Community Concepts, Incorporated and its Affiliates

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 30, 2024 and 2023

With Independent Auditor's Report

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Financial Statements

September 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Concepts, Incorporated and its Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Community Concepts, Incorporated and its Affiliates (the Organization), which comprise the consolidated statement of financial position as of September 30, 2024 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2024, and the consolidated changes in their net assets and their 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 Consolidated 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.

Prior Period Financial Statements

The consolidated financial statements of the Organization as of September 30, 2023 were audited by Berry, Dunn, McNeil & Parker, LLC whose report dated April 19, 2024 expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and related guidance as amended, during the year ended September 30, 2024. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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 consolidated 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 consolidated 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 consolidated 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.

The Board of Directors
Community Concepts, Incorporated and its Affiliates

Report on Supplementary Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and activities of the individual entities, and are 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. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDMP Assurance, LLP

Bangor, Maine
March 27, 2025

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Financial Position

September 30, 2024 and 2023

ASSETS

	2024	2023
Continuing operations		
Current assets		
Cash and cash equivalents	**$ 5,995,552**	$ 10,133,874
Accounts and grants receivable	**3,056,819**	2,536,858
Loans receivable, current portion	**1,918,702**	1,494,237
Prepaid expenses	**826,953**	334,900
Inventories – real estate for resale	**503,066**	522,890
Total current assets – continuing operations	**12,301,092**	15,022,759
Property and equipment		
Land	**2,759,433**	2,652,652
Buildings and improvements	**19,231,799**	17,510,800
Equipment	**1,855,045**	1,798,957
Vehicles	**1,142,080**	1,027,111
	24,988,357	22,989,520
Less accumulated depreciation	**(12,653,461)**	(11,837,050)
Net property and equipment – continuing operations	**12,334,896**	11,152,470
Other assets		
Restricted cash and cash equivalents	**3,126,406**	2,488,903
Loans receivable, noncurrent portion, net of allowance	**6,517,779**	6,482,928
Other assets	**90,977**	1,243,674
Deferred loans receivable	**209,368**	187,368
Investments	**4,285,062**	-
Right-of-use assets, net – finance leases	**35,966**	65,994
Right-of-use assets, net – operating leases	**235,019**	307,624
Investment in limited partnerships	**306,911**	307,869
Total other assets – continuing operations	**14,807,488**	11,084,360
Total assets – continuing operations	**39,443,476**	37,259,589
Discontinued operations		
Total assets	**-**	63,259
Total assets	**$ 39,443,476**	$ 37,322,848

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

LIABILITIES AND NET ASSETS

	2024	2023
Continuing operations		
Current liabilities		
Current portion of long-term debt	**$ 5,383,591**	$ 2,744,245
Current portion of lease liabilities – finance	**25,299**	29,677
Current portion of lease liabilities – operating	**106,119**	94,396
Accounts payable	**476,624**	590,822
Accrued expenses	**2,403,100**	2,286,043
Deferred revenue	**3,806,361**	4,056,654
Other current liabilities	**2,100,000**	-
Security deposits and other reserves	**152,390**	114,919
Total current liabilities – continuing operations	**14,453,484**	9,916,756
Noncurrent liabilities		
Long-term debt, net of current portion and deferred financing fees	**8,804,908**	11,160,705
Lease liabilities – finance, net of current portion	**10,428**	35,728
Lease liabilities – operating, net of current portion	**129,412**	214,007
Other long-term liabilities	**-**	2,100,000
Accrued long-term reserves and losses	**3,396**	3,396
Total noncurrent liabilities – continuing operations	**8,948,144**	13,513,836
Total liabilities – continuing operations	**23,401,628**	23,430,592
Discontinued operations		
Total liabilities – discontinued operations	**-**	24,341
Total liabilities	**23,401,628**	23,454,933
Net assets		
Without donor restrictions		
Undesignated	**7,004,199**	6,236,474
Net investment in property and equipment	**3,999,479**	2,608,716
Total net assets without donor restrictions	**11,003,678**	8,845,190
With donor restrictions	**5,038,170**	5,022,725
Total net assets	**16,041,848**	13,867,915
Total liabilities and net assets	**$ 39,443,476**	$ 37,322,848

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Activities

Years Ended September 30, 2024 and 2023

	2024	2023
Net assets without donor restrictions		
Support, revenue, and net assets released – continuing operations		
Grants and contracts	**$ 21,747,454**	$ 24,048,661
Program Service Fees	**3,303,391**	2,367,192
Rental income	**1,920,654**	1,129,267
Interest income	**977,304**	648,393
In-kind contributions	**1,748,555**	1,292,002
Contribution of affiliates	**2,036,063**	2,111,608
Employee retention tax credit	**-**	2,308,424
Other income	**1,865,174**	1,343,134
Net assets released from restrictions	**414,332**	307,144
Total support, revenue, and net assets released – continuing operations	**34,012,927**	35,555,825
Expenses – continuing operations		
Program services		
Housing and energy	**7,478,964**	9,705,127
Customer service	**3,551,864**	2,301,818
Children's services	**9,482,584**	7,670,686
Behavioral health	**1,223,125**	-
Finance corporation	**2,392,541**	1,861,391
Property management	**3,001,478**	2,114,768
Other	**2,339,507**	5,672,831
Total program services – continuing operations	**29,470,063**	29,326,621
Management and general	**2,538,113**	2,436,098
Fundraising	**165,773**	172,594
Total expenses – continuing operations	**32,173,949**	31,935,313
Change in net assets from operating activities – continuing operations	**1,838,978**	3,620,512
Gain (loss) from discontinued operations	**556,082**	(25,519)
Change in net assets without donor restrictions	**2,395,060**	3,594,993
Net assets with donor restrictions		
Contributions	**362,562**	56,788
Interest income	**67,215**	83,974
Net assets released from restrictions	**(414,332)**	(307,144)
Change in net assets with donor restrictions	**15,445**	(166,382)
Change in net assets	**2,410,505**	3,428,611
Net assets at beginning of year as previously presented	**13,867,915**	10,439,304
Impact of adoption of Accounting Standards Update 2016-13	**(236,572)**	-
Net assets at beginning of year as restated	**13,631,343**	10,439,304
Net assets at end of year	**$ 16,041,848**	$ 13,867,915

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

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services											
	Housing and Energy	Customer Service	Children's Services	Behavioral Health	Finance Corporation	Property Management	Partnership Property Management	Other	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,036,262	$ 1,887,721	$ 4,518,407	$ 700,491	$ 720,943	$ 507,249	$ 128,014	$ 652,173	$ 10,151,260	$ 1,248,642	$ 72,591	$ 11,472,493
Payroll taxes and benefits	408,671	755,542	1,605,481	142,245	260,146	194,038	53,328	191,266	3,610,717	380,166	15,421	4,006,304
Total personnel expenses	1,444,933	2,643,263	6,123,888	842,736	981,089	701,287	181,342	843,439	13,761,977	1,628,808	88,012	15,478,797
Direct client benefits	5,456,080	193,063	423,078	-	544,070	215,388	115,934	127,665	7,075,278	5,646	3,917	7,084,841
Contractual consultants	34,902	38,362	47,488	9,561	133,024	120,328	378,724	386,654	1,149,043	88,395	-	1,237,438
Travel	9,659	77,777	65,385	18,464	18,589	874	1,472	30,520	222,740	30,742	2,779	256,261
Occupancy	-	-	27,903	40,954	-	250,871	414,784	323,201	1,057,713	5	-	1,057,718
Supplies	8,265	30,785	59,522	40,338	4,606	8,192	4,604	87,011	243,323	22,430	2,173	267,926
Information technology and communication	133,810	258,593	308,582	53,874	144,224	44,533	50,445	32,442	1,026,503	229,207	16,286	1,271,996
Equipment expense	9,866	3,282	1,218	6,985	24,114	-	-	23,972	69,437	1,385	-	70,822
Vehicle operations	113,214	31	12,423	1,922	-	70,592	639	700	199,521	217	-	199,738
Other services	59,846	105,584	223,534	-	82,214	81,669	245,160	123,700	921,707	156,012	4,357	1,082,076
Insurance	7,627	-	3,994	7,170	1,490	89,668	130,217	3,071	243,237	121,111	-	364,348
Dues and subscriptions	1,250	13,113	7,660	-	11,961	255	500	18,765	53,504	38,673	3,243	95,420
Employee training and education	28,679	8,036	81,752	-	9,002	4,273	90	53,092	184,924	22,262	1,565	208,751
Interest expense	332	-	-	-	365,103	127,009	51,760	16,710	560,914	-	-	560,914
Donated services	-	100	1,646,869	-	2,817	-	5,434	93,335	1,748,555	-	-	1,748,555
Advertising	-	-	158	-	1,375	-	-	10,307	11,840	8,270	6,361	26,471
Allocated property management	117,089	178,518	444,095	-	51,680	(984,427)	12,351	12,484	(168,210)	154,454	13,756	-
Miscellaneous	5,022	1,357	5,035	172,829	17,183	8,914	49,469	31,077	290,886	30,496	23,324	344,706
Depreciation	48,390	-	-	28,292	-	219,515	399,612	121,362	817,171	-	-	817,171
Total expenses	7,478,964	3,551,864	9,482,584	1,223,125	2,392,541	958,941	2,042,537	2,339,507	29,470,063	2,538,113	165,773	32,173,949
Indirect costs allocated to programs	242,138	405,329	896,203	28,758	173,608	45,605	20,956	243,387	2,055,984	(2,075,221)	19,237	-
Total expenses after indirect cost allocations	$ 7,721,102	$ 3,957,193	$ 10,378,787	$ 1,251,883	$ 2,566,149	$ 1,004,546	$ 2,063,493	$ 2,582,894	$ 31,526,047	$ 462,892	$ 185,010	$ 32,173,949

