FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

June 30, 2020

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FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

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June 30, 2020 and 2019

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I

NDEPENDENT AUDITORS' REPORT

To the Officers and Directors
Franklin County Community Development Corporation and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Franklin County Community Development Corporation (a nonprofit organization) and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors consider internal control relevant to the entities' 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 entities' 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 consolidated financial position of Franklin County Community Development Corporation and Affiliate as of June 30, 2020, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Franklin County Community Development Corporation and Affiliate's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the consolidated supplementary information included on pages 21-23 for the year ended June 30, 2020 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 audit 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021 on our consideration of Franklin County Community Development Corporation and Affiliate's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County Community Development Corporation and Affiliate's internal control over financial reporting and compliance.

Whittlesey PC

Holyoke, Massachusetts
February 12, 2021

FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

Consolidated Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash	$ 619,722	$ 267,268
Accounts receivable, net	89,791	77,811
Grants receivable	241,793	322,324
Loans receivable, lending, current	394,041	423,313
Other	26,303	28,706
Total Current Assets	1,371,650	1,119,422
Property and Equipment, net	1,803,527	1,917,145
Other Assets		
Restricted cash, lending	1,631,208	714,939
Restricted cash, mortgage	26,919	21,171
Loans receivable, lending, net	2,713,319	2,652,398
Loans receivable, non-lending, deferred	446,580	446,580
Total Other Assets	4,818,026	3,835,088
Total Assets	$ 7,993,203	$ 6,871,655
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable - operating	$ 131,608	$ 79,074
Accounts payable - construction in progress	-	37,490
Accrued expenses	122,469	101,921
Deferred revenue	592,793	54,087
Funds held for others	488,830	342,012
Long-term debt, lending, current	177,702	92,377
Long-term debt, current	34,156	32,944
Total Current Liabilities	1,547,558	739,905
Long-Term Liabilities		
Long-term debt, lending	2,988,209	2,763,226
Long-term debt	706,837	740,207
Deferred payment loans	446,580	446,580
Total Long-Term Liabilities	4,141,626	3,950,013
Total Liabilities	5,689,184	4,689,918
Net Assets		
Without donor restrictions		
Undesignated	(331,173)	140,186
Invested in lending program	1,572,657	935,047
Invested in property and equipment	1,062,535	1,106,504
Total without donor restrictions	2,304,019	2,181,737
With donor restrictions	-	-
Total Net Assets	2,304,019	2,181,737
Total Liabilities and Net Assets	$ 7,993,203	$ 6,871,655

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

Franklin County Community Development Corporation and Affiliate

Consolidated Statement of Activities

Year Ended June 30, 2020

(With Comparative Totals for 2019)

	2020	2019
Revenues and Support		
Operating Revenues and Support		
Earned Revenue		
Food processing center	$ 436,596	$ 448,274
Lending	136,574	129,592
PVGrows	83,520	69,600
Venture center	186,005	190,707
Business assistance	5,750	4,500
Other	3,910	2,813
Total Earned Revenue	852,355	845,486
Support		
Grants		
Food processing center	186,849	248,533
Assets	58,455	155,668
Lending	216,910	190,640
Net assets released from restrictions		
Assets	132,000	285,000
Venture center		
Assets	-	3,105
Business assistance	231,335	133,544
Contributions, net	305,042	215,966
Total Support	1,130,591	1,232,456
Total Operating Revenues and Support	1,982,946	2,077,942
Fiscal sponsors	431,628	360,608
Total Revenues and Support	2,414,574	2,438,550
Expenses		
Program Service Expense		
Food processing center	903,240	864,602
Lending	415,399	386,718
PVGrows	134,594	64,168
Venture center	169,395	189,867
Business assistance	223,325	158,805
Total Program Service Expense	1,845,953	1,664,160
Support Service Expense		
Fundraising	71,248	30,698
Governance	38,947	29,324
General and administrative	70,222	3,643
Total Support Service Expense	180,417	63,665
Fiscal sponsors	392,922	327,663
Total Expenses	2,419,292	2,055,488
Change in Net Assets Before Other Income (Expense)	(4,718)	383,062
PPP Loan forgiveness	127,000	-
Change in Net Assets	122,282	383,062
Net assets - beginning of year	2,181,737	1,798,675
Net Assets - End of Year	$ 2,304,019	$ 2,181,737

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

FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	$ 122,282	$ 383,062
Adjustments to Reconcile Net Assets		
to Net Cash from Operations		
Bad debt provision	3,000	3,000
Depreciation	178,137	167,635
Change in loan loss provision	72,816	15,906
Changes in operating assets and liabilities		
Accounts receivable	(14,980)	(26,786)
Contributions receivable	-	50,000
Grants receivable	80,531	(94,141)
Other	2,403	(10,997)
Accounts payable - operating	52,534	(64,210)
Accrued expenses and other liabilities	20,548	15,259
Deferred revenue	538,706	(5,871)
Funds held for others	146,818	99,581
Net Cash Provided by Operating Activities	1,202,795	532,438
Cash Flows from Investing Activities		
Accounts payable - construction in progress	-	37,490
Purchases of property and equipment	(102,009)	(175,828)
Loans receivable - disbursements	(903,219)	(1,180,315)
Loans receivable - repayments	798,814	534,602
Net Cash Used in Investing Activities	(206,414)	(784,051)
Cash Flows from Financing Activities		
Proceeds from long-term debt, lending	503,215	701,168
Principal payments on long-term debt, lending	(192,907)	(91,833)
Principal payments on long-term debt, other	(32,158)	(31,910)
Net Cash Provided by Financing Activities	278,150	577,425
Net Change in Cash	1,274,531	325,812
Cash - beginning of year	1,003,318	677,506
Cash - End of Year	$ 2,277,849	$ 1,003,318
Supplemental Information		
Interest paid (mortgages and investors)	$ 100,920	$ 80,171
Cash		
Cash	$ 619,722	$ 267,268
Restricted cash, lending	1,631,208	714,939
Restricted cash, mortgage	26,919	21,171
	$ 2,277,849	1,003,318

