BerryDunn

Community Concepts Finance Corporation

FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 30, 2022

With Independent Auditor's Report

BerryDunn

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Concepts Finance Corporation

Opinion

We have audited the accompanying financial statements of Community Concepts Finance Corporation (the Organization, a Maine nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The Board of Directors
Community Concepts Finance Corporation

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented in the supplementary schedule of federal expenditures is presented for purposes of additional analysis of the financial statements and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
March 10, 2023

COMMUNITY CONCEPTS FINANCE CORPORATION

Statement of Financial Position

September 30, 2022

ASSETS

Current assets	
Cash and cash equivalents	$ 2,093,949
Accounts and grants receivable	250,867
Loans receivable, current portion	253,648
Total current assets	2,598,464
Property and equipment	
Equipment	46,649
Less accumulated depreciation	(46,649)
Net property and equipment	-
Other assets	
Restricted cash and cash equivalents	3,427,440
Loans receivable, noncurrent portion, net of allowance	6,407,993
Investments	42,917
Deferred loans receivable	187,368
Total other assets	10,065,718
Total assets	$ 12,664,182

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

LIABILITIES AND NET ASSETS

Current liabilities	
Current portion of long-term debt	$ 3,372,724
Accounts payable	83,963
Accrued expenses	87,670
Deferred revenue	62,082
Due to parent	627,116
Security deposits and other reserves	35,446
Total current liabilities	4,269,001
Noncurrent liabilities	
Long-term debt, net of current portion	1,976,827
Other long-term liabilities	2,100,000
Total noncurrent liabilities	4,076,827
Total liabilities	8,345,828
Net assets (deficit)	
Without donor restrictions	(79,334)
With donor restrictions	4,397,688
Total net assets	4,318,354
Total liabilities and net assets	$ 12,664,182

COMMUNITY CONCEPTS FINANCE CORPORATION

Statement of Activities

Year Ended September 30, 2022

Net assets without donor restrictions	
Support, revenue, and net assets released	
Grants and contracts	$ 752,802
Fees	115,176
Interest income	362,487
Other income	360,846
Net assets released from restrictions	22,624
Total support, revenue, and net assets released	1,613,935
Expenses	
Program services	1,775,075
Management and general	134,280
Total expenses	1,909,355
Change in net assets without donor restrictions	(295,420)
Net assets with donor restrictions	
Interest income	90,510
Net assets released from restrictions	(22,624)
Change in net assets with donor restrictions	67,886
Total change in net assets	(227,534)
Net assets at beginning of year	4,545,888
Net assets at end of year	$ 4,318,354

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

COMMUNITY CONCEPTS FINANCE CORPORATION

Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services	Management and General	Total
Salaries and wages	$ 794,258	$ -	$ 794,258
Payroll taxes and benefits	167,879	-	167,879
Total personnel expenses	962,137	-	962,137
Direct client benefits	208,555	-	208,555
Contractual consultants	92,108	-	92,108
Travel	3,999	-	3,999
Occupancy	47,935	-	47,935
Supplies	11,369	-	11,369
Postage	3,246	-	3,246
Printing/photocopying	3,916	-	3,916
Information technology and communication	106,016	-	106,016
Equipment expense	26,719	-	26,719
Other services	53,642	-	53,642
Dues and subscriptions	6,846	-	6,846
Employee training and education	2,871	-	2,871
Interest expense	214,230	-	214,230
Advertising	1,120	-	1,120
General and administrative	-	134,280	134,280
Miscellaneous	30,366	-	30,366
Total expenses	$ 1,775,075	$ 134,280	$ 1,909,355

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

COMMUNITY CONCEPTS FINANCE CORPORATION

Statement of Cash Flows

Year Ended September 30, 2022

Cash flows from operating activities	
Change in net assets	$ (227,534)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Provision for loan losses	116,338
(Increase) decrease in	
Accounts and grants receivable	(17,335)
Other assets	23,802
Increase (decrease) in	
Accounts payable	66,616
Accrued expenses	(15,441)
Deferred revenue	(23,475)
Due to Parent	184,638
Security deposits and other reserves	11,817
Net cash provided by operating activities	119,426
Cash flows from investing activities	
Revolving loans disbursed	(1,742,256)
Revolving loans repaid	2,176,742
Deferred loans repaid	37,245
Net cash provided by investing activities	471,731
Cash flows from financing activities	
Proceeds from issuance of long-term debt	249,331
Repayment of long-term debt	(783,069)
Net cash used by financing activities	(533,738)
Net increase in cash and cash equivalents	57,419
Cash and cash equivalents, beginning of year	5,463,970
Cash and cash equivalents, end of year	$ 5,521,389
Composition of cash and cash equivalents	
Unrestricted cash and cash equivalents	$ 2,093,949
Restricted cash and cash equivalents	3,427,440
Cash and cash equivalents, end of year	$ 5,521,389
Supplemental cash flow disclosures:	
Cash paid for interest	$ 214,230

