

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT  
CORPORATION AND AFFILIATE**

June 30, 2023

- I. Independent Auditors' Report  
Consolidated Financial Statements  
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- II. Reports in Accordance with  
*Government Auditing Standards*
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# FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE

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June 30, 2023 and 2022

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Franklin County Community Development Corporation (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2023, 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.

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, 2023, 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.

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

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. 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 Franklin County Community Development Corporation and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Franklin County Community Development Corporation and Affiliate'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 Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government 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 and *Government 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 Franklin County Community Development Corporation and Affiliate'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 Franklin County Community Development Corporation and Affiliate's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Summarized Comparative Information**

We have previously audited Franklin County Community Development Corporation and Affiliate's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the 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 consolidated supplemental schedules of activities, activities (operational), and activities (grant) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and consolidated supplemental schedules of activities, activities (operational), and activities (grant) are fairly stated, in all material respects, in relation to the 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 November 1, 2023, on our consideration of Franklin County Community Development Corporation and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Franklin County Community Development Corporation and Affiliate's 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.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Holyoke, Massachusetts  
November 1, 2023

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**Consolidated Statements of Financial Position**  
June 30, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 826,660	\$ 1,237,489
Accounts receivable, net	298,219	217,238
Grants receivable	414,566	274,609
Loans receivable, lending, current	920,928	532,428
Other	67,555	12,802
<b>Total Current Assets</b>	<b>2,527,928</b>	<b>2,274,566</b>
<b>Property and Equipment, net</b>	<b>1,526,960</b>	<b>1,685,331</b>
<b>Other Assets</b>		
Restricted cash, lending	2,293,606	2,213,817
Restricted cash, mortgage	41,808	38,419
Loans receivable, lending, net	4,748,211	3,750,492
Loans receivable, non-lending, deferred	446,580	446,580
<b>Total Other Assets</b>	<b>7,530,205</b>	<b>6,449,308</b>
<b>Total Assets</b>	<b>\$ 11,585,093</b>	<b>\$ 10,409,205</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 102,355	\$ 60,179
Accrued expenses	131,220	123,905
Refundable advances	567,832	1,366,945
Funds held for others	261,546	219,989
Long-term debt, lending, current	341,658	233,125
Long-term debt, current	37,772	36,563
<b>Total Current Liabilities</b>	<b>1,442,383</b>	<b>2,040,706</b>
<b>Long-Term Liabilities</b>		
Long-term debt, lending	3,463,716	3,045,365
Long-term debt	596,322	634,160
Deferred payment loans	446,580	446,580
<b>Total Long-Term Liabilities</b>	<b>4,506,618</b>	<b>4,126,105</b>
<b>Total Liabilities</b>	<b>5,949,001</b>	<b>6,166,811</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	1,113,015	1,323,808
Invested in lending program	3,630,211	1,903,978
Invested in property and equipment	892,866	1,014,608
<b>Total Net Assets</b>	<b>5,636,092</b>	<b>4,242,394</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,585,093</b>	<b>\$ 10,409,205</b>

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, 2023  
(With Comparative Totals for 2022)

	2023	2022
<b>Revenues and Support</b>		
<b>Operating Revenues and Support</b>		
<b>Earned Revenue</b>		
Food processing center	\$ 410,492	\$ 385,965
Lending	270,910	110,044
PVGrows	15,250	96,721
Venture center	239,316	212,426
Business assistance	2,250	1,000
Other	3,738	207
<b>Total Earned Revenue</b>	941,956	806,363
<b>Support</b>		
Grants		
Food processing center	180,858	157,758
Assets	-	135,907
Lending	537,101	378,304
Assets	1,298,500	1,203,702
Racial justice	156,439	128,404
MAAIC	409,182	113,030
Business assistance	220,188	541,469
Contributions, net	355,891	238,999
<b>Total Support</b>	3,158,159	2,897,573
<b>Total Operating Revenues and Support</b>	4,100,115	3,703,936
Fiscal sponsors	150,342	106,702
<b>Total Revenues and Support</b>	4,250,457	3,810,638
<b>Expenses</b>		
<b>Program Service Expense</b>		
Food processing center	894,283	918,698
Lending	641,527	408,488
PVGrows	15,958	86,827
Venture center	171,292	152,229
Racial justice	137,903	112,700
MAAIC	386,522	103,073
Business assistance	202,172	450,744
<b>Total Program Service Expense</b>	2,449,657	2,232,759
<b>Support Service Expense</b>		
Fundraising	65,735	76,047
Governance	12,901	9,956
General and administrative	187,974	188,151
<b>Total Support Service Expense</b>	266,610	274,154
Fiscal sponsors	140,492	101,926
<b>Total Expenses</b>	2,856,759	2,608,839
<b>Change in Net Assets</b>	1,393,698	1,201,799
Net assets - beginning of year	4,242,394	3,040,595
<b>Net Assets - End of Year</b>	\$ 5,636,092	\$ 4,242,394

