

**Community Capital New York, Inc.**

Financial Statements

June 30, 2022 and 2021

**Community Capital New York, Inc.**

Financial Statements  
June 30, 2022 and 2021

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## **Independent Auditors' Report**

### **Board of Directors Community Capital New York, Inc.**

We have audited the accompanying financial statements of Community Capital New York, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Capital New York, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Capital New York, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Capital New York, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Capital New York, Inc.'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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
December 14, 2022

**Community Capital New York, Inc.**

Statements of Financial Position

	June 30,	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 3,250,598	\$ 2,470,729
Loans receivable, current portion, net of loan loss reserve	3,345,027	2,765,032
Grants receivable	554,394	635,404
Prepaid expenses	22,583	6,787
Interest receivable	21,149	26,059
Contributions and other receivable	314	2,368
Total Current Assets	<u>7,194,065</u>	<u>5,906,379</u>
Loans receivable, noncurrent portion, net of loan loss reserve	1,192,835	2,762,153
Restricted cash accounts	6,376,659	4,402,582
Network license, net of accumulated amortization	-	1,250
Security deposits	<u>6,088</u>	<u>3,788</u>
	<u>\$ 14,769,647</u>	<u>\$ 13,076,152</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and other current liabilities	\$ 153,847	\$ 115,822
Refundable advances	1,922,699	1,826,981
Borrowings on lines of credit, current portion	748,633	399,006
Notes payable, current portion	<u>1,190,383</u>	<u>1,035,542</u>
Total Current Liabilities	<u>4,015,562</u>	<u>3,377,351</u>
Long Term Liabilities		
Equity equivalent investment	300,000	300,000
Borrowings on lines of credit, noncurrent portion	750,000	1,100,000
Notes payable, noncurrent portion	<u>2,471,071</u>	<u>3,807,418</u>
Total Long Term Liabilities	<u>3,521,071</u>	<u>5,207,418</u>
Total Liabilities	<u>7,536,633</u>	<u>8,584,769</u>
Net Assets		
Without Donor Restrictions		
Operations	4,126,340	2,692,746
Board Designated		
Loan loss reserve	67,820	67,820
Loan fund capital	<u>1,159,643</u>	<u>1,107,423</u>
Total Without Donor Restrictions	<u>5,353,803</u>	<u>3,867,989</u>
With Donor Restrictions		
Loan fund capital	1,612,108	416,291
Loan loss reserve	162,103	162,103
Technical assistance	<u>105,000</u>	<u>45,000</u>
Total With Donor Restrictions	<u>1,879,211</u>	<u>623,394</u>
Total Net Assets	<u>7,233,014</u>	<u>4,491,383</u>
	<u>\$ 14,769,647</u>	<u>\$ 13,076,152</u>

See notes to financial statements

**Community Capital New York, Inc.**

Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Government grants	\$ -	\$ 3,058,654	\$ 3,058,654
Grants from corporations	34	358,000	358,034
Contributions	42,631	-	42,631
Interest income on loan portfolio	298,703	-	298,703
Loan fee income	129,890	-	129,890
Administrative fees	319,841	-	319,841
Interest income	4,255	-	4,255
Net assets released from restrictions	<u>2,160,837</u>	<u>(2,160,837)</u>	<u>-</u>
Total Support and Revenue	<u>2,956,191</u>	<u>1,255,817</u>	<u>4,212,008</u>
<b>EXPENSES</b>			
Program	1,480,481	-	1,480,481
Fundraising	43,508	-	43,508
Management and general	<u>107,223</u>	<u>-</u>	<u>107,223</u>
Total Expenses Before Grants and Loan Loss Provision (Benefit)	1,631,212	-	1,631,212
Microenterprise and rental assistance grants	30,000	-	30,000
Loan loss provision (benefit)	<u>(190,835)</u>	<u>-</u>	<u>(190,835)</u>
Total Expenses	<u>1,470,377</u>	<u>-</u>	<u>1,470,377</u>
Change in Net Assets	1,485,814	1,255,817	2,741,631
<b>NET ASSETS</b>			
Beginning of year	<u>3,867,989</u>	<u>623,394</u>	<u>4,491,383</u>
End of Year	<u>\$ 5,353,803</u>	<u>\$ 1,879,211</u>	<u>\$ 7,233,014</u>