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

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services										
	Housing and Energy	Customer Service	Children's Services	Finance Corporation	Property Management	Partnership Property Management	Other	Total Program Services	Management and General	Fundraising	Total – Continuing Operations
Salaries and wages	$ 1,606,526	$ 1,282,021	$ 3,656,391	$ 753,277	$ 343,602	$ 112,642	$ 979,404	$ 8,733,863	$ 1,311,475	$ 90,464	$ 10,135,802
Payroll taxes and benefits	526,060	465,468	1,271,379	251,838	116,252	30,977	290,536	2,952,510	352,833	16,196	3,321,539
Total personnel expenses	2,132,586	1,747,489	4,927,770	1,005,115	459,854	143,619	1,269,940	11,686,373	1,664,308	106,660	13,457,341
Direct client benefits	6,891,218	73,573	331,982	224,778	227,208	12,842	3,208,108	10,969,709	306	521	10,970,536
Contractual consultants	24,907	5,860	41,401	27,564	89	186,444	354,499	640,764	54,765	-	695,529
Travel	11,635	55,444	54,088	7,975	239	269	18,136	147,786	23,193	923	171,902
Occupancy	-	6,107	14,226	175	162,267	811,866	263,087	1,257,728	-	-	1,257,728
Supplies	9,664	13,734	5,384	7,979	194	23,741	120,600	181,296	12,340	962	194,598
Information technology and communication	229,831	251,336	294,464	142,431	8,397	71,001	69,158	1,066,618	175,143	15,395	1,257,156
Equipment expense	25,978	1,860	18,496	49,423	-	-	7,051	102,808	2,144	190	105,142
Vehicle operations	80,992	443	7,964	-	71,731	-	2,278	163,408	68	-	163,476
Other services	31,202	77,371	261,152	86,156	7,202	133,596	136,224	732,903	124,028	5,376	862,307
Insurance	8,749	-	3,817	1,126	51,314	-	-	65,006	118,574	-	183,580
Dues and subscriptions	1,400	1,337	5,234	3,585	299	-	1,336	13,191	30,410	5,079	48,680
Employee training and education	19,098	10,847	82,320	4,067	4,935	699	8,517	130,483	24,476	599	155,558
Interest expense	8,457	-	-	224,407	129,406	20,736	4,726	387,732	-	-	387,732
Donated services	638	-	1,188,808	3,549	-	7,844	89,884	1,290,723	-	1,278	1,292,001
Advertising	-	100	1,057	5,778	-	-	-	6,935	8,980	11,073	26,988
Allocated property management	171,994	51,634	426,285	57,634	(934,034)	-	46,495	(179,992)	167,289	12,703	-
Miscellaneous	9,756	4,683	6,238	9,649	374	8,004	11,780	50,484	30,074	11,835	92,393
Depreciation	47,022	-	-	-	151,158	353,474	61,012	612,666	-	-	612,666
Total expenses	9,705,127	2,301,818	7,670,686	1,861,391	340,633	1,774,135	5,672,831	29,326,621	2,436,098	172,594	31,935,313
Indirect costs allocated to programs	324,135	251,792	694,755	158,636	22,133	4,185	218,673	1,674,309	(1,693,547)	19,238	-
Total expenses after indirect cost allocations	$ 10,029,262	$ 2,553,610	$ 8,365,441	$ 2,020,027	$ 362,766	$ 1,778,320	$ 5,891,504	$ 31,000,930	$ 742,551	$ 191,832	$ 31,935,313

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

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	**$ 2,410,505**	$ 3,428,611
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	**817,171**	612,666
Impact of adoption of Accounting Standards Update 2016-13	**(236,572)**	-
Cash acquired in acquisition of affiliate	**(458,296)**	(1,777,418)
Forgiveness of debt	**(114,890)**	-
Investment loss from limited partnerships	**958**	125,557
Realized and unrealized gains on investment	**(407,874)**	-
Provision for credit losses	**374,866**	116,338
Amortization of right-of-use assets – operating leases	**(267)**	779
Amortization of right-of-use assets – finance leases	**30,028**	32,208
Proceeds from sale of discontinued operations	**(595,000)**	-
Noncash contributions of affiliate	**(1,577,767)**	(334,190)
(Increase) decrease in		
Accounts and grants receivable	**(519,961)**	1,105,509
Prepaid expenses	**(492,053)**	(174,359)
Inventories - real estate for resale	**19,824**	(23,912)
Development fees receivable	**-**	59,847
Other assets	**1,188,207**	(714,542)
Increase (decrease) in		
Accounts payable	**(214,467)**	(359,496)
Accrued expenses	**117,057**	(25,093)
Deferred revenue	**(250,293)**	(2,386,925)
Security deposits and other reserves	**37,471**	9,295
Net cash provided (used) by operating activities from continuing operations	**128,647**	(305,125)
Net cash provided by operating activities from discontinued operations	**38,918**	155,647
Net cash provided (used) by operating activities	**167,565**	(149,478)
Cash flows from investing activities		
Cash acquired in acquisition of affiliate	**458,296**	1,777,418
Purchases of investments	**(3,926,275)**	-
Redemption of investments	**49,087**	-
Revolving loans disbursed	**(2,199,162)**	(2,640,768)
Revolving loans repaid	**1,342,980**	1,208,906
Proceeds from sale of property and equipment	**595,000**	195,465
Redemption of investment securities	**20,862**	22,738
Purchases of property and equipment	**(377,933)**	(162,468)
Net cash (used) provided by investing activities	**(4,037,145)**	401,291
Cash flows from financing activities		
Proceeds from issuance of long-term debt	**2,107,651**	1,926,804
Repayment of long-term debt	**(1,709,212)**	(2,346,420)
Principal payments on lease liabilities – finance	**(29,678)**	(32,797)
Net cash provided (used) by financing activities	**368,761**	(452,413)
Net decrease in cash and cash equivalents	**(3,500,819)**	(200,600)
Cash and cash equivalents, beginning of year	**12,622,777**	12,823,377
Cash and cash equivalents, end of year	**$ 9,121,958**	$ 12,622,777
Composition of cash and cash equivalents		
Unrestricted cash and cash equivalents	**$ 5,995,552**	$ 10,133,874
Restricted cash and cash equivalents	**3,126,406**	2,488,903
Cash and cash equivalents, end of year	**$ 9,121,958**	$ 12,622,777
Supplemental cash flow disclosures:		
Cash paid for interest	**$ 318,821**	$ 262,673

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

1. Nature of Activities

Description of Purpose

Community Concepts, Incorporated (CCI) was incorporated in the State of Maine as a nonprofit organization for the purpose of providing a focal point for anti-poverty and other social service efforts primarily throughout Oxford, Franklin, and Androscoggin Counties. Together with the Affiliates (described below), the reporting entity is referred to as the Organization.