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
<b>Change in Net Assets</b>	\$ 1,393,698	\$ 1,201,799
<b>Adjustments to Reconcile Net Assets to Net Cash from Operations</b>		
Bad debt provision	3,000	3,000
Depreciation	208,170	203,813
Change in loan loss provision	74,483	28,191
Changes in operating assets and liabilities		
Accounts receivable	(83,981)	(4,446)
Grants receivable	(139,957)	116,083
Other	(54,753)	20,996
Accounts payable - operating	42,176	(12,608)
Accrued expenses and other liabilities	7,315	(7,248)
Refundable advances	(799,113)	819,510
Funds held for others	41,557	(242,344)
<b>Net Cash Provided by Operating Activities</b>	<u>692,595</u>	<u>2,126,746</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(44,670)	(173,272)
Loans receivable - disbursements	(3,106,196)	(1,859,971)
Loans receivable - repayments	1,645,494	1,238,358
<b>Net Cash Used in Investing Activities</b>	<u>(1,505,372)</u>	<u>(794,885)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term debt, lending	1,469,082	143,471
Principal payments on long-term debt, lending	(947,327)	(102,641)
Proceeds from long-term debt, other	-	127,000
Principal payments on long-term debt, other	(36,629)	(35,340)
<b>Net Cash Provided by Financing Activities</b>	<u>485,126</u>	<u>5,490</u>
<b>Net Change in Cash</b>	(327,651)	1,337,351
Cash - beginning of year	3,489,725	2,152,374
<b>Cash - End of Year</b>	<u>\$ 3,162,074</u>	<u>\$ 3,489,725</u>
<b>Supplemental Information</b>		
Interest paid (mortgages and investors)	<u>\$ 94,866</u>	<u>\$ 113,053</u>
<b>Cash</b>		
Cash	\$ 826,660	\$ 1,237,489
Restricted cash, lending	2,293,606	2,213,817
Restricted cash, mortgage	41,808	38,419
	<u>\$ 3,162,074</u>	<u>\$ 3,489,725</u>

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, 2023**  
**(With Comparative Totals for 2022)**

	2023													2022	
	Food Processing	Lending	PVGrows	Venture Center	Racial Justice	MAAIC	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Payroll, Taxes, Fringe	\$ 348,203	\$ 394,118	\$ 11,162	\$ 44,282	\$ 109,709	\$ 240,396	\$ 71,573	\$ 1,219,443	\$ 29,257	\$ 9,752	\$ 76,893	\$ 115,902	\$ -	\$ 1,335,345	\$ 1,018,790
Staff Development	3,539	1,500	-	-	-	635	-	5,674	-	-	1,905	1,905	-	7,579	10,714
Temporary Labor	107,381	-	-	-	-	-	-	107,381	-	-	-	-	-	107,381	123,366
Contractors	31,464	97,700	-	-	20,470	119,743	126,483	395,860	-	-	-	-	140,492	536,352	559,965
Supplies	86,817	-	-	21,314	2,624	13,378	-	124,133	-	-	7,385	7,385	-	131,518	169,068
Utilities	43,772	-	-	17,892	-	-	-	61,664	-	-	-	-	-	61,664	54,682
Repairs and Maintenance	55,539	-	-	19,174	-	-	-	74,713	-	-	1,073	1,073	-	75,786	95,125
Rental/Rent	13,471	1,440	2,880	-	3,600	-	-	21,391	6,600	-	11,400	18,000	-	39,391	52,800
Marketing/Outreach	4,921	5,557	1,916	-	1,500	-	-	13,894	29,876	1,297	11,016	42,189	-	56,083	65,237
Audit/Legal/Other Professional	11,810	3,554	-	3,507	-	-	3,590	22,461	-	1,852	65,538	67,390	-	89,851	64,936
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,616
Other	21,884	5,109	-	5,927	-	12,370	526	45,816	2	-	4,006	4,008	-	49,824	49,730
Loan Loss Reserve/Bad Debt	-	64,974	-	-	-	-	-	64,974	-	-	3,000	3,000	-	67,974	31,191
Interest	7,204	67,575	-	15,062	-	-	-	89,841	-	-	-	-	-	89,841	105,806
Depreciation	158,278	-	-	44,134	-	-	-	202,412	-	-	5,758	5,758	-	208,170	203,813
Subtotal	894,283	641,527	15,958	171,292	137,903	386,522	202,172	2,449,657	65,735	12,901	187,974	266,610	140,492	2,856,759	2,608,839
General and Administrative Allocation	54,113	55,165	616	7,345	20,337	25,643	12,083	175,302	9,900	3,300	(188,502)	(175,302)	-	-	-
Total Expenses	\$ 948,396	\$ 696,692	\$ 16,574	\$ 178,637	\$ 158,240	\$ 412,165	\$ 214,255	\$ 2,624,959	\$ 75,635	\$ 16,201	\$ (528)	\$ 91,308	\$ 140,492	\$ 2,856,759	\$ 2,608,839

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

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
Notes to the Consolidated Financial Statements  
June 30, 2023

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**NOTE 1 – ORGANIZATION**

**Mission**

The mission of the Franklin County Community Development Corporation (“FCCDC” or the “Corporation”) 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 \$22.4 million in financing over 448 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.