See notes to financial statements

**Community Capital New York, Inc.**

Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Government grants	\$ -	\$ 1,282,000	\$ 1,282,000
Grants from corporations	83,146	262,500	345,646
Contributions	47,085	-	47,085
Interest income on loan portfolio	256,520	-	256,520
Loan fee income	170,872	-	170,872
Program fees	163,645	-	163,645
Interest income	5,165	-	5,165
PPP loan forgiveness income	141,507	-	141,507
Net assets released from restrictions	<u>1,379,400</u>	<u>(1,379,400)</u>	<u>-</u>
Total Support and Revenue	<u>2,247,340</u>	<u>165,100</u>	<u>2,412,440</u>
<b>EXPENSES</b>			
Program	1,290,326	-	1,290,326
Fundraising	64,047	-	64,047
Management and general	<u>105,087</u>	<u>-</u>	<u>105,087</u>
Total Expenses Before Grants and Loan Loss Provision (Benefit)	1,459,460	-	1,459,460
Feasibility and rental assistance grants	291,284	-	291,284
Loan loss provision (benefit)	<u>(435,148)</u>	<u>-</u>	<u>(435,148)</u>
Total Expenses	<u>1,315,596</u>	<u>-</u>	<u>1,315,596</u>
Change in Net Assets	931,744	165,100	1,096,844
<b>NET ASSETS</b>			
Beginning of year	<u>2,936,245</u>	<u>458,294</u>	<u>3,394,539</u>
End of Year	<u>\$ 3,867,989</u>	<u>\$ 623,394</u>	<u>\$ 4,491,383</u>

**Community Capital New York, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2022

	Program		Total	Fundraising	Management and General	Total Expenses
	Affordable Housing Program	Small Business Program				
<b>PERSONNEL COSTS</b>						
Salaries	\$ 134,596	\$ 445,076	\$ 579,672	\$ 14,169	\$ 21,906	\$ 615,747
Payroll taxes	8,869	38,988	47,857	1,188	1,394	50,439
Employee benefits	3,216	23,055	26,271	7	21	26,299
Total Personnel Costs	146,681	507,119	653,800	15,364	23,321	692,485
<b>OTHER THAN PERSONNEL COSTS</b>						
Office expense	2,363	33,954	36,317	678	4,866	41,861
Occupancy costs	4,222	35,049	39,271	1,256	1,356	41,883
Loan expenses	-	34,159	34,159	-	-	34,159
Professional fees	6,330	59,172	65,502	1,899	1,899	69,300
Insurance	1,288	10,823	12,111	387	387	12,885
Education and training	-	15,606	15,606	-	75	15,681
Consultant fees	33,763	389,664	423,427	15,545	65,722	504,694
Telephone	1,393	8,141	9,534	175	175	9,884
Travel	-	329	329	-	-	329
Printing	-	100	100	-	753	853
Postage and delivery	-	413	413	-	7	420
Technical	8,510	78,428	86,938	2,553	3,043	92,534
Development and fundraising	-	-	-	3,007	-	3,007
Marketing	477	14,963	15,440	2,644	4,369	22,453
Amortization	-	-	-	-	1,250	1,250
Interest	51,859	35,675	87,534	-	-	87,534
Total Expenses Before Grants and Loan Loss Provision (Benefit)	256,886	1,223,595	1,480,481	43,508	107,223	1,631,212
Microenterprise grants	-	30,000	30,000	-	-	30,000
Loan loss provision (benefit)	(68,361)	(122,475)	(190,836)	-	-	(190,835)
Total Expenses	<u>\$ 188,525</u>	<u>\$ 1,131,120</u>	<u>\$ 1,319,645</u>	<u>\$ 43,508</u>	<u>\$ 107,223</u>	<u>\$ 1,470,377</u>



