Cash Flows
Year Ended September 30, 2019
(with comparative totals for 2018)

	2019											
	Penquis C.A.P., Inc.	MaineStream Finance	Penquis Development, Inc.	Penquis Housing, Inc.	Lakeview Senior Housing, LLP	Patterson Hill Housing, LP	Rape Response Services, Inc.	PMHA	GSSHA, LP	Eliminations	Total	2018
Cash flows from operating activities:												
Change in net assets	$ 5,493,229	$ (173,789)	$ 163,600	$ 63,250	$ 130,861	$ (32,257)	$ 19,919	$ 2,614,505	$ (271,608)	$ (279,487)	$ 7,728,223	$ 468,494
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:												
Depreciation and amortization on funded and unfunded assets	756,622	2,500	-	-	97,209	9,485	-	139,641	12,417	-	1,017,874	600,916
Difference of fair value of net assets over consideration in acquisition of PHHA, CWC, PMHA, and GSSHA	(4,646,636)	-	-	-	-	-	-	(2,767,511)	239,478	-	(7,174,669)	212,777
Provision for loan losses	-	141,537	-	-	-	-	-	-	-	-	141,537	131,981
Unrealized losses (gains) on investments	-	-	(185,614)	(36,676)	-	-	-	-	-	279,487	57,197	-
Forgiveness of debt	-	-	-	-	(198,641)	-	-	-	-	-	(198,641)	(418,641)
Revolving loan fund receipts/other restricted for long-term purposes	75,454	(125,603)	-	-	-	-	-	-	-	-	(50,149)	(85,367)
(Increase) decrease in:												
Accounts and grants receivable	(446,241)	31,260	(10,000)	-	-	1,074	-	8,750	(1,029)	-	(416,186)	1,036,010
Inventory	2,789	93,456	-	-	-	-	-	-	-	-	96,245	154,059
Due from affiliates	(595,574)	24,025	(1,816)	(101)	-	-	-	-	-	573,466	-	-
Prepaid expenses	(261,633)	8,754	-	-	(1,141)	669	(3,111)	-	472	-	(255,990)	(514,720)
Work in progress	-	-	-	(156)	-	-	-	-	(15,659)	-	(15,815)	-
Increase (decrease) in												
Accounts payable	(204,619)	(24,334)	(18,849)	(7,875)	(8,148)	(11,053)	(238)	(7,893)	(3,963)	-	(286,972)	(9,130)
Accrued expenses	391,810	(25,868)	-	-	8,114	672	-	8,832	(122)	-	383,438	88,377
Due to affiliates	(22,207)	211,824	(647)	15,220	-	-	11,438	357,838	-	(573,466)	-	-
Vehicle reserve	57,021	-	-	-	-	-	-	-	-	-	57,021	(7,524)
Refundable advances/due to funding sources	1,479,845	(47,621)	-	-	683	1,285	-	2,086	3,059	-	1,439,337	(773,763)
Net cash provided by (used in) operating activities	2,079,860	116,141	(53,326)	33,662	28,937	(30,125)	28,008	356,248	(36,955)	-	2,522,450	883,469
Cash flows from investing activities:												
Cash acquired in acquisition of PHHA, CWC, PMHA, and GSSHA	1,368,142	-	-	-	-	-	-	623,989	1,157	-	1,993,288	864
Loans made including soft seconds	-	(1,086,219)	-	-	-	-	-	-	-	-	(1,086,219)	(1,276,310)
Principal repayments of rehab loans/loans receivable	274,310	479,490	-	-	-	-	-	-	-	-	753,800	1,123,317
Purchase of property and equipment, net of retirements	(4,258,979)	-	-	-	(26,396)	(8,130)	-	(12,785)	(35,742)	-	(4,342,032)	(459,650)
Net withdrawals from (deposits to) restricted cash	160,284	186,932	-	-	(3,490)	15,548	-	35,450	14,234	-	408,958	711,416
Purchases of investments	(235,366)	-	-	-	-	-	-	-	-	-	(235,366)	(4,130,109)
Net cash provided by (used in) investing activities	(2,691,609)	(419,797)	-	-	(29,886)	7,418	-	646,654	(20,351)	-	(2,507,571)	(4,030,472)
Cash flows from financing activities:												
Repayment of capital leases	(21,190)	-	-	-	-	-	-	-	-	-	(21,190)	(21,744)
Revolving loan fund receipts/other restricted for long term purposes	-	125,603	-	-	-	-	-	-	-	62,900	188,503	85,367
Proceeds from long-term debt	2,200,000	897,844	-	-	-	-	-	-	62,900	(62,900)	3,097,844	826,532
Repayment of long-term debt	(134,762)	(461,680)	(6,025)	-	-	-	-	(161,746)	-	-	(764,213)	(985,157)
Proceeds from short-term debt, housing line of credit	115,329	-	-	-	-	-	-	-	-	-	115,329	55,148
Net cash provided by (used in) financing activities	2,159,377	561,767	(6,025)	-	-	-	-	(161,746)	62,900	-	2,616,273	(39,854)
Net increase (decrease) in cash and cash equivalents	1,547,628	258,111	(59,351)	33,662	(949)	(22,707)	28,008	841,156	5,594	-	2,631,152	(3,186,857)
Cash and cash equivalents, beginning of year	2,138,723	83,191	109,786	79,040	3,638	25,022	53,623	-	-	-	2,493,023	5,679,880
Cash and cash equivalents, end of year	**$ 3,686,351**	**$ 341,302**	**$ 50,435**	**$ 112,702**	**$ 2,689**	**$ 2,315**	**$ 81,631**	**$ 841,156**	**$ 5,594**	**$ -**	**$ 5,124,175**	**$ 2,493,023**
Supplemental cash flow disclosures:												
Inventory received in lieu of loan payments	**$ -**	**$ 128,956**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 128,956**	**$ -**
Cash paid during the year for interest	**-**	**95,063**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**95,063**	**105,704**