**Racial Justice**

The Racial Justice Initiative works with businesses in Franklin County to help make them more welcoming and inclusive. The racial justice initiative supports leaders as they focus on the business community to further racial equity in the workplace and in the community through communications, programs, and practices. In order to experience an actual impact, the Racial Justice Initiative encourages businesses to look at existing white dominant culture and focus on structural change, such as the improvement of outreach efforts to recruit diverse talent and address implicit bias in the workplace. The Initiative started in November 2020 and has connected with over 80 employees and employers.

## **NOTE 1 – ORGANIZATION – (CONTINUED)**

### **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.

### **MAAIC**

The Massachusetts Agriculture Innovations Center, created in 2022, is a network of business-assistance providers across Massachusetts that helps farms launch and scale new value-added products.

### **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 FCCDC and its Affiliate (PVGrows Investment Fund, Inc. ("Affiliate")). 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 FCCDC'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, 2023 and 2022, FCCDC and Affiliate 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.

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

### **Basis of Accounting and Revenue 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Lending - Interest from lending activities and financing charges are recognized when received.

Gifts and contributions - All contributions, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. 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 met. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as support within the net asset class of those with donor restrictions. When a donor 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 assets and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported in the net assets without donor restrictions category.

Grants - Grants may be considered an exchange transaction or a conditional/unconditional promise to give. FCCDC and its Affiliate recognize grants deemed to be an exchange transaction once the performance obligation is met. Grants considered to be unconditional promises to give are recognized when awarded. Grants considered to be conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are recognized when the condition is met. Failure to fulfill the conditions could result in the return of funds to the grantor. FCCDC and its Affiliate have not been informed by any agencies of any funds which are required to be returned.

Conditional Promises to Give – As of June 30, 2023 and 2022, FCCDC and Affiliate has received commitments of conditional grants and contracts of approximately \$1,860,000 and \$1,310,000, respectively, from federal funding sources that will be recognized as revenue pending fulfillment of conditions associated with the awards. Such grants are conditional upon compliance with the terms of the grant agreements, including incurring qualified program expenses.

### **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.

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

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, 2023 and 2022 of \$7,164 and \$13,507, respectively.

### **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 2023 and 2022 the FCCDC received allocations of \$150,000 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, 2023 and 2022, these contributions to others totaled \$32,000 and \$20,000, respectively.

### **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 6). 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.

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

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.

### **Functional Expenses**

The costs of providing various programs and other activities have been presented on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated between program expenses, general and administrative expenses, and fundraising expenses in the following manner: payroll, taxes, fringe, temporary labor, and indirect are allocated based on time and effort; utilities, rental/rent, and depreciation are allocated based on the square footage associated with each function; all other expenses are directly charged to each function

### **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 FCCDC and its Affiliate’s consolidated financial statements for the year ended June 30, 2022 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).

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.

### **Recent Accounting Pronouncements**

Management is currently evaluating the impact to its financial statement of the pending adoption of FASB Accounting Standards Update (“ASU”) No. 2016-13 – Financial Instruments – Credit Losses (Topic 326): “Measurements of Credit Losses on Financial Instruments”, effective July 1, 2023. This ASU requires organizations to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Organizations will now use forward-looking information to better form their credit loss estimates. The ASU also requires enhanced disclosures to help financial statements users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity’s portfolio. As of the date the financial statements were available to be issued, management had not yet determined the impact to FCCDC and Affiliate’s financial statements.

**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, 2023 and 2022, are comprised of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 826,660	\$ 1,237,489
Accounts receivable, net	298,219	217,238
Grants receivable	<u>414,566</u>	<u>274,609</u>
	1,539,445	1,729,336
Less - funds held for others (Note 9)	<u>(261,546)</u>	<u>(219,989)</u>
	<u><u>\$ 1,277,899</u></u>	<u><u>\$ 1,509,347</u></u>

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, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Loan repayments collected by the FCCDC on behalf of a loan program administered for the Town of Erving	\$ 20,198	\$ 70,454
Cash accounts for four Federal lending program operations (see Note 5) which may only be used for loans and other program related costs.	896,928	1,069,403
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.	558,916	727,170
Cash accounts for the PVGrows lending program operations (see Note 5) which may only be used for loans and other program related costs.	817,564	346,790
Total	<u><u>\$ 2,293,606</u></u>	<u><u>\$ 2,213,817</u></u>

**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 \$300,000. As of June 30, 2023 and 2022, there were no loans that exceeded this threshold.