**Community Capital New York, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2021

	Program		Total	Fundraising	Management and General	Total Expenses
	Affordable Housing Program	Small Business Program				
<b>PERSONNEL COSTS</b>						
Salaries	\$ 152,697	\$ 677,293	\$ 829,990	\$ 36,752	\$ 52,427	\$ 919,169
Payroll taxes	9,472	56,084	65,556	2,779	5,639	73,974
Employee benefits	4,179	30,307	34,486	1,353	2,702	38,541
Total Personnel Costs	166,348	763,684	930,032	40,884	60,768	1,031,684
<b>OTHER THAN PERSONNEL COSTS</b>						
Office expense	1,271	16,424	17,695	759	2,441	20,895
Occupancy costs	4,615	33,306	37,921	1,285	2,505	41,711
Loan expenses	250	41,394	41,644	-	-	41,644
Professional fees	3,567	48,323	51,890	1,784	10,326	64,000
Insurance	1,596	11,591	13,187	436	1,406	15,029
Education and training	-	339	339	-	773	1,112
Consultant fees	14,972	87,952	102,924	4,720	24,277	131,921
Telephone	1,151	6,652	7,803	179	346	8,328
Travel	-	769	769	-	-	769
Postage and delivery	-	79	79	218	64	361
Development and fundraising	-	-	-	13,758	-	13,758
Marketing	89	6,210	6,299	24	88	6,411
Depreciation	-	-	-	-	2,093	2,093
Amortization	250	2,250	2,500	-	-	2,500
Interest	42,921	34,323	77,244	-	-	77,244
Total Expenses Before Grants and Loan Loss Provision (Benefit)	237,030	1,053,296	1,290,326	64,047	105,087	1,459,460
Microenterprise and rental assistance grants	-	291,284	291,284	-	-	291,284
Loan loss provision (benefit)	(117,676)	(317,472)	(435,148)	-	-	(435,148)
Total Expenses	\$ 119,354	\$ 1,027,108	\$ 1,146,462	\$ 64,047	\$ 105,087	\$ 1,315,596

**Community Capital New York, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,741,631	\$ 1,096,844
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	-	2,093
Amortization	1,250	2,500
Provision (benefit) for loan loss	(190,835)	(435,148)
Paycheck Protection Program loan forgiveness	-	(141,507)
Changes in operating assets and liabilities		
Loans originated	(2,083,335)	(4,773,712)
Repayment of loans	3,263,493	3,575,847
Grants receivable	81,010	(453,412)
Prepaid expenses	(15,796)	2,022
Interest receivable	4,910	(4,480)
Contribution and other receivable	2,054	1,513
Other assets	(2,300)	-
Accounts payable and other current liabilities	38,025	28,734
Refundable advances	95,718	1,826,981
Deferred income	-	(59,400)
Net Cash from Operating Activities	<u>3,935,825</u>	<u>668,875</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from lines of credit	-	250,000
Repayment of line of credit	(373)	(250,000)
Proceeds from notes payable	795,356	1,473,921
Repayment of notes payable	(1,976,862)	(331,345)
Net Cash from Financing Activities	<u>(1,181,879)</u>	<u>1,142,576</u>
Change in Cash, Cash Equivalents, and Restricted Cash	2,753,946	1,811,451
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Beginning of year	<u>6,873,311</u>	<u>5,061,860</u>
End of year	<u>\$ 9,627,257</u>	<u>\$ 6,873,311</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 88,128	\$ 72,764

See notes to financial statements

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 1. Organization

Community Capital New York, Inc. (the “Corporation”) was incorporated as a not for profit corporation organized under the laws of New York State 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”) and is a Small Business Administration lender. The Corporation creates economic opportunities for under-served, historically disadvantaged individuals and communities by funding the development of critically needed affordable housing throughout New York State and providing flexible loans and technical assistance to small business entrepreneurs in the Hudson Valley.

#### Affordable Housing Program

Funded with the support of a revolving loan fund supported by the CDFI Fund, financial institution lines of credit and equity investments, the Corporation makes pre-development, bridge, acquisition, and construction loans to both non-profit and for-profit developers of affordable housing to close project funding “gaps”. Pre-development loans provide the affordable housing developers with funding for early-stage expenses such as appraisals, surveys, soil boring, preliminary architectural and engineering expenses, legal, consulting and permit fees.

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 and treated as grants by action of the Loan Committee if the project proves to be infeasible.

#### Small Business Program

The Small Business program provides loan capital to small start-up and emerging entrepreneurs throughout the Hudson Valley. Loans are primarily marketed to low-income, women, minority and disabled business owners.

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 statements of financial position 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.

In response to the needs of the community it serves, the Corporation launched the Emergency Express Loan (“EEL”) program in March 2020. The EEL program allows small businesses impacted by COVID-19 to apply for a two-year loan of up to \$10,000 with interest at 2% per annum. The Corporation issued 85 loans under this program through June 30, 2021.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 1. Organization (*continued*)

To bolster the effectiveness of the Paycheck Protection Program (“PPP”), the Corporation was supplied with liquidity from the Federal Reserve Bank of Cleveland via its PPP Liquidity Facility (“PPPLF”) (see Note 12).