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

Franklin County Community Development Corporation And Affiliate

Consolidated Statement of Functional Expense
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	2020												2019
	Food Processing	Lending	PVGrows	Venture Center	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Payroll, Taxes, Fringe	$ 280,681	$ 287,086	$ 22,111	$ 40,081	$ 122,190	$ 752,149	$ 49,212	$ 16,404	$ 13,615	$ 79,231	$ -	$ 831,380	$ 726,106
Staff Development	3,639	1,349	270	-	-	5,258	-	-	20,553	20,553	-	25,811	20,027
Temporary Labor	84,266	-	-	-	-	84,266	-	-	-	-	-	84,266	46,442
Contractors	105,948	69,845	-	-	98,272	274,065	-	-	9,624	9,624	392,922	676,611	601,068
Supplies	149,917	36	-	-	-	149,953	-	-	6,669	6,669	-	156,622	113,786
Utilities	40,617	-	-	21,005	-	61,622	-	-	-	-	-	61,622	69,489
Repairs and Maintenance	55,429	-	-	38,102	-	93,531	-	-	-	-	-	93,531	108,082
Rental/Rent	28,869	-	-	-	-	28,869	-	-	-	-	-	28,869	2,160
Marketing/Outreach	2,593	1,113	-	-	1,639	5,345	22,036	18,029	-	40,065	-	45,410	42,695
Audit/Legal/Other Professional	3,060	6,538	3,760	2,652	1,224	17,234	-	3,060	3,672	6,732	-	23,966	24,753
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	9,788	2,562	-	3,675	-	16,025	-	1,454	11,379	12,833	-	28,858	26,066
Loan Loss Reserve/Bad Debt	-	32,327	40,409	-	-	72,736	-	-	3,000	3,000	-	75,736	18,906
Interest	8,255	14,543	68,044	17,632	-	108,474	-	-	-	-	-	108,474	88,273
Depreciation	130,178			46,248	-	176,426	-	-	1,710	1,710	-	178,136	167,635
Subtotal	903,240	415,399	134,594	169,395	223,325	1,845,953	71,248	38,947	70,222	180,417	392,922	2,419,292	2,055,488
G and A Allocation	23,372	28,120	1,796	3,318	10,130	66,736	(343)	(114)	(66,279)	(66,736)	-	-	-
Total Expenses	$ 926,612	$ 443,519	$ 136,390	$ 172,713	$ 233,455	$ 1,912,689	$ 70,905	$ 38,833	$ 3,943	$ 113,681	$ 392,922	$ 2,419,292	$ 2,055,488

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

NOTE 1 – ORGANIZATION

Mission
The mission of the Franklin County Community Development Corporation ("FCCDC") is to stimulate a more vital, rural economy, to maximize control over our future economic destiny, and to expand opportunities for low- and moderate-income residents of Franklin County, the North Quabbin area, and those towns within Western Massachusetts that can be appropriately served by the FCCDC.

To accomplish this mission, the Corporation shall sponsor projects that:

A. Expand and diversify the area's economy by building a strong climate for new entrepreneurship and supporting locally controlled businesses.
B. Promote the expansion of stable jobs that pay a living wage.
C. Pursue economic development projects that reinforce the preservation of rural character and environmental quality, particularly agricultural land.
D. Build a greater sense of "community" among diverse interest groups through both formal and informal events that encourage broad-based participation.
E. Work with direct service providers to advocate for and develop programs as needed to meet the basic requirements of low- and moderate-income residents, including the need for affordable housing.

Lending
Since 1979, the FCCDC has provided over $12 million in financing over 350 loans to local businesses. It lends between $5,000 and $250,000 to both start-up and existing small businesses for a wide range of purposes. It supports entrepreneurs involved in a variety of industries with an emphasis on supporting businesses committed to either retaining or creating jobs. The FCCDC provides these loans through its own funds and other loan funds the FCCDC manages and administers for others.

Lending - PVGrows
In 2015, the Pioneer Valley Grows Investment Fund, Inc. (PVGIF) was established as a separate entity (supporting organization to the FCCDC) to be administered by the FCCDC. PVGIF uses community investments to provide financing to local farm and food businesses. PVGIF offers an investment vehicle for individuals, institutions, and foundations to invest in building a healthier food system. Its mission is to strengthen and grow the local food economy – more vibrant farm and food businesses, more local jobs, and more access to healthy food in the Pioneer Valley.

Venture Center
In 1989, the FCCDC purchased and renovated a 36,000 square foot industrial building for operation as a small business incubator. The Venture Center provides space consisting of five light industrial spaces and eight offices, including office equipment and other resources, for start-up and growing businesses. The Venture Center is also home to the FCCDC offices and the Western MA Food Processing Center.

Western MA Food Processing Center
The Western Mass Food Processing Center, created in 2001, has a mission to promote economic development through entrepreneurship, provide opportunities for sustaining local agriculture, and promote best practices for food producers.

NOTE 1 – ORGANIZATION – *(CONTINUED)*

Business Assistance
Since 1979, the FCCDC has provided business assistance to entrepreneurs and business owners to help them start or grow their business and lay the foundation for long-term stability and potential growth. This takes various forms, including one-on-one counseling, group classes and trainings, and referrals to others to help them with their business issues.

Fiscal Sponsorship
The FCCDC offers its legal and tax-exempt status to groups engaged in activities related to the FCCDC's mission. FCCDC charges fees to the projects based upon their size and the services to be provided by the FCCDC to the projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation
These consolidated financial statements include Franklin County Community Development Corporation and its Affiliate (PVGrows Investment Fund, Inc. (PVGIF)). All intercompany transactions and account balances have been eliminated in consolidation.

Basis of Presentation
FCCDC and Affiliate prepare their consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Organizations to report information regarding their consolidated financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions** – net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of FCDDC's management and board of directors.
>
> **Net assets with donor restrictions** – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of FCCDC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. For the years ended June 30, 2020 and 2019, FCCDC had no net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is met or expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Basis of Accounting/Revenue and Expense Recognition
The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Transactions deemed by management to be ongoing, major, or central to the provisions of program services are reported as operating revenues and operating expenses in the accompanying consolidated statement of activities. Non-direct program transactions, specifically fiscal sponsorship, are reported as non-operating revenues and non-operating expenses.