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

On June 30, 2023 and 2022, there were 129 and 125, respectively, loans outstanding to various small business borrowers, maturing through July 2033 and bearing interest rates ranging between 0% and 8%. As of June 30, 2023, the balances due on these loans varied in amounts from \$10 to \$300,000, and in terms from 3 months to 15 years.

Loans receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Loans receivable	\$ 6,010,006	\$ 4,558,689
Less - allowance for loan losses	340,867	275,769
	5,669,139	4,282,920
Less - amount due within one year	920,928	532,428
Amount due after one year	<u>\$ 4,748,211</u>	<u>\$ 3,750,492</u>

Loans receivable by program at June 30, 2023 and 2022 consists of the following:

	2023			2022		
	#	\$	%	#	\$	%
MA Food Trust Program ("MFTP") loans issued to individual healthy food businesses using funds provided by the Commonwealth of Massachusetts	11	1,382,351	23.0	13	806,385	17.7
PVGrows loans issued to individual food/farm businesses using community investments.	55	1,801,122	30.0	55	1,687,440	37.0
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.	15	451,189	7.5	16	348,354	7.6
("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.	8	422,297	7.0	15	432,707	9.5
EDA Cares Revolving Loan Fund loans issued to businesses with funds originally provided by EDA and matching funds. Interest rates (minimum 4%) and maturities are restricted by EDA.	5	228,046	3.8	7	262,568	5.8



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

Massachusetts Growth Capital Corporation ("MGCC") loans issued to create and preserve jobs at small business, women and minority owned businesses, and to promote economic development in underserved, municipalities and low and moderate income communities.

27	1,309,939	21.8	9	550,647	12.1
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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.

8	415,062	6.9	10	470,588	10.3
129	6,010,006	100%	125	4,558,689	100%

Total

Loan payments received on USDA/RMAP, USDA/IRP and EDA 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 and Affiliate's consolidated statements of financial position totaled \$2,667,372 and \$2,506,381 at June 30, 2023 and 2022, respectively.

In addition to loans receivable, the FCCDC and Affiliate had loan commitments to borrowers totaling \$365,000 and \$125,000 at June 30, 2023 and 2022, 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/EDA/MGCC"), 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, 2023 and 2022, the mandated minimum loan loss reserve was 3% for USDA/IRP and SSED/EDA/MGCC and 5% for USDA/RMAP.

The total Allowance for Loan Losses ("ALL") at June 30, 2023 and 2022, was \$340,867 and \$275,769, representing 5.7% and 6.0%, respectively, of loans receivable.

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

The ALL is estimated based on a system adopted by the FCCDC and Affiliate’s board of directors, and the amount is determined by a monthly management review of a watched assets report. 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.

The following table sets forth activity in the ALL by loan segment for the years ended June 30, 2023 and 2022:

	ALL June 30, 2022	Net Charge-offs of Loans	Provision	ALL June 30, 2023
MA Food Trust	\$ 38,169	\$ -	\$ 16,771	\$ 54,940
PVGrows	88,961	-	90,122	179,083
RMAP	18,529	-	17,055	35,584
SSED	94,498	(9,385)	(72,444)	12,669
USDA	14,118	-	(1,666)	12,452
MGCC	13,573	-	25,725	39,298
EDA CARES	7,921	-	(1,080)	6,841
Total	<u>\$ 275,769</u>	<u>\$ (9,385)</u>	<u>\$ 74,483</u>	<u>\$ 340,867</u>
	ALL June 30, 2021	Net Charge-offs of Loans	Provision	ALL June 30, 2022
MA Food Trust	\$ 33,383	\$ -	\$ 4,786	\$ 38,169
PVGrows	84,074	-	4,887	88,961
RMAP	43,854	(4,055)	(21,270)	18,529
SSED	68,642	-	25,856	94,498
USDA	16,719	-	(2,601)	14,118
MGCC	-	-	13,573	13,573
EDA CARES	4,961	-	2,960	7,921
Total	<u>\$ 251,633</u>	<u>\$ (4,055)</u>	<u>\$ 28,191</u>	<u>\$ 275,769</u>

**Delinquent Loans**

Loans are considered delinquent when 30 days past due based on the contractual terms of the loan. Delinquent loans totaled \$563,296 and \$1,336,520 at June 30, 2023 and 2022, respectively.

Loan portfolio delinquencies greater than 120 days past due totaled \$152,602 and \$19,491 at June 30, 2023 and 2022, 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 performance, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented.