Housing and Energy

This program provides eligible families with home repair and energy services including heating repair and replacement programs, lead inspection and construction services, several energy saving programs to include weatherization and indoor air quality programs. Additionally, the program helps new homeowners build and own their homes through the Self-Help Housing program.

This program also includes the Low-Income Heating Assistance Program which provides heat to low income families. The emergency food program distributes food to area food pantries. Another program, Low-Income Home Energy Assistance, qualifies thousands of families for heating cost assistance through the Maine State Housing Authority and can directly address emergency heating needs on a limited basis.

Customer Service

Customer Service is instrumental in driving a positive customer experience through all client interactions with department staff. This work includes intake for the HEAP program, providing client wrap around supports through whole family coaching supports, as well as fuel assistance.

Children's Services

This program serves preschool children with Head Start and Early Head Start services at a variety of locations throughout Oxford and Franklin counties. It also provides center day care and support for home day care providers.

Behavioral Health

This program provides a peer recovery center, crisis response, residential care, dialectical behavior therapy, adult and child behavioral health home services, and outpatient therapy. It promotes community wellness and empowers individuals by providing innovative, person-centered behavioral health services and education.

Finance Corporation

CCI's affiliate, Community Concepts Finance Corporation (CCFC), 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.

Property Management

This program is responsible for maintaining all Organization sites and nearly 200 units of affordable rentals. Services are also contracted to property owners who need management services.

Other

This functional area includes various services funded via municipal and county funding. Also included here is the Maine Resiliency Center (MRC), which was established in response to the tragic events of October 25, 2023, to provide long-term support and resources for those impacted. Funded through grassroots efforts by the City of Lewiston and additional grants, MRC serves as a vital hub for individuals, families, and first responders, offering trauma-informed services, community programming, and peer support. As part of CCI, MRC collaborates with local organizations to ensure access to mental health care, financial assistance, and resilience-building initiatives, fostering healing and recovery across the region.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Principle

On October 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments).

The Organization adopted Topic 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after October 1, 2023 are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP. The Organization recognized a decrease in net assets of $236,572 as of October 1, 2023 for the cumulative effect of adopting Topic 326. The transition adjustment includes an increase of $258,572 to the allowance for loan losses (now called the ACL on loans) and a decrease of $22,000 to remove the allowance for deferred loans receivable.

	As Reported Under Topic 326	Pre-Topic 326 Adoption	Impact of Topic 326 Adoption
Loans:			
Business – Exceptions, Discontinued Products, and Non-conforming to current policy	$ 587,056	$ 587,056	$ -
Business – No Grant associated with Funding for TA	3,965,337	3,965,337	-
Business – SBA, RMAP and other technical assistance (TA) Grants	610,892	610,892	-
Residential - Mobile Homes, Home Improvement & Down Payment Assistance	779,952	779,952	-
Residential – Purchase & Refinance	2,663,458	2,663,458	-
Allowance for credit losses on loans	888,102	629,530	258,572

In March 2022, the Financial Accounting Standards Board (FASB) issued ASU 2022-02, *Financial Instruments – Credit Losses* (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*. The amendments in the Update eliminate the existing accounting guidance for troubled debt restructures (TDRs) by creditors in Subtopic 310-40, *Receivables – Troubled Debt Restructurings by Creditors*, and instead requires that an entity evaluate whether a modification represents a new loan or a continuation of an existing loan. The amendments also enhance disclosure requirements for certain loan refinancing and restructuring by creditors when a borrower is experiencing financial difficulty. Adoption of this ASU did not have a material impact on the financial statements of the Organization.

Basis of Presentation

The consolidated 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.

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.

Consolidated Financial Statements

In accordance with U.S. GAAP for not-for-profit organizations, CCI must consolidate with its own financial statements the financial results and positions of the following organizations, the Affiliates, which are, with CCI, subject to common control.

- CCFC is an organization whose purpose is to encourage, stimulate, and promote housing development and homeownership and business development primarily in, but not limited to, Western Maine.
- Community Concepts Development Corporation (CCDC) is an organization whose purpose is to serve as the general and managing partner for any new housing limited partnerships (LPs) formed in 2003 and beyond.
- Community Concepts Housing Corporation (CCHC) is a for-profit corporation formed to serve as a general partner in an LP undertaking a low-income housing project in Lewiston.
- Lewiston Auburn Community Housing (LACH) was incorporated in 2005 to obtain financing for, and otherwise assist in the development of, low-income housing opportunities in the Lewiston-Auburn area.

For each of these affiliates, members of their Boards of Directors are also members of the Board of Directors of CCI and activities are directed under shared management. Transactions and balances among the various entities have been eliminated in the consolidated financial statements.

LACH is the sole shareholder of LACH Development, Inc. which has been consolidated within the financial position, results of operations, and cash flows reported for LACH within the consolidated financial statements.

In addition to the affiliated entities previously mentioned, CCI holds 100% ownership interest in Mount David Housing, Inc. (Mt. David), Stony Brook Housing, Inc. (Stony Brook), and Mount Blue Housing Inc. (Mt. Blue), U.S. Department of Housing and Urban Development (HUD) projects. These organizations have been consolidated within the financial position, results of operations, and cash flows reported for CCI within the consolidated financial statements.

In addition to the affiliated entities previously mentioned, CCDC wholly owns Maple Street Housing, Supportive Housing, Oxford Family Apartments, and Bates Street Senior Housing, entities which own and operate housing projects. These organizations have been consolidated within the financial position, results of operations, and cash flows reported for CCDC within the consolidated financial statements.

During the year ended September 30, 2023, the Organization became the sole member of Oxford County Mental Health (OCMH). OCMH has been consolidated within the financial position, results of operations, and cash flows reported for CCI within the consolidated financial statements. The net impact of the contribution of OCMH is presented as contribution of affiliate on the consolidated statement of activities for the year ended September 30, 2023.

Income Taxes

CCI, CCFC, CCDC, OCMH, and LACH are each exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to these entities' tax-exempt purposes is subject to taxation as unrelated business income. In addition, the entities qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than private foundations under Section 509(a)(1) of the Code. CCHC is not recognized as an exempt organization; thus, net income generated by this entity is generally taxable. A provision will be made for such income taxes should taxable income exceed an immaterial amount. No provision for taxes on income is made for the partnerships, as all taxable income and losses are allocated to the partners for inclusion on their respective tax returns.

The Organization follows the provisions of FASB Accounting Standards Codification (ASC) Topic 740-10, *Income Taxes - Overall*, including those related to uncertain tax positions. This guidance clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in an entity's financial statements. It also prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. There was no effect on the Organization's consolidated financial statements related to following these provisions, and no interest or penalties related to uncertain tax positions were accrued. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for years ended September 30, 2021 through 2024.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

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 consolidated statements of financial position. The Organization received cost reimbursable grants of $3,806,361, $4,056,654, and $6,443,579 that had not been recognized at September 30, 2024, 2023, and 2022, respectively, because qualifying expenditures had not yet been incurred.

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

Under the Organization's contractual arrangements with the Maine Department of Health and Human Services (DHHS), the Organization provides services to clients for an agreed upon fee. The Organization recognizes revenue for client services in accordance with the provisions of Topic 606.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied over time when services are provided. The Organization measures the performance obligation from when the Organization begins to provide services to a client to the point when they are no longer required to provide services to that client, which is generally at the time of DHHS notification to the Organization.

Each performance obligation is separately identifiable from other promises in the contract with the client and DHHS. As the performance obligations are met (i.e., day of services), revenue is recognized based on allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative standalone selling price.

Because all of its performance obligations relate to short-term contracts, the Organization has elected to apply the optional exemption provided in Topic 606, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Program service fee revenue by payor is as follows:

	2024	2023
Clients through sale of property	**$ 903,500**	$ 1,571,400
Private fees	**572,130**	398,981
Other	**1,827,761**	396,811
Net program service fee revenue	**$ 3,303,391**	$ 2,367,192

Accounts and grants receivable related to exchange transactions were $256,766, $119,144, and $118,347 as of September 30, 2024, 2023, and 2022, respectively.