FCCDC and Affiliate prepare their consolidated financial statements on the accrual basis of accounting. Under this basis, revenues and expenses are reported when incurred, without regard to the date of receipt or payment of cash. The only two departures from this are interest income from lending activities and finance charges: both recognized when received. All other revenue is recognized upon services rendered.

Cash and Restricted Cash
The FCCDC maintains checking accounts as well as bank certificates of deposit (CDs) which it classifies as cash and restricted cash for the purposes of the consolidated statements of financial position and cash flows. Restricted cash is for the lending of funds and mortgage reserves.

Accounts and Grants Receivable/Bad Debt Expense
Accounts and grants receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for possible uncollectible amounts through a charge to bad debt expense and a credit to an allowance account based on its assessment of the current status of individual accounts. The adequacy of the allowance for doubtful accounts of receivables is reviewed on an ongoing basis by the FCCDC's management and adjusted as necessary. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a credit to the receivable.

The accounts receivable balance, consisting of current amounts due from tenants and other service customers, is shown net of the allowance for doubtful accounts at June 30, 2020 and 2019 of $21,737 and $18,737, respectively.

Contributions Receivable
Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue if applicable.

Conditional promises to give, having a measurable performance or other barrier and right of return or release, are recorded as refundable advances upon receipt and are recognized as revenue as the conditions on which they depend are substantially met or explicitly waived by the donor.

There were no contributions receivable at June 30, 2020 or 2019.

Contributions
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires or is met in the same reporting period in which the contribution is recognized.

Conditional Promises to Give
At June 30, 2020, the Organization had unexpended contributions and grants of approximately $300,000 that have not been recognized pending fulfillment of conditions associated with the awards.

In-Kind Donations
Contributed services (in-kind) are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks in furtherance of FCCDC's mission but do not meet the requirements for being recognized and, therefore, they are not reflected in these consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(CONTINUED)*

Community Investment Tax Credit

The FCCDC has been receiving an annual Community Investment Tax Credit (CITC) allocation from the state of Massachusetts. For calendar years 2020 and 2019 the FCCDC received allocations of $200,000 and $180,000, respectively. This allows donors to the FCCDC (of at least $1,000) to get a Massachusetts state tax credit equal to 50% of the contribution made to the FCCDC.

On occasion the FCCDC partners with other non-profit organizations to meet the objective of our Community Investment Plan. Therefore, some CITC contributions to the FCCDC are distributed to these organizations. Consequently, the consolidated statement of activities shows contributions as net of these contributions made for the benefit of these organizations. For the years ending June 30, 2020 and 2019, these contributions to others totaled $32,182 and $45,313, respectively.

Revenue Recognition – Grants

The FCCDC recognizes revenue from grant agreements as eligible costs are incurred. Grant funds received in excess of costs incurred or services performed for the grant are recorded as deferred revenue.

Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Property and Equipment and Depreciation

Property and equipment are stated at cost when purchased or, if donated, at estimated fair market value at the date of donation. Major additions and improvements are capitalized while ordinary maintenance and repairs are expensed against revenue as incurred. The FCCDC capitalizes purchases of $2,500 or more.

Construction in progress is not depreciated. Depreciation of property and equipment is calculated using the straight-line method over the following estimated useful lives:

Building and improvements	5-30 years
Equipment	3-25 years

FCCDC's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Loans Receivable and Loan Loss Reserve

Loans receivable are stated at the unpaid principal balance less the loan loss reserve (See Note 5). Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding.

Interest is not recognized on the accrual basis but, instead, is recognized when paid. Costs and fees associated with the issuance of loans are expensed in the period incurred.

U.S. GAAP requires not-for-profit organizations to record interest expense and contribution revenue in connection with loans payable that are interest-free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expenses.

FCCDC and Affiliate believe that the benefits derived from below-market rate loans are passed through to the borrowers via below-market rate loans made and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying consolidated financial statements to reflect rate differentials.

The loan loss reserve is changed by the provision for loan losses which is charged or credited to expense and reduced by write-downs, net of recoveries.

New Accounting Pronouncement
Effective July 1, 2019, the Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The amendments in this update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions, and there fore no changes to the previously issued audited financial statements were required on a retrospective basis.

In June 2020, the FASB issued Accounting Standards Update No. 2020-05 ("ASU 2020-05"), Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 and certain entities. The core principle of Topic 606, which replaces most existing revenue recognition guidance with a five-step framework, is that revenue from contracts with customers is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for goods and services. Upon its adoption, Topic 842 replaces existing lease accounting guidance and requires lessees to recognize right of use assets and corresponding lease liabilities for their leases, other than those on their balance sheets, for all leases, including those classified as operating, except for short-term leases.

The Organization has elected to apply the deferrals provided by ASU 2020-05 and therefore expects to adopt (i) Topic 606 for annual reporting beginning July 1, 2020 retrospectively with a cumulative effect transition adjustment to opening net assets as of the beginning of the period that includes the initial adoption of the standard; and (ii) Topic 842 for the year beginning July 1, 2022 on a modified retrospective basis with a cumulative effect transition adjustment as of the beginning of the period that includes initial adoption of the standard. The Organization is currently evaluating the potential impacts of adopting Topic 606 and Topic 842 on its financial statements.

Functional Expenses
The costs of providing programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expense. Expenses are charged directly to program, general and administrative, or fundraising in general categories based on specific identification. Indirect general and administrative expenses are allocated to programs in the same ratio as its payroll to total payroll.

Prior-Year Information
The consolidated statement of activities includes certain prior-year summarized comparative information in total but not by net asset class and the consolidated statement of functional expense and the consolidated supplementary schedules of activities include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Organizations' consolidated financial statements for the year ended June 30, 2019 from which the summarized information was derived.

Income Taxes/Non-Profit Status
FCCDC and Affiliate are not-for-profit corporations organized in 1979 and 2015, respectively, under the laws of the Commonwealth of Massachusetts and have been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organizations are also exempt from state income taxes. Accordingly, FCCDC and Affiliate do not record a provision for income taxes in their consolidated net assets. Donors may deduct contributions made to the Organizations within the IRC requirements as they qualify for the charitable deduction under Section 170(b)(1)(A) and have been classified as corporations that are not private foundations under Section 509(a)(1).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(CONTINUED)*

The FCCDC is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. FCCDC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. FCCDC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Organizations' tax information returns are subject to examination by the federal and the Commonwealth of Massachusetts state jurisdictions and, generally, remain open for the most recent three years.