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

Impaired loans as of June 30, 2023 and 2022 are set forth in the tables below:

	2023		
	Number of Impaired Loans	Amount of Impaired Loans	Allowance for Loan Losses
RMAP	2	\$ 28,446	\$ 14,446
MA Food Trust	1	13,886	13,886
PVGrows	3	147,860	129,485
Total	6	\$ 190,192	\$ 157,817

  

	2022		
	Number of Impaired Loans	Amount of Impaired Loans	Allowance for Loan Losses
RMAP	1	\$ 19,491	\$ 5,491
MA Food Trust	1	14,410	14,410
PVGrows	2	58,468	40,093
SSED	2	84,037	84,037
Total	6	\$ 176,406	\$ 144,031

**Charge-Offs**

Loans are fully or partially charged off when deemed uncollectible based on management's assessment of individual circumstances. Loan charge-offs were \$9,385 and \$4,055 for the years ended June 30, 2023 and 2022, 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.

	2023	2022
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, 2023 and 2022:

	2023			
	Venture Center	Food Processing Center	Other	Total
Buildings and Improvements	\$ 1,506,964	\$ 804,313	\$ -	\$ 2,311,277
Equipment	62,504	1,658,265	14,035	1,734,804
Land	118,800	-	-	118,800
Total Property and Equipment	<u>1,688,268</u>	<u>2,462,578</u>	<u>14,035</u>	<u>4,164,881</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,303,994)	(569,596)	-	(1,873,590)
Equipment	<u>(53,240)</u>	<u>(707,550)</u>	<u>(3,541)</u>	<u>(764,331)</u>
Total Accumulated Depreciation	<u>(1,357,234)</u>	<u>(1,277,146)</u>	<u>(3,541)</u>	<u>(2,637,921)</u>
Total Property and Equipment, net	<u>\$ 331,034</u>	<u>\$ 1,185,432</u>	<u>\$ 10,494</u>	<u>\$ 1,526,960</u>
	2022			
	Venture Center	Food Processing Center	Other	Total
Buildings and Improvements	\$ 1,504,936	\$ 780,235	\$ -	\$ 2,285,171
Equipment	62,504	1,701,020	11,648	1,775,172
Land	118,800	-	-	118,800
Total Property and Equipment	<u>1,686,240</u>	<u>2,481,255</u>	<u>11,648</u>	<u>4,179,143</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,266,614)	(536,715)	-	(1,803,329)
Equipment	<u>(49,586)</u>	<u>(632,384)</u>	<u>(8,513)</u>	<u>(690,483)</u>
Total Accumulated Depreciation	<u>(1,316,200)</u>	<u>(1,169,099)</u>	<u>(8,513)</u>	<u>(2,493,812)</u>
Total Property and Equipment, net	<u>\$ 370,040</u>	<u>\$ 1,312,156</u>	<u>\$ 3,135</u>	<u>\$ 1,685,331</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was:

	2023	2022
Food Processing Center	\$ 158,278	\$ 155,710
Venture Center	44,134	46,393
General and Administrative	<u>5,758</u>	<u>1,710</u>
Total	<u>\$ 208,170</u>	<u>\$ 203,813</u>

## NOTE 9 – FUNDS HELD FOR OTHERS

FCCDC and Affiliate have entered into agreements with third parties whereby FCCDC and Affiliate serves as a fiscal agent on behalf of the other parties. Since FCCDC and Affiliate is acting as an intermediary, no income or expense related to these transactions is recorded to the statement of activities of FCCDC and Affiliate. The following is a summary of funds held at June 30,:

	<u>2023</u>	<u>2022</u>
Tenant security deposits	\$ 39,533	\$ 35,613
Funds held on behalf of fiscal sponsorship agencies	201,815	113,922
Loan repayments collected by the FCCDC on behalf of a loan program administered for the Town of Erving	<u>20,198</u>	<u>70,454</u>
Total Funds Held for Others	<u>\$ 261,546</u>	<u>\$ 219,989</u>

## 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, 2023 and 2022, 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 (8.25% and 4.75% at June 30, 2023 and 2022, respectively). This loan is subject to annual review and may be extended, renewed, modified, or terminated at the bank's discretion.

## NOTE 11 – REFUNDABLE ADVANCES

For the years ended June 30, 2023 and 2022, refundable advances consists of \$40,672 and \$51,480, respectively, of prepaid parking lot rent and \$527,160 and \$1,315,465, respectively, of grant advances to be earned and recognized in fiscal year 2024.