The Corporation utilizes the SBA’s Community Advantage Program, which allows mission-oriented access to its 7(a) Loan Guaranty Program. The SBA provides a loan guaranty to a lending partner which is a partial refund (up to 85% of each loan made) for a failed loan.

In fiscal year 2021, the Corporation entered into agreements with several municipalities to administer grant programs for the benefit of microenterprises and nonprofit organizations employing or benefiting low-and moderate- income persons to stabilize microenterprises negatively impacted by COVID-19.

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.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation and Use of Estimates***

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting periods. Actual results could differ from those estimates.

#### ***Cash, Cash Equivalents, and Restricted Cash***

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. Certain assets are classified as restricted cash because their use is limited (See Note 6). The following is a reconciliation of the cash, cash equivalents, and restricted cash reported on the statements of cash flows at June 30,

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,250,598	\$ 2,470,729
Restricted cash accounts	<u>6,376,659</u>	<u>4,402,582</u>
	<u>\$ 9,627,257</u>	<u>\$ 6,873,311</u>

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

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

#### ***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.

#### ***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 government loan guarantee programs, and underlying loan collateral, and current economic conditions including COVID-19. Recovery of the carrying value of such loans may be dependent on conditions that may be beyond management's control.

The risk rating system for the business loan portfolio is categorized into like pools based on risk ratings that range from level 1 representing the highest quality/lowest credit risk to level 7 which represent the lowest quality/highest risk category. The criteria for levels 1 through 4 is largely based on the size of the loan, payment history and period that the loan has been outstanding.

The risk rating system for the affordable housing loans is done on a loan by loan basis, with feasibility loans being assigned a reserve equal to either 50% or 100% of the outstanding principal amount. The rest of the portfolio has been reserved in the range between 5% to 20%.

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.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

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

#### ***Cash Collateral Accounts***

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

#### ***Net Asset Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Included in the without donor restrictions 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.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### ***Revenue Recognition***

##### *Grants and Contributions*

Unconditional grants and contributions, including promises to give cash and other assets, are reported at fair value at the date the grant or contribution is received. The gifts are reported as donor restricted support if they are received with donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

##### *Government Contracts*

Revenue from expense reimbursement-based government contracts is recognized when reimbursable expenses are incurred under the terms of the contracts. Revenue from performance based government contracts is recognized when performance objectives pursuant to the contract have been accomplished. Contract payments in excess of qualified expenses or performance are accounted for as refundable advances.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

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

#### ***Revenue Recognition (continued)***

##### **Interest Income**

Interest on loans is computed using the effective interest method. Interest earned on loans is considered revenue without donor restriction 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.

##### **Loan Fee Income**

The Corporation charges fees associated with entering into financing arrangements. These fees are recognized when the process of originating, refinancing, or restructuring of a loan is completed. The performance obligation is identified at the contract level which represents the Corporation's promise to provide the specified services at a fixed rate. The performance obligation is satisfied at a point in time when the services are rendered.

##### **Administrative Fee Income**

In fiscal year 2022 and 2021, the Corporation earned fees for administering grant and loan programs on behalf of various municipalities. The fees were earned at the time the grants and loans were disbursed. There were no amounts receivable at June 30, 2022 and 2021.

#### ***Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to one or more program and supporting services of the Organization. Therefore, expenses require allocation on a reasonable and consistent basis. The more significant expense allocations include salaries and related personnel costs, consultant fees and occupancy. Personnel costs and consultant fees have been allocated based on estimates of time and effort. Other expenses, such as occupancy are allocated based on the personnel cost allocation percentages.

#### ***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.

The Corporation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Corporation had no uncertain tax positions that would require financial statement recognition or disclosure. The Corporation is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2019.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

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

#### ***Future Adoption of Credit Losses Guidance***

In June 2016, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Board (“ASU”) 2016-13, *Financial Instrument - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires entities to use a new method, referred to as the current expected credit loss (“CECL”) method, to recognize credit losses on loans and other receivables. The CECL method broadens the information an entity must consider when estimating its credit losses. Specifically, it reflects an entity’s current estimate of all expected credit losses using relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts. CECL expands the loss to be recorded to include not only those that have occurred but also those expected to incur in the future as transactions occur. The ASU is effective for years beginning after December 15, 2022, including interim periods within those fiscal years and early application is permitted. Management continues to evaluate the potential impact of this ASU on the financial statements and related disclosures.

#### **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 December 14, 2022.

### 3. 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. At June 30, 2022 and 2021, there were approximately \$6,182,000 and \$3,406,000 of cash and cash equivalents held by banks that exceed federal insurance limits. The Corporation has not experienced any losses on its cash, cash equivalents and restricted cash.