Reclassifications

The 2019 consolidated financial statements have been reclassified to conform to the current year presentation. The reclassifications have no effect on the previously reported consolidated change in net assets for the year ended June 30, 2019.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date of June 30, 2020, are comprised of the following:

Cash	$ 619,722
Accounts receivable, net	89,791
Grants receivable	241,793
	951,306
Less - funds held for others (Note 9)	(488,830)
	$ 462,476

FCCDC maintains a line of credit in the amount of $60,000, which could be drawn upon in the event of an unanticipated liquidity need.

NOTE 4 – RESTRICTED CASH – LENDING

Cash in lending funds are held in separate bank accounts which may only be used for the purposes specified in related agreements.

Restricted lending cash at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Loan repayments collected by the FCCDC on behalf of a loan program administered for the Town of Erving	$ 6,012	$ 12,812
Cash from Micro Lending Grant. Not held in separate bank account but commingled with FCCDC general checking account	87,500	-
Cash accounts for three Federal lending program operations (see Note 5) which may only be used for loans and other program related costs.	271,934	252,220
Cash accounts for the MA Food Trust Program lending operations (see Note 5) which may only be used for loans and other program related costs.	748,298	60
Cash accounts for the PVGrows lending program operations (see Note 5) which may only be used for loans and other program related costs.	517,464	449,847
Total	$ 1,631,208	$ 714,939

NOTE 5 – LOANS RECEIVABLE, LENDING

FCCDC and Affiliate lend in defined areas. Loan products vary by type and presence of collateral, risk level, loan size, degree of mission match, and presence of designated funding sources. Loans are primarily secured by business assets and, on occasion, by mortgages on residences owned by the principal owners of the business.

The FCCDC's lending policy requires that no single loan exceed $250,000. As of June 30, 2020 and 2019, there were no loans that exceeded this threshold.

On June 30, 2020 and 2019, there were 87 and 78, respectively, loans outstanding to various small business borrowers, maturing through May, 2028 and bearing interest rates ranging between 3.0% and 8.0%. As of June 30, 2020, the balances due on these loans varied in amounts from $2,254 to $203,764, and in terms from 2 months to 10 years.

Loans receivable consist of the following at June 30, 2020 and 2019:

	2020	2019
Loans receivable	3,287,480	$ 3,234,630
Less - allowance for loan losses	180,120	158,919
	3,107,360	3,075,711
Less - amount due within one year	394,041	423,313
Amount due after one year	$ 2,713,319	$ 2,652,398

Loans receivable by program at June 30, 2020 and 2019 consists of the following:

	2020			2019		
	#	$	%	#	$	%
MA Food Trust Program (MFTP) loans issued to individual healthy food businesses using funds provided by the Commonwealth of Massachusetts	3	66,969	2.0	3	285,000	8.8
PVGrows loans issued to individual food/farm businesses using community investments.	40	1,498,360	45.6	33	1,339,627	41.4
United States Department of Agriculture/Rural Microentrepreneur Assistance Program (USDA/RMAP) loans issued to individual businesses with funds provided by the Rural Microloan Assistance Program loan payable. Loan amounts may not exceed $50,000 and terms may not exceed 10 years.	18	462,796	14.1	16	329,979	10.2
Sudden and Severe Economic Dislocation (SSED) Revolving Loan Fund loans issued to businesses with funds originally provided by the U.S. Economic Development Administration (EDA) and matching funds. Interest rates (minimum 4%) and maturities are restricted by the EDA.	15	658,731	20.0	15	621,298	19.2

NOTE 5 – LOANS RECEIVABLE, LENDING – *(CONTINUED)*

United States Department of Agriculture Rural Development - Intermediary Relending Program (USDA/IRP) loans issued to businesses with funding provided by the USDA/IRP debt (See Note 12). Interest rates and maturities are restricted by the USDA/IRP. Interest rates range between 1% and 4% above prime.	11	600,624	18.3	11	658,726	20.4
Total	87	3,287,480	100%	78	3,234,630	100%

Loan payments received on USDA/RMAP, USDA/IRP and SSED loans are required to be segregated and can only be used for program-related costs (repayment of the original federal loans, new loans to eligible recipients, administrative costs).

Outstanding loan receivable balances which are security for long-term debt on FCCDC's consolidated statements of financial position totaled $1,063,420 and $988,705 at June 30, 2020 and 2019, respectively.

In addition to loans receivable, the FCCDC had loan commitments to borrowers totaling $54,108 and $50,000 at June 30, 2020 and 2019, respectively. Loan commitments represent arrangements to lend funds at specified terms and interest rates and contain fixed expiration dates or other termination clauses.

NOTE 6 – ALLOWANCE FOR LOAN LOSSES

Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral, and current economic conditions that may affect the borrower's ability to repay.

The loan loss reserve is maintained at the minimum required by the Federal agency that funded the original loan (USDA/IRP and USDA/RMAP), or that granted the loan funds (SSED), or which, in management's judgment, is adequate to absorb losses inherent in the loan portfolio as of the date of the consolidated financial statements. At June 30, 2020 and 2019, the mandated minimum loan loss reserve was 3% for USDA/IRP and SSED and 5% for USDA/RMAP.

The total Allowance for Loan Losses (ALL) at June 30, 2020 and 2019, was $180,120 and $158,919, representing 3.7% and 4.9%, respectively, of loans receivable.

The ALL is estimated based on a system adopted by the FCCDC's board of directors, and the amount is determined by an individually assigned risk rating for each loan. The balance in the ALL is based on management's judgment and evaluation of the loan portfolio in relation to past loss experience, the size and composition of the portfolio, current economic events and conditions, and other pertinent factors, including management's assumptions as to future delinquencies, recoveries and losses. All of these factors are susceptible to significant change. All loans undergo continuous monitoring. To the extent actual outcomes differ from management's estimates, additional provisions for loan losses may be required that would adversely impact earnings in future periods.

