



Community Economic Development
Assistance Corporation

**GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

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June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors of
Community Economic Development Assistance Corporation:

Opinion

We have audited the general purpose financial statements of Community Economic Development Assistance Corporation (CEDAC), a component unit of the Commonwealth of Massachusetts, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, cash flows and fiduciary net position for the years then ended, and the related notes to the general purpose financial statements.

In our opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the net position of Community Economic Development Assistance Corporation as of June 30, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Accounting Standard Adoption

As disclosed in Note 1 to the general purpose financial statements, effective on July 1, 2020, CEDAC adopted GASB Statement No. 87, Leases (GASB 87), which requires CEDAC to recognize an intangible right-to-use lease asset and lease liability for their facility lease. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the general purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the general purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the general purpose 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 general purpose 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 CEDAC'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 general purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CEDAC'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 2 through 10 be presented to supplement the basic general purpose financial statements. Such information, although not a part of the basic general purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic general purpose financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic general purpose financial statements, and other knowledge we obtained during our audit of the basic general purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the general purpose financial statements as a whole. The accompanying supplementary statements of functional expenses are presented for the purpose of additional analysis and are not a required part of the general purpose 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 general purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the general purpose financial statements or to the general purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses are fairly stated in all material respects in relation to the general purpose financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
September 29, 2022

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Management's Discussion and Analysis June 30, 2022 and 2021

Management's discussion and analysis of the financial performance of Community Economic Development Assistance Corporation (CEDAC) provides a summary of financial activities for the fiscal year ended June 30, 2022.

Background

CEDAC is a quasi-public agency of the Commonwealth of Massachusetts (the Commonwealth), established as a public corporation by state legislation in 1978, to provide technical assistance to nonprofit community-based development organizations to help them carry out community economic development activity in economically distressed areas of the state. CEDAC is also a 501(c)(3) tax-exempt corporation. A nine-member Board of Directors drawn from the public and private development sectors is appointed by the Governor to oversee CEDAC's corporate affairs and set policy for the corporation. Please visit CEDAC's website at www.cedac.org.

CEDAC supports the community development needs of community-based nonprofit organizations by offering flexible capital financing, technical support and assistance, and training in the areas of affordable housing development and early education and out-of-school time facility development. Affordable housing development is CEDAC's largest program. CEDAC is the primary provider of high-risk pre-development capital to nonprofit community development organizations in Massachusetts. While providing critical early stage funding in the form of acquisition and pre-development loans, CEDAC also provides nonprofit developers with its staff's expertise in real estate finance and development and strategic project management. In addition to its pre-development lending program, CEDAC also serves as underwriter and asset manager of four state-financed long-term deferred payment loan programs of the Commonwealth's Department of Housing and Community Development (DHCD): Housing Innovations Fund (HIF), Facilities Consolidation Fund (FCF), Community-Based Housing (CBH), and the Housing Preservation and Stabilization Trust Fund (HPSTF).

Through its affiliate organization, the Children's Investment Fund, Inc. (CIF), CEDAC provides a full-range of financing and technical services options for nonprofit early education and out-of-school time providers seeking to construct or improve their facilities. In addition to providing technical expertise, CIF offers pre-development, site acquisition, construction, and term loans, along with a small number of planning grants, as available, to help finance the cost of developing capital projects, leasehold improvements, and equipment. CIF is certified as a Community Development Finance Institution (CDFI) by the U.S. Department of the Treasury's CDFI Fund.

Because of CEDAC's unique experience providing technical assistance and capital financing and its deep experience with the early education and out-of-school time program operations, the Commonwealth's Department of Early Education and Care (EEC) contracts with CEDAC to administer its capital fund: the Early Education and Out of School Time (EEOST) Capital Fund, which was first authorized as part of the Community Development Bond Bill passed by the Massachusetts Legislature in November 2013. The Legislature authorized up to \$45 million of public capital grants to support nonprofit center-based early education and out-of-school time programs. In 2018, the Legislature re-authorized EEOST again for up to \$45 million. With the EEOST Capital Funds, EEC awards grants to nonprofit providers to support acquisition, design, construction and/or renovation of the facilities funded. In the past eight fiscal years, EEC and CEDAC have conducted seven competitive rounds of capital grant applications and awards, allocating over \$42.9 million to projects.

CEDAC also serves as fiscal intermediary for public agencies or other nonprofit organizations to administer capital programs that complement CEDAC's community development programs, utilizing CEDAC's programmatic expertise. In these cases, CEDAC and its partner agencies have joint responsibility for the program administration, with CEDAC administering the financial resources associated with the program. Since 1999, CEDAC has served in this capacity for the Massachusetts Rehabilitation Commission (MRC)'s Home Modification Loan Program and continued to serve in this capacity during fiscal year 2022.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Management's Discussion and Analysis
June 30, 2022 and 2021

Background (Continued)

CEDAC is the founding partner of the Commonwealth Workforce Coalition (CWC), a statewide workforce development initiative that seeks to strengthen the capacity of Massachusetts' education, training, and workforce system to produce better employment and earnings outcomes for unemployed and underemployed residents. In fiscal year 2017, CEDAC completed the transition of the operations and management of CWC to the University of Massachusetts Boston Center for Social Policy. In fiscal year 2020, the University of Massachusetts Boston Center for Social Policy transferred this program to a workforce organization with more stable funding, the Mass Workforce Alliance. As workforce development is an important component of community development, CEDAC continues to support the efforts of CWC.

Using This Report

This financial report consists of the general purpose financial statements that present the activities of CEDAC only. In prior years, the financial report included a discrete column in each financial statement for CEDAC's former component unit, CIF. During fiscal year 2018, CIF's Board of Directors and CEDAC's Board of Directors voted to modify the bylaws of CIF to reduce CEDAC's control over CIF's governance and financial resources. This change was also approved by the United Way which had founded the organization in 1990. Therefore, as of fiscal year 2018, as a result of these changes, CIF's financial statements are no longer required to be reported as part of CEDAC's financial report. CIF prepares separate annual audited financial statements in accordance with accounting principles applicable to non-governmental not-for-profit entities as promulgated by the Financial Accounting Standards Board (FASB).

The Statements of Net Position for fiscal year 2022 and the prior year 2021 are found on pages 11 and 12, respectively, and show the current and long-term assets held by CEDAC and the current and long-term liabilities owed at the end of the fiscal year. The difference between assets and liabilities on the Statement of Net Position is reported as the net position according to three different classifications: Unrestricted net position, Net position invested in capital assets, and Restricted net position - expendable.

Unrestricted net position includes those net positions over which CEDAC's Board of Directors exercises control, without any externally-imposed restriction or capital designation. The Board has elected to allocate the majority of CEDAC's unrestricted net position to support CEDAC's lending programs. That net position is reported as CEDAC Loan Funds. Additional unrestricted net resources are allocated to an operating reserve to help support corporate operations (see Note 1, pages 19 and 20).

Net position invested in capital assets reports the fixed assets and right-to-use facility lease asset used by CEDAC, net of the related lease liability. CEDAC has not financed the purchase of any fixed assets, and there is no debt outstanding on these capital items. Accordingly, the net position invested in capital assets reflects the cost of furniture, fixtures, and leasehold improvements, net of accumulated depreciation and the right-to-use facility lease asset net of the related lease liability.

The restricted expendable net position for fiscal years 2022 and 2021 includes resources that may be used to support CWC activities, Kuehn Charitable Foundation resources (see page 6 under CEDAC Housing Programs), Robert Wood Johnson Foundation resources for the Accelerating Investments for Healthy Communities (AIHC) program, and other resources available for lending to preservation projects.

The Statements of Revenues, Expenses and Changes in Net Position for fiscal years 2022 and 2021 found on pages 13 and 14, respectively, report CEDAC's earned income received during each year, as well as the years' expenses.

The Statements of Cash Flows for fiscal years 2022 and 2021 found on pages 15 and 16, respectively, report how CEDAC received and used cash during the year. Supplementary schedules, the Statements of Functional Expenses for fiscal years 2022 and 2021, can be found on pages 39 and 40, respectively. The Statement of Functional Expenses, presented as supplemental information, shows how CEDAC's expenses break down among the loan funds and program areas for the year.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Management's Discussion and Analysis
June 30, 2022 and 2021

Using This Report (Continued)

The Statements of Fiduciary Net Position are found on page 17 and summarize the financial activity associated with the funds managed by CEDAC as fiscal intermediary.

Beginning on page 18 are notes provided to further explain the balances and information contained in the general purpose financial statements.

Effects of the COVID-19 Pandemic

In March 2020, as the COVID-19 pandemic spread to Massachusetts, CEDAC moved all of its employees to working remotely from their homes. CEDAC successfully transitioned to remote operations and continued to provide much needed liquidity and support to its borrowers. CEDAC continued its successful remote operations throughout fiscal year 2022. Even though certain sectors of the Commonwealth's economy were ordered to temporarily shut down during the pandemic, housing development activity was allowed to continue given the critical need for affordable housing. Accordingly, DHCD maintained its schedule of funding rounds and CEDAC approved pre-development and acquisition loan requests ensuring that the pipeline of affordable housing development projects moved forward. CEDAC's continued provision of funding and technical assistance throughout the year translated into strong fiscal year-end financial results.

Commitment to Racial Equity

CEDAC has designated racial equity as an organizational priority in line with its mission to support community-based economic development in distressed areas of the state. CEDAC is working internally on three areas: employee training; recruiting, hiring, and retaining a diverse workforce; and increasing the utilization of minority-owned vendors in its procurement processes. CEDAC is working externally in two major areas: increasing the utilization of minority-owned businesses in the development and operation of affordable housing; and identifying and supporting community development activities that advance racial equity.

Summary of Financial Performance and Changes in Net Position

As reported in CEDAC's general purpose financial statements, CEDAC's net position increased by \$1,394,037 in fiscal year 2021 and increased by \$508,957 in 2022. These figures break down as follows:

	<u>Net Position</u> <u>June 30, 2020</u>	<u>Changes in</u> <u>Net Position</u> <u>(As Restated)</u>	<u>Net Position</u> <u>June 30, 2021</u> <u>(As Restated)</u>	<u>Changes in</u> <u>Net Position</u>	<u>Net Position</u> <u>June 30, 2022</u>
Operating and CEDAC Loan Funds	\$ 22,934,384	\$ 164,475	\$ 23,098,859	\$ 551,370	\$ 23,650,229
Restricted Program Funds	<u>370,717</u>	<u>1,229,562</u>	<u>1,600,279</u>	<u>(42,413)</u>	<u>1,557,866</u>
Total	<u>\$ 23,305,101</u>	<u>\$ 1,394,037</u>	<u>\$ 24,699,138</u>	<u>\$ 508,957</u>	<u>\$ 25,208,095</u>

Operating and CEDAC Loan Funds

CEDAC supports its annual operating activities primarily with earnings from lending activity, management and underwriting fees, and contract revenues. During fiscal years 2021 and 2022, CEDAC increased lending levels commensurate with the continued allocation of state funding and the urgent need for additional affordable housing. Both the need for affordable housing and the state's commitment to funding it has increased during the pandemic.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

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Operating and CEDAC Loan Funds (Continued)

CEDAC monitors its operating performance carefully to ensure on-going agency stability and agility and has posted surpluses in core operating activities in fiscal years 2022 and 2021. Core operating results for fiscal year 2022 show a surplus of \$675,762, after adding back the non-cash loan loss reserve adjustment (see table below). The positive operating performance is the result of strong pre-development and acquisition lending activity and the continued high pace of underwriting long-term deferred payment loans on behalf of the state. Operating results exceeded the budget and there were no negative variations that would have a significant effect on future operations or liquidity. In fiscal year 2021, CEDAC's core operating activities posted a surplus of \$555,637, after adding back the non-cash loan loss reserve adjustment. CEDAC's net core operating activities are calculated as follows:

	<u>2022</u>	<u>2021</u>
Change in net position - Operating and CEDAC Loan Funds	\$ 551,370	\$ 164,475
Loan and interest reserve adjustment	<u>124,392</u>	<u>391,162</u>
Net core operating results	<u>\$ 675,762</u>	<u>\$ 555,637</u>

In fiscal year 2021, the increase in the loan loss reserve was primarily a result of the growth of the loans receivable compared to fiscal year-end 2020. The smaller increase in the loan loss reserve in fiscal year 2022 reflected the continuation of the high level of loans receivable (see the Portfolio Summary on page 6).

CEDAC Housing Programs

CEDAC's lending activity was strong in fiscal year 2022, continuing a multi-year trend fueled by both an increasing need in Massachusetts for affordable housing, which has only been exacerbated by the pandemic, and the availability of Federal, state, and local resources to help address that need. As shown on page 6, CEDAC's fiscal year 2022 ending loan commitments achieved a fiscal year-end high of almost \$64 million, a 13% increase from fiscal year end 2021. Loans receivable remained high at \$41.3 million.

CEDAC's early stage lending program (comprised of pre-development, acquisition, and bridge loans) utilizes short-term loan products that allow nonprofit borrowers to access capital resources to help fund a project's pre-construction phase, usually a three to five-year timeframe. This "patient" capital allows borrowers to develop their projects and is not repaid until the longer-term financing is in place.

CEDAC's early stage support has had a catalyzing effect on the nonprofit affordable housing development system in Massachusetts. Without this resource and the critical liquidity that it provides to advance projects effectively, many nonprofit developers would simply not begin projects or be forced to abandon partially developed projects because they lacked the resources to carry projects for a longer than anticipated pre-development period. Throughout the pandemic, CEDAC has offered its borrowers the financial support and flexibility they need to continue their affordable housing development.

CEDAC's early stage lending is dependent on the availability of loan capital, particularly low-cost, highly flexible capital. In fiscal year 2020, CEDAC received a \$10 million unrestricted grant from the Commonwealth's DHCD. CEDAC's Board of Directors voted to designate the full \$10 million as capital for early stage lending. This vital resource could not have come at a more important time, bringing CEDAC's lending capital to a high of \$72.1 million at year-end 2020. In fiscal year 2021, CEDAC made partial loan repayments to lenders totaling \$2.7 million, as required by the terms of the loan agreements. CEDAC's lending capital at fiscal year-end 2021 was just shy of \$70 million. In fiscal year 2022, CEDAC closed on \$7 million of additional loan capital while repaying \$5.5 million to lenders as required by the terms of loan agreements. CEDAC's lending capital at fiscal year-end 2022 was \$71.5 million.

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CEDAC Housing Programs (Continued)

Some specialized loan and grant programs are worth noting.

In fiscal year 2017, CEDAC partnered with the City of Boston's Department of Neighborhood Development (DND) to create a new loan fund to assist nonprofit developers to buy vacant or underutilized land in Boston and hold this land for up to five years before developing affordable housing. The goal of the fund is to support nonprofits to secure control of land that will be developable into affordable housing in the coming years and thereby remove this land from the speculative market. The \$8.85 million Vacant Site Acquisition Fund includes \$2.85 million from DND, \$3 million in private bank capital, and an additional commitment from Local Initiatives Support Corporation (LISC) Boston to purchase up to \$3 million in participations. As of June 30, 2022, CEDAC has fully committed the \$8.85 million fund.

Another source of early stage capital that CEDAC is using effectively is a grant fund from the Kuehn Charitable Foundation. The grant enables CEDAC to provide up to \$15,000 in planning grants to small nonprofit organizations that are testing the feasibility of a project. Since 2016, CEDAC has awarded \$566,534 in grants to over forty projects. These grants have led to early successes in project development, including eight completed projects and four projects that have moved into the construction phase. In addition, five projects have been awarded funding from the Commonwealth, and three have received CEDAC pre-development loan commitments to support project development. The remaining projects, except two, continue to remain feasible and in progress.

The chart below illustrates the composition of our early stage lending portfolio, and the capital available to support it, at the end of each fiscal year, sorted by loan product. The commitment ratio is loan commitments divided by capital available, and the deployment ratio is loans receivable divided by loan commitments. CEDAC's overall commitment ratio remains strong at 89% of total capital, and the deployment ratio remains steady at 65%.

Portfolio Summary	2022	2021	2020
Pre-development Loans:			
Capital Available	\$ 26,395,746	\$ 26,306,978	\$ 26,486,003
Current Loan Commitments	\$ 27,742,425	\$ 23,233,777	\$ 21,800,949
Commitment Ratio	105%	88%	82%
Loans Receivable	\$ 15,456,633	\$ 12,366,132	\$ 13,948,610
Deployment Ratio	56%	53%	64%
Acquisition Loans:			
Capital Available	\$ 41,093,094	\$ 41,680,052	\$ 43,614,878
Current Loan Commitments	\$ 36,214,004	\$ 33,138,050	\$ 33,812,250
Commitment Ratio	88%	80%	78%
Loans Receivable	\$ 25,870,959	\$ 29,204,283	\$ 22,333,767
Deployment Ratio	71%	88%	66%
Bridge Loans:			
Capital Available	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000
Current Loan Commitments	\$ -	\$ -	\$ -
Commitment Ratio	0%	0%	0%
Loans Receivable	\$ -	\$ -	\$ -
Deployment Ratio	0%	0%	0%
Total Loans:			
Capital Available	\$ 71,488,840	\$ 69,987,030	\$ 72,100,881
Current Loan Commitments	\$ 63,956,429	\$ 56,371,827	\$ 55,613,199
Commitment Ratio	89%	81%	77%
Loans Receivable	\$ 41,327,592	\$ 41,570,415	\$ 36,282,377
Deployment Ratio	65%	74%	65%

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Management's Discussion and Analysis
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CEDAC Housing Programs (Continued)

New annual loan commitments are one way of gauging demand for CEDAC's early-stage financing and, in fact, new annual loan commitments have increased by 27% in dollars since 2020. Fiscal year 2022 exhibited a particularly large jump in new commitments as a result of a steady increase in predevelopment loan commitments combined with a large dollar amount of new acquisition loan commitments.

CEDAC saw a substantial increase in the demand for pre-development loans over the last three fiscal years, as borrowers readied their projects to apply for permanent state financing or, upon receiving commitments for permanent financing, readied their projects for closing on financing and commencing construction. CEDAC commits pre-development funds to projects incrementally as the project moves through the planning phases, with larger amounts of funds needed and committed the closer the project is to the construction phase.

The level of new acquisition loan commitments in any year is affected by the number of large preservation projects requiring financing (see CEDAC's Housing Preservation Initiative below). For example, in fiscal year 2020, one preservation project accounted for \$4.4 million of acquisition loan commitments and a \$4 million participation to another financial institution. In fiscal year 2021, there were no large preservation projects which resulted in lower overall acquisition loan numbers. In 2022, one preservation project accounted for \$5 million of acquisition loan commitments and a \$9 million participation to another financial institution.

Bridge loan volume is primarily affected by the timing of the flow of previously committed state bond or other public capital funds. While there has not been a high demand for bridge financing during the last three years, the availability of this product ensures that CEDAC can provide funds, often on a quick emergency basis, when committed public funds are not yet available for construction.

The following chart summarizes the annual loan commitments approved plus acquisition loan participations during each of the last three years:

Annual Loan Commitments	2022		2021		2020	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Pre-development loans	\$ 15,273,502	48%	\$ 12,857,792	58%	\$ 10,134,050	41%
Acquisition loans	16,346,400	52	9,482,500	42	14,825,718	59
Bridge loans	-	-	-	-	-	-
Total	<u>\$ 31,619,902</u>	<u>100%</u>	<u>\$ 22,340,292</u>	<u>100%</u>	<u>\$ 24,959,768</u>	<u>100%</u>
Acquisition loan participations, not included in totals above	<u>\$ 10,315,000</u>		<u>\$ 328,500</u>		<u>\$ 8,000,000</u>	

Housing Preservation

CEDAC, collaborating with other state and local agencies, monitors and identifies affordable housing properties at risk of loss of affordability at the expiration of a legally mandated affordability period and works with the residents, project owners, and local communities to help maintain affordability either through the transfer of ownership to a nonprofit entity, or to renew affordability contracts with the Federal or state government. CEDAC also provides technical assistance and training to developers, owners, tenants, and state and local officials regarding Federal housing preservation programs and the state's landmark law, Chapter 40T, which regulates publicly-assisted multifamily rental housing.

As affordable housing projects in Massachusetts continue to reach the end of their affordability periods, CEDAC anticipates that there will be a steady volume of Housing Preservation transactions each year undertaken by nonprofit developers seeking to maintain affordability in these projects.

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Accelerating Investments for Healthy Communities (AIHC)

In fiscal year 2021, CEDAC was chosen to be the financial intermediary for the first phase of the Boston Accelerating Investments for Healthy Communities (AIHC), part of a national initiative to deepen the investment of hospitals and health systems in affordable housing. CEDAC assembled \$2.7 million, evenly split between the Boston Medical Center (BMC) and the Robert Wood Johnson Foundation (RWJF), to finance twenty-year subordinate debt for three Boston affordable housing projects. In fiscal year 2021, CEDAC committed \$1.7 million of these funds to two of the projects and in fiscal year 2022, committed the remaining \$1 million of these funds to one project. All three loans have closed, and the projects are all under construction. The BMC capital is a twenty-year non-recourse loan to CEDAC, and the RWJF capital was a grant to CEDAC.

Long-Term Deferred Payment Funding Programs

CEDAC continues to serve as underwriter, closer, and asset manager for DHCD for Housing Innovations Fund (HIF) loans, Facilities Consolidation Fund (FCF) loans, Community-Based Housing (CBH) loans, and Housing Preservation and Stabilization Trust Fund (HPSTF) loans. HIF, FCF, CBH, and HPSTF loans are long-term deferred payment loans that fund affordable and supportive housing development. Demand for deferred payment loans has also increased substantially in the last several years. In May 2018, the Massachusetts Legislature passed and the Governor signed into law a \$1.8 billion, five-year capital bond bill authorizing the production and preservation of housing for low and moderate-income residents. HIF, FCF, and CBH deferred payment loan funds were re-authorized in this bill with HIF authorized for \$100 million, FCF authorized for \$65 million, and CBH authorized for \$55 million.

Despite recent strides made in the creation and preservation of affordable housing in Massachusetts, the demand for affordable housing continues to increase, particularly as rental vacancy rates decline and market-rate rents rise. The Commonwealth's most vulnerable populations, in particular, struggle to find housing and obtain the supportive services they need in order to get back on their feet. These populations include homeless families and individuals, veterans, unaccompanied youth, elders, disabled persons, as well as other populations with similar needs.

Recognizing this challenge, the Commonwealth provided additional capital resources to supportive housing programs beginning in 2014. Through an innovative new program created by the Massachusetts Legislature in 2014, the HPSTF, the Commonwealth provided subordinate debt financing, combined with operating subsidy and a modest amount of funding for services, in order to fully support the financing needs of projects that serve these target populations. CEDAC serves as the Trustee of HPSTF. In the three fiscal years 2014 through 2016, CEDAC managed increased levels of HPSTF and other capital funds, which has resulted in meeting the goal of increased supportive housing production. HPSTF loans are structured as deferred payment permanent loans with similar terms as the HIF, FCF, and CBH programs. In fiscal years 2017 through 2022, DHCD continued to hold supportive housing rounds using Federal National Housing Trust funds, additional HIF funds, and funding for operating subsidy and services. Toward the end of fiscal year 2019, DHCD allocated an additional \$5 million of HPSTF to capital projects which CEDAC, as Trustee of HPSTF, also administers.

In fiscal year 2022, the Massachusetts Legislature finalized the appropriation of the first tranche of Federal American Rescue Plan Act (ARPA) funds, including \$600 million for affordable housing programs. \$150 million of that amount is directed for supportive housing. Given CEDAC's longstanding role as the underwriter and manager of state capital programs for supportive housing, CEDAC has been designated by DHCD to manage \$115 million of those funds. In fiscal year 2022, CEDAC staff worked with DHCD on the planning phase of this new funding program. These funds will begin to be awarded in fiscal year 2023.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Management's Discussion and Analysis
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Long-Term Deferred Payment Funding Programs (Continued)

In fiscal years 2019, 2021, and 2022, DHCD awarded CEDAC the contract to administer the Accessible Affordable Housing Grant (AAHG) program. The AAHG program, funded as a \$2.7 million line item in DHCD's operating budget for both fiscal years 2019 and 2021 and a \$5 million line item in DHCD's operating budget for fiscal year 2022, provides grants to landlords to improve or create accessible affordable housing units for persons with disabilities, with a priority given to units that accommodate voucher recipients under the state's alternative housing voucher program. CEDAC worked with DHCD to develop program guidelines, and DHCD has awarded grant commitments to eight projects to-date.

For all deferred payment loan programs administered, CEDAC is responsible for managing the funds between the time that they are received from DHCD and disbursed to borrowers. Therefore, they are reported in the general purpose financial statements as a net note payable. Detailed information on gross loan receivable and note payable balances is reported on page 30 of these general purpose financial statements. As capital spending allows, DHCD transfers funds for projects to CEDAC prior to disbursement.

At the end of each fiscal year, CEDAC held the following outstanding loan commitment balances (net note payable) for HIF, FCF, CBH, and HPSTF:

Outstanding Commitments	2022		2021		2020	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Housing Innovations Fund	\$ 18,077,603	41%	\$ 13,010,489	44%	\$ 15,331,663	42%
Community-Based Housing	10,957,719	25	7,348,481	24	6,341,390	17
Facilities Consolidation Fund	14,631,122	33	7,117,688	24	12,764,802	35
Housing Preservation and Stabilization Trust Fund	768,004	1	2,299,223	8	2,487,786	6
Total	<u>\$ 44,434,448</u>	<u>100%</u>	<u>\$ 29,775,881</u>	<u>100%</u>	<u>\$ 36,925,641</u>	<u>100%</u>

EEOST Capital Fund

In fiscal year 2014, the Massachusetts Legislature authorized \$45 million from general obligation bonds for the EEOST Capital Fund as part of a Community Development Bond Bill to provide capital to support the facility needs of nonprofit center-based early education and out-of-school time programs. CEDAC provided technical assistance to the administering agency, EEC, to design the program and draft program regulations and other documents in the first year of operations. CEDAC was also selected to perform underwriting and fiscal agent services for the annual capital allocations, with the underwriting and technical assistance to EEOST projects provided by its affiliate, CIF. In 2018, the Massachusetts Legislature re-authorized the program at \$45 million for the EEOST Capital Fund. Since 2015, EEC has conducted eight highly competitive grant rounds, allocating \$42.9 million. In response to the needs of the child care sector during the pandemic, EEC, with the assistance of CIF and CEDAC, modified the grant rounds in fiscal years 2021 and 2022 in order to fund smaller capital projects that address health and safety.

The activity associated with the EEOST Capital Fund for fiscal years 2022 and 2021 is reported in the Restricted Program Funds column in CEDAC's general purpose financial statements. Funds released to the awarded projects are shown as grants and related expenses in the operating expenses of the statements of revenues, expenses and changes in net position. Funds that have been committed but not yet released to awarded projects are shown as deferred revenue in the statements of net position.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Management's Discussion and Analysis
June 30, 2022 and 2021

Home Modification Loan Program

In its capacity as fiscal intermediary for the Home Modification Loan Program (HMLP), CEDAC assists MRC with the management of this program. HMLP provides loans of up to \$50,000 to help homeowners fund accessibility modifications to allow disabled or elderly family members to remain in their own homes and communities. CEDAC contracts with seven provider agencies throughout the Commonwealth to originate, close, and disburse the loans to eligible homeowners in their areas. These agencies are also responsible for managing the region's loan portfolio. The source of the funds is state capital bond funds authorized under the same legislation as the housing deferred payment loan funds and the EEOST Capital Fund described on the previous page.

Conclusion

CEDAC continues to play an essential role in the Commonwealth's affordable housing and community development programs, providing early-stage project financing and technical assistance to community-based nonprofit developers and managing several deferred payment loan programs for the Commonwealth. Despite the pandemic, CEDAC continues to experience strong activity as a result of the Commonwealth's focus on affordable and supportive housing development, the preservation of existing affordable housing, and the continuation of the capital grant program for the nonprofit early education and out-of-school time sector. CEDAC continues to manage its fiscal resources prudently to ensure its continued stability and viability and is poised to address the heightened demand for and challenges associated with preserving and developing affordable housing during uncertain times.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Statement of Net Position
June 30, 2022

Assets	Enterprise Funds			Total
	Operating and CEDAC Loan Funds	Restricted Program Funds	Loan Funds Under Management	
Current Assets:				
Cash and cash equivalents	\$ 3,056,173	\$ -	\$ -	\$ 3,056,173
Restricted cash and cash equivalents - approximately \$72,482,000 committed for loans and grants (see Note 10)	6,867,365	11,391,136	62,768,604	81,027,105
Short-term investments	2,081,866	-	-	2,081,866
Accounts and interest receivable	483,208	287,211	-	770,419
Grants receivable	26,451	-	-	26,451
Current portion of loans receivable, net of allowance for uncollectible loans	12,244,204	-	6,194,228	18,438,432
Net interfund receivables (payables)	403,524	(287,212)	(116,312)	-
Other current assets	84,369	-	-	84,369
Total current assets	25,247,160	11,391,135	68,846,520	105,484,815
Other Assets:				
Interest receivable, net of allowance for uncollectible accounts	1,049,340	-	200,445	1,249,785
Loans receivable, net of current portion and allowance for uncollectible loans	15,299,210	-	5,011,952	20,311,162
Loans receivable - AIHC	-	545,466	545,466	1,090,932
Right to-use-asset - facility lease, net	1,608,715	-	-	1,608,715
Fixed assets, net of accumulated depreciation	174,393	-	-	174,393
Total other assets	18,131,658	545,466	5,757,863	24,434,987
Total assets	\$ 43,378,818	\$ 11,936,601	\$ 74,604,383	\$ 129,919,802
Liabilities and Net Position				
Current Liabilities:				
Current portion of recourse notes payable	\$ 8,926,143	\$ -	\$ -	\$ 8,926,143
Current portion of non-recourse notes payable	-	-	9,215,392	9,215,392
Accounts payable and accrued expenses	222,164	27,240	-	249,404
Deferred revenue	1,111,127	10,351,495	1,794,237	13,256,859
Current portion of lease liability	312,057	-	-	312,057
Accrued and deferred compensation	356,563	-	-	356,563
Total current liabilities	10,928,054	10,378,735	11,009,629	32,316,418
Long-Term Liabilities:				
Recourse notes payable, net of current portion	7,442,735	-	-	7,442,735
Non-recourse notes payable, net of current portion	-	-	63,594,754	63,594,754
Lease liability, net of current portion	1,357,800	-	-	1,357,800
Total liabilities	19,728,589	10,378,735	74,604,383	104,711,707
Net Position:				
Unrestricted net position	19,496,714	-	-	19,496,714
Invested in capital assets	113,251	-	-	113,251
Restricted net position - expendable	4,040,264	1,557,866	-	5,598,130
Total net position	23,650,229	1,557,866	-	25,208,095
Total liabilities and net position	\$ 43,378,818	\$ 11,936,601	\$ 74,604,383	\$ 129,919,802

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Statement of Net Position
June 30, 2021

Assets	Enterprise Funds (As Restated)			Total
	Operating and CEDAC Loan Funds	Restricted Program Funds	Loan Funds Under Management	
Current Assets:				
Cash and cash equivalents	\$ 2,082,614	\$ -	\$ -	\$ 2,082,614
Restricted cash and cash equivalents - approximately \$51,364,000 committed for loans and grants (see Note 10)	13,409,477	11,084,675	44,726,364	69,220,516
Short-term investments	2,081,866	-	-	2,081,866
Accounts and interest receivable	475,144	-	944	476,088
Grants receivable	-	520,823	-	520,823
Current portion of loans receivable, net of allowance for uncollectible loans	5,595,578	-	4,195,625	9,791,203
Net interfund receivables (payables)	61,417	(20,823)	(40,594)	-
Other current assets	62,211	-	-	62,211
Total current assets	23,768,307	11,584,675	48,882,339	84,235,321
Other Assets:				
Interest receivable, net of allowance for uncollectible accounts	724,295	-	227,687	951,982
Loans receivable, net of current portion and allowance for uncollectible loans	22,893,349	-	6,142,760	29,036,109
Loans receivable - AIHC	-	316,111	316,111	632,222
Right-to-use asset - facility lease, net	1,953,440	-	-	1,953,440
Fixed assets, net of accumulated depreciation	185,824	-	-	185,824
Total other assets	25,756,908	316,111	6,686,558	32,759,577
Total assets	\$ 49,525,215	\$ 11,900,786	\$ 55,568,897	\$ 116,994,898
Liabilities and Net Position				
Current Liabilities:				
Current portion of recourse notes payable	\$ 10,501,749	\$ -	\$ -	\$ 10,501,749
Current portion of non-recourse notes payable	-	-	1,271,775	1,271,775
Accounts payable and accrued expenses	230,091	-	-	230,091
Deferred revenue	564,313	10,300,507	1,486,716	12,351,536
Current portion of lease liability	319,644	-	-	319,644
Accrued and deferred compensation	343,569	-	-	343,569
Total current liabilities	11,959,366	10,300,507	2,758,491	25,018,364
Long-Term Liabilities:				
Recourse notes payable, net of current portion	12,797,134	-	-	12,797,134
Non-recourse notes payable, net of current portion	-	-	52,810,406	52,810,406
Lease liability, net of current portion	1,669,856	-	-	1,669,856
Total liabilities	26,426,356	10,300,507	55,568,897	92,295,760
Net Position:				
Unrestricted net position	19,073,751	-	-	19,073,751
Invested in capital assets	149,764	-	-	149,764
Restricted net position - expendable	3,875,344	1,600,279	-	5,475,623
Total net position	23,098,859	1,600,279	-	24,699,138
Total liabilities and net position	\$ 49,525,215	\$ 11,900,786	\$ 55,568,897	\$ 116,994,898

The accompanying notes are an integral part of these general purpose statements.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

	Enterprise Funds			Total
	Operating and CEDAC Loan Funds	Restricted Program Funds	Loan Funds Under Management	
Operating Revenues:				
Financial and related revenue:				
Interest earnings - loans	\$ 1,756,521	\$ -	\$ 286,778	\$ 2,043,299
Commitment fee income	197,246	7,500	33,940	238,686
Interests earnings - corpus	21,005	41,246	144,491	206,742
Less - loan and interest reserve adjustment	(124,392)	-	187,336	62,944
Less - interest expense	(543,307)	-	(84,440)	(627,747)
Net financial and related revenue	1,307,073	48,746	568,105	1,923,924
Government contract - EEOST	-	8,742,680	-	8,742,680
Management fees - underwriting	2,342,212	-	-	2,342,212
Fee for service - non-governmental	735,408	-	-	735,408
Fee for service - governmental	190,325	166,601	-	356,926
Management fees - loan funds under management	184,646	-	-	184,646
Other income	12,734	-	-	12,734
Legal fee revenue	-	-	168,481	168,481
Legal fee expense	-	-	(168,481)	(168,481)
Management fees expense	-	(7,500)	(177,141)	(184,641)
Total operating revenues	4,772,398	8,950,527	390,964	14,113,889
Operating Expenses:				
Grants and related expenses	-	8,269,172	-	8,269,172
Employee compensation	3,225,517	92,664	-	3,318,181
Contracted services	211,505	631,104	-	842,609
Amortization - right-to-use asset	344,725	-	-	344,725
Lease interest expense	64,537	-	-	64,537
Depreciation	63,598	-	-	63,598
Accounting and audit	48,250	-	-	48,250
Lease expense	37,672	-	-	37,672
Maintenance and repair	34,403	-	-	34,403
Other expenses	33,182	-	-	33,182
Insurance	32,252	-	-	32,252
Equipment	29,962	-	-	29,962
Supplies and document storage	27,645	-	-	27,645
Legal	14,250	-	-	14,250
Printing	12,100	-	-	12,100
Memberships	10,693	-	-	10,693
Utilities	7,669	-	-	7,669
Travel	7,623	-	-	7,623
Telephone	6,766	-	-	6,766
Postage and messengers	4,994	-	-	4,994
Staff development	3,685	-	-	3,685
Total operating expenses	4,221,028	8,992,940	-	13,213,968
Changes in net position from operations	551,370	(42,413)	390,964	899,921
Net Operations of Loan Funds Not Recourse to CEDAC	-	-	(390,964)	(390,964)
Changes in net position	551,370	(42,413)	-	508,957
Net Position:				
Beginning of year, as restated	23,098,859	1,600,279	-	24,699,138
End of year	\$ 23,650,229	\$ 1,557,866	\$ -	\$ 25,208,095

The accompanying notes are an integral part of these general purpose statements.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Enterprise Funds (As Restated)			
	Operating and CEDAC Loan Funds	Restricted Program Funds	Loan Funds Under Management	Total
Operating Revenues:				
Financial and related revenue:				
Interest earnings - loans	\$ 1,799,838	\$ -	\$ 433,811	\$ 2,233,649
Commitment fee income	236,312	6,000	25,427	267,739
Interests earnings - corpus	25,404	20,209	75,257	120,870
Less - loan and interest reserve adjustment	(391,162)	-	216,120	(175,042)
Less - interest expense	(712,965)	-	(87,883)	(800,848)
Net financial and related revenue	957,427	26,209	662,732	1,646,368
Government contract - EEOST	-	2,884,958	-	2,884,958
Management fees - underwriting	2,089,254	-	-	2,089,254
Restricted grants and contributions	-	1,350,000	-	1,350,000
Fee for service - non-governmental	638,825	-	-	638,825
Fee for service - governmental	235,920	105,375	-	341,295
Management fees - loan funds under management	257,318	-	-	257,318
Other income	19,400	-	-	19,400
Legal fee revenue	-	-	260,772	260,772
Legal fee expense	-	-	(260,772)	(260,772)
Management fees expense	-	(26,000)	(251,311)	(277,311)
Total operating revenues	4,198,144	4,340,542	411,421	8,950,107
Operating Expenses:				
Grants and related expenses	11,000	2,595,111	-	2,606,111
Employee compensation	3,097,725	90,578	-	3,188,303
Contracted services	102,490	425,291	-	527,781
Amortization - right-to-use asset	344,725	-	-	344,725
Lease interest expense	75,516	-	-	75,516
Depreciation	64,413	-	-	64,413
Accounting and audit	43,400	-	-	43,400
Lease expense	33,413	-	-	33,413
Maintenance and repair	31,895	-	-	31,895
Other expenses	26,168	-	-	26,168
Insurance	27,576	-	-	27,576
Equipment	59,874	-	-	59,874
Supplies and document storage	25,758	-	-	25,758
Legal	45,593	-	-	45,593
Printing	9,184	-	-	9,184
Memberships	8,775	-	-	8,775
Utilities	5,232	-	-	5,232
Travel	2,318	-	-	2,318
Telephone	7,510	-	-	7,510
Postage and messengers	5,356	-	-	5,356
Staff development	5,748	-	-	5,748
Total operating expenses	4,033,669	3,110,980	-	7,144,649
Changes in net position from operations	164,475	1,229,562	411,421	1,805,458
Net Operations of Loan Funds Not Recourse to CEDAC	-	-	(411,421)	(411,421)
Changes in net position	164,475	1,229,562	-	1,394,037
Net Position:				
Beginning of year	22,934,384	370,717	-	23,305,101
End of year	\$ 23,098,859	\$ 1,600,279	\$ -	\$ 24,699,138

The accompanying notes are an integral part of these general purpose statements.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Statement of Cash Flows
For the Year Ended June 30, 2022

	Enterprise Funds			
	Operating and CEDAC Loan Funds	Restricted Program Funds	Loan Funds Under Management	Total
Cash Flows from Operating Activities:				
Receipts from funders, net of management fees expense	\$ 4,174,870	\$ 9,193,881	\$ 164,320	\$ 13,533,071
Interest and fees received on loans	1,365,471	-	318,760	1,684,231
Interest received on bank deposits	21,005	41,246	145,435	207,686
Employee compensation	(3,212,523)	(92,664)	-	(3,305,187)
Payments for supplies and services	(552,736)	(603,864)	-	(1,156,600)
Payments to grantees	-	(8,269,172)	-	(8,269,172)
Interest payments to lessors	(64,537)	-	-	(64,537)
Interest payments to lenders	(543,307)	-	(84,440)	(627,747)
Internal activity - payments between funds	(342,107)	266,389	75,718	-
Net cash provided by operating activities	846,136	535,816	619,793	2,001,745
Cash Flows from Investing Activities:				
Loans disbursed	(14,282,484)	(229,355)	(41,133,141)	(55,644,980)
Proceeds from loan repayments	15,169,610	-	5,198,340	20,367,950
Purchase of investments	(4,163,732)	-	-	(4,163,732)
Maturity of investments	4,163,732	-	-	4,163,732
Acquisition of fixed assets	(52,167)	-	-	(52,167)
Net cash provided by (used in) investing activities	834,959	(229,355)	(35,934,801)	(35,329,197)
Cash Flows from Financing Activities:				
Proceeds from notes payable	7,232,107	-	53,832,248	61,064,355
Principal payment of lease liability	(319,643)	-	-	(319,643)
Repayments of principal of notes payable	(14,162,112)	-	(475,000)	(14,637,112)
Net cash provided by (used in) financing activities	(7,249,648)	-	53,357,248	46,107,600
Net Change in Cash and Cash Equivalents	(5,568,553)	306,461	18,042,240	12,780,148
Cash and Cash Equivalents:				
Beginning of year	15,492,091	11,084,675	44,726,364	71,303,130
End of year	\$ 9,923,538	\$ 11,391,136	\$ 62,768,604	\$ 84,083,278
Reconciliation of Changes in Net Position to Net Cash Provided by Operating Activities:				
Changes in net position	\$ 551,370	\$ (42,413)	\$ -	\$ 508,957
Adjustments to reconcile changes in net position to net cash provided by operating activities:				
Depreciation	63,598	-	-	63,598
Amortization - right-to-use asset	344,725	-	-	344,725
Loan and interest reserve adjustment	124,392	-	(187,336)	(62,944)
Net operations of loan funds not recourse to CEDAC	-	-	390,964	390,964
Changes in operating assets and liabilities:				
Accounts and interest receivable	(8,064)	(287,211)	944	(294,331)
Grants receivable	(26,451)	520,823	-	494,372
Interfund receivables (payables)	(342,107)	266,389	75,718	-
Other current assets	(22,158)	-	-	(22,158)
Interest receivable	(391,050)	-	31,982	(359,068)
Accounts payable and accrued expenses	(7,927)	27,240	-	19,313
Deferred revenue	546,814	50,988	307,521	905,323
Accrued and deferred compensation	12,994	-	-	12,994
Net cash provided by operating activities	\$ 846,136	\$ 535,816	\$ 619,793	\$ 2,001,745

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Statement of Cash Flows
For the Year Ended June 30, 2021

	Enterprise Funds (As Restated)			
	Operating and CEDAC Loan Funds	Restricted Program Funds	Loan Funds Under Management	Total
Cash Flows from Operating Activities:				
Receipts from funders, net of management fees expense	\$ 3,212,830	\$ 7,886,711	\$ (190,655)	\$ 10,908,886
Interest and fees received on loans	1,758,381	-	557,867	2,316,248
Interest received on bank deposits	44,804	20,209	74,313	139,326
Employee compensation	(3,039,012)	(90,578)	-	(3,129,590)
Payments for supplies and services	(583,526)	(425,291)	-	(1,008,817)
Payments to grantees	(11,000)	(2,595,111)	-	(2,606,111)
Interest payments to lessors	(75,516)	-	-	(75,516)
Interest payments to lenders	(712,965)	-	(87,883)	(800,848)
Internal activity - payments between funds	105,083	(131,336)	26,253	-
Net cash provided by operating activities	699,079	4,664,604	379,895	5,743,578
Cash Flows from Investing Activities:				
Loans disbursed	(21,484,241)	(316,111)	(39,152,389)	(60,952,741)
Proceeds from loan repayments	13,501,759	-	5,717,691	19,219,450
Purchase of investments	(4,163,732)	-	-	(4,163,732)
Maturity of investments	4,163,732	-	-	4,163,732
Acquisition of fixed assets	(11,341)	-	-	(11,341)
Net cash used in investing activities	(7,993,823)	(316,111)	(33,434,698)	(41,744,632)
Cash Flows from Financing Activities:				
Proceeds from notes payable	8,116,440	-	32,031,038	40,147,478
Principal payment of lease liability	(308,664)	-	-	(308,664)
Repayments of principal of notes payable	(7,504,562)	-	(200,000)	(7,704,562)
Net cash provided by financing activities	303,214	-	31,831,038	32,134,252
Net Change in Cash and Cash Equivalents	(6,991,530)	4,348,493	(1,223,765)	(3,866,802)
Cash and Cash Equivalents:				
Beginning of year	22,483,621	6,736,182	45,950,129	75,169,932
End of year	\$ 15,492,091	\$ 11,084,675	\$ 44,726,364	\$ 71,303,130
Reconciliation of Changes in Net Position to Net Cash Provided by Operating Activities:				
Changes in net position	\$ 164,475	\$ 1,229,562	\$ -	\$ 1,394,037
Adjustments to reconcile changes in net position to net cash provided by operating activities:				
Depreciation	64,413	-	-	64,413
Amortization - right of use asset	344,725	-	-	344,725
Loan and interest reserve adjustment	391,162	-	(216,120)	175,042
Net operations of loan funds not recourse to CEDAC	-	-	411,421	411,421
Changes in operating assets and liabilities:				
Accounts and interest receivable	(227,974)	-	(944)	(228,918)
Grants receivable	-	(248,664)	-	(248,664)
Interfund receivables (payables)	105,083	(131,336)	26,253	-
Other current assets	(2,879)	-	-	(2,879)
Interest receivable	(41,457)	-	124,056	82,599
Accounts payable and accrued expenses	(120,957)	-	-	(120,957)
Deferred revenue	(36,225)	3,815,042	35,229	3,814,046
Accrued and deferred compensation	58,713	-	-	58,713
Net cash provided by operating activities	\$ 699,079	\$ 4,664,604	\$ 379,895	\$ 5,743,578

The accompanying notes are an integral part of these general purpose statements.

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COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATIONStatements of Fiduciary Net Position
June 30, 2022 and 2021

Assets	CEDAC Agency Fund	
	2022	2021
Assets:		
Cash and cash equivalents	\$ 2,558,321	\$ 3,163,142
Total assets	<u>\$ 2,558,321</u>	<u>\$ 3,163,142</u>
Liabilities and Net Position		
Liabilities:		
Agency funds held for others	\$ 2,558,321	\$ 3,163,142
Net Position	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 2,558,321</u>	<u>\$ 3,163,142</u>

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Community Economic Development Assistance Corporation (CEDAC) is a quasi-public corporation established under Chapter 40H of Massachusetts General Laws in 1978 and is discretely presented as a component unit in the Commonwealth of Massachusetts' (the Commonwealth) Comprehensive Annual Financial Report. CEDAC provides a range of development assistance programs to nonprofit development corporations throughout the Commonwealth to expand the supply of affordable housing and foster the revitalization of economically distressed areas.

CEDAC is exempt from Federal income taxes as an organization (not private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). CEDAC is also exempt from state income taxes. Donors may deduct contributions made to CEDAC within the IRC regulations.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - GASB Standards

The accompanying general purpose financial statements were prepared on the accrual basis of accounting. Because CEDAC is a quasi-public corporation, its accounting policies and general purpose financial statement presentation are governed by standards issued by the Governmental Accounting Standards Board (GASB). CEDAC follows GASB standards for *Comprehensive Annual Financial Reporting*. These standards outline financial reporting requirements for state and local governments. CEDAC is considered a special purpose government organization that conducts only business-type activities within the meaning of GASB standards, and therefore, only has enterprise funds within its proprietary fund. CEDAC has no governmental funds. As such, CEDAC is not required to present government-wide financial statements, but rather only the accompanying fund financial statements. In applying the GASB provisions, organizations like CEDAC can use standards applicable to proprietary fund accounting, and need not follow the provisions of governmental fund accounting.

CEDAC follows the GASB standard, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*"; CEDAC has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB codifications. References to generally accepted accounting standards (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC) and the GASB Codification.

Accounting Principle Adoption

Effective on July 1, 2020, CEDAC adopted GASB Statement No. 87, *Leases* (GASB 87), which requires CEDAC to recognize an intangible right-to-use - facility lease asset and lease liability for their facility lease (see page 22 and Note 10). Accordingly, the fiscal year 2021 financial statements have been restated as follows:

<u>Statement of Revenues, Expenses and Changes in Net Position</u>	<u>2021 As Reported</u>	<u>Effect of Adoption</u>	<u>2021 As Adjusted</u>
Operating expenses	\$ 7,108,589	\$ 36,060	\$ 7,144,649
Changes in net position	\$ 1,430,097	\$ (36,060)	\$ 1,394,037
Net position at June 30, 2021	\$ 24,735,198	\$ (36,060)	\$ 24,699,138

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principle Adoption (Continued)

<u>Statement of Net Position</u>	<u>2021 As Reported</u>	<u>Effect of Adoption</u>	<u>2021 As Adjusted</u>
Right-to-use asset - facility lease, net	\$ -	\$ 1,953,440	\$ 1,953,440
Current portion of lease liability	\$ -	\$ 319,644	\$ 319,644
Lease liability, net of current portion	\$ -	\$ 1,669,856	\$ 1,669,856

Classification of Net Position

CEDAC's financial resources are organized in the following major funds. CEDAC has no non-major funds as defined by GASB standards for *Governmental Accounting and Financial Reporting*.

Operating and CEDAC Loan Funds:

Unrestricted Net Position:

Operating net position - Operating net position represents the portion of unrestricted expendable funds that are used to support CEDAC's operations and accounts for funds for which CEDAC has met imposed restrictions in accordance with funding agreements or management contracts. The policy outlined by the Board is to fund an operating reserve and then to reserve for potential extraordinary loan losses. As of June 30, 2022 and 2021, CEDAC has set aside \$2,762,427 and \$2,708,769, respectively, for the operating reserve. Allowances for potential loan losses have been calculated and provisioned for CEDAC Loan Funds (see Notes 4 and 5). To the extent possible and should the provisioned allowances in CEDAC Loan Funds prove insufficient, the Board may authorize the transfer of funds to the CEDAC Loan Funds to help maintain lending capacity.

CEDAC Loan Funds - The CEDAC Loan Funds consist of \$16,734,287 and \$16,364,982 of unrestricted net position designated by the Board of Directors as of June 30, 2022 and 2021, respectively, and of additional recourse debt capital (see Note 2) which is used as a loan fund to assist eligible nonprofit organizations in covering pre-development costs for the acquisition, construction or rehabilitation of residential, commercial and industrial real estate. Most loans receivable are classified as long-term assets in the accompanying statements of net position because the timing of repayment of these loans is generally based on the progress of the development project and is not readily determinable. Those loans that fund the acquisition of properties and have a specific loan term are allocated between current and long-term loans receivable based on stated maturities. Debt capital is reported in the accompanying statements of net position as notes payable to funding sources (see Note 2).

Unrestricted net position as of June 30, 2022 and 2021, are summarized as follows:

	<u>2022</u>	<u>2021</u>
CEDAC Loan Funds	\$ 16,734,287	\$ 16,364,982
Operating net position	<u>2,762,427</u>	<u>2,708,769</u>
	<u>\$ 19,496,714</u>	<u>\$ 19,073,751</u>

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Position (Continued)

Operating and CEDAC Loan Funds: (Continued)

Unrestricted Net Position:

Invested in Capital Assets - This classification is used to account for all fixed assets purchased by CEDAC including the right-to-use facility lease asset (net of related lease liability) and used in operations. Depreciation and amortization are provided in amounts sufficient to allocate costs to operations over the estimated useful lives of the underlying assets or lease term, using the straight-line method. Net fixed assets of \$113,251 and \$149,764 as of June 30, 2022 and 2021, respectively, are presented in the accompanying statements of net position as net position invested in capital assets.

Restricted Net Position - Expendable - Included in this classification are funds awarded by The John D. and Catherine T. MacArthur Foundation (MacFound) in 2009 and \$3.5 million awarded by the Commonwealth in 2010 to support lending activities within CEDAC's Housing Preservation Initiative. Through this initiative, CEDAC coordinated and collaborated with other public agencies and nonprofit organizations to preserve affordable housing whose affordability term is expiring.

Restricted Program Funds - Restricted Program Funds relate to funds contributed by donors to fund special CEDAC programs and are classified as Restricted Net Position - Expendable. Contributions are recorded as program revenue in the Restricted Program Funds as they are received. As funds are expended under the program in accordance with the donor-imposed restrictions, they are reported as expenses in the accompanying statements of revenues, expenses and changes in net position. Also included in these funds are advances on government contract awards for grants to be awarded in the subsequent fiscal year (see Note 9). Restricted Program Funds totaling \$1,557,866 and \$1,600,279 at June 30, 2022 and 2021, respectively, are those funds associated with the certain programs. The Restricted Program Funds balance include funds received for new collaboration on the Accelerating Investments for Healthy Communities (AIHC) program (see Note 3).

Loan Funds Under Management - Loan Funds Under Management consist of non-recourse loan funds capitalized at CEDAC by various funders. These loan funds are managed by CEDAC under management contracts with the funders, which outline the use of the loan corpus and its accumulated interest. The managed loan funds are reflected in the accompanying general purpose financial statements as non-recourse notes payable (see Note 2). Under these management contracts, CEDAC is allowed to charge certain administrative expenses directly to the loan fund, which are shown as management fees expense in the accompanying statements of revenues, expenses and changes in net position.

The annual net earnings or loss of Loan Funds Under Management are closed out to the respective note payable of each funding source (see Note 2), which is reported as net operations of loan funds not recourse to CEDAC in the accompanying statements of revenues, expenses and changes in net position.

Agency Funds Held for Others - Agency Funds Held for Others include those funds for which CEDAC serves as fiscal intermediary under agreements with its partner agencies. Under these agreements, CEDAC is paid an administrative fee to cover the cost of intermediary services. In accordance with GASB reporting standards, these funds are reported in a separate statement of fiduciary net position (see Note 6).

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts held in banks, the Massachusetts Municipal Depository Trust (MMDT) cash portfolio (see Note 7), and certificates of deposit with initial maturities of three months or less. The Federal Deposit Insurance Corporation insures the balances held in banks up to certain amounts. At certain times during the year, the balances exceeded the insured limits. Cash and cash equivalents included in MMDT are not insured. Management manages its risk by monitoring cash balances and periodically evaluating its financial institutions. Included in cash and cash equivalents for the purposes of statements of cash flows is cash and cash equivalents and restricted cash and cash equivalents for the years ended June 30, 2022 and 2021.

The MMDT cash portfolio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The MMDT cash portfolio adheres to GASB Statement 79, *Certain External Investment Pools and Pool Participants*, which amends GASB Statement 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity.

CEDAC's balances held in the MMDT amounted to approximately \$82.1 million and \$69.3 million as of June 30, 2022 and 2021, respectively, which includes money held as a fiduciary (see Note 6). The MMDT cash portfolio is managed such that it maintains a dollar-weighted average portfolio maturity of ninety days or less, and consists of certificates of deposit, money market funds, U.S. Government securities, and high-grade commercial paper (see Note 7).

Investments

Investments consist of certificates of deposit, which are reported at fair market value (see Note 7). Short-term investments are those maturing within one year. Long-term investments have original maturities of greater than one year.

Concentration of Credit Risk

Financial instruments that potentially subject CEDAC to concentration of credit risk consist primarily of accounts receivable and loans receivable. Credit risk with receivables and loans is concentrated among governmental agencies and Massachusetts nonprofit organizations.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable and Allowance for Uncollectible Loans

Loans receivable are stated net of an allowance for losses. Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding.

Provisions are made for estimated loan losses based on management's evaluation of each loan. Loss recoveries are recorded in the year the recovery is known. The allowance for uncollectible loans (see Note 5) is established through the provision for loan losses and is charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, the likelihood that the project being developed will receive permanent financing, financial strength and cash flows of the borrower, and current economic conditions that may affect the borrower's ability to repay.

Leases

CEDAC accounts for any leases (see Note 10) with a term greater than one year in accordance with GASB 87, *Leases*. Accordingly, the net present value of the estimated future minimum payments are reflected as a right-to-use asset - facility lease and lease liability for the lessee. The right-to-use asset will be recognized on a straight-line basis over the lesser of the life of the asset or the remaining lease period.

Right-To-Use Asset – Facility Lease

Changes in right-to-use asset - facility lease are as follows for the year ended June 30, 2022:

	Balance June 30, 2021	2022 Additions	Balance June 30, 2022
Right-to-use asset - facility lease	\$ 2,298,165	\$ -	\$ 2,298,165
Less - accumulated amortization	<u>344,725</u>	<u>344,725</u>	<u>689,450</u>
Right-to-use asset - facility lease, net	<u>\$ 1,953,440</u>	<u>\$ (344,725)</u>	<u>\$ 1,608,715</u>

Changes in right-to-use asset - facility lease are as follows for the year ended June 30, 2021:

	Balance June 30, 2020	2021 Additions	Balance June 30, 2021
Right-to-use asset - facility lease	\$ -	\$ 2,298,165	\$ 2,298,165
Less - accumulated amortization	<u>-</u>	<u>344,725</u>	<u>344,725</u>
Right-to-use asset - facility lease, net	<u>\$ -</u>	<u>\$ 1,953,440</u>	<u>\$ 1,953,440</u>

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets consist of office equipment and leasehold improvements, which are depreciated on the straight-line method over their estimated useful lives of three to five years or the life of the lease. CEDAC fixed assets are recorded at cost and totaled \$591,170 and \$539,003 at June 30, 2022 and 2021, respectively. Accumulated depreciation at June 30, 2022 and 2021, totaled \$416,777 and \$353,179, respectively.

Deferred Revenue

Deferred revenue represents fees received in advance of the occurrence of particular activities. Such amounts are recorded as revenue in the year earned by CEDAC (see Note 9).

Fair Value Measurements

CEDAC follows the accounting and disclosure standards pertaining to GASB Statement 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that CEDAC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

CEDAC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of CEDAC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of general purpose financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the general purpose financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Government contract, management fees, fee for service, and interest earnings are recognized when earned. Grants and contributions are recognized as revenue when unconditionally pledged or committed. All other revenue is recognized when earned.

Expense Allocations

Salaries, wages and benefits are allocated to functions based on the percentage of effort relative to a particular program or function. All other expenses are allocated to the functions based on usage or percentage of effort as determined by CEDAC's management.

Federal and State Grants and Contracts

CEDAC has expended resources in connection with Federal and state grants and contracts that are subject to review and audit by the respective governments or their representatives. Such audits could result in requests for reimbursement to the government agency if expenditures are disallowed. Management is not aware of any specific disallowances and believes the results of any such audit would not produce material changes to these general purpose financial statements.

Subsequent Events

Subsequent events have been evaluated through September 29, 2022, which is the date the general purpose financial statements were available to be issued. See Note 2 for a subsequent event that met the criteria for disclosure in the general purpose financial statements.

2. NOTES PAYABLE TO FUNDING SOURCES

Loan programs managed by CEDAC are governed by contracts which outline the use of funds, restrictions and covenants imposed by the funders. Loan programs included in the CEDAC Loan Funds are comprised of recourse loans, and loan programs included in Loan Funds Under Management are comprised of non-recourse loans (see Note 1). CEDAC was in compliance with all restrictions and covenants as of June 30, 2022 and 2021.

Notes payable include:

- **The Massachusetts Life Insurance Community Investment Initiative (Life Initiative) Loan Fund** is used to provide pre-development loans to nonprofit organizations to construct or rehabilitate affordable housing. Interest is paid on a quarterly basis and the \$2,000,000 principal balance is due at maturity on June 30, 2023. The loan is generally reviewed and renewed every three years.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

2. NOTES PAYABLE TO FUNDING SOURCES (Continued)

- **Home Funders Collaborative Loan Fund** - The Home Funders Collaborative, LLC (Home Funders) capitalized a fund of up to \$10 million to fund primarily acquisition, pre-development, and bridge loans to projects where a minimum of twenty percent of the housing units will support families with incomes at or below thirty percent of median income. Acquisition loans are secured by first mortgages. Bridge loans are secured by an assignment and pledge by the state source being financed. The principal balance and repayment terms are adjusted periodically as Home Funders raises additional capital to fund loans. The loan requires periodic payments of principal based on additional capitalizations provided by the funders of Home Funders. The maturity date can be extended as additional capitalizations are received. The loan