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Schedule of Municipal Contributions Received
Year Ended September 30, 2019

TOWN OF WASHINGTON	$ 2,560
TOWN OF ST. GEORGE	537
TOWN OF MILLINOCKET	200
TOWN OF GARLAND	100
TOWN OF DOVER	2,000
TOWN OF WOODVILLE	50
CITY OF BREWER	7,310
TOWN OF DREW PLANTATION	41
TOWN OF OWLS HEAD	250
CARROLL PLANTATION	100
MATINICUS ISLE PLANTATION	74
TOWN OF MT CHASE	200
TOWN OF ALTON	100
TOWN OF APPLETON	521
TOWN OF BOWERBANK	40
TOWN OF CHARLESTON	150
TOWN OF CHESTER	672
TOWN OF CLIFTON	50
TOWN OF CUSHING	1,181
TOWN OF DIXMONT	50
TOWN OF EDINBURG	63
TOWN OF ETNA	1,605
TOWN OF EXETER	600
TOWN OF FRIENDSHIP	600
TOWN OF HUDSON	1,584
TOWN OF LAKEVILLE	40
TOWN OF MATTAWAMKEAG	500
TOWN OF MAXFIELD	85
TOWN OF MEDFORD	594
TOWN OF MEDWAY	375
TOWN OF MONSON	400
TOWN OF ORRINGTON	1,000
TOWN OF ROCKPORT	1,000
TOWN OF SHIRLEY	172
TOWN OF STACYVILLE	905
TOWN OF THOMASTON	1,500
TOWN OF UNION	1,247
TOWN OF VINALHAVEN	473
TOWN OF WELLINGTON	549
TOWN OF WINN	513
PENOBSCOT COUNTY	57,500
PISCATAQUIS COUNTY	6,000
	$ 93,491

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Schedule of Financial Position - NeighborWorks® America Capital Fund
Year Ended September 30, 2019

ASSETS:

Cash in Bank	$ -
Loans Receivable	170,000
Investment in LLP/LLC	125,000
TOTAL ASSETS	$ 295,000

LIABILITIES AND NET ASSETS:

Net Assets	$ 295,000
TOTAL LIABILITIES & NET ASSETS	$ 295,000

PENQUIS C.A.P., INC. AND ITS AFFILIATES
Schedule of Activities - NeighborWorks® America Capital Fund
Year Ended September 30, 2019

Revenue, Gains, Other Support and Release of Capital:

Capital Grant - NeighborWorks® America Beginning Balance	$ 420,000
Additions	
Released - With perpetual donor restrictions	-
Released - With donor restrictions	(125,000)
Released - Without donor restrictions	-
Net Assets at End of Year	$ 295,000