NOTE 6 – ALLOWANCE FOR LOAN LOSSES – *(CONTINUED)*

The following table sets forth activity in the ALL by loan segment for the years ended June 30, 2020 and 2019:

	ALL June 30, 2019	Net Charge-offs of Loans	Provision	ALL June 30, 2020
MA Food Trust	$ 8,550	$ -	$ (6,541)	$ 2,009
PVGrows	40,189	-	40,409	80,598
RMAP	40,514	(28,251)	29,643	41,906
SSED	41,224	(23,364)	11,005	28,865
USDA	28,442	-	(1,700)	26,742
Total	$ 158,919	$ (51,615)	$ 72,816	$ 180,120

	ALL June 30, 2018	Net Charge-offs of Loans	Provision	ALL June 30, 2019
MA Food Trust			$ 8,550	$ 8,550
PVGrows	$ 22,892	$ -	17,297	40,189
RMAP	26,774	-	13,740	40,514
SSED	21,346	-	19,878	41,224
USDA	72,001	-	(43,559)	28,442
Total	$ 143,013	$ -	$ 15,906	$ 158,919

Delinquent Loans

Loans are considered delinquent when 30 days past due based on the contractual terms of the loan. Delinquent loans totaled $1,032,298 and $524,486 at June 30, 2020 and 2019, respectively.

Loan portfolio delinquencies greater than 120 days past due totaled $332,831 and $309,338 at June 30, 2020 and 2019, respectively.

Impaired Loans

FCCDC and Affiliate identify a loan as impaired when it is probable that interest or principal will not be collected according to the contractual terms of the loan agreement. Management can employ one of three methods to determine and measure impairment: the Present Value of Future Cash Flows Method; the Fair Value of Collateral Method; and the Observable Market Price of a Loan Method. FCCDC and Affiliate use the Fair Value Collateral Method for all loans deemed to be impaired. To perform an impairment analysis, FCCDC and Affiliate review a loan's internally assigned risk rating, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented. Impaired loans as of June 30, 2020 and 2019 are set forth in the tables below:

	2020		
	Number of Impaired Loans	Amount of Impaired Loans	Allowance for Loan Losses
RMAP	1	$ 19,491	$ 5,491
USDA	1	9,237	9,000
Total	2	$ 28,728	$ 14,491

	2019		
	Number of Impaired Loans	Amount of Impaired Loans	Allowance for Loan Losses
RMAP	2	$ 40,016	$ 26,016
SSED	1	23,284	23,284
USDA	1	10,669	9,000
Total	4	$ 73,969	$ 58,300

Charge-Offs
Loans are fully or partially charged off when deemed uncollectible based on management's assessment of individual circumstances. Loan charge-offs were $51,615 and $0 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 – LOANS RECEIVABLE, NON-LENDING, DEFERRED

All deferred payment receivables are considered to be other assets.

The FCCDC acquired the following loans receivable to be used for a former program (Town of Greenfield Community Development Block Grant loans) for home buyers and for acquiring and renovating certain properties. These loans are collateralized by mortgages on certain properties and are receivable by the FCCDC upon the sale of the secured real estate. Loans may be assumed by the purchaser of the real estate upon meeting income eligibility requirements and at the discretion of the FCCDC. These loans bear no interest and are offset by deferred payment loans (see Note 13). Repayment is required upon sale of the collateralized real estate or upon collection of the loans given. Many of the loans have provisions which allow them to be forgiven.

	2020	2019
Due from home buyers	$ 321,860	$ 321,860
Due from Pioneer Cooperative of Franklin County, Inc.	124,720	124,720
Total of loans receivable, non-lending, deferred	$ 446,580	$ 446,580

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020			
	Venture Center	Food Processing Center	Other	Total
Buildings and Improvements	$ 1,498,636	$ 759,402	$ -	$ 2,258,038
Equipment	58,678	1,466,883	16,543	1,542,104
Land	118,800	-	-	118,800
Total Property and Equipment	1,676,114	2,226,285	16,543	3,918,942
Less Accumulated Depreciation				
Buildings and Improvements	(1,181,715)	(477,849)	-	(1,659,564)
Equipment	(44,080)	(401,783)	(9,988)	(455,851)
Total Accumulated Depreciation	(1,225,795)	(879,632)	(9,988)	(2,115,415)
Total Property and Equipment, net	$ 450,319	$ 1,346,653	$ 6,555	$ 1,803,527

NOTE 8 – PROPERTY AND EQUIPMENT – *(CONTINUED)*

	2019			
	Venture Center	Food Processing Center	Other	Total
Buildings and Improvements	$ 1,498,636	$ 759,402	$ -	$ 2,258,038
Equipment	53,825	1,329,272	16,543	1,399,640
Construction in Process	-	77,945	-	77,945
Land	118,800	-	-	118,800
Total Property and Equipment	1,671,261	2,166,619	16,543	3,854,423
Less Accumulated Depreciation				
Buildings and Improvements	(1,138,268)	(449,588)	-	(1,587,856)
Equipment	(41,278)	(299,866)	(8,278)	(349,422)
Total Accumulated Depreciation	(1,179,546)	(749,454)	(8,278)	(1,937,278)
Total Property and Equipment, net	$ 491,715	$ 1,417,165	$ 8,265	$ 1,917,145

Depreciation expense for the years ended June 30, 2020 and 2019 was:

	2020	2019
Food Processing Center	$ 130,178	$ 120,705
Venture Center	46,249	46,645
General and Administrative	1,710	285
Total	$ 178,137	$ 167,635

NOTE 9 – FUNDS HELD FOR OTHERS

	2020	2019
Tenant security deposits*	$ 24,385	$ 20,755
Funds held on behalf of fiscal sponsorship agencies*	458,433	308,445
Loan repayments collected by the FCCDC on behalf of a loan program administered for the Town of Erving	6,012	12,812
Total Funds Held for Others	$ 488,830	$ 342,012

*These funds are held without restrictions and, thus, are commingled with operating cash.

NOTE 10 – LINE OF CREDIT

A $60,000 hard-maturity line of credit from Greenfield Cooperative Bank (for working capital needs), which is secured by all business assets of FCCDC. At June 30, 2020 and 2019, there were no outstanding balances on this line of credit. The line of credit was established in March, 2015 and has a maturity date of March 2025. This line of credit requires interest-only monthly payments. Interest is the prime rate (5.5% and 5.5% at June 30, 2020 and 2019, respectively). This loan is subject to annual review and may be extended, renewed, modified, or terminated at the bank's discretion.