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

1. Nature of Activities

Description of Purpose

Community Concepts Finance Corporation (CCFC or the Organization), an affiliate of Community Concepts, Incorporated (CCI), offers various loan products and services to eligible families and businesses. Financial services include home ownership training, and foreclosure and credit counseling. The program also manages various residential and business lending programs providing loans and technical assistance to new or expanding small businesses and mortgages for non-traditional residential borrowers. CCFC is a designated business lending intermediary for both the Small Business Administration (SBA) Microloan Program and the U.S. Department of Agriculture (USDA) Intermediary Relending Program. It is also an approved lender under the Rural Microentrepreneur Assistance Program (RMAP).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Income Taxes

CCFC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to the Organization's tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than private foundations under Section 509(a)(1) of the Code.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain 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.

Revenue Recognition

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606), the Organization recognizes fee revenue over the contract period as the Organization meets the obligation to stand ready to provide services.

A portion of the Organization's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditional upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization received cost reimbursable grants of $62,082 and $85,557 that had not been recognized at September 30, 2022 and 2021, respectively, because qualifying expenditures had not yet been incurred. This revenue stream is not subject to Topic 606.

The Organization also purchases and resells property to clients. This revenue is recognized at a point in time at the date of the sale.

Program service fee revenue represents private fees paid by consumers in the amount of $115,176.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at the contractual amounts of earned revenue due from various government grants and contracts and from clients. No allowance for uncollectible accounts has been established as all accounts and grants receivable are believed to be fully collectible.

Property and Equipment

Property and equipment with an estimated useful life in excess of one year and an initial basis of $5,000 or more is carried at cost if purchased, or fair market value if donated, and is depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from three to thirty years.

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 (ALL). 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 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 Organization.

Loan interest income is accrued daily on the outstanding balances. For all classes of loans, past due loans are considered for nonaccrual when they are 90 days past due, based upon management's assessment of risk of loss. During this time, loan collection efforts continue per the Organization guidelines and management attempts to work with the borrower to resolve the situation. Once held as a nonaccruing asset, interest is no longer accrued for that particular loan. The loan is then on a cash basis so that interest is booked only when payment is made. A loan may be taken off nonaccrual status 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 Organization had total loans in non accrual status of $94,973 at September 30, 2022.

ALL

The ALL is established as losses are estimated to occur through a provision for loan losses charged to earnings. Loan losses are charged against the ALL when management and the Organization's Board of Directors determine the loss is confirmed. Subsequent recoveries, if any, are credited to the ALL. The ALL 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 Organization makes loans, all loans are considered to have some degree of impairment, and, accordingly, are assigned an ALL based on management’s evaluation of their collectibility. During 2022, the average balance of impaired loans was $6,937,000.

Methodology

The ALL is based on historical loss ratios adjusted for qualitative factors stratified by the following portfolio segments: mortgage loans and commercial loans. Management uses a range of qualitative loss factors, ranging from 2% to 100% of the outstanding loan balance at the time of inception, based on risk rankings which are discussed in Note 3. Once a loan has been moved to the “Loss” ranking, the ALL is based on the calculated risk of loss.

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.

Commercial 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.

Grants and Contracts

Governmental grants are provided to support specific programs and are subject to various budgetary restrictions. Grants received are required to be expended within the time stated in the guidelines of the grant. Support received under grants and contracts is recorded as public support as services are provided or reimbursable costs incurred. Amounts received in advance of revenue recognition are reported as deferred revenue.

Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

Functional Expenses

The parent company, CCI, allocates its expenses on a functional basis among its various functions, including to CCFC. Expenses that can be identified with a specific program are charged directly to that program according to their natural expense classification. Costs which are not directly attributable to a specific program or programs are presented as management and general within the statements of functional expenses. The Organization also employs certain indirect cost pools, in which certain costs are accumulated and then allocated to other cost centers based on relative usage.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of CCI, including to CCFC. Those expenses include occupancy, human resources, and the information technology department. Occupancy is allocated based on square footage; human resources is allocated based on full-time employees in each program; and the information technology department is allocated based on the number of full-time employees in each program.

Subsequent Events

In accordance with FASB ASC 855-10, *Subsequent Events,* management has evaluated subsequent events for possible recognition or disclosure through March 10, 2023, which is the date these financial statements were available to be issued.

3. Loans Receivable and Restricted Cash and Cash Equivalents

Loans receivable (excluding forgivable loans) consist of mortgage loans to individuals and commercial loans to Maine businesses made under various programs funded by government agencies and loan capital investors. Mortgage loans are collateralized by real estate and are issued to eligible homeowners in Western Maine in an effort to promote and expand homeownership in the region. Commercial loans are collateralized by business assets and are issued to qualifying small businesses to assist such enterprises in an effort to grow the Western Maine economy. As of September 30, 2022, management established an ALL in the amount of $519,946. This allowance has been netted against loans receivable within the statement of financial position.

Under the requirements of the SBA Microloan Program, the Organization is mandated to establish and maintain a loan loss reserve depository account to cover potential losses in the SBA Microloan Program. Loans which are deemed uncollectible are required to be written off against this reserve, which is required to be maintained at a level equal to 15% of outstanding loans to the SBA. The Organization is also required to maintain separate depository accounts through which all cash flows arising from the operation of the SBA Microloan Program are processed and held. Another government funded lending program, the USDA RMAP, also requires the Organization to maintain separate depository accounts.

All of the required deposit account balances described above are included in restricted cash and cash equivalents in the statement of financial position, which consists of the following as of September 30, 2022:

Loan loss reserve – SBA Microloan Program	$ 380,879
Operating account – SBA Microloan Program	708,711
Loan loss reserve – USDA RMAP	25,161
Operating account – USDA RMAP	190,228
Business lending – various	2,122,461
Total restricted cash and cash equivalents	$ 3,427,440

The components of net loans receivable at September 30 are as follows:

Mortgage loans	$ 2,376,511
Commercial loans	4,805,076
Subtotal	7,181,587
ALL	(519,946)
Loans receivable, net of ALL	$ 6,661,641

Activity in the ALL was as follows for the year ended September 30, 2022:

	Mortgage Loans	Commercial Loans	Total
Allowances, beginning of year	$ 110,048	$ 293,560	$ 403,608
Provision for loan losses	13,901	102,437	116,338
Allowances, end of year	$ 123,949	$ 395,997	$ 519,946

The following table presents an aging analysis of loans as of September 30, 2022:

	Mortgage Loans	Commercial Loans	Total
31-60 days past due	$ 285,519	$ -	$ 285,519
61-90 days past due	5,892	-	5,892
91+ days past due	50,352	663,457	713,809
Total past due loans	341,763	663,457	1,005,220
Current	2,034,748	4,141,619	6,176,367
Total loans	$ 2,376,511	$ 4,805,076	$ 7,181,587

There were no loans 91+ days past due and still accruing interest at September 30, 2022.

The Organization classifies loans in each loan category by credit risk exposure. The following tables present the credit risk profile by creditworthiness category as of September 30, 2022. The categories are as follows:

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

Medium: 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 Organization will allow for repayment in full.

Satisfactory: 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.

Watch: 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 watch 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 specifically determined estimate of a loss. Losses are recognized as they become apparent.

On a quarterly basis, or more often if needed, the Organization formally reviews the ratings on all commercial and mortgage loans.

The following table presents an analysis of loans by risk rating (excluding forgivable loans) as of September 30, 2022:

	Mortgage Loans	Commercial Loans	Total
Low	$ 913,530	$ 1,047,772	$ 1,961,302
Medium	215,880	1,722,100	1,937,980
Satisfactory	741,986	1,115,627	1,857,613
Watch	462,264	170,839	633,103
Doubtful	-	663,457	663,457
Loss	42,851	85,281	128,132
Total loans	$ 2,376,511	$ 4,805,076	$ 7,181,587

There were no loans committed, but not yet disbursed, at September 30, 2022.