Cash and Cash Equivalents

For purposes of the consolidated 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. Management provides for probable uncollectible accounts after considering each category of receivable individually and estimates an allowance for expected credit losses according to the nature of the receivable. Allowances for expected credit losses are estimated from historical performance and projected trends. Balances that are still outstanding are written off after management has used reasonable collection efforts. At September 30, 2024 and 2023, management deemed an allowance for expected credit losses was not necessary as credit losses have historically been insignificant in dollar amount and frequency.

Inventories

Inventories consist of real estate held for resale, as a result of collateral obtained through foreclosure. Real estate held for resale is valued at the lower of cost or net realizable value, plus various housing projects' work in process and the cost of improvements necessary to prepare the real estate for sale.

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.

Right-of-Use Assets and Lease Liabilities

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office buildings and other assets. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease agreement.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. U.S. GAAP requires the use of the implicit rate in the lease when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the treasury bill rate for a term comparable to the life of the lease based on the information available at the commencement date to determine the present value of lease payments. This rate represents one which would be incurred to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments over a similar term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Fixed, or in-substance fixed, payments on finance leases are recognized using the effective interest method. Variable lease expenses that are not considered fixed, or in-substance fixed, are recognized as incurred. Finance lease right-of-use asset amortization and interest costs are recorded within depreciation and amortization and interest, respectively, in the consolidated statement of activities.

<u>Loans Receivable</u>

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 credit losses (ACL). Direct loan origination costs have not been capitalized as the amount would be immaterial.

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 $325,323 and $1,342,416 at September 30, 2024 and 2023, respectively.

<u>ACL</u>

The ACL is a valuation account that is deducted from the loans amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management evaluates the appropriateness of the ACL on loans quarterly. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change from period to period.

Due to the nature of the programs under which the Organization makes loans, all loans are considered to have some degree of impairment. During 2024 and 2023, the average balance of impaired loans was $8,866,000 and $7,894,000, respectively.

<u>Methodology</u>

Effective October 1, 2023, management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. A reversion methodology is applied beyond the reasonable and supportable forecasts. Qualitative adjustments are then considered for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors, that may include, but are not limited to, results of internal loan reviews or other events such as a natural disaster.

The Organization uses the weighted average remaining maturity (WARM) method to estimate expected credit losses for all segments. Under the WARM method, the Organization establishes a historical loss rate for each portfolio segment, utilizing either its own historical loss data, peer loss data, or a combination of the two data sources. This historical loss rate is then adjusted for management's reasonable and supportable forecast.

Management has determined that 12 quarters represents a reasonable and supportable forecast period for all portfolio segments and reverts back to its historical loss rate over four quarters on a straight-line basis. This determination is based on the facts and circumstances of the current state of the economy, portfolio segment, and management's judgement of what can be reasonably supported. Management monitors and assesses the forecast and reversion techniques regularly.

The resulting loss rate is then applied to the portfolio segment over its estimated remaining life. A portfolio segment's estimated remaining life is determined by calculating an annual attrition rate on a quarterly basis using the Organization's loan-level data. The estimated remaining life is then calculated as the average of the quarterly annual attrition rates. The principal balance of the portfolio segment is then paid down on a straight-line basis over the estimated remaining life. Any qualitative adjustments, as described above, are then applied to the portfolio segment, to derive the Organization's expected credit losses for the portfolio segment.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. In general, loans individually evaluated for estimated credit losses include those (i) in past due status or (ii) in a workout status with the Organization. Specific reserves are established when appropriate for such loans based on the present value of expected future cash flows of the loan. However, when management determines that foreclosure is probable expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Management may also adjust its assumptions to account for differences between expected and actual losses from period-to-period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of operations and financial condition. The loss estimation models and methods used to determine the ACL are continually refined and enhanced.

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.

Donated Services and In-Kind Contributions

Donated services and in-kind contributions are used by the Organization to satisfy the cost sharing requirements of contracts, including, but not limited to, the U.S. Department of Health and Human Services Head Start and Early Head Start programs. For the years ended September 30, 2024 and 2023, certain services and the use of certain facilities were donated to the Organization. The estimated fair value of these items totaled $1,748,555 and $1,292,002 for the years ended September 30, 2024 and 2023, respectively, and has been reflected in the accompanying consolidated financial statements as in-kind contributions with a like amount included in expenses as donated services. In addition, volunteers provide assistance to the Organization for its Head Start and Early Head Start programs. These services have not been reflected in the accompanying consolidated financial statements as they do not meet the criteria outlined in FASB ASC 958-605, *Revenue Recognition*. For the years ended September 30, 2024 and 2023, the estimated value of these services totaled $619,180 and $349,491, respectively.

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 Organization allocates its expenses on a functional basis among its various functions. 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 consolidated 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 consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Organization. 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 across the agency based on the number of IT tickets and calls to the helpdesk.

Reclassifications

Certain balances in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the current year presentation. Such reclassifications had no impact on the results of operations as previously reported.

Subsequent Events

In accordance with FASB ASC 855-10, *Subsequent Events,* management has evaluated subsequent events for possible recognition or disclosure through March 27, 2025, which is the date these consolidated financial statements were available to be issued. On October 1, 2024, CCI merged with OCMH, becoming one legal entity where the operations of OCMH became a department within CCI.

Forgiveness of Paycheck Protection Program Loan

The Organization received an advance through the Payroll Protection Program provisions of the Coronavirus Aid, Relief, and Economic Security Act. In 2021, the SBA informed the Organization that the $1,759,738 advance was forgiven. The Organization recognized this forgiveness in the year ended September 30, 2020. The PPP loan forgiveness is subject to SBA review for six years from the date of loan forgiveness.

3. Discontinued Operations

During the year ended September 30, 2024, the Organization divested itself of its 130 Oxford Street property. This decision was made based on continued operating losses and cash demands caused by that program. Assets and liabilities related to discontinued operations, were as follows as of September 30, 2023:

Cash and cash equivalents	$ 22,030
Accounts receivable	737
Fixed assets, net of depreciation	40,492
Total assets – discontinued operations	$ 63,259
Accounts payable and accrued expenses	$ 24,341
Total liabilities – discontinued operations	$ 24,341

The operating results of 130 Oxford Street were as follows for the years ended September 30:

	2024	2023
Rental income	**$ 55,456**	$ 69,838
Other income	**10,079**	12
Total revenue	**65,535**	69,850
Salaries and benefits	**3,015**	10,938
Consulting	**8,556**	41,372
Occupancy	**8,116**	31,556
Miscellaneous	**1,684**	11,503
Total expenses	**21,371**	95,369
Gain on sale of property	**511,918**	-
Gain (Loss) from discontinued operations	**$ 556,082**	$ (25,519)

4. 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.

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 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 consolidated statements of financial position, which consists of the following at September 30:

	2024	2023
Loan loss reserve – SBA Microloan Program	**$ 294,079**	$ 293,330
Operating account – SBA Microloan Program	**141,920**	671,396
Loan loss reserve – USDA RMAP	**-**	25,186
Operating account – USDA RMAP	**-**	239,245
Business lending – various	**2,143,634**	712,972
Restricted by donors	**546,773**	546,774
Total restricted cash and cash equivalents	**$ 3,126,406**	$ 2,488,903

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

	2024	2023
Business – Exceptions, Discontinued Products, and Non-conforming to current policy	**$ -**	$ 587,056
Business – No Grant associated with Funding for TA	**3,863,212**	3,965,337
Business – SBA, RMAP and other TA Grants	**702,378**	610,892
Residential – Mobile Homes, Home Improvement & Down Payment Assistance	**1,619,752**	779,952
Residential – Purchase and Refinance	**2,939,328**	2,663,458
Subtotal	**9,124,670**	8,606,695
ACL	**(688,189)**	(629,530)
Loans receivable, net of ACL	**$ 8,436,481**	$ 7,977,165

Activity in the allowance was as follows for the year ended September 30, 2024:

	Mortgage	Commercial	Business – Exceptions, Discontinued Products, and Non-conforming to Current Policy	Business – No Grant Associated with Funding for TA	Residential – Mobile Homes, Home Improvement, & Down Payment Assistance	Residential – Purchase and Refinance	Total
Allowances, beginning of year	$ 258,551	$ 370,979	$ -	$ -	$ -	$ -	$ 629,530
Impact of adoption of Topic 326	(258,551)	(370,979)	146,764	503,865	4,541	232,932	258,572
Provision for (reduction in) loan losses	-	-	428,015	(79,331)	18,113	8,069	374,866
Charge offs	-	-	(574,779)	-	-	-	(574,779)
Allowances, end of year	$ -	$ -	$ -	$ 424,534	$ 22,654	$ 241,001	$ 688,189

Activity in the allowance was as follows for the year ended September 30, 2023:

	Mortgage Loans	Commercial Loans	Total
Allowances, beginning of year	$ 123,949	$ 395,997	$ 519,946
Provision for loan losses	134,602	(18,264)	116,338
Charge offs	-	(6,754)	(6,754)
Allowances, end of year	$ 258,551	$ 370,979	$ 629,530

The following table presents an aging analysis of loans as of September 30, 2024:

	Business – No Grant Associated with Funding for TA	Business – SBA, RMAP, and other TA Grants	Residential – Mobile Homes, Home Improvement, & Down Payment Assistance	Residential – Purchase and Refinance	Total
31-60 days past due	$ -	$ -	$ -	$ 80,189	$ 80,189
61-90 days past due	39,861	-	-	172,937	212,798
91+ days past due	135,323	-	-	190,000	325,323
Total past due loans	175,184	-	-	443,126	618,310
Current	3,688,028	702,378	1,619,752	2,496,202	8,506,360
Total loans	$ 3,863,212	$ 702,378	$ 1,619,752	$ 2,939,328	$ 9,124,670

The following table presents an aging analysis of loans as of September 30, 2023:

	Mortgage Loans	Commercial Loans	Total
31-60 days past due	$ 352,479	$ -	$ 352,479
61-90 days past due	-	-	-
91+ days past due	588,848	753,568	1,342,416
Total past due loans	941,327	753,568	1,694,895
Current	2,497,323	4,414,477	6,911,800
Total loans	$ 3,438,650	$ 5,168,045	$ 8,606,695

There were no loans 91+ days past due that are still accruing interest as of September 30, 2024 and 2023.

The Organization classifies loans in each loan category by credit risk exposure. The following tables present the credit risk profile by credit-worthiness category as of September 30, 2024 and 2023. 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, 2024:

	Business – No Grant Associated with Funding for TA	Business – SBA, RMAP, and other TA Grants	Residential – Mobile Homes, Home Improvement, & Down Payment Assistance	Residential – Purchase and Refinance	Total
Low	$1,634,634	$ 321,692	$ 447,636	$ 758,370	$ 3,162,332
Medium	1,426,877	380,686	685,783	905,454	3,398,800
Satisfactory	626,517	-	8,426	150,009	784,952
Watch	135,323	-	477,907	596,895	1,210,125
Doubtful	39,861	-	-	123,252	163,113
Loss	-	-	-	405,348	405,348
Total loans	$3,863,212	$ 702,378	$ 1,619,752	$ 2,939,328	$ 9,124,670

The following table presents an analysis of loans by risk rating (excluding forgivable loans) as of September 30, 2023:

	Mortgage Loans	Commercial Loans	Total
Low	$ 966,593	$ 991,382	$ 1,957,975
Medium	140,282	1,702,652	1,842,934
Satisfactory	724,251	1,462,000	2,186,251
Watch	1,217,554	18,430	1,235,984
Doubtful	157,605	993,581	1,151,186
Loss	232,365	-	232,365
Total loans	$ 3,438,650	$ 5,168,045	$ 8,606,695

There were no loans committed, but not yet disbursed, at September 30, 2024 and 2023.

Occasionally, the Organization modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL. In some instances, the Organization provides multiple types of concessions on one loan. For the loans included in the "combination" columns in the tables below, multiple types of modifications have been granted on the same loan within the current reporting period. Classification as a combination is those where at least two of the following: a term extension, principal forgiveness, other-than-insignificant payment delay and/or an interest rate reduction have been granted. The following table presents the amortized cost basis of loans on September 30, 2024 that were both experiencing financial difficulty and modified during the year ended September 30, 2024, by class and type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

	Term Extension	Combination	Total Class of Financing Receivable	Total Percentage by Class of Financing Receivable
No Grant Assocated with Funding for TA	$ 236,981	$ 262,520	$ 499,501	13%
Purchase and Refi	-	298,828	298,828	10%
Total	$ 236,981	$ 561,348	$ 798,329	

As of September 30, 2024, there were no commitments to lend additional amounts to the borrowers included in the previous table.

The Organization closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. There was one borrower with a financial difficulty modification that was past due as of September 30, 2024. Additionally, there was one financial difficulty modification loan that had a payment default during the year ended September 30, 2024 that was modified in the 12 months prior to that default. Upon the Organization's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

5. 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 $209,368 at September 30, 2024 and 2023, respectively. The Organization assessed these loans under the requirements of ASC 326 and determined there is no risk of loss, therefore, there is no allowance for credit losses at September 30, 2024. As of September 30, 2023, there was an allowance for loan losses of $22,000. 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 consolidated financial statements. The balances of such deferred second mortgages amounted to $287,400 and $400,093 at September 30, 2024 and 2023, respectively.

6. Investment in LPs and Acquisition of Subsidiaries

The Organization has invested in an LP, in the role of general partner. The purpose of this partnership is to construct and operate residential housing units in Oxford, Androscoggin, and Franklin Counties. The Organization has the following ownership interests in this partnership, accounted for under the equity method:

Partnership Name	General Partner Entity	Ownership %	**Capital Balance 2024**	Capital Balance 2023
Court Street Senior Housing Associates, LP (Court Street Senior Housing)	CCI	1.00 %	**$ 306,911**	$ 307,869

The Organization acts as the general partner for the partnership. In that capacity, the Organization could be liable for any unpaid debts should the partnership financially fail. Although financial reserves are maintained should such an event occur, any amounts above those reserves would become the responsibility of the Organization.

The following is a summary of the most recent financial position and results of operations of Court Street Senior Housing. The information below is for the LP's most recently audited fiscal year-ends, December 31, 2023 and 2022.

	2023	2022
Current assets	$ 8,567	$ 49,563
Other assets	118,849	91,112
Property and equipment, net	176,311	162,349
Total assets	$ 303,727	$ 303,024

	2023	2022
Current liabilities	$ 31,565	$ 20,918
Long-term debt	1,565,646	1,479,768
Total liabilities	1,597,211	1,500,686
Partners' (deficit) capital	(1,293,484)	(1,197,662)
Total liabilities and (deficit) capital	$ 303,727	$ 303,024
Revenue	$ 254,318	$ 253,336
Expenses	350,140	290,884
Partnership net loss	$ (95,822)	$ (37,548)
General partner's share of net loss	$ (958)	$ (375)

Investment in LP consists of the Organization's portion of partner's deficit.

Acquisition of affiliates

During the year ended September 30, 2024, CCI recognized the contribution of 100% ownership interest in Mt. David, Stony Brook, and Mt. Blue. These entities are HUD projects and must comply with special requirements and regulations as required by HUD. CCI acquired all assets of these entities in exchange for assumption of their liabilities. The difference between the fair value and the consideration was considered a contribution from the unrelated former owner of these entities. Fair value was determined by the lessor of estimated property value based on sales of similar properties or the present value of expected cash flows from operations.