NOTE 11 – DEFERRED REVENUE

Deferred revenue consists principally of prepaid parking lot rent to be recognized over the next 11 years. For the year ended June 30, 2020 deferred revenue also included advance payments from the Massachusetts Food Trust and the Massachusetts Gaming Commission.

NOTE 12 – LONG-TERM DEBT

Lending Debt

Long-term lending debt consisted of the following at June 30, 2020 and 2019:

	2020	2019
Note payable to USDA/IRP in annual installments of $42,450 including interest of 1%. The loan is due in full in September 2022. This note is secured by an interest in both the Intermediary Relending Portfolio (IRP) loans and the related segregated cash account.	$ 121,941	$ 162,763
Note payable to USDA/IRP in annual installments of $30,848 including interest of 1%. The loan is due in full in October 2038. This note is secured by an interest in both the IRP loans and the related segregated cash account.	531,264	556,546
Note payable to USDA/RMAP in monthly installments of $2,801 including interest of 2%. The loan is due in full in March 2032. This note is secured by an interest in both the USDA/RMAP loans and the related segregated cash account.	347,064	373,867
Note Payable to USDA/RMAP in monthly installments of $2,801 including interest of 2%. The loan is due in full in March of 2032. This note is secured by an interest in both the USDA/RMAP loans and the related segregated cash accounts.	250,000	-
Note Payable to USDA/RMAP in monthly installments of $2,801 including interest of 2%. The loan is due in full in March of 2032. This note is secured by an interest in both the USDA/RMAP loans and the related segregated cash accounts.	250,000	-
Notes payable to various PVGrows Fund investors (individuals and institutions) to fund PVGrows loans. Investments range from $1,000 to $100,000. Interest rates are from 2% to 4% with maturity dates ranging from October 2020 through June 2027. These notes are unsecured, with investors having no recourse on any assets of FCCDC.	1,915,642	1,762,427
Total lending long-term debt	3,165,911	2,855,603
Less lending debt due within one year	177,702	92,377
Lending long-term debt, due after one year	$ 2,988,209	$ 2,763,226

NOTE 12 – LONG-TERM DEBT – *(CONTINUED)*

Other Debt
Long-term other debt consisted of the following at June 30, 2020 and 2019:

	2020	2019
Mortgage payable to the United States Department of Agriculture Rural Development (USDA/RD) in monthly installments of $3,458 including interest of 3.375%. The loan is due in full in September 2042.	$ 510,403	$ 534,187
Mortgage payable to the USDA/RD (origination: March 2018 - $250,000) in monthly installments of $1,450 including interest at 3.5%. The loan is due in full in March 2038.	230,590	238,964
Total other long-term debt	740,993	773,151
Less other debt due within one year	34,156	32,944
Other long-term debt, due after one year	$ 706,837	$ 740,207

This other debt is secured by both the Venture Center and the Food Processing Center.

The estimated aggregate principal payments to retire the FCCDC's outstanding long-term debt at June 30, 2020 are as follows:

2021	$ 211,848
2022	254,387
2023	156,500
2024	675,475
2025	481,422
Thereafter	2,127,272
Total	$ 3,906,904

NOTE 13 – DEFERRED PAYMENT LOANS

All deferred payment loans are considered to be long-term liabilities.

The following two deferred payment loans from a Town of Greenfield Community Development Block Grant were used for a former program for home buyers and for acquiring and renovating certain properties. The loan is collateralized by the multiple properties that received financing and bears no interest. Repayment is required upon sale of the collateralized real estate or upon collection of the loans given.

Many of the loans have provisions which allow them to be forgiven. These notes are offset by corresponding notes receivable, non-lending (see Note 7).

	2020	2019
Various home buyers	$ 321,860	$ 321,860
Pioneer Coop of Franklin County, Inc.	124,720	124,720
Total deferred payment loans	$ 446,580	$ 446,580

NOTE 14 – RISKS AND UNCERTAINTIES

FCCDC receives a significant portion of its support from grants, including federal and state sources. Some of the grants permit the funding source to audit the financial operation of the grantee and compliance with the terms of the grant agreements. Such audits could result in disallowance of some costs charged to the grants and, therefore, create a liability. Liabilities resulting from these audits, if any, will be recorded in the period in which the amount of the liability is ascertained. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the FCCDC expects no such amounts. The FCCDC has regularly been audited by Local Initiatives Support Corporation (LISC) for its grants from LISC. There have been no negative outcomes from these regular audits. During the past 20 years no grant expenditures have been disallowed.

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The Organization's operating activities, liquidity, and cash flows may be adversely affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while the Organization expects this matter to negatively impact the business, the related financial impact cannot be reasonably estimated at this time.

NOTE 15 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject FCCDC to concentrations of credit risk consist principally of cash. The FCCDC maintains cash accounts at Greenfield Cooperative Bank and Greenfield Savings Bank. These cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) to at least $250,000. All deposits above the FDIC Insurance amount are insured by the Share Insurance Fund (SIF) or the Depositors Insurance Fund (DIF). FCCDC has not experienced, nor does it anticipate, any losses with respect to such accounts.

The FCCDC receives revenue and support from various federal and state entities and its branches, private lenders and financial institutions. The FCCDC was owed $241,793 and $322,324 in grants receivable from these sources at June 30, 2020 and 2019, respectively. These grants receivable are unsecured but considered collectible.

All loans receivable are from small businesses. The lending policies of FCCDC and Affiliate consider collateral in its underwriting. FCCDC and Affiliate obtain collateral when available but, due to the missions of the Organizations, it may approve loans which are either completely unsecured or are functionally unsecured based on the likely limited collateral value in a liquidation scenario. FCCDC and Affiliate also recognize that in instances where it is a subordinate lender it will be at a financial disadvantage in liquidation scenarios.

NOTE 16 – RISK MANAGEMENT

FCCDC and Affiliate are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organizations carry commercial insurance. There were no reductions in insurance coverage from the prior year and there have been no settlements in any of the past three fiscal years.