4. Deferred Loans Receivable and Deferred Second Mortgages

Deferred loans receivable represent home mortgage loans provided for properties that have been renovated and sold by the Organization, as well as second mortgages to assist people in meeting their mortgage needs. Balances receivable by the Organization under these agreements amounted to $187,368 at September 30, 2022. Relative to these loans, the Organization has established an ALL of $22,000 at September 30, 2022. Additionally, the Organization is party to certain second mortgages issued to eligible homeowners. Under these agreements, repayment by the homeowner occurs only upon the non-fulfillment of certain restrictions in the future. Furthermore, any such repayments received by the Organization are immediately repayable to the funder who initially provided these monies. Accordingly, as the Organization is the administrative agency, no assets or liabilities associated with these instruments are presented within the Organization's financial statements. The balances of such deferred second mortgages amounted to $596,390 at September 30, 2022.

5. Investments in Securities

Fair Value Measurement

FASB ASC Topic 820, *Fair Value Measurement*, 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:

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

Level 2 - Inputs to the valuation methodology 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of September 30, 2022:

	Level 1	Level 2	Level 3	Total
U.S. government agency securities	$ 42,917	$ -	$ -	$ 42,917
Totals	$ 42,917	$ -	$ -	$ 42,917

6. Due to Parent

The Organization has common Governing Board members with CCI. Separately available consolidated financial statements have been issued that include all transactions of both organizations, with significant interorganizational transactions and accounts eliminated. The financial statements of the Organization include an amount of $627,116 due to the CCI consolidated entity.

The Organization incurred expenses from CCI of $794,258 for the use of CCI's shared employees and other resources for the year ended September 30, 2022. In 2022, the Organization shared indirect costs with CCI. These costs totaled $134,280 for the year ended September 30, 2022.

7. Borrowings

At September 30, 2022, long-term debt consisted of the following:

Note payable to William Caspar Graustain Memorial Fund in the amount of \$100,000, interest of 2%, due in a single balloon payment on August 31, 2023.	\$ 100,000
Note payable to a bank, interest rates ranging from 5.14% to 5.93%, payable in installments of interest and principal tied to repayment of certain notes receivable; collateralized by loan pool assets, expiring March 2023, unless renewed.	177,830
Note payable to USDA Rural Business-Cooperative Service, payable in monthly installments of \$3,900, including interest at a fixed rate of 1%; collateralized by loan pool assets, due in full October 2024.	124,462
Note payable to USDA Rural Business-Cooperative Service, interest at 1%, payable in monthly principal and interest payments of \$3,780 through December 2025; collateralized by loan pool assets.	164,034
Note payable to USDA Rural Business-Cooperative Service, interest at 1%, payable in monthly principal and interest payments of \$1,826 through December 2034; collateralized by loan pool assets.	257,402
Note payable to a bank, floating interest based on lender's mortgage portfolio rate as adjusted from time-to-time, payable in installments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, to be renewed annually.	67,823
Note payable to a bank, interest at 4%; collateralized by loan pool assets, periodic payments of principal and interest to be made from loan pool repayments. Expires March 31, 2023 unless renewed.	153,510
Revolving loan payable to a bank, borrowing limit of \$500,000, interest at 4.25%, monthly payments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, expiring March 31, 2023 unless renewed.	28,555
Note payable to a bank, interest at 2%, due in full June 25, 2025; collateralized by loan pool assets. Interest only payments are to be made annually on the anniversary date of the note.	50,000