The fair values of assets acquired and liabilities assumed and recorded using the acquisition method of accounting as of the date of acquisition were as follows for Mt. David:

Cash and cash equivalents – unrestricted	$ 34,001
Cash and cash equivalents – restricted	220,810
Property and equipment	956,212
Other assets	5,245
Accounts payable and accrued expenses	(30,768)
Excess of fair value of net assets over consideration in acquisition of Mt. David	$ 1,185,500

The fair values of assets acquired and liabilities assumed and recorded using the acquisition method of accounting as of the date of acquisition were as follows for Stony Brook:

Cash and cash equivalents – unrestricted	$ 30,011
Cash and cash equivalents – restricted	110,408
Property and equipment	250,451
Other assets	23,939
Accounts payable and accrued expenses	(47,950)
Excess of fair value of net assets over consideration in acquisition of Stony Brook	$ 366,859

The fair values of assets acquired and liabilities assumed and recorded using the acquisition method of accounting as of the date of acquisition were as follows for Mt. Blue:

Cash and cash equivalents – unrestricted	$ 1,250
Cash and cash equivalents – restricted	61,816
Property and equipment	415,000
Other assets	27,188
Accounts payable and accrued expenses	(21,550)
Excess of fair value of net assets over consideration in acquisition of Mt. Blue	$ 483,704

7. Investments and Fair Value

The purpose of the investment fund is to provide spendable income to present and future beneficiaries of the Organization. The basic objectives of the Organization's investment policy are:

- To maintain the real market value of the assets, after inflation, allowing for temporary value fluctuations,
- To have the spendable income stream be somewhat predictable in the near term, and to have the real spendable income not decline significantly at any time.

Although no strict spending formula has been established because of uncertainty of cash flow needs, the Organization will strive to return a minimum of 50% of the generated income to the portfolio if fiscally prudent and possible.

The target asset mix dictates that no more than 10% of the investments of the Organization shall be in the securities of any one issuer, with the exception of obligations of the U.S. government, its agencies and instrumentalities, and federally-insured certificates of deposit.

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, 2024:

	Level 1	Level 2	Level 3	Total
Cash	$ 520,731	$ -	$ -	$ 520,731
U.S. government agency securities	41,138	-	-	41,138
Equities	2,603,381	-	-	2,603,381
Fixed income	1,160,950	-	-	1,160,950
Totals	$ 4,285,062	$ -	$ -	$ 4,285,062

8. Advances to Partnerships

From time to time, the Organization has advanced funds to the various partnerships in which it has ownership interests. Receivables related to these advances have arisen primarily as the result of developer fees associated with certain real estate development projects undertaken by the partnerships. Per the terms of the related agreements, such receivables are either repayable to the Organization in cash or convertible to residual equity interests, with such repayment or conversion slated to take place more than one year from the date of the consolidated statement of financial position. Amounts due from such partnerships were $37,896 as of September 30, 2024 and 2023, and are included in other assets in the consolidated statements of financial position.

9. Borrowings

Long-term debt consisted of the following at September 30:

	2024	2023
CCI		
Working capital line of credit with a bank with a borrowing limit of $1,500,000; bearing interest at prime plus 0.5% (8.5% at September 30, 2024), expiring July 31, 2025 unless renewed.	**$ -**	$ 191,303
Note payable to USDA Rural Development in the amount of $400,000, payable in monthly installments of $1,709, including interest at a fixed rate of 4.125% through July 2048; collateralized by property located in Farmington, Maine.	**309,481**	316,990
Note payable to USDA Rural Development in the amount of $2,555,000 payable in monthly installments of $11,483, including interest at a fixed rate of 4.5%, due in full May 2051; collateralized by real property located in Lewiston, Maine.	**2,135,884**	2,176,743
Note payable to a bank in the amount of $300,000 payable in monthly installments of principal and interest at 5.55%, due in full May 2041; collateralized by real property located in Lewiston, Maine.	**220,504**	229,469
Note payable to USDA Rural Development in the amount of $225,000 payable in monthly installments of $941, including interest at a fixed rate of 4% through September 2050; collateralized by property located in Wilton, Maine.	**182,036**	186,007
Note payable to a bank payable in monthly installments of $489, including interest at 6.95%, through May 2035. The note is secured by property located in Rumford, ME.	**-**	24,739
Note payable to a bank payable in monthly installments of $845, including interest at 6.95%, through June 2031. The note is secured by property located in Rumford, ME.	**-**	59,431
Subtotal CCI	**2,847,905**	3,184,682

	2024	2023
CCFC		
Note payable to William Caspar Graustain Memorial Fund in the amount of $100,000, interest of 2%, due in a single balloon payment on August 31, 2023. The Organization is negotiating an extension.	**$ 100,000**	$ 100,000
Notes 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 31, 2025 unless renewed.	**163,731**	170,840
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.	**54,037**	61,094
Revolving loan payable to a bank, borrowing limit of $3,000,000 interest at the Federal Home Loan Bank of Boston (FHLBB) amortizing rate plus 2.5%, with a floor of 4% (10.5% at September 30, 2024), monthly payments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, expiring April 30, 2025 unless renewed.	**2,076,585**	839,587
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**	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. Paid in full during 2024.	**-**	263,181
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**	145,000
Note payable to SBA in the amount of $1,000,000, payable with interest at 1.625%, matured and paid in August 2024.	**-**	98,743
Line of credit to establish a lending pool with a bank in the amount of $3,500,000, bearing interest at the FHLBB amortized 5/20 Community Development Advance (CDA) rate, plus 2% (6.27% as of September 30, 2024). Repayment terms based on repayment of underlying notes receivable. The line expires on July 10, 2025; collateralized by notes receivable.	**2,168,461**	1,695,566

	2024	2023
Note payable to the FHLBB, 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**	$ 36,190
Note payable to the FHLBB, 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.	**71,259**	74,398
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.	**264,830**	354,414
Revolving loan payable to a bank, interest at the fixed rate of 4%, due in full on March 31, 2025 unless renewed; collateralized by assignment of certain loans and guaranteed by CCI.	**51,135**	159,394
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% (5.82% as of September 30, 2024). Monthly payments of interest only, principal due in full on March 31, 2025 unless renewed; collateralized by certain notes receivable and guaranteed by CCI.	**67,930**	75,949
Note payable to the Sandy River Charitable Foundation in the amount of $250,000, interest at 2%, unsecured note, originally due in full in May 2023. On March 7, 2024, the Organization made a payment of $135,138. The remaining balance on the note was forgiven.	**-**	250,000
Note payable to establish a lending pool with a bank, bearing interest at the FHLBB community development rate, plus 2% (6.27% as of September 30, 2024). Repayment terms based on repayment of underlying notes receivable. Collateralized by notes receivable.	**-**	231,066
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.	**603,924**	715,282
Subtotal CCFC	**5,853,082**	5,320,704

	2024	2023
CCDC		
Mortgage note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full June 25, 2027.	**$ 342,000**	$ 342,000
Mortgage note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full June 25, 2027.	**350,000**	350,000
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full December 9, 2044.	**57,337**	57,337
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is a deferred forgivable note and is due and payable on July 6, 2027	**34,710**	34,710
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is due and payable on May 11, 2029.	**400,000**	400,000
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is due and payable on December 23, 2032.	**392,982**	392,982
Deferred payment promissory note payable to Maine State Housing Authority; non-interest bearing and payable on or before the earlier of (1) the default of the Mortgage and Security Agreement, or (2) December 31, 2033. Collateralized by underlying real estate.	**320,000**	320,000
Mortgage note payable to the City of Lewiston in the amount of $214,875. This note bears interest at 4.58%, compounded annually, and is payable on or before the earlier of (1) a default of the Mortgage and Security Agreement given as a security for the note, or (2) December 31, 2033. Includes accumulated deferred interest payable. Collateralized by underlying real estate.	**562,256**	537,632
Mortgage note payable to the Lewiston Housing Authority in the amount of $100,000. The mortgage note bears interest at 4.58%, compounded annually, and is payable on December 31, 2034. Includes accumulated deferred interest payable. Collateralized by underlying real estate.	**261,666**	250,207
Mortgage note payable to Maine State Housing Authority collateralized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until February 28, 2033 when all outstanding principal is due in full.	**107,521**	107,521