The Corporation’s loans receivable are primarily from loans made 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.

### Notes to Financial Statements June 30, 2022 and 2021

#### 4. Loans Receivable

Loans receivable consist of affordable housing loans with terms ranging from one to two years to qualified developers in New York State and business loans of one to five years for start-up and emerging businesses whose owners do not have access to other affordable funding sources in the lower Hudson Valley region. In addition, some business loans have been made to not for profit businesses which are included in the business loan data. Finally, on a limited basis, the Corporation provides Credit Builder loans to help clients build a credit profile. These loans are for one to two years.

For affordable housing and business loans, interest rates vary from 0% to 9.25% per annum. For consumer loans interest rates are from 0% to 6%. Feasibility loans carry no interest.

Borrower	Current	Long Term	Balance as of June 30,	
	Receivable	Receivable	2022	2021
Feasibility Loans	\$ 30,000	\$ 25,000	\$ 55,000	\$ 12,310
Affordable Housing Loans	2,893,451	65,693	2,959,144	2,486,378
Consumer Loans	19,787	200	19,987	48,877
Business Loan Program	<u>575,156</u>	<u>1,350,953</u>	<u>1,926,109</u>	<u>3,616,946</u>
Gross Loans Receivable	3,518,394	1,441,846	4,960,240	6,164,511
Loan loss reserve	<u>(173,367)</u>	<u>(249,011)</u>	<u>(422,378)</u>	<u>(637,326)</u>
Net Loans Receivable	<u>\$ 3,345,027</u>	<u>\$ 1,192,835</u>	<u>\$ 4,537,862</u>	<u>\$ 5,527,185</u>

Scheduled collection on the outstanding loans, before application of loan loss reserve, to be received at June 30, 2022 is as follows:

2023	\$ 3,518,394
2024	471,248
2025	373,237
2026	296,154
2027	174,782
Thereafter	<u>126,425</u>
	<u>\$ 4,960,240</u>

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

	<u>2022</u>	<u>2021</u>
Business Loan Program	<u>\$ 35,259</u>	<u>\$ -</u>

At June 30, 2022, there was approximately \$3,346,000 of unfunded commitments to borrowers.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 4. Loans Receivable (continued)

#### Loan Loss Reserve

As discussed in Note 2, 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.

At June 30, 2022 and 2021, the loan loss reserve was evaluated based upon the economic conditions then existing, taking into account the legislated obligation of the SBA to repay a portion of the principal of loans made during the COVID19 pandemic. As a result of these factors and the actual operation of the loan portfolio, the Corporation reduced its loan loss reserve. As a result, the loan loss reserve at June 30, 2022 and 2021 was \$422,378 and \$637,326.

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

	2022			2021
	Affordable Housing Portfolio	Business Loan Portfolio	Total	Total
Balance, beginning of year	\$ 166,310	\$ 471,016	\$ 637,326	\$ 1,109,708
Current year write-offs	(28,319)	-	(28,319)	(41,120)
Current year provision (benefit)	(68,361)	(122,474)	(190,835)	(435,148)
Current year recoveries	-	4,206	4,206	3,886
Balance, end of year	<u>\$ 69,630</u>	<u>\$ 352,748</u>	<u>\$ 422,378</u>	<u>\$ 637,326</u>

### 5. Grants Receivable

Grants receivable consist primarily of amounts due for expenditures made under agreements with various federal, state and county agencies, for technical assistance and financial assistance. Management has deemed these amounts to be fully collectible.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 6. Restricted Cash

In accordance with its agreement with the SBA, the Corporation is required to maintain Microloan Reserve cash accounts equivalent to 15% of outstanding Microloan balances. In the event of default on a financial assistance loan, the SBA has the right to draw out of the Microloan Reserve cash accounts an amount equal to the unpaid loan balance. The Corporation must maintain collateral that is 115% of the debt owed to the SBA. Collateral is comprised of cash available in Microloan Revolving Fund ("MRF") and Loan Loss Reserve Fund ("LLRF") accounts plus the principal balance of outstanding Microloans made. If the collateral is above the 115%, the Corporation may request permission to withdraw the excess funds from the MRF or LLRF accounts. The cash balances in the MRF accounts were \$1,374,254 and \$1,073,418 at June 30, 2022 and 2021. The cash balances in the LLRF accounts were \$478,775 and \$477,937 at June 30, 2022 and 2021.