NOTE 17 – RELATED PARTIES

One board member is employed by Greenfield Savings Bank while another is employed by the Greenfield Cooperative Bank, the FCCDC's two banks.

NOTE 18 – RELATED PARTY TRANSACTIONS

Board members and staff are typically donors to the FCCDC. Donations and investments are accepted from employees, individual board members, or organizations with which current and former employees and board members are employed or associated. These transactions are part of the FCCDC's normal course of business.

NOTE 19 – PAYCHECK PROTECTION PROGRAM

In April, 2020, the Organization received approval for a Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan in the amount of $127,000. Under the PPP, funds are forgivable if utilized for qualified expenditures according to the program criteria incurred over an eight to twenty-four week period following the date of funding. To qualify for forgiveness, the funding must be spent on eligible payroll expenses, with up to 40% allowed to be spent on other eligible expenditures such as rent and utilities. As outlined by the SBA, any unforgiven balance must be repaid over two years at an annual interest rate of 1% with an initial deferment period of ten months from the end of the covered period (interest will accrue). Since the funds were totally used on eligible expenses by June 30, 2020 and management expects complete forgiveness of the loan, it has recognized as revenue for the year ended June 30, 2020 in the Statement of Activities.

NOTE 20 – SUBSEQUENT EVENTS

FCCDC and Affiliate have evaluated events that have occurred subsequent to June 30, 2020, through February 12, 2021, the date the consolidated financial statements were available to be issued, and have determined there were no material events that met the criteria for recognition or disclosure in the consolidated financial statements.

CONSOLIDATED SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

Consolidated Supplemental Schedule of Activities

For the Year Ended June 30, 2020

(With Comparative Totals for 2019)

	2020												2019
	Food Processing	Lending	PVGrows	Venture Center	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Income	$ 681,900	$ 485,484	$ 83,520	$ 186,005	$ 237,085	$ 1,673,994	$ 305,042	$ -	$ 3,910	$ 308,952	$ 431,628	$ 2,414,574	$ 2,438,550
Expenses													
Payroll, Taxes, Fringe	280,681	287,086	22,111	40,081	122,190	752,149	49,212	16,404	13,615	79,231	-	831,380	726,106
Staff Development	3,639	1,349	270	-	-	5,258	-	-	20,553	20,553	-	25,811	20,027
Temporary Labor	84,266	-	-	-	-	84,266	-	-	-	-	-	84,266	46,442
Contractors	105,948	69,845	-	-	98,272	274,065	-	-	9,624	9,624	392,922	676,611	601,068
Supplies	149,917	36	-	-	-	149,953	-	-	6,669	6,669	-	156,622	113,786
Utilities	40,617	-	-	21,005	-	61,622	-	-	-	-	-	61,622	69,489
Repairs and Maintenance	55,429	-	-	38,102	-	93,531	-	-	-	-	-	93,531	108,082
Rental/Rent	28,869	-	-	-	-	28,869	-	-	-	-	-	28,869	2,160
Marketing/Outreach	2,593	1,113	-	-	1,639	5,345	22,036	18,029	-	40,065	-	45,410	42,695
Audit/Legal/Other Professional	3,060	6,538	3,760	2,652	1,224	17,234	-	3,060	3,672	6,732	-	23,966	24,753
Other	9,788	2,562	-	3,675	-	16,025	-	1,454	11,379	12,833	-	28,858	26,066
Loan Loss Reserve/Bad Debt	-	32,327	40,409	-	-	72,736	-	-	3,000	3,000	-	75,736	18,906
Interest	8,255	14,543	68,044	17,632	-	108,474	-	-	-	-	-	108,474	88,273
Depreciation	130,178	-	-	46,248	-	176,426	-	-	1,710	1,710	-	178,136	167,635
Subtotal	903,240	415,399	134,594	169,395	223,325	1,845,953	71,248	38,947	70,222	180,417	392,922	2,419,292	2,055,488
G and A Allocation	23,372	28,120	1,796	3,318	10,130	66,736	(343)	(114)	(66,279)	(66,736)	-	-	-
Total Expenses	926,612	443,519	136,390	172,713	233,455	1,912,689	70,905	38,833	3,943	113,681	392,922	2,419,292	2,055,488
Change in Net Assets Before Other Income (Expense)	$ (244,712)	$ 41,965	$ (52,870)	$ 13,292	$ 3,630	$ (238,695)	$ 234,137	$ (38,833)	$ (33)	$ 195,271	$ 38,706	$ (4,718)	$ 383,062

FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

Consolidated Supplemental Schedule of Activities (Operational)

For the Year Ended June 30, 2020

(With Comparative Totals for 2019)

	2020												2019
	Food Processing	Lending	PVGrows	Venture Center	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Program Revenues	$ 436,596	$ 136,574	$ 83,520	$ 186,005	$ 5,750	$ 848,445	$ 305,042	$ -	$ 3,910	$ 308,952	$ 431,628	$ 1,589,025	$ 1,422,061
Expenses													
Payroll, Taxes, Fringe	222,160	140,698	22,111	40,081	16,622	441,672	49,212	16,404	13,615	79,231	-	520,903	427,587
Staff Development	3,639	1,349	270	-	-	5,258	-	-	20,553	20,553	-	25,811	18,389
Temporary Labor	84,266	-	-	-	-	84,266	-	-	-	-	-	84,266	46,442
Contractors	-	2,580	-	-	-	2,580	-	-	9,624	9,624	392,922	405,126	333,315
Supplies	149,917	-	-	-	-	149,917	-	-	6,669	6,669	-	156,586	113,247
Utlilies	40,617	-	-	21,005	-	61,622	-	-	-	-	-	61,622	69,489
Repairs and Maintenance	55,429	-	-	38,102	-	93,531	-	-	-	-	-	93,531	108,082
Rental/Rent	6,469	-	-	-	-	6,469	-	-	-	-	-	6,469	2,160
Marketing/Outreach	2,593	253	-	-	1,639	4,485	22,036	18,029	-	40,065	-	44,550	38,328
Audit/Legal/Other Professional	3,060	6,538	3,760	2,652	1,224	17,234	-	3,060	3,672	6,732	-	23,966	24,753
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	(50,771)
Other	9,788	2,562	-	3,675	-	16,025	-	1,454	11,379	12,833	-	28,858	26,066
Loan Loss Reserve/Bad Debt	-	32,327	40,409	-	-	72,736	-	-	3,000	3,000	-	75,736	18,906
Interest	8,255	14,543	68,044	17,632	-	108,474	-	-	-	-	-	108,474	88,273
Depreciation	130,178	-	-	46,248	-	176,426	-	-	1,710	1,710	-	178,136	167,635
Subtotal	716,371	200,850	134,594	169,395	19,485	1,240,695	71,248	38,947	70,222	180,417	392,922	1,814,034	1,431,901
G and A Allocation	18,229	17,278	1,796	3,318	1,364	41,985	(343)	(114)	(66,279)	(66,736)	-	(24,751)	456
Total Expenses	734,600	218,128	136,390	172,713	20,849	1,282,680	70,905	38,833	3,943	113,681	392,922	1,789,283	1,432,357
Change in Net Assets Before Other Income (Expense)	$ (298,004)	$ (81,554)	$ (52,870)	$ 13,292	$ (15,099)	$ (434,235)	$ 234,137	$ (38,833)	$ (33)	$ 195,271	$ 38,706	$ (200,258)	$ (10,296)

FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE
Consolidated Supplemental Schedule of Activities (Grant)
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	2020												2019
	Food Processing	Lending	PVGrows	Venture Center	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Grant Income	$ 245,304	$348,910	$ -	$ -	$ 231,335	$ 825,549	$ -	$ -	$ -	$ -	$ -	$ 825,549	$ 1,016,489
Expenses													
Payroll, Taxes, Fringe	58,521	146,388	-	-	105,568	310,477	-	-	-	-	-	310,477	298,519
Staff Development	-	-	-	-	-	-	-	-	-	-	-	-	1,638
Contractors	105,948	67,265	-	-	98,272	271,485	-	-	-	-	-	271,485	267,753
Rental/Rent	22,400	-	-	-	-	22,400	-	-	-	-	-	22,400	-
Supplies	-	36	-	-	-	36	-	-	-	-	-	36	539
Marketing/Outreach	-	860	-	-	-	860	-	-	-	-	-	860	4,367
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	50,771
Subtotal	186,869	214,549	-	-	203,840	605,258	-	-	-	-	-	605,258	623,587
G and A Allocation	5,143	10,842	-	-	8,766	24,752	-	-	-	-	-	24,751	(456)
Total Expenses	192,012	225,391	-	-	212,606	630,010	-	-	-	-	-	630,009	623,131
Change in Net Assets Before Other Income (Expense)	$ 53,292	$123,519	$ -	$ -	$ 18,729	$ 195,539	$ -	$ -	$ -	$ -	$ -	$ 195,540	$ 393,358

Franklin County Community Development Corporation and Affiliate

Consolidated Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Expenditures	Pass-through to Subrecipients
U.S. Department of Agriculture			
Local Food Promotion Program	10.172	$ 43,086	$ 24,176
Community Food Project	10.225	89,395	81,772
Intermediary Relending Program	10.767	719,310	-
Rural Microentrepreneur Assistance Program	10.870	623,867	-
Rural Microentrepreneur Assistance Program	10.870	73,091	-
Passed through University of Massachusetts			
Sustainable Agriculture Research and Education	10.215	35,150	-
Total U.S. Department of Agriculture		1,583,899	105,948
U.S. Department of Commerce			
Economic Adjustment Assistance	11.307	427,816	-
U.S. Department of Housing and Urban Development			
Passed through Local Initiatives Support Corporation/Section 4 Capacity Building for Community Development and Affordable Housing	14.252	19,217	-
Total Expenditures of Federal Awards		$ 2,030,932	$ 105,948

See Accompanying notes to the Consolidated Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Franklin County Community Development Corporation and Affiliate under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Franklin County Community Development Corporation and Affiliate it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Franklin County Community Development Corporation and Affiliate

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – LOAN BALANCES AT JUNE 30, 2020

U.S. Department of Agriculture		
Intermediary Relending Program	$	653,205
Rural Microentrepeneur Assistance Program		
Revolving Loan Fund	$	597,064

NOTE 4 – INDIRECT COST RATE

Franklin County Community Development Corporation and Affiliate has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Officers and Directors
Franklin County Community Development Corporation and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Franklin County Community Development Corporation (a nonprofit organization) and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Franklin County Community Development Corporation and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County Community Development Corporation and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Franklin County Community Development Corporation and Affiliate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entities' consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County Community Development Corporation and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Franklin County Community Development Corporation and Affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County Community Development Corporation and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whittlesey PC

Holyoke, Massachusetts
February 12, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Officers and Directors
Franklin County Community Development Corporation and Affiliate

Report on Compliance for Each Major Federal Program

We have audited Franklin County Community Development Corporation and Affiliate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Franklin County Community Development Corporation and Affiliate's major federal program for the year ended June 30, 2020. Franklin County Community Development Corporation and Affiliate's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Franklin County Community Development Corporation and Affiliate's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (*Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Franklin County Community Development Corporation and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for Franklin County Community Development Corporation and Affiliate's major federal program. However, our audit does not provide a legal determination of Franklin County Community Development Corporation and Affiliate's compliance.

Opinion on Each Major Federal Program

In our opinion, Franklin County Community Development Corporation and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Franklin County Community Development Corporation and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin County Community Development Corporation and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on their major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for their major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Franklin County Community Development Corporation and Affiliate's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Whittlesey PC

Holyoke, Massachusetts
February 12, 2021

I. SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were reported in accordance with GAAP.	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	____ yes __x__ no
• Significant deficiency(ies) identified?	____ yes __x__ none reported
Noncompliance material to the consolidated financial statements noted?	____ yes __x__ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	____ yes __x__ no
• Significant deficiency(ies) identified?	____ yes __x__ none reported
Type of auditors' report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes __x__ no

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
10.767	Intermediary Relending Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__x__ yes _____ no

II. CONSOLIDATED FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

Status of Prior Year Findings and Questioned Costs

June 30, 2020

There were no findings or questioned costs disclosed for the year ended June 30, 2019.

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