

**Community Capital New York, Inc.
and Affiliate**

Consolidated Financial Statements

June 30, 2017 and 2016

Community Capital New York, Inc. and Affiliate

Consolidated Financial Statements
June 30, 2017 and 2016

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Independent Auditors' Report

Board of Directors of Community Capital New York, Inc. and Affiliate

We have audited the accompanying consolidated statements of financial position of Community Capital New York, Inc. and Affiliate (the "Corporation") as of June 30, 2017 and 2016 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Capital New York, Inc. and Affiliates as of June 30, 2017 and 2016, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Community Capital New York, Inc. and Affiliate
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Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplemental information on pages 19 through 24 are presented for purposes of additional analysis 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PKF O'Connor Davies, LLP

Harrison, New York
September 20, 2017

Community Capital New York, Inc. and Affiliate

Consolidated Statements of Financial Position

	June 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 534,797	\$ 534,250
Loans receivable, current portion, net of loan loss reserve	2,028,284	1,696,048
Grants receivable	268,715	244,222
Prepaid expenses	13,603	11,762
Interest receivable	15,100	24,425
Other receivables	<u>5,082</u>	<u>-</u>
Total Current Assets	2,865,581	2,510,707
Loans receivable, noncurrent portion, net of loan loss reserve	963,959	1,034,003
Restricted cash accounts	2,439,367	2,494,350
Cash collateral accounts	68,087	65,284
Furniture and equipment, net of accumulated depreciation	14,646	764
Network license, net of accumulated amortization	11,250	-
Security deposits	<u>3,788</u>	<u>1,780</u>
	<u>\$ 6,366,678</u>	<u>\$ 6,106,888</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable and other liabilities	\$ 45,193	\$ 43,083
Borrowings on lines of credit	824,006	685,000
Cash collateral accounts	68,087	65,284
Refundable advances	17,295	23,377
Notes payable, current portion	<u>269,823</u>	<u>722,567</u>
Total Current Liabilities	<u>1,224,404</u>	<u>1,539,311</u>
Long Term Liabilities		
Program related investment	350,000	350,000
Notes payable, noncurrent portion	<u>1,906,250</u>	<u>1,718,483</u>
Total Long Term Liabilities	<u>2,256,250</u>	<u>2,068,483</u>
Total Liabilities	<u>3,480,654</u>	<u>3,607,794</u>
Net Assets		
Unrestricted Net Assets		
Operations	1,252,687	199,073
Board designated		
Loan loss reserve	147,587	92,483
Loan fund capital	<u>844,000</u>	<u>1,413,316</u>
	<u>2,244,274</u>	<u>1,704,872</u>
Temporarily Restricted Net Assets		
Loan fund capital	202,782	392,500
Loan loss reserve	243,800	203,993
Technical assistance	<u>195,168</u>	<u>197,729</u>
	<u>641,750</u>	<u>794,222</u>
Total Net Assets	<u>2,886,024</u>	<u>2,499,094</u>
	<u>\$ 6,366,678</u>	<u>\$ 6,106,888</u>

See Notes to Consolidated Financial Statements

Community Capital New York, Inc. and Affiliate
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Government contracts	\$ -	\$ 423,880	\$ 423,880
Grants from corporations	46,051	135,800	181,851
Grants for loan loss reserve	-	55,104	55,104
Grants for loan capital	-	405,000	405,000
Contributions	41,670	-	41,670
In-kind contributions	19,753	-	19,753
Interest income on loan portfolio	236,407	-	236,407
Loan fee income	37,760	-	37,760
Program revenue	4,000	-	4,000
Interest income	4,245	-	4,245
Net assets released from restrictions	<u>1,172,256</u>	<u>(1,172,256)</u>	<u>-</u>
Total Support and Revenue	<u>1,562,142</u>	<u>(152,472)</u>	<u>1,409,670</u>
EXPENSES			
Program	612,049	-	612,049
Fundraising	61,497	-	61,497
Management and general	<u>136,472</u>	<u>-</u>	<u>136,472</u>
Total Operating Expenses	810,018	-	810,018
Feasibility project grant	58,978	-	58,978
Loan loss provision	<u>153,744</u>	<u>-</u>	<u>153,744</u>
Total Expenses	<u>1,022,740</u>	<u>-</u>	<u>1,022,740</u>
Change in Net Assets	539,402	(152,472)	386,930
NET ASSETS			
Beginning of year	<u>1,704,872</u>	<u>794,222</u>	<u>2,499,094</u>
End of Year	<u>\$ 2,244,274</u>	<u>\$ 641,750</u>	<u>\$ 2,886,024</u>