	2024	2023
Mortgage note payable to Maine State Housing Authority collateralized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until January 20, 2036 when all outstanding principal is due in full.	**$ 1,073,544**	$ 1,073,544
Mortgage note payable with an original balance of $600,000 to Maine State Housing Authority collateralized by the real estate and personal property. The note bears interest at a rate of 4.4% compounded annually. All payments are deferred until the earlier of default or April 3, 2038 when all outstanding principal is due in full. Deferred interest at September 30, 2024 was $628,114	**1,228,114**	1,176,354
Mortgage note payable to the City of Lewiston collateralized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until May 1, 2038 when all outstanding principal is due in full.	**360,000**	360,000
Subtotal CCDC	**5,490,130**	5,402,287
CCHC		
Non-interest bearing note payable to CCI in the amount of $500,000, deferred until April 7, 2052. Secured by certain CCHC property.	**500,000**	500,000
Non-interest bearing note payable to CCI in the amount of $650,000, deferred until default or sale of the property. Secured by certain CCHC property.	**650,000**	650,000
Subtotal CCHC	**1,150,000**	1,150,000
	15,341,117	15,057,673
Less eliminated intercompany notes payable	**(1,150,000)**	(1,150,000)
Long-term debt	**14,191,117**	13,907,673
Less deferred financing fees	**(2,618)**	(2,723)
Less current portion	**(5,383,591)**	(2,744,245)
Long-term debt, net of current portion and deferred financing fees	**$ 8,804,908**	$ 11,160,705

Maturities on long-term debt are as follows:

2025	$ 5,383,591
2026	171,171
2027	898,182
2028	70,205
2029	2,050,393
Thereafter	5,617,575
Total	$ 14,191,117

Total outstanding long-term debt noted above was used by the Organization to finance the following activities:

	2024	2023
Property and equipment (CCI)	**$ 2,847,905**	$ 3,184,682
Lending pools (CCFC)	**5,853,082**	5,320,704
Intercompany housing notes (CCHC)	**1,150,000**	1,150,000
Low-income housing (CCDC)	**5,490,130**	5,402,287
Totals	**$ 15,341,117**	$ 15,057,673

10. Leases

The Organization has entered into finance lease agreements for information technology infrastructure upgrades, computers, and copier machines with monthly lease payments ranging from $305 to $1,685 per month. Leases expire on various dates through 2026. The assets are depreciated over the lesser of their related lease terms or their estimated useful lives. Depreciation of assets under finance leases is included in occupancy expense and was $30,028 and $31,429 for 2024 and 2023, respectively.

The following is a summary of equipment held under finance leases at September 30, 2024:

Buildings	$ 84,386
Less accumulated depreciation	(48,420)
Net equipment held under finance leases	$ 35,966

The Organization leases various office space under operating leases with current lease and related maintenance payments ranging from $470 to $925 per month, with expiration dates through 2032.

Approximate future minimum payments under the leases having initial or remaining terms in excess of one year as of September 30, 2024 are as follows:

	Operating	Finance
2025	$ 113,190	$ 26,166
2026	59,714	10,512
2027	46,983	-
2028	7,743	-
2029	5,767	-
Thereafter	17,444	-
Total future undiscounted lease payments	250,841	36,678
Less present value discount	(15,310)	(951)
Total lease liability	235,531	35,727
Less current portion	(106,119)	(25,299)
Lease liability, net of current portion	$ 129,412	$ 10,428

Required quantitative disclosures are as follows for the years ended September 30:

	2024	2023
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets	**$ 30,028**	$ 31,429
Interest on lease liabilities	**1,924**	2,464
Operating lease cost	**105,750**	23,621
Short-term lease cost	**205,069**	3,352
Total lease cost	**$ 342,771**	$ 60,866
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	**$ 1,924**	$ 2,464
Operating leases	**106,017**	22,841
Financing cash flows from finance leases	**29,677**	30,333
Right-of-use assets obtained in exchange for new finance lease liabilities	**-**	58,957
Right-of-use assets obtained in exchange for new operating lease liabilities	**22,760**	-
Weighted-average remaining lease term – finance leases	**1.4 years**	2.3 years
Weighted-average remaining lease term – operating leases	**3.3 years**	4.7 years
Weighted-average discount rate – finance leases	**4.0 %**	4.0 %
Weighted-average discount rate – operating leases	**4.0 %**	3.9 %

11. 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% (6.75% at September 30, 2024), 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 noncurrent liabilities as of September 30, 2023 and current liabilities as of September 30, 2024 within the consolidated statements of financial position. The balance is due in full on September 24, 2025. Such balances amounted to $2,100,000 at September 30, 2024 and 2023.

12. 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, 2024 and 2023 totaled $441,932 and $432,546, respectively.

13. 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.

Forgivable Debt

According to the terms of a loan agreement with the Housing Assistance Council (HAC), the Organization has a contingent liability at September 30, 2024 and 2023 in the amount of $16,400 and $71,600, respectively, which is not included as a note payable within the consolidated statements of financial position. This amount represents the portion due to be forgiven by HAC upon final certification by HUD of grant compliance on the part of HAC.

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.

14. Donor Restrictions and Limitations of Net Asset Balances

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

	2024	2023
Subject to expenditure for specific purpose:		
Revolving and expendable lending pools and programs	**$ 3,871,202**	$ 3,870,521
Nonlending program purposes and activities	**683,089**	668,325
Total net assets subject to expenditure for specific purpose	**4,554,291**	4,538,846
Not subject to expenditure:		
Perpetually restricted capital project funds	**245,000**	245,000
Perpetual revolving small business and other lending pools	**238,879**	238,879
Total net assets not subject to expenditure	**483,879**	483,879
Total net assets with donor restrictions	**$ 5,038,170**	$ 5,022,725

15. 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:

	2024	2023
Cash and cash equivalents	**$ 5,995,552**	$ 10,133,874
Accounts and grants receivable, net	**3,056,819**	2,536,858
Investments	**4,285,062**	-
Less donor restricted funds in excess of restricted cash and cash equivalents	**(136,316)**	(121,551)
Total financial assets available at year end for current use for general expenditure	**$ 13,201,117**	$ 12,549,181

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, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

16. Employee Retention Tax Credit

During the year ended September 30, 2023, the Organization applied for the Employee Retention Tax Credit (ERTC). The ERTC is a refundable tax credit created by the CARES Act for eligible employers. During the year ended September 30, 2023, the Organization recognized $2,308,424 of revenue in the consolidated statement of activities related to this credit. The Organization did not recognize retention credit revenue for the portion of the credit received related to employee expenditures that were reimbursed by federal contracts. This balance has been included in deferred revenue on the statement of financial position. The ERTC is subject to audit by the Internal Revenue Service (IRS) for up to three years for all but the third quarter of 2021, which is subject to audit for up to five years from the filing date of the relevant tax return. Due to the complexity of the reporting requirements, there is at least a reasonable possibility the amount of income recognized may change by a material amount. Any difference between amounts previously estimated and amounts subsequently determined to be recoverable or payable will be included in income in the year that such amounts become known.

17. 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 consolidated statements of financial position.

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.

The following financial instruments were outstanding whose contract amounts represent credit risk at September 30:

	2024	2023
Unadvanced commitments under letters of credit	**$ 100,000**	$ 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.

18. Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the consolidated statements of activities included the following for the years ended September 30:

	2024	2023
Professional services	$ 86,967	$ 103,194
Supplies	1,387,120	881,903
Use of buildings	274,468	306,905
Total contributed nonfinancial assets	$ 1,748,555	$ 1,292,002

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization does not monetize contributed nonfinancial assets.

Contributed professional services consist primarily of discounts from professional organizations providing services to the Organization. Professional services are valued and reported at their estimated fair value based on current rates for similar services.

The donations of supplies include a variety of books, food for families, supplies for classrooms and discounts on subscriptions. Donations are valued and reported at their estimated fair value based on current rates for similar items.

The contributed use of buildings are used for general and administrative activities. In valuing the contributed buildings, which include various locations in Oxford, Franklin, and Androscoggin counties, the Organization estimated the fair value on the basis of recent comparable sales rentals in Maine's real estate market.