Additionally, the Corporation is required to maintain a minimum reserve amount as directed by the SBA for all loans funded under the SBA 7(a) Community Advantage Program ("CA"). The Corporation is required to maintain a loan loss reserve bank account of a minimum of 5% of the unguaranteed portion of the CA loan portfolio. The deposits in the loan loss reserve account are required to be maintained in a separate bank account. At June 30, 2022 and 2021, the unguaranteed CA loan portfolio was \$63,888 and \$32,045. The balance in the loan loss reserve account was \$6,223 and \$6,214 at June 30, 2022 and 2021.

The ESDC requires the Corporation to maintain separate cash accounts for the following:

1. In its capacity as administrator of the Capital Access Program and Metropolitan Economic Revitalization Fund ("MERF"), 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 \$310,246 and \$309,730 at June 30, 2022 and 2021.
2. In its capacity as administrator of the Small Business Revolving Loan Fund (see Note 10): the balance of this restricted account was \$498,383 and \$26,895 at June 30, 2022 and 2021.
3. In connection with the Regional Revolving Loan Trust Fund Award and related Revolving Loan Fund: the balance of this restricted account was \$162,848 and \$173,815 at June 30, 2022 and 2021.
4. In its capacity as administrator of the MERF, for loan capital (see Note 10): the balance of this restricted account was \$121,621 and \$139,630 at June 30, 2022 and 2021.

In connection with the disbursement of funds related to Community Development Financial Institutions financial assistance loan program, the Corporation has restricted cash of \$436,802 and \$592,476 at June 30, 2022 and 2021.

## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 6. Restricted Cash (continued)

In connection with the disbursement of funds related to Community Development Financial Institutions Rapid Response grant, the Corporation has restricted cash of \$1,014,120 at June 30, 2022.

In its capacity as the administrator of the Westchester County Business First and Launch 1000 grant program, Westchester County transferred cash to the Corporation which has a restricted balance of \$1,837,172 and \$1,376,523 at June 30, 2022 and 2021 and is also included in refundable advances.

In its capacity as the administrator of the Westchester County Industrial Development Agency Disaster Emergency Loan and Grant program, the Corporation has a restricted balance of \$31,000 and \$100,458 at June 30, 2022 and 2021.

The loan payable 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 10). The balance of this restricted account was \$45,845 and \$50,749 at June 30, 2022 and 2021.

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 \$38,430 and \$53,527 at June 30, 2022 and 2021.

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 \$20,940 and \$21,210 at June 30, 2022 and 2021.

### 7. Refundable Advances

Refundable advances consisted of the following at June 30,

	<u>2022</u>	<u>2021</u>
Westchester County Biz First and Launch 1000 Grant Program	\$ 1,837,172	\$ 1,376,523
Westchester County IDA Loan program	31,000	100,458
CDFI Assistance Program	54,527	-
CDFI 2020 grant advance	-	350,000
	<u>\$ 1,922,699</u>	<u>\$ 1,826,981</u>

### 8. Equity Equivalent Investment

In 2019, the Corporation received approval for an Equity Equivalent Investment from Good to Grow CDFI Investment Fund LLC in the amount of \$300,000 for a term of ten years, at 3% interest per annum, to be used to provide Community Development loans in the Hudson Valley. The balance outstanding at June 30, 2022 and 2021 was \$300,000 and is payable on September 30, 2029.

## Community Capital New York, Inc.

### Notes to Financial Statements June 30, 2022 and 2021

#### 9. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, without restrictions limiting their use, within one year of June 30, 2022 and 2021 are as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 3,250,598	\$ 2,470,729
Restricted cash	6,376,659	4,402,582
Contributions and other receivable	314	2,368
Grants receivable	554,394	635,404
Loans receivable, net	4,537,862	5,527,185
Interest receivable	21,149	26,059
Total financial assets	14,740,976	13,064,327
Less financial assets unavailable for general expenditure within one year, due to:		
Board designations:		
Board designated for loan loss reserve	67,820	67,820
Board designated for loan fund capital	1,159,643	1,107,423
Contractual or donor imposed restricted amounts:		
Loans receivable, net due for collection after June 30, 2022 and 2021	1,192,835	2,762,153
Cash required to be held in separate accounts or restricted for a specific purpose	6,376,659	4,402,582
Restricted by donor with time or purpose restrictions	1,879,211	623,394
	10,676,168	8,963,372
Financial assets available to meet general expenditures over the next twelve months	\$ 4,064,808	\$ 4,100,955

The Corporation manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. It is the Corporation's policy to maintain adequate cash balances to meet 90 days of operating expenses and 90 days of unfunded loan commitments. The Board of Directors can release board designations if a liquidity event arises.