## NOTE 12 – LONG-TERM DEBT

### Lending Debt

Long-term lending debt consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
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.	\$ -	\$ 39,068
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.	453,889	479,938
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.	260,429	288,523

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

	<u>2023</u>	<u>2022</u>
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.	234,140	246,848
Note Payable to USDA/RMAP in monthly installments of \$1,347 including interest of 1%. The loan is due in full in April of 2040. This note is secured by an interest in both the USDA/RMAP loans and the related segregated cash accounts.	247,737	-
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 0% to 4% with maturity dates ranging from July 2022 through April 2028. These notes are unsecured, with investors having no recourse on any assets of FCCDC.	<u>2,609,179</u>	<u>2,224,113</u>
Total lending long-term debt	3,805,374	3,278,490
Less lending debt due within one year	<u>341,658</u>	<u>233,125</u>
Lending long-term debt, due after one year	<u><u>\$ 3,463,716</u></u>	<u><u>\$ 3,045,365</u></u>

**Other Debt**

Long-term other debt consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
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.	\$ 433,843	\$ 460,259
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.	<u>200,251</u>	<u>210,464</u>
Total other long-term debt	634,094	670,723
Less other debt due within one year	<u>37,772</u>	<u>36,563</u>
Other long-term debt, due after one year	<u><u>\$ 596,322</u></u>	<u><u>\$ 634,160</u></u>

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

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

The estimated aggregate principal payments to retire the FCCDC’s outstanding long-term debt at June 30, 2023 are as follows:

	Lending long-term debt	Other long-term debt	Total
2024	\$ 341,658	\$ 37,772	\$ 379,430
2025	841,610	39,137	880,747
2026	1,243,736	40,493	1,284,229
2027	416,878	41,896	458,774
2028	185,376	43,304	228,680
Thereafter	776,116	431,492	1,207,608
Total	<u>\$ 3,805,374</u>	<u>\$ 634,094</u>	<u>\$ 4,439,468</u>

**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).

	2023	2022
Various home buyers	\$ 321,860	\$ 321,860
Pioneer Coop of Franklin County, Inc.	124,720	124,720
Total deferred payment loans	<u>\$ 446,580</u>	<u>\$ 446,580</u>

**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 23 years no grant expenditures have been disallowed.

#### **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 \$414,566 and \$274,609 in grants receivable from these sources at June 30, 2023 and 2022, 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 23 fiscal years.

#### **NOTE 17 – RELATED PARTIES**

One board member is employed by the Greenfield Cooperative Bank, one of 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 – SUBSEQUENT EVENTS**

FCCDC and Affiliate have evaluated events that have occurred subsequent to June 30, 2023, through November 1, 2023, 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, 2023  
(With Comparative Totals for 2022)

	2023													2022	
	Food Processing	Lending	PVGrows	Venture Center	Racial Justice	MAAIC	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Income	\$ 591,350	\$ 2,106,511	\$ 15,250	\$ 237,116	\$ 156,439	\$ 411,382	\$ 222,438	\$ 3,740,486	\$ 355,891	\$ -	\$ 3,738	\$ 359,629	\$ 150,342	\$ 4,250,457	\$ 3,810,638
Expenses															
Payroll, Taxes, Fringe	348,203	394,118	11,162	44,282	109,709	240,396	71,573	1,219,443	29,257	9,752	76,893	115,902	-	1,335,345	1,018,790
Staff Development	3,539	1,500	-	-	-	635	-	5,674	-	-	1,905	1,905	-	7,579	10,714
Temporary Labor	107,381	-	-	-	-	-	-	107,381	-	-	-	-	-	107,381	123,366
Contractors	31,464	97,700	-	-	20,470	119,743	126,483	395,860	-	-	-	-	140,492	536,352	559,965
Supplies	86,817	-	-	21,314	2,624	13,378	-	124,133	-	-	7,385	7,385	-	131,518	169,068
Utilities	43,772	-	-	17,892	-	-	-	61,664	-	-	-	-	-	61,664	54,682
Repairs and Maintenance	55,539	-	-	19,174	-	-	-	74,713	-	-	1,073	1,073	-	75,786	95,125
Rental/Rent	13,471	1,440	2,880	-	3,600	-	-	21,391	6,600	-	11,400	18,000	-	39,391	52,800
Marketing/Outreach	4,921	5,557	1,916	-	1,500	-	-	13,894	29,876	1,297	11,016	42,189	-	56,083	65,237
Audit/Legal/Other Professional	11,810	3,554	-	3,507	-	-	3,590	22,461	-	1,852	65,538	67,390	-	89,851	64,936
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,616
Other	21,884	5,109	-	5,927	-	12,370	526	45,816	2	-	4,006	4,008	-	49,824	49,730
Loan Loss Reserve/Bad Debt	-	64,974	-	-	-	-	-	64,974	-	-	3,000	3,000	-	67,974	31,191
Interest	7,204	67,575	-	15,062	-	-	-	89,841	-	-	-	-	-	89,841	105,806
Depreciation	158,278	-	-	44,134	-	-	-	202,412	-	-	5,758	5,758	-	208,170	203,813
Subtotal	894,283	641,527	15,958	171,292	137,903	386,522	202,172	2,449,657	65,735	12,901	187,974	266,610	140,492	2,856,759	2,608,839
General and Administrative Allocation	54,113	55,165	616	7,345	20,337	25,643	12,083	175,302	9,900	3,300	(188,502)	(175,302)	-	-	-
Total Expenses	948,396	696,692	16,574	178,637	158,240	412,165	214,255	2,624,959	75,635	16,201	(528)	91,308	140,492	2,856,759	2,608,839
Change in Net Assets	\$ (357,046)	\$ 1,409,819	\$ (1,324)	\$ 58,479	\$ (1,801)	\$ (783)	\$ 8,183	\$ 1,115,527	\$ 280,256	\$ (16,201)	\$ 4,266	\$ 268,321	\$ 9,850	\$ 1,393,698	\$ 1,201,799