Note payable to USDA RMAP, borrowing limit of $500,000. Interest at 2% per annum from the date funds are advanced; collateralized by deposits and notes receivable. Principal and interest payments of $2,808 beginning in March 2014, for 217 consecutive monthly payments, with any remaining balance due in March 2032.	$ 286,720
Notes payable to a not-for-profit organization in the amount of $75,000 and $70,000, fixed interest rate of 2.5%, all principal of the notes shall be due and payable in full in December 2024; collateralized by notes receivable.	145,000
Note payable to SBA in the amount of $1,000,000, payable with interest at 1.625% maturing August 2024 in monthly installments of $9,800, including principal and interest; collateralized by deposits and notes receivable.	216,689
Line of credit to establish a lending pool with a bank in the amount of $500,000, bearing interest at the Federal Home Loan Bank of Boston five-year classic rate, plus 2% (6.25% as of September 30, 2022). Repayment terms based on repayment of underlying notes receivable. The line expires on April 4, 2023 unless renewed; collateralized by deposits and notes receivable.	228,788
Line of credit to establish a lending pool with a bank in the amount of $4,000,000, bearing interest at the Federal Home Loan Bank of Boston amortized 5/20 CDA rate, plus 2% (6.16% as of September 30, 2022). Repayment terms based on repayment of underlying notes receivable. The line expires on August 10, 2023 unless renewed; collateralized by notes receivable.	850,438
Note payable to the Federal Home Loan Bank of Boston, interest at 3.23%, payable in monthly principal and interest payments of $167 through December 1, 2036, at which date the remaining principal balance shall become due in full.	36,190
Note payable to the Federal Home Loan Bank of Boston, interest at 3.36%, payable in monthly principal and interest payments of $403 through February 2, 2037, at which date the remaining principal balance shall become due in full.	77,462
Note payable to SBA, interest at the fixed rate of 2%, less a buy down of 1.25% through the twelfth month, at which point interest is re-evaluated, due in monthly installments of principal and interest totaling $7,407, commencing August 2018 through August 2027, at which date the loan is due in full; collateralized by notes receivable.	443,346

Revolving loan payable to a bank, interest at the fixed rate of 4%, due in full in March 2023 unless renewed; collateralized by assignment of certain loans and guaranteed by CCI.	$ 180,611
Revolving loan payable to a bank, interest at the fixed rate of 4% for 12 months. Thereafter, the loan shall be fixed in successive 12-month intervals at the FHLBB 5-year advance rate, plus 1.5% (5.75% as of September 30, 2022). Monthly payments of interest only, principal due in full in March 2023 unless renewed; collateralized by certain notes receivable and guaranteed by CCI.	78,586
Revolving loan payable to a bank, interest at the rate of 4.06%, due in monthly installments of principal and interest totaling $1,218 through February 2023, at which date the remaining principal balance shall be due in full; guaranteed by CCI.	71,016
Note payable to the Sandy River Charitable Foundation in the amount of $250,000, interest at 2%, unsecured note, due in full in May 2023. Interest only payments are to be made annually on the anniversary date of the note.	250,000
Note payable to establish a lending pool with a bank, bearing interest at the Federal Home Loan Bank of Boston community development rate, plus 2% (6.16% as of September 30, 2022). Repayment terms based on repayment of underlying notes receivable. Collateralized by notes receivable.	534,987
Note payable to SBA, interest at the fixed rate of 0.5%, due in monthly installments of principal and interest totaling $9,259 commencing January 2021 through March 2030, at which date the loan is due in full; collateralized by notes receivable.	826,102
Subtotal	5,349,551
Less current portion	(3,372,724)
Long-term debt, net of current portion	$ 1,976,827

Maturities on long-term debt are as follows:

2023	$ 3,372,724
2024	680,463
2025	206,599
2026	164,176
2027	196,474
Thereafter	729,115
Total	$ 5,349,551

8. Other Long-Term Liabilities and Special Financing

Other long-term liabilities consist of funds provided to the Organization under the terms of several "equity-equivalent" (so-called "EQ2") agreements from local banks. Such instruments possess characteristics both of equity as well as of debt, and have been provided to the Organization as a means of funding current and future lending activities. While such instruments are evidenced by agreements calling for the repayment of advanced funds to the issuer and bear interest at varying rates, the Organization's repayment obligations are deeply subordinated to substantially all other obligations it carries. Rates vary from a variable interest rate equal to Prime less 1.25% (5% at September 30, 2022), to a fixed interest rate equal to the FHLBB Classic Advance Rate, plus 1% at the time of the advance. The variable rate applies to $2,000,000 of the liability. Moreover, these agreements provide for indefinite or rolling maturities, thus rendering them similar in some respects to equity financing. Accordingly, the Organization has recorded its current outstanding balances provided under these arrangements as a separate component of non-current liabilities within the statements of financial position. The balance is due in full on September 24, 2025. Such balances amounted to $2,100,000 at September 30, 2022.