#### 10. Paycheck Protection Program Loan ("PPP Loan")

On May 1, 2020, the Corporation received a Paycheck Protection Program Loan (the "PPP Loan"), in the amount of \$141,507, from Spring Bank. On April 28, 2021, the Corporation was notified by the SBA that the full amount of the loan had been forgiven and has recognized the income from the loan forgiveness in accordance with Accounting Standards Codification ("ASC") 470 *Debt* in the statement of activities and changes in net assets for the year ended June 30, 2021.

**Community Capital New York, Inc.**

Notes to Financial Statements  
June 30, 2022 and 2021

**11. Lines of Credit**

Outstanding balances on the Corporation's available lines of credit at June 30, are:

	2022	2021
\$150,000 revolving line of credit with Key Bank, annualized interest rate charged on borrowings is 3%. The line is payable on demand.	\$ 148,633	\$ 149,006
\$500,000 revolving line of credit with Valley Bank, annualized interest rate charged on borrowings is 3% and the line expires in January 31, 2024.	500,000	500,000
\$400,000 revolving line of credit with Signature Bank, annualized interest rate charged on borrowings is 3%. The line expires on September 28, 2022.	350,000	350,000
\$250,000 revolving line of credit with Tompkins Mahopac Bank, annualized interest rate charged on borrowing of 3%. The line expires on November 21, 2025.	-	-
\$250,000 revolving line of credit with Apple Bank, annualized interest rate charged on borrowing of 3%. The line expires on July 30, 2023.	250,000	250,000
\$250,000 revolving line of credit with Apple Bank, annualized interest rate charged on borrowing of 3%. The line expires on July 30, 2023.	-	-
\$500,000 revolving line of credit with Webster Bank, annualized interest rate charged on borrowing of 3%. The line expires on January 5, 2023.	-	-
\$1,000,000 revolving line of credit with TD Bank, annualized interest rate charged on borrowing of 3.5%. The line expired on December 10, 2021.	-	-
\$250,000 revolving line of credit with Lakeland Bank, annualized interest rate charged on borrowing of 3%. The line is payable on demand.	250,000	250,000
Total	\$1,498,633	\$ 1,499,006

## Community Capital New York, Inc.

### Notes to Financial Statements June 30, 2022 and 2021

#### 12. Notes Payable

The Corporation had the following notes payable as of June 30,

	2022	2021
<p>Note payable to SBA in the original amount of \$1,000,000. Payments are as follows: Interest accrued during the first year was divided into 108 equal installments and added to the calculated payments of principal and interest during the 13th through the 120th month of the note, due July 11, 2024. Interest is calculated at a current rate of .375% (1.625% less 1.25% buy down). Monthly principal and interest payments of \$10,099 began in August 2015. The note is secured by funds held (see Note 6) and a lien on the loans receivable arising under the Microloan Program.</p>	\$ 251,285	\$ 371,218
<p>Note payable to SBA in the original amount of \$1,000,000. Payments are as follows: Interest accrued during the first year was divided into 108 equal installments and added to the calculated payments of principal and interest during the 13th through the 120th month of the note, due June 22, 2027. Interest is calculated at a current rate of .75% (2.00% less 1.25% buy down). Monthly principal and interest payments of \$4,814 began in August 2018 and continued through February 2020 at which time they were increased to \$10,716 to fully amortize the loan upon maturity. The note is secured by funds held (see Note 6) and a lien on the loans receivable arising under the Microloan Program.</p>	630,114	752,901
<p>Note payable to SBA in the original amount of \$1,000,000. Payments are as follows: Interest accrued during the first year was divided into 108 equal installments and added to the calculated payments of principal and interest during the 13th through the 120th month of the note, due July 2029. Interest is calculated at a current rate of .625% (1.875% less 1.25% buy down). Monthly principal and interest payments of \$9,552 began in September 2020. The note is secured by funds held (see Note 6) and a lien on the loans receivable arising under the Microloan Program.</p>	800,710	909,682
<p>Note payable to SBA in the original amount of \$1,000,000. Payments are as follows: Interest accrued during the first year was divided into 108 equal installments and added to the calculated payments of principal and interest during the 13th through the 120th month of the note, due July 2030. Interest is calculated at a current rate of 0% (.375% less 1.25% buy down). Monthly principal and interest payments of \$9,259 began in September 2021. The note is secured by funds held (see Note 6) and a lien on the loans receivable arising under the Microloan Program.</p>	300,000	-