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**Consolidated Supplemental Schedule of Activities (Operational)**  
For the Year Ended June 30, 2023  
(With Comparative Totals for 2022)

	2023														2022
	Food Processing	Lending	PVGrows	Venture Center	Racial Justice	MAAIC	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Program Revenues	\$ 410,492	\$ 270,910	\$ 15,250	\$ 237,116	\$ -	\$ 2,200	\$ 2,250	\$ 938,218	\$ 355,891	\$ -	\$ 3,738	\$ 359,629	\$ 150,342	\$ 1,448,189	\$ 1,152,064
Expenses															
Payroll, Taxes, Fringe	212,031	1,688	11,162	44,282	-	-	-	269,163	29,257	9,752	76,893	115,902	-	385,065	374,799
Staff Development	3,539	-	-	-	-	635	-	4,174	-	-	1,905	1,905	-	6,079	10,714
Temporary Labor	107,381	-	-	-	-	-	-	107,381	-	-	-	-	-	107,381	123,366
Contractors	-	-	-	-	-	-	-	-	-	-	-	-	140,492	140,492	234,526
Supplies	86,817	-	-	21,314	-	-	-	108,131	-	-	7,385	7,385	-	115,516	162,039
Utilities	43,772	-	-	17,892	-	-	-	61,664	-	-	-	-	-	61,664	54,682
Repairs and Maintenance	55,539	-	-	19,174	-	-	-	74,713	-	-	1,073	1,073	-	75,786	95,125
Rental/Rent	13,471	-	2,880	-	-	-	-	16,351	6,600	-	11,400	18,000	-	34,351	50,400
Marketing/Outreach	4,921	-	1,916	-	-	-	-	6,837	29,876	1,297	11,016	42,189	-	49,026	64,237
Audit/Legal/Other Professional	11,810	1,369	-	3,507	-	-	1,230	17,916	-	1,852	65,538	67,390	-	85,306	64,936
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	21,884	1,192	-	5,927	-	2,348	526	31,877	2	-	4,006	4,008	-	35,885	49,730
Loan Loss Reserve/Bad Debt	-	-	-	-	-	-	-	-	-	-	3,000	3,000	-	3,000	31,191
Interest	7,204	-	-	15,062	-	-	-	22,266	-	-	-	-	-	22,266	105,806
Depreciation	158,278	-	-	44,134	-	-	-	202,412	-	-	5,758	5,758	-	208,170	203,813
Subtotal	726,647	4,249	15,958	171,292	-	2,983	1,756	922,885	65,735	12,901	187,974	266,610	140,492	1,329,987	1,625,364
G and A Allocation	40,891	-	616	7,345	-	-	-	48,852	9,900	3,300	(188,502)	(175,302)	-	(126,450)	(67,071)
Total Expenses	767,538	4,249	16,574	178,637	-	2,983	1,756	971,737	75,635	16,201	(528)	91,308	140,492	1,203,537	1,558,293
Change in Net Assets	\$ (357,046)	\$ 266,661	\$ (1,324)	\$ 58,479	\$ -	\$ (783)	\$ 494	\$ (33,519)	\$ 280,256	\$ (16,201)	\$ 4,266	\$ 268,321	\$ 9,850	\$ 244,652	\$ (406,229)

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**Consolidated Supplemental Schedule of Activities (Grant)**  
For the Year Ended June 30, 2023  
(With Comparative Totals for 2022)