9. Retirement Plan

The Organization participates in a defined contribution retirement plan as authorized by Code Section 403(b). The Organization contributes an amount equal to 2% of the employee's compensation after the completion of two years of continuous service. A year of service for the purpose of eligibility to participate in the plan is the 12-month period beginning on the employee's date of employment and the 12-month period beginning on the anniversary date of the employee's employment, in which the employee is credited with at least 1,000 hours of service. The Organization also matches dollar-for-dollar the amount of voluntary contributions employees make to the plan, on a monthly basis, up to an additional 4% of the employee's compensation, after completion of two years of service. Employees are eligible to participate in the plan when they reach 21 years of age. Additionally, employees are vested 100% upon becoming a participant of the plan. Retirement plan expense for the years ended September 30, 2022 totaled $25,625.

10. Commitments and Contingencies

Government Grants

The Organization participates in various governmental grant programs which may be subject to future program compliance audits by grantors or their representatives. Accordingly, the Organization's 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.

Concentrations of Credit Risk Arising From Uninsured Cash Deposits

The Organization maintains its cash balances in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk from cash and cash equivalents.

Contingency

The Organization may be involved in various claims or legal actions arising in the ordinary course of business. The ultimate disposition of any such matters is indeterminable, but in the opinion of management, the amount of any potential liabilities would not have a significant impact on the Organization's financial condition.

11. Donor Restrictions and Limitations of Net Asset Balances

Net assets with donor restrictions consisted of the following at September 30, 2022:

Subject to expenditure for specific purpose:	
Revolving and expendable lending pools and programs	$ 3,859,465
Nonlending program purposes and activities	309,344
Total net assets subject to expenditure for specific purpose	4,168,809
Not subject to expenditure:	
Perpetual revolving small business and other lending pools	228,879
Total net assets not subject to expenditure	228,879
Total net assets with donor restrictions	$ 4,397,688

12. Liquidity and Availability of Financial Assets

Financial assets and liquid 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, 2022:

Cash and cash equivalents	$ 2,093,949
Accounts and grants receivable, net	250,867
Less donor restricted funds	(309,344)
Total financial assets available at year end for current use for general expenditure	$ 2,035,472

The Organization manages its 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 that long-term obligations will be discharged.

The Organization has a liquidity policy that maintains current financial assets, less current liabilities at a minimum of 30 days operating expenses. The Organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended September 30, 2022, the level of liquidity and reserves was managed within the policy requirements.

13. Financial Instruments with Off-Statement of Financial Position Risk

The Organization is a party to credit-related financial instruments with off-statement of financial position risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and lines of credit. Such commitments involve, to varying degrees, elements of credit, and interest rate risk in excess of the amount recognized in the statements of financial condition.

The Organization's exposure to credit loss is represented by the contractual amount of these commitments. The Organization follows the same credit policies in making commitments as it does for on-statement of financial position instruments.

At September 30, 2022, the following financial instruments were outstanding whose contract amounts represent credit risk:

Unadvanced commitments under letters of credit	$ 100,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Organization, is based on management's credit evaluation of the customer.

SUPPLEMENTARY INFORMATION

COMMUNITY CONCEPTS FINANCE CORPORATION

Supplementary Schedule of Federal Expenditures

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program title	Federal AL Number	Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Programs:			
Intermediary Relending Program (a)	10.767	N/A	$ 883,261
Rural Microentrepreneur Assistance Program	10.870	N/A	37,817
Rural Microentrepreneur Assistance Program (a)	10.870	N/A	317,839
Total AL Number 10.870:			355,656
Total U.S. Department of Agriculture:			1,238,917
U.S. Department of Homeland Security			
Passed through: United Way			
Emergency Food and Shelter National Board Program	97.024	N/A	15,530
Total U.S. Department of Homeland Security:			15,530
U.S. Department of Treasury			
Passed through: NeighborWorks America			
Neighborworks	21.000	N/A	155,274
Total U.S. Department of Treasury:			155,274
U.S. Election Assistance Commission			
Direct Programs:			
Northern Border Regional Development	90.601	N/A	14,698
Total U.S. Election Assistance Commission:			14,698
U.S. Small Business Administration			
Direct Programs:			
Microloan Program (a)	59.046	N/A	1,802,178
Microloan Program	59.046	N/A	390,512
Total AL Number 59.046:			2,192,690
Total U.S. Small Business Administration:			2,192,690
Total Expenditures of Federal Awards:			$ 3,617,109

(a) Outstanding loan, balances include beginning of year outstanding balances and current year disbursements