## Community Capital New York, Inc.

### Notes to Financial Statements June 30, 2022 and 2021

#### 12. Notes Payable (continued)

	2022	2021
<p>Note payable to the Dominican Sisters of Hope in the amount of \$35,000. Payments are as follows: Interest only at a rate of .5% per annum is payable quarterly on March 31, June 30, September 30 and December 31. Principal is due at maturity which is February 10, 2022.</p>	\$ 35,000	\$ 35,000
<p>Note payable to CNOTE in the amount of \$495,356. Payments are as follows: Interest only at a rate of 3% per annum is payable monthly. Principal is due at maturity which is August 25, 2024.</p>	495,356	-
<p>Note payable to ESDC in the original amount of \$1,200,000. Payments are as follows: Interest only is payable semi-annually on June 30 and December 31 on the unpaid principal balance following initial disbursement through March 31, 2019. Interest is calculated at a current rate of 1% per annum. Annual principal installments in an amount equal to 33.33% of the principal outstanding are due March 31, 2020 and 2021 with a final payment due on March 31, 2023. The note is secured by funds held (see Note 6) and designated loans receivable under the Business Loan Program.</p>	556,906	556,905
<p>Note payable to ESDC on the disbursed amount up to \$1,000,000. Payments are as follows: Interest only is payable semi-annually on June 30 and December 31 on the unpaid principal balance following the initial disbursement and ends on February 1, 2024. After the initial five year term, the Corporation may fully amortize the loan for five years ending on February 1, 2029. Interest is calculated at a current rate of 1% per annum. The note is secured by funds held (see Note 6) and the designated Business Loans receivable.</p>	333,333	333,333
<p>Note payable to Wells Fargo Bank in the amount of \$350,000. Payments are as follows: interest only is payable monthly. Principal is due at maturity which is July 8, 2023. Interest is calculated at 2% per annum. (see Note 6).</p>	218,750	350,000
<p>Note payable to Community Builders Alliance in the amount of \$60,000. Payments are as follows: interest only at a rate of 0% per annum is payable monthly. Principal installments of \$20,000 each are due October 1, 2021, 2022 and at maturity which is October 1, 2023.</p>	40,000	60,000
<p>Advances payable from the Federal Reserve Bank of Cleveland in the amount of \$1,473,921, under the Paycheck Protection Program Liquidity Facility ("PPPLF"). Payments are as follow: repayment on advanced amount plus accrued interest of .35% per annum, upon maturity of each advance made. The maturity dates of these advances will be the dates the PPPLF collateral pledged to secure each advance is due.</p>	-	1,473,921
	3,661,454	4,842,960
Less: current portion	1,190,383	1,035,542
Long-term debt	\$ 2,471,071	\$ 3,807,418



## Community Capital New York, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 12. Notes Payable (continued)

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

2023	\$ 1,190,383
2024	479,873
2025	809,672
2026	354,667
2027	356,456
Thereafter	470,403
	<u>\$ 3,661,454</u>

### 13. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Loan fund capital	\$ 1,072,900	\$ 57,524
Loan loss reserve	-	21,407
Technical assistance	980,447	917,647
Feasibility program	75,000	-
Microenterprise grants program	32,490	382,822
	<u>\$ 2,160,837</u>	<u>\$ 1,379,400</u>

### 14. Lease Obligations

During 2017 the Corporation entered into a lease for office space located in Elmsford, New York expiring on December 31, 2021. This lease was amended on September 20, 2021 to extend the lease term to September 30, 2024. The future minimum lease payments due under this lease are as follows:

2023	\$ 30,795
2024	23,698
	<u>\$ 54,493</u>

Expenses under these leases for the years ended June 30, 2022 and 2021 totaled \$39,543 and \$36,340.

## **Community Capital New York, Inc.**

Notes to Financial Statements  
June 30, 2022 and 2021

### **15. Retirement Plan**

The Corporation established a 403(b) Defined Contribution Retirement Plan (the "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 \$18,108 and \$31,386 in 2022 and 2021. The Plan is administered by a third party.

### **16. Contingencies**

Financial awards from federal, state, and local governmental entities in the form of grants and/or loans are subject to audit. Such audits could result in claims against the Corporation for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

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