SUPPLEMENTARY INFORMATION

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule 1

Consolidating Statement of Financial Position

September 30, 2024

ASSETS	Community Concepts, Inc.	Community Concepts Finance Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Eliminations	Total
Current assets							
Cash and cash equivalents	$ 2,624,633	$ 1,215,435	$ 2,133,973	$ 20,064	$ 1,447	$ -	$ 5,995,552
Accounts and grants receivable	2,601,605	439,584	113,214	48,789	-	(146,373)	3,056,819
Loans receivable, current portion	-	1,918,702	-	-	-	-	1,918,702
Due from affiliate	2,358,739	-	-	-	-	(2,358,739)	-
Prepaid expenses	708,468	5,807	112,678	-	-	-	826,953
Inventories – real estate for resale	503,066	-	-	-	-	-	503,066
Total current assets	8,796,511	3,579,528	2,359,865	68,853	1,447	(2,505,112)	12,301,092
Property and equipment							
Land	1,213,018	-	1,546,415	-	-	-	2,759,433
Buildings and improvements	7,615,605	-	11,616,194	-	-	-	19,231,799
Equipment	1,808,396	46,649	-	-	-	-	1,855,045
Vehicles	1,142,080	-	-	-	-	-	1,142,080
	11,779,099	46,649	13,162,609	-	-	-	24,988,357
Less accumulated depreciation	(5,335,330)	(46,649)	(7,271,482)	-	-	-	(12,653,461)
Net property and equipment	6,443,769	-	5,891,127	-	-	-	12,334,896
Other assets							
Restricted cash and cash equivalents	547,773	2,578,633	-	-	-	-	3,126,406
Notes receivable, noncurrent portion, net of allowance	-	6,517,779	-	-	-	-	6,517,779
Other assets	195,377	39,262	204,442	82,461	-	(430,565)	90,977
Deferred loans receivable	-	209,368	-	-	-	-	209,368
Investments	4,285,062	-	-	-	-	-	4,285,062
Notes receivable from affiliates	-	-	-	1,150,000	-	(1,150,000)	-
Investment in limited partnerships	306,911	-	-	-	-	-	306,911
Right-of-use assets, net – finance leases	35,966	-	-	-	-	-	35,966
Right-of-use assets, net – operating leases	235,019	-	-	-	-	-	235,019
Total other assets	5,606,108	9,345,042	204,442	1,232,461	-	(1,580,565)	14,807,488
Total assets	$ 20,846,388	$ 12,924,570	$ 8,455,434	$ 1,301,314	$ 1,447	$ (4,085,677)	$ 39,443,476

Consolidating Statement of Financial Position

September 30, 2024

LIABILITIES AND NET ASSETS (DEFICIT)	Community Concepts, Inc.	Community Concepts Finance Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Eliminations	Total
Current liabilities							
Current portion of long-term debt	$ 56,036	$ 5,327,555	$ -	$ -	$ -	$ -	$ 5,383,591
Current portion of lease liabilities – finance	25,299	-	-	-	-	-	25,299
Current portion of lease liabilities – operating	106,119	-	-	-	-	-	106,119
Accounts payable	392,977	123,742	110,799	-	-	(150,894)	476,624
Accrued expenses	2,030,781	130,311	668,052	-	-	(426,044)	2,403,100
Due to affiliate	-	511,454	1,807,549	37,825	1,911	(2,358,739)	-
Deferred revenue	3,712,787	75,949	12,421	5,204	-	-	3,806,361
Other current liabilities	-	2,100,000	-	-	-	-	2,100,000
Security deposits and other reserves	9,656	51,725	91,009	-	-	-	152,390
Total current liabilities	6,333,655	8,320,736	2,689,830	43,029	1,911	(2,935,677)	14,453,484
Noncurrent liabilities							
Long-term debt, net of current portion and deferred financing fees	2,791,869	525,527	5,487,512	1,150,000	-	(1,150,000)	8,804,908
Lease liabilities – finance, net of current portion	10,428	-	-	-	-	-	10,428
Lease liabilities – operating, net of current portion	129,412	-	-	-	-	-	129,412
Accrued long-term reserves and losses	3,396	-	-	-	-	-	3,396
Total noncurrent liabilities	2,935,105	525,527	5,487,512	1,150,000	-	(1,150,000)	8,948,144
Total liabilities	9,268,760	8,846,263	8,177,342	1,193,029	1,911	(4,085,677)	23,401,628
Net assets (deficit)							
Without donor restriction undesignated	7,359,218	(337,317)	(125,523)	108,285	(464)	-	7,004,199
Net investment in property and equipment	3,595,864	-	403,615	-	-	-	3,999,479
Total without donor restriction	10,955,082	(337,317)	278,092	108,285	(464)	-	11,003,678
With donor restrictions	622,546	4,415,624	-	-	-	-	5,038,170
Total net assets	11,577,628	4,078,307	278,092	108,285	(464)	-	16,041,848
Total liabilities and net assets	$ 20,846,388	$ 12,924,570	$ 8,455,434	$ 1,301,314	$ 1,447	$ (4,085,677)	$ 39,443,476

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES **Schedule 2**

Consolidating Statement of Activities

Year Ended September 30, 2024

	Community Concepts, Inc.	Community Concepts Finance Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Subtotal	Eliminations	Total
Net assets without donor restrictions								
Support, revenue, and net assets released								
Grants and contracts	$ 20,633,221	$ 927,013	$ 228,218	$ -	$ -	$ 21,788,452	$ (40,998)	$ 21,747,454
Fees	3,095,286	208,105	-	-	-	3,303,391	-	3,303,391
Rental income	417,448	-	1,503,206	-	-	1,920,654	-	1,920,654
Interest income	87,859	873,075	16,370	-	-	977,304	-	977,304
In-kind contributions	1,742,921	-	5,434	100	100	1,748,555	-	1,748,555
Contribution of affiliate	2,036,063	-	-	-	-	2,036,063	-	2,036,063
Other income	1,639,271	266,642	193,253	22,966	-	2,122,132	(256,958)	1,865,174
Net assets released from restrictions	292,951	121,381	-	-	-	414,332	-	414,332
Total support, revenue, and net assets released	29,945,020	2,396,216	1,946,481	23,066	100	34,310,883	(297,956)	34,012,927
Expenses								
Program services								
Housing and energy	7,478,964	-	-	-	-	7,478,964	-	7,478,964
Customer service	3,551,192	-	-	-	672	3,551,864	-	3,551,864
Children's services	9,482,584	-	-	-	-	9,482,584	-	9,482,584
Behavioral health	1,521,081	-	-	-	-	1,521,081	(297,956)	1,223,125
Finance corporation	134,245	2,237,974	-	20,322	-	2,392,541	-	2,392,541
Property management	951,152	-	2,050,326	-	-	3,001,478	-	3,001,478
Other	2,339,507	-	-	-	-	2,339,507	-	2,339,507
Total program services	25,458,725	2,237,974	2,050,326	20,322	672	29,768,019	(297,956)	29,470,063
Management and general	2,344,981	169,681	20,956	2,427	68	2,538,113	-	2,538,113
Fundraising	165,773	-	-	-	-	165,773	-	165,773
Total expenses	27,969,479	2,407,655	2,071,282	22,749	740	32,471,905	(297,956)	32,173,949
Total expenses – continuing operations	27,969,479	2,407,655	2,071,282	22,749	740	32,471,905	(297,956)	32,173,949
Change in net assets without donor restrictions – continuing operations	1,975,541	(11,439)	(124,801)	317	(640)	1,838,978	-	1,838,978
Nonoperating activities								
Gain from discontinued operations	556,082	-	-	-	-	556,082	-	556,082
Change in net assets without donor restrictions	2,531,623	(11,439)	(124,801)	317	(640)	2,395,060	-	2,395,060
Net assets with donor restrictions								
Contributions	355,062	7,500	-	-	-	362,562	-	362,562
Interest income	-	67,215	-	-	-	67,215	-	67,215
Net assets released from restrictions	(292,951)	(121,381)	-	-	-	(414,332)	-	(414,332)
Change in net assets with donor restrictions	62,111	(46,666)	-	-	-	15,445	-	15,445
Total change in net assets	2,593,734	(58,105)	(124,801)	317	(640)	2,410,505	-	2,410,505
Net assets at beginning of year as previously presented	8,983,894	4,372,984	402,893	107,968	176	13,867,915	-	13,867,915
Impact of adoption of Accounting Standards Update 2016-13	-	(236,572)	-	-	-	(236,572)	-	(236,572)
Net assets at beginning of year as restated	8,983,894	4,136,412	402,893	107,968	176	13,631,343	-	13,631,343
Net assets at end of year	$ 11,577,628	$ 4,078,307	$ 278,092	$ 108,285	$ (464)	$ 16,041,848		$ 16,041,848