See Notes to Consolidated Financial Statements

Community Capital New York, Inc. and Affiliate

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Government contracts	\$ -	\$ 474,382	\$ 474,382
Grants from corporations	-	155,800	155,800
Grants for loan loss reserve	-	65,610	65,610
Grants from loan capital	-	164,500	164,500
Contributions	39,062	-	39,062
In-kind contributions	18,011	-	18,011
Interest income on loan portfolio	158,249	-	158,249
Loan fee income	38,764	-	38,764
Program revenue	13,500	-	13,500
Interest income	3,589	-	3,589
Net assets released from restrictions	<u>829,982</u>	<u>(829,982)</u>	<u>-</u>
Total Support and Revenue	<u>1,101,157</u>	<u>30,310</u>	<u>1,131,467</u>
EXPENSES			
Program	624,906	-	624,906
Fundraising	65,427	-	65,427
Management and general	<u>111,244</u>	<u>-</u>	<u>111,244</u>
Total Operating Expenses	801,577	-	801,577
Feasibility project grant	19,405	-	19,405
Loan loss provision	<u>75,161</u>	<u>-</u>	<u>75,161</u>
Total Expenses	<u>896,143</u>	<u>-</u>	<u>896,143</u>
Change in Net Assets	205,014	30,310	235,324
NET ASSETS			
Beginning of year	<u>1,499,858</u>	<u>763,912</u>	<u>2,263,770</u>
End of Year	<u>\$ 1,704,872</u>	<u>\$ 794,222</u>	<u>\$ 2,499,094</u>

Community Capital New York, Inc. and Affiliate

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 386,930	\$ 235,324
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,856	1,556
Amortization	1,250	-
Provision for loan loss	212,722	94,566
In-kind donation of furniture	(16,738)	-
Changes in operating assets and liabilities		
Grants receivable	(24,493)	446,377
Restricted cash accounts	54,983	(723,818)
Collateral escrow accounts	(2,803)	(25,715)
Prepaid expenses	(1,841)	(629)
Interest receivable	9,325	
Other receivables	(5,082)	-
Accounts payable and accrued expenses	2,110	14,832
Funds held in trust	2,803	25,715
Refundable advances	(6,082)	9,146
Security deposits	<u>(2,008)</u>	<u>-</u>
Net Cash from Operating Activities	<u>613,932</u>	<u>77,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans originated	(2,405,361)	(2,267,424)
Purchase of network license	(12,500)	-
Repayment of loans	<u>1,930,447</u>	<u>755,173</u>
Net Cash from Investing Activities	<u>(487,414)</u>	<u>(1,512,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	139,006	475,000
Repayment of notes payable	(264,977)	(185,791)
Proceeds from notes payable	<u>-</u>	<u>500,000</u>
Net Cash from Financing Activities	<u>(125,971)</u>	<u>789,209</u>
Change in Cash and Cash Equivalents	547	(645,688)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>534,250</u>	<u>1,179,938</u>
End of year	<u>\$ 534,797</u>	<u>\$ 534,250</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for interest	\$ 41,091	\$ 34,340

See Notes to Consolidated Financial Statements

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

1. Organization

Community Capital New York, Inc. (the "Corporation") was incorporated on March 27, 1989 and was originally known as the Westchester Housing Fund, Inc. The Corporation changed its name in March of 2013. The Corporation is certified by the U.S. Department of Treasury as a Community Development Financial Institution ("CDFI").

Hudson Valley Affordable Housing Finance Corporation ("HVAHFC") was incorporated on March 12, 1996 to serve as a vehicle to syndicate Low-Income Housing Tax Credits for developers of affordable housing projects in the Hudson Valley area. HVAHFC is a membership organization whose sole member is the Corporation. Between 1997 and 2003 HVAHFC through the creation of two investment funds, assisted in the development of 10 projects representing 197 units of affordable rental housing. No additional offers are being made under this program at this time. As of July 20, 2017, all projects have exited the investment funds and steps are underway to dissolve HVAHFC. The Managing Member of the investment funds (an unrelated third party) has on-going asset management and compliance monitoring responsibilities for these projects through 2018. In accordance with the Limited Liability Company Agreements – HVAHFC has no fiscal obligations or guarantees to either of the investment funds, nor their respective projects.

Accounting principles generally accepted in the United States of America ("U.S. GAAP"), require that the financial statements of HVAHFC be consolidated with the Corporation. All inter-company accounts and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP. The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions.

Included in the unrestricted net asset category are net assets that are designated by the Board of Directors for activities related to lending but which are not otherwise subject to donor-imposed restriction.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Corporation considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated service lives are three years for computer equipment and five years for general office equipment and furniture. The Corporation capitalizes costs of furniture and equipment in excess of \$5,000.

Network License

Network license costs are capitalized and amortized over five years using the straight-line method.

Loans Receivable and Payable

The Corporation both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. The Corporation accounts for these loans at the stated rates. U.S. GAAP guidance generally requires that loans with below market interest rates be stated for financial reporting purposes at amounts that reflect the expected cash flows discounted at market rates. The guidance includes several exceptions to this rule, including the customary lending activities of financial institutions whose primary business is lending money. Management of the Corporation believes that this exception is applicable to the Corporation. Accordingly, the loans have not been discounted.

Income Recognition

Interest on loans is computed using the effective interest method. Interest earned on loans is considered unrestricted revenue and can be used for general operations. The Corporation ceases to accrue interest income on specific loans for financial reporting purposes when required payments of principal and/or interest have not been received for a period of more than 90 days. The Corporation reverses any previously recorded unpaid interest.

In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies *(continued)*

Loan Loss Reserve

The loan loss reserve represents management's estimates of losses inherent in the loan portfolio. Loan losses are charged against the loan loss reserve when management believes that the future collection of principal is unlikely. The loan loss reserve is established through periodic charges to income. Subsequent recoveries, if any, are credited to the loan loss reserve.