	2023													2022	
	Food Processing	Lending	PVGrows	Venture Center	Racial Justice	MAAIC	Business Assistance	Total Program	Fundraising	Governance	General and Administrative	Total Service Support	Fiscal Sponsors	Total	Total
Grant Income	\$ 180,858	\$ 1,835,601	\$ -	\$ -	\$ 156,439	\$ 409,182	\$ 220,188	\$ 2,802,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,802,268	\$ 2,658,574
Expenses															
Payroll, Taxes, Fringe	136,172	392,430	-	-	109,709	240,396	71,573	950,280	-	-	-	-	-	950,280	643,991
Staff Development	-	1,500	-	-	-	-	-	1,500	-	-	-	-	-	1,500	-
Contractors	31,464	97,700	-	-	20,470	119,743	126,483	395,860	-	-	-	-	-	395,860	325,439
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental/Rent	-	1,440	-	-	3,600	-	-	5,040	-	-	-	-	-	5,040	2,400
Supplies	-	-	-	-	2,624	13,378	-	16,002	-	-	-	-	-	16,002	7,029
Marketing/Outreach	-	5,557	-	-	1,500	-	-	7,057	-	-	-	-	-	7,057	1,000
Audit/Legal/Other Professional	-	2,185	-	-	-	-	2,360	4,545	-	-	-	-	-	4,545	-
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,616
Other	-	3,917	-	-	-	10,022	-	13,939	-	-	-	-	-	13,939	-
Loan Loss Reserve/Bad Debt	-	64,974	-	-	-	-	-	64,974	-	-	-	-	-	64,974	-
Interest	-	67,575	-	-	-	-	-	67,575	-	-	-	-	-	67,575	-
Subtotal	167,636	637,278	-	-	137,903	383,539	200,416	1,526,772	-	-	-	-	-	1,526,772	983,475
G and A Allocation	13,222	55,165	-	-	20,337	25,643	12,083	126,450	-	-	-	-	-	126,450	67,071
Total Expenses	180,858	692,443	-	-	158,240	409,182	212,499	1,653,222	-	-	-	-	-	1,653,222	1,050,546
Change in Net Assets	\$ -	\$ 1,143,158	\$ -	\$ -	\$ (1,801)	\$ -	\$ 7,689	\$ 1,149,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,149,046	\$ 1,608,028

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**Consolidated Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Local Food Promotion Program	10.172	N/A	\$ 31,464	\$ 66,283
Agriculture Innovation Center Demonstration Program	10.377	N/A	119,743	409,182
Intermediary Relending Program	10.767	N/A	-	519,006
Rural Business Development Grant	10.351	N/A	-	25,000
Rural Microentrepreneur Assistance Program	10.870	N/A	-	597,298
<b>Total U.S. Department of Agriculture</b>			<u>151,207</u>	<u>1,616,769</u>
<b>U.S. Department of Commerce</b>				
Economic Development - Cluster				
Economic Adjustment Assistance	11.307	N/A	-	1,128,795
<b>Total U.S. Department of Commerce</b>			<u>-</u>	<u>1,128,795</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Local Initiatives Support Corporation/Section 4 Capacity Building for Community Development and Affordable Housing	14.252	41186-0036	-	20,075
<b>Total U.S. Department of Housing and Urban Development</b>			<u>-</u>	<u>20,075</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 151,207</u>	<u>\$ 2,765,639</u>

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

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**Notes to Consolidated Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2023

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**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, 2023. 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, 2023**

U.S. Department of Agriculture	
Intermediary Relending Program	\$ 519,006
Economic Adjustment Assistance	1,128,795
Rural Microentrepreneur Assistance Program	
Revolving Loan Fund	597,298

**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.

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 statement of financial position as of June 30, 2023, 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 November 1, 2023.

**Report on 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 or significant deficiencies may exist that were not identified.

## **Report on 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.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Holyoke, Massachusetts  
November 1, 2023



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**

***Opinion on Each Major Federal Program***

We have audited Franklin County Community Development Corporation and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Franklin County Community Development Corporation and Affiliate's major federal programs for the year ended June 30, 2023. Franklin County Community Development Corporation and Affiliate's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of their major federal program for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Franklin County Community Development Corporation and Affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Franklin County Community Development Corporation and Affiliate's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Franklin County Community Development Corporation and Affiliate's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Franklin County Community Development Corporation and Affiliate's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Franklin County Community Development Corporation and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Franklin County Community Development Corporation and Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Franklin County Community Development Corporation and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Franklin County Community Development Corporation and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Holyoke, Massachusetts  
November 1, 2023

**FRANKLIN COUNTY COMMUNITY DEVELOPMENT CORPORATION AND AFFILIATE**  
**Schedule of Findings and Questioned Costs**  
For the Year Ended June 30, 2023

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**I. SUMMARY OF AUDITORS' RESULTS**

*Consolidated Financial Statements*

Type of report the auditor issued on whether the consolidated financial statements audited were prepared 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*

Federal Assistance Listing Number

Name of Federal Program or Cluster

10.377

**U.S. Department of Agriculture**  
Agriculture Innovation Center  
Demonstration Program  
Intermediary Relending Program

10.767

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

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