Management's determination of the adequacy of the reserve is based on periodic evaluations of specific borrowers and other relevant factors. Evaluations, using a management established risk rating system, are subjective as they require material estimates including such factors as historical trends, known and inherent risks in the loan portfolio, adverse situations that may affect the borrowers' ability to repay, estimated value of any underlying loan collateral, and current economic conditions. Recovery of the carrying value of such loans may be dependent on conditions that may be beyond management's control.

Any combination of the aforementioned factors may adversely affect the loan portfolio resulting in increased delinquencies and loan losses, and could require additional provisions for bad debts which could adversely impact income in future periods. In the opinion of management, the Corporation has made adequate loss provisions based on all available and relevant information affecting specific borrowers and the overall loan portfolio.

Cash Collateral Accounts

From time to time the Corporation holds funds as collateral against outstanding loans.

Allocation of Expenses

The Corporation allocates its expenses on a functional basis among its various program and supporting services. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the program and supporting services benefited.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies *(continued)*

Income Tax Status

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code.

HVAFC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Due to inactivity, as of June 30, 2015, HVAFC failed to meet the public support test for a second year and is now considered a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code.

The Corporation and HVAHFC recognize the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that these entities had no uncertain tax positions that would require financial statement recognition or disclosure. The Corporation and HVAHFC are no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2013.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is September 20, 2017.

3. Program Activities

Affordable Housing Loan Program

The Corporation was originally established to assist in the development of affordable housing. Through the creation of a revolving loan fund supported by corporate and foundation contributions and grants, as well as Program Related Investments ("PRIs"), the Corporation makes loans to both non-profit and for profit developers of affordable housing to close funding "gaps" including pre-development loans and other types of "gap" financing. Predevelopment loans are made for expenses such as appraisals, surveys, soil borings, preliminary architectural and engineering expenses, legal, consulting, and permit fees. Bridge, acquisition and construction loans have also been made. In most cases, loans are repaid upon closing of permanent financing.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

3. Program Activities (continued)

Affordable Housing Loan Program (continued)

The Corporation administers a “Feasibility” loan pool from which developers can borrow to assess the viability of a potential affordable housing project. These loans differ from the regular portfolio in that they may be forgiven by action of the Loan Committee if the project proves to be infeasible.

The Corporation also administers a Lead and Asbestos Program in the City of Newburgh, that includes feasibility loans to test vacant properties to establish the amount of lead and asbestos remediation that is needed and a grant fund from which it makes grants to close the financing gap on those key properties for which the cost of remediation would otherwise be too high.

Business Lending and Technical Assistance

The Business program provides loan capital to small start-up and emerging entrepreneurs throughout the Hudson Valley. While the Corporation has equity in the loan pool, the majority of the loan capital is borrowed from Empire State Development Corporation (“ESDC”) and the U.S. Small Business Administration (“SBA”). These funds are shown on the statement of financial position sheet as notes payable. As a condition of borrowing, the SBA requires the Corporation to establish and fund a loan loss reserve equal to 15% of the value of the loans made with funds borrowed from them.

Loans are primarily marketed to low-income, women, minority and disabled business owners. In addition to its lending program, the Corporation also provides one-on-one technical assistance to and training workshops for small business owners and potential business owners.

4. Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist primarily of cash and cash equivalents and loans receivable.

The Corporation has funds on deposit in checking accounts, savings accounts and money market accounts with major financial institutions. At times some of these accounts may be in excess of the federally insured limits. The Corporation has not experienced any losses on its cash and cash equivalents.

The Corporation’s loans receivable are primarily to developers of affordable housing and to small business owners. The ability of these borrowers to repay their loans may be affected by adverse economic conditions or other financial constraints.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

5. Loans Receivable

Loans receivable consist of one to three year loans to qualified developers that promote the purpose of providing affordable housing in the lower Hudson Valley region and the business loan portfolio which includes loans for start-up and emerging businesses in the Hudson Valley region. In addition, some loans have been made to not for profit businesses which are included in the business loan data.

For affordable housing and business loans interest rates vary from 3% to 9.125% per annum. For consumer loans interest rates are set at 6%. Feasibility loans carry no interest.

Borrower	Current	Long Term	Balance as of June 30,	
	Receivable	Receivable	2017	2016
Feasibility Loans	\$ 33,782	\$ -	\$ 33,782	\$ 38,810
Affordable Housing Loans	1,718,720	152,559	1,871,279	1,705,397
Consumer Loans	6,358	-	6,358	1,317
Business Loan Program	<u>645,908</u>	<u>985,762</u>	<u>1,631,670</u>	<u>1,388,791</u>
Gross Loans Receivable	2,404,768	1,138,321	3,543,089	3,134,315
Less Reserve for doubtful accounts	<u>(376,484)</u>	<u>(174,362)</u>	<u>(550,846)</u>	<u>(404,264)</u>
Net Loans Receivable	<u>\$ 2,028,284</u>	<u>\$ 963,959</u>	<u>\$ 2,992,243</u>	<u>\$ 2,730,051</u>

Scheduled collection on the outstanding loans, before application of loan loss reserve, to be received at June 30, 2017 is as follows:

2018	\$ 2,404,768
2019	496,511
2020	397,417
2021	58,133
2022	23,291
Thereafter	<u>162,969</u>
	<u>\$ 3,543,089</u>

The following table presents information regarding the Corporation's nonaccrual loans as of June 30,

	<u>2017</u>	<u>2016</u>
Business Loan Program	<u>\$ 33,568</u>	<u>\$ 413</u>

As of June 30, 2017, there was approximately \$958,021 of unfunded commitments to borrowers.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
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5. Loans Receivable (continued)

Loan Loss Reserve

The Corporation uses a combination of a loan-by-loan portfolio analysis as well as a more global review of the portfolios and the effect of external economic conditions, risk concentration, industry concentrations and other relevant factors to estimate the loan loss reserve. When deemed necessary, a specific reserve will be assigned to loans that are assessed as being at higher risk.

Changes in the allowance for loan losses are summarized as follows for the years ended June 30:

	2017			2016
	Affordable Housing Portfolio	Business Loan Portfolio	Total	Total
Balance, beginning of year	\$ 129,270	\$ 274,994	\$ 404,264	\$ 329,103
Current year write-offs	(19,405)	(15,297)	(34,702)	(19,405)
Current year provision	<u>126,817</u>	<u>54,467</u>	<u>181,284</u>	<u>94,566</u>
Balance, end of year	<u>\$ 236,682</u>	<u>\$ 314,164</u>	<u>\$ 550,846</u>	<u>\$ 404,264</u>

6. Restricted Cash

The SBA requires the Corporation to maintain separate cash accounts for loan loss reserve and administration. The amount of cash that is restricted for loan loss reserve is required to be the equivalent of 15% of the outstanding loan receivable balances funded through SBA borrowings. The restricted cash set aside for the loan loss reserve requirement was \$250,488 at June 30, 2017 and \$257,558 at June 30, 2016.

The administrative bank accounts are the accounts through which SBA lending facility advances are received, loan receivable principal and interest payments are recorded and repayments of SBA borrowings are made. The balances of these restricted accounts were \$714,633 and \$907,692 at June 30, 2017 and 2016.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
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6. Restricted Cash (*continued*)

The Empire State Development Corporation (ESDC) requires the Corporation to maintain separate cash accounts for the following:

1. In its capacity as administrator of the Women and Minority Revolving Loan Fund; the balance of this restricted account was \$15,176 at June 30, 2016. The program ended and there were no funds in the restricted cash fund as of June 30, 2017.
2. In its capacity as administrator of the Metropolitan Economic Revitalization Fund and the Capital Access Program, for loan loss reserve, the amount of cash that is restricted for loan loss reserve is required to be the equivalent of 3-10% of the outstanding loan receivable balances of small businesses participating in these programs. The restricted cash set aside for the loan loss reserve requirements was \$329,121 and \$222,273 at June 30, 2017 and 2016.
3. In its capacity as administrator of the Small Business Revolving Loan Fund (see Note 10): the balance of this restricted account was \$609,733 and \$622,618 at June 30, 2017 and 2016.
4. In connection with the Consolidated Funding Award and related Revolving Loan Fund: the balance of this restricted account was \$403,246 and \$225,500 at June 30, 2017 and 2016.

The Program Related Investment ("PRI") from Wells Fargo Bank requires the Corporation to maintain a separate cash account for the loan capital fund established to promote affordable housing (see Note 7). The balance of this restricted account was \$50,907 and \$50,947 at June 30, 2017 and 2016.

The revolving line of credit established with The Westchester Bank in January 2015 requires the Corporation to maintain a separate cash account for the purposes of disbursing loan proceeds and repayment of principal and interest to the Bank. The balance of this restricted account was \$56,239 and \$61,932 as of June 30, 2017 and 2016.

The revolving line of credit established with Tompkins Mahopac Bank in October 2016 requires the Corporation to maintain a separate cash account for the purposes of disbursing loan proceeds and repayment of principal and interest to the Bank. The balance of this restricted account was \$25,000 as of June 30, 2017.

The Board of Directors (the "Board") may designate funds for business lending. As of June 30, 2017 there were no funds for lending designated by The Board. The balance of funds designated for lending as of June 30, 2016 was \$130,654.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

7. Program Related Investment (“PRI”)

In 2012, the Corporation received approval for a PRI from Wells Fargo Bank in the amount of \$350,000 for a term of ten years, at 2% interest, to be used to promote affordable housing in the Hudson Valley. The balance outstanding as of June 30, 2017 and 2016 was \$350,000 and is payable on May 16, 2021.

8. Refundable Advances

NYSERDA

The Corporation has entered into an agreement with the New York State Energy Research and Development Authority (“NYSERDA”) to provide financial assistance for energy-efficiency improvements for eligible small businesses and not for profit entities. The Corporation as administrator is required to repay all loan funds advanced by NYSERDA and applicable interest received from loan repayments related to those advanced loan funds. On a monthly basis, the Corporation remits all repayments received on loans funded through this facility. The amount of outstanding related to this agreement as of June 30, 2017 and 2016 was \$17,295 and \$23,377.

9. Lines of Credit

The Corporation has a credit line of \$150,000 with Key Bank available for affordable housing lending. The annualized interest rate charged on borrowings is 3%. As of June 30, 2017 and 2016, the amount drawn on this line was \$149,006 and \$10,000. The line is payable on demand.

In January 2015, the Corporation established a \$350,000 line of credit with The Westchester Bank for its affordable housing and business lending programs as well as support for other lending opportunities developed within the markets served by the Corporation. The annualized interest rate charged on borrowings is 3%. As of June 30, 2017 and 2016, the amount drawn on this line was \$200,000. In July 2017 the line was increased to \$500,000 and the maturity date was extended to January 2021.

During the year ended June 30, 2016 the Corporation established a \$250,000 line of credit with Signature Bank for affordable housing lending. This line expired in January of 2017. The Corporation renewed the line of credit with an increased maximum limit of \$350,000. The annualized interest rate charged on borrowings is 3%. As of June 30, 2017 and 2016, the amount drawn on this line was \$225,000. This line matures on December 31, 2018.

During the year ended June 30, 2016 the Corporation established a \$350,000 line of credit with Deutsche Bank for its affordable housing and business lending programs as well as support for other lending opportunities developed within the markets served by the Corporation. The annualized interest rate charged on borrowings is 2.5%. As of June 30, 2017 and 2016, the amount drawn on this line was \$250,000. This line expires in May of 2018.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

9. Lines of Credit *(continued)*

During the year ended June 30, 2017 the Corporation established a \$250,000 line of credit with Tompkins Mahopac Bank for its affordable housing and business lending programs as well as support for other lending opportunities developed within the markets served by the Corporation. The annualized interest rate charged on borrowings is 3%. As of June 30, 2017, the amount drawn on this line was \$0. This line expires in October of 2018.

10. Notes Payable

Small Business Administration Notes Payable

During fiscal year 2010, the Corporation received a loan from the SBA in the maximum amount of \$500,000. The interest on the loan is calculated at a net rate of 0.50% per annum. The amount outstanding at June 30, 2017 and 2016 is \$113,041 and \$169,151. The funds are to be repaid no later than July 1, 2019.

During fiscal year 2012, the Corporation received an additional loan from the SBA in the maximum amount of \$750,000. The interest on the loan is calculated at a net rate of 0.625% per annum. The amount outstanding at June 30, 2017 and 2016 is \$381,728 and \$470,085. The funds are to be repaid no later than October 6, 2021.

During fiscal year 2015, the Corporation received an additional loan from the SBA in the maximum amount of \$1,000,000. The interest on the loan is calculated at a net rate of 0.375% per annum. The amount outstanding at June 30, 2017 and 2016 is \$845,946 and \$958,321. The funds are to be repaid no later than July 11, 2024.

All SBA notes payable are secured by the funds held in the related restricted cash accounts, including the loan loss reserve accounts, and the related loans outstanding.

Small Business Revolving Loan Fund

In November 2010, the Corporation entered into an agreement with New York State, through the ESDC that awarded the Corporation \$1,200,000 in loan capital which the agency can borrow to make loans to small businesses in the region. The loan is secured by the funds held in the related restricted cash accounts, including the loan loss reserve account, and the related loans outstanding. The funds had to be matched with an equal amount from other sources and were extended to the Corporation at 1% interest for a term of seven years. The amount outstanding at June 30, 2017 and 2016 is \$835,358. The original fund term was extended and funds are scheduled to be repaid no later than March 31, 2022.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

10. Notes Payable (continued)

City of Yonkers

In August 2011, the Corporation entered into an agreement with the City of Yonkers that awarded the Corporation access to loan capital which they can borrow to make loans to small businesses within the City of Yonkers. The funds drawn down are not subject to interest however one half of the interest collected from individual borrowers of these funds is paid to the City of Yonkers on a quarterly basis. As of June 30, 2017 this debt has been written off as the related small business loans were deemed uncollectable. The amount outstanding at June 30, 2016 was \$8,135.

Minimum future principal payments of all notes payable are as follows:

2018	\$	269,823
2019		270,329
2020		492,692
2021		493,725
2022		398,075
Thereafter		<u>251,429</u>
	\$	<u>2,176,073</u>

11. Temporarily Restricted Net Assets

Net assets released from restriction during the years ended June 30, were as follows:

	<u>2017</u>	<u>2016</u>
Loan fund capital	\$ 610,718	\$ 317,000
Loan loss reserve	15,297	-
Technical assistance	<u>546,241</u>	<u>512,982</u>
	<u>\$ 1,172,256</u>	<u>\$ 829,982</u>

12. In-Kind Contributions

In-kind contributions are comprised of consulting services, and donated goods, which are reflected in the accompanying financial statements as in-kind contributions revenue, in-kind consulting fees, office expense and additions to furniture. The value of these goods and services for the years ended June 30, 2017 and 2016 totaled \$19,753 and \$18,011.

Community Capital New York, Inc. and Affiliate

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

13. Lease Obligations

During 2017 the Corporation entered into a lease for office space located in Elmsford, New York expiring on December 31, 2021. The future minimum lease payments due under this lease are as follows:

2018	\$ 30,016
2019	31,067
2020	32,154
2021	33,280
2022	<u>16,926</u>
	<u>\$ 143,443</u>

The Corporation signed a 36 month lease for a copier effective May 1, 2015 at a rate of \$208.50 a month. The future minimum lease payments under the lease at June 30, 2017 is \$2,085.

Expenses under these leases for the years ending June 30, 2017 and 2016 totaled \$29,274 and \$24,180.

14. Retirement Plan

The Corporation established a 403(b) Defined Contribution Retirement Plan effective in 2007. All employees are eligible to participate. Under the Plan, a participant may elect to defer pre-tax salary into the Plan. The Corporation makes matching contributions, only to full-time employees who work 30 hours or more per week, at a one-to-one match for the first 3% of a participant's salary and a .5-to-one match for the next 2% of a participant's salary. All contributions by participants and employer are immediately 100% vested. The Corporation contributed \$16,020 and \$13,175 in 2017 and 2016. The Plan is administered by a third party.

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**Community Capital New York, Inc.
and Affiliate**

Consolidated Supplemental Information
June 30, 2017 and 2016

Community Capital New York, Inc. and Affiliate

Consolidating Statement of Financial Position
June 30, 2017

	<u>CCNY</u>	<u>HVAHFC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 534,797	\$ -	\$ -	\$ 534,797
Loans receivable, current portion, net	2,028,284	-	-	2,028,284
Grants receivable	268,715	-	-	268,715
Prepaid expenses	13,603	-	-	13,603
Interest receivable	15,100	-	-	15,100
Other receivables	<u>5,082</u>	<u>-</u>	<u>-</u>	<u>5,082</u>
Total Current Assets	2,865,581	-	-	2,865,581
Loans receivable, noncurrent portion, net	963,959	-	-	963,959
Restricted cash accounts	2,439,367	-	-	2,439,367
Cash collateral accounts	68,087	-	-	68,087
Furniture and equipment, net	14,646	-	-	14,646
Network license, net	11,250	-	-	11,250
Security deposit	<u>3,788</u>	<u>-</u>	<u>-</u>	<u>3,788</u>
	<u>\$ 6,366,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,366,678</u>
LIABILITIES				
Current Liabilities				
Accounts payable and other liabilities	\$ 45,193	\$ -	\$ -	\$ 45,193
Borrowings on lines of credit	824,006	-	-	824,006
Equity investment payable	350,000	-	-	350,000
Cash collateral accounts	68,087	-	-	68,087
Refundable advances	17,295	-	-	17,295
Notes payable, current portion	<u>269,823</u>	<u>-</u>	<u>-</u>	<u>269,823</u>
Total Current Liabilities	1,574,404	-	-	1,574,404
Notes payable, noncurrent portion	<u>1,906,250</u>	<u>-</u>	<u>-</u>	<u>1,906,250</u>
Total Liabilities	<u>3,480,654</u>	<u>-</u>	<u>-</u>	<u>3,480,654</u>
NET ASSETS				
Unrestricted net assets				
Operations	1,252,687	-	-	1,252,687
Board designated				
Loan loss reserve	147,587	-	-	147,587
Loan fund capital	<u>844,000</u>	<u>-</u>	<u>-</u>	<u>844,000</u>
Total Unrestricted Net Assets	<u>2,244,274</u>	<u>-</u>	<u>-</u>	<u>2,244,274</u>
Temporarily restricted net assets				
Loan fund capital	202,782	-	-	202,782
Loan loss reserve	243,800	-	-	243,800
Technical assistance	<u>195,168</u>	<u>-</u>	<u>-</u>	<u>195,168</u>
Total Temporarily Restricted Net Assets	<u>641,750</u>	<u>-</u>	<u>-</u>	<u>641,750</u>
Total Net Assets	<u>2,886,024</u>	<u>-</u>	<u>-</u>	<u>2,886,024</u>
	<u>\$ 6,366,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,366,678</u>

See Independent Auditors' Report

Community Capital New York, Inc. and Affiliate

Consolidating Statement of Financial Position

June 30, 2016

	<u>CCNY</u>	<u>HVAHFC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 534,250	\$ -	\$ -	\$ 534,250
Due from affiliates	-	13,364	(13,364)	-
Loans receivable, current portion	1,696,048	-	-	1,696,048
Grants receivable	244,222	-	-	244,222
Prepaid expenses	11,762	-	-	11,762
Interest receivable	24,425	-	-	24,425
Other receivables	-	-	-	-
Total Current Assets	<u>2,510,707</u>	<u>13,364</u>	<u>(13,364)</u>	<u>2,510,707</u>
Loans receivable, noncurrent portion, net	1,034,003	-	-	1,034,003
Restricted cash accounts	2,494,350	-	-	2,494,350
Cash collateral accounts	65,284	-	-	65,284
Furniture and equipment, net	764	-	-	764
Security deposits	<u>1,780</u>	<u>-</u>	<u>-</u>	<u>1,780</u>
	<u>\$ 6,106,888</u>	<u>\$ 13,364</u>	<u>\$ (13,364)</u>	<u>\$ 6,106,888</u>
LIABILITIES				
Current Liabilities				
Accounts payable and other liabilities	\$ 43,083	\$ -	\$ -	\$ 43,083
Due to affiliates	13,364	-	(13,364)	-
Borrowings on lines of credit	685,000	-	-	685,000
Equity investment payable	350,000	-	-	350,000
Cash collateral accounts	65,284	-	-	65,284
Refundable advances	23,377	-	-	23,377
Notes payable, current portion	<u>722,567</u>	<u>-</u>	<u>-</u>	<u>722,567</u>
Total Current Liabilities	1,902,675	-	(13,364)	1,889,311
Notes payable, noncurrent portion	<u>1,718,483</u>	<u>-</u>	<u>-</u>	<u>1,718,483</u>
Total Liabilities	<u>3,621,158</u>	<u>-</u>	<u>(13,364)</u>	<u>3,607,794</u>
NET ASSETS				
Unrestricted net assets				
Operations	185,709	13,364	-	199,073
Board designated				
Loan loss reserve	92,483	-	-	92,483
Loan fund capital	<u>1,413,316</u>	<u>-</u>	<u>-</u>	<u>1,413,316</u>
Total Unrestricted Net Assets	<u>1,691,508</u>	<u>13,364</u>	<u>-</u>	<u>1,704,872</u>
Temporarily restricted net assets				
Loan fund capital	392,500	-	-	392,500
Loan loss reserve	203,993	-	-	203,993
Technical assistance	<u>197,729</u>	<u>-</u>	<u>-</u>	<u>197,729</u>
Total Temporarily Restricted Net Assets	<u>794,222</u>	<u>-</u>	<u>-</u>	<u>794,222</u>
Total Net Assets	<u>2,485,730</u>	<u>13,364</u>	<u>-</u>	<u>2,499,094</u>
	<u>\$ 6,106,888</u>	<u>\$ 13,364</u>	<u>\$ (13,364)</u>	<u>\$ 6,106,888</u>

Community Capital New York, Inc. and Affiliate

Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2017

	Unrestricted			Temporarily Restricted			Total
	CCNY	HVAHFC	Total	CCNY	HVAHFC	Total	
SUPPORT AND REVENUE							
Government contract income	\$ -	\$ -	\$ -	\$ 423,880	\$ -	\$ 423,880	\$ 423,880
Grants from corporations	46,051	-	46,051	135,800	-	135,800	181,851
Grants for loan loss reserve	-	-	-	55,104	-	55,104	55,104
Grants for loan capital	-	-	-	405,000	-	405,000	405,000
Contributions	41,670	-	41,670	-	-	-	41,670
In-kind contributions	19,753	-	19,753	-	-	-	19,753
Interest income on portfolio	236,407	-	236,407	-	-	-	236,407
Loan fee income	37,760	-	37,760	-	-	-	37,760
Program revenue	4,000	-	4,000	-	-	-	4,000
Interest income	4,245	-	4,245	-	-	-	4,245
Net assets released from restrictions	1,172,256	-	1,172,256	(1,172,256)	-	(1,172,256)	-
Total Support and Revenue	<u>1,562,142</u>	<u>-</u>	<u>1,562,142</u>	<u>(152,472)</u>	<u>-</u>	<u>(152,472)</u>	<u>1,409,670</u>
EXPENSES							
Program	598,685	13,364	612,049	-	-	-	612,049
Fundraising	61,497	-	61,497	-	-	-	61,497
Management and general	136,472	-	136,472	-	-	-	136,472
Total Operating Expenses	796,654	13,364	810,018	-	-	-	810,018
Feasibility project grant	58,978	-	58,978	-	-	-	58,978
Loan loss provision	153,744	-	153,744	-	-	-	153,744
Total Expenses	<u>1,009,376</u>	<u>13,364</u>	<u>1,022,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,022,740</u>
Change in Net Assets	552,766	(13,364)	539,402	(152,472)	-	(152,472)	386,930
NET ASSETS							
Beginning of year	1,691,508	13,364	1,704,872	794,222	-	794,222	2,499,094
End of Year	<u>\$ 2,244,274</u>	<u>\$ -</u>	<u>\$ 2,244,274</u>	<u>\$ 641,750</u>	<u>\$ -</u>	<u>\$ 641,750</u>	<u>\$ 2,886,024</u>

Community Capital New York, Inc. and Affiliate

Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2016

	Unrestricted			Temporarily Restricted			Total
	CCNY	HVAHFC	Total	CCNY	HVAHFC	Total	
SUPPORT AND REVENUE							
Government contracts	\$ -	\$ -	\$ -	\$ 474,382	\$ -	\$ 474,382	\$ 474,382
Grants from corporations	-	-	-	155,800	-	155,800	155,800
Grants for loan loss reserve	-	-	-	65,610	-	65,610	65,610
Grants for loan capital	-	-	-	164,500	-	164,500	164,500
Contributions	39,062	-	39,062	-	-	-	39,062
In-kind contributions	18,011	-	18,011	-	-	-	18,011
Interest income on portfolio	158,249	-	158,249	-	-	-	158,249
Loan fee income	38,764	-	38,764	-	-	-	38,764
Program revenue	13,500	-	13,500	-	-	-	13,500
Interest income	3,589	-	3,589	-	-	-	3,589
Net assets released from restrictions	829,982	-	829,982	(829,982)	-	(829,982)	-
Total Support and Revenue	1,101,157	-	1,101,157	30,310	-	30,310	1,131,467
EXPENSES							
Program	624,906	-	624,906	-	-	-	624,906
Fundraising	65,427	-	65,427	-	-	-	65,427
Management and general	111,244	-	111,244	-	-	-	111,244
Total Operating Expenses	801,577	-	801,577	-	-	-	801,577
Feasibility project grant	19,405	-	19,405	-	-	-	19,405
Loan loss provision	75,161	-	75,161	-	-	-	75,161
Total Expenses	896,143	-	896,143	-	-	-	896,143
Change in Net Assets	205,014	-	205,014	30,310	-	30,310	235,324
NET ASSETS							
Beginning of year	1,486,494	13,364	1,499,858	763,912	-	763,912	2,263,770
End of Year	<u>\$ 1,691,508</u>	<u>\$ 13,364</u>	<u>\$ 1,704,872</u>	<u>\$ 794,222</u>	<u>\$ -</u>	<u>\$ 794,222</u>	<u>\$ 2,499,094</u>

See Independent Auditors' Report

Community Capital New York, Inc. and Affiliate

Consolidated Schedule of Functional Expenses
Year Ended June 30, 2017

	Program Expenses					Total Expenses
	Affordable Housing Lending Program	Business Lending	Total Program Expenses	Fundraising	Management and General	
Salaries	\$ 54,650	\$ 289,953	\$ 344,603	\$ 37,434	\$ 62,527	\$ 444,564
Payroll taxes	4,186	21,965	26,151	2,893	7,271	36,315
Employee benefits	8,245	24,446	32,691	3,148	8,505	44,344
Office expense	2,134	17,927	20,061	1,780	10,294	32,135
Occupancy costs	3,304	22,243	25,547	2,395	3,833	31,775
Program expenses	1,251	40,157	41,408	29	47	41,484
Loan expenses	-	5,595	5,595	-	-	5,595
Professional fees	-	70	70	-	25,500	25,570
Insurance	1,310	7,399	8,709	762	1,558	11,029
Education & training	196	7,887	8,083	1,354	1,490	10,927
Consultant fees	568	21,324	21,892	398	6,369	28,659
In-kind	-	-	-	-	3,015	3,015
Telephone	509	4,598	5,107	319	633	6,059
Travel	623	6,824	7,447	1,117	1,487	10,051
Printing	103	1,050	1,153	72	134	1,359
Postage & delivery	28	169	197	34	31	262
Repairs & maintenance	787	5,812	6,599	369	682	7,650
Development & fundraising	-	3,000	3,000	9,286	-	12,286
Marketing	175	6,345	6,520	107	240	6,867
Depreciation	-	-	-	-	2,856	2,856
Amortization	-	1,250	1,250	-	-	1,250
Interest	30,379	15,587	45,966	-	-	45,966
Total Operating Expenses	108,448	503,601	612,049	61,497	136,472	810,018
Feasibility project grant	58,978	-	58,978	-	-	58,978
Loan loss provision	107,412	46,332	153,744	-	-	153,744
	<u>\$ 274,838</u>	<u>\$ 549,933</u>	<u>\$ 824,771</u>	<u>\$ 61,497</u>	<u>\$ 136,472</u>	<u>\$ 1,022,740</u>

Community Capital New York, Inc. and Affiliate

Consolidated Schedule of Functional Expenses

Year Ended June 30, 2016

	Program Expenses					
	Affordable		Total			
	Housing	Business	Program		Management	Total
	Lending	Lending	Program	Fundraising	and General	Expenses
	Program		Expenses			
Salaries	\$ 69,735	\$ 253,991	\$ 323,726	\$ 30,370	\$ 62,179	\$ 416,275
Payroll taxes	5,894	18,789	24,683	2,394	5,079	32,156
Employee benefits	11,684	31,258	42,942	5,974	8,000	56,916
Office expense	1,661	13,666	15,327	1,689	7,767	24,783
Occupancy costs	3,838	15,398	19,236	1,590	3,355	24,181
Program expenses	80	48,396	48,476	171	142	48,789
Loan expenses	500	4,234	4,734	-	-	4,734
Professional fees	3,204	16,361	19,565	1,244	5,596	26,405
Insurance	1,771	6,907	8,678	727	1,695	11,100
Education & training	968	9,207	10,175	1,151	1,765	13,091
Consultant fees	9,067	20,070	29,137	4,231	9,066	42,434
In-kind consultant fees	-	18,010	18,010	-	-	18,010
Telephone	512	2,387	2,899	216	445	3,560
Travel	824	5,895	6,719	1,281	2,196	10,196
Printing	92	626	718	94	123	935
Postage & delivery	261	1,076	1,337	1,370	315	3,022
Repairs & maintenance	894	3,377	4,271	260	836	5,367
Development & fundraising	-	-	-	11,772	-	11,772
Marketing	2,181	7,753	9,934	893	1,129	11,956
Depreciation	-	-	-	-	1,556	1,556
Interest	19,843	14,496	34,339	-	-	34,339
Total Operating Expenses	133,009	491,897	624,906	65,427	111,244	801,577
Feasibility project grant	19,405	-	19,405	-	-	19,405
Loan loss provision	(10,230)	85,391	75,161	-	-	75,161
	<u>\$ 142,184</u>	<u>\$ 577,288</u>	<u>\$ 719,472</u>	<u>\$ 65,427</u>	<u>\$ 111,244</u>	<u>\$ 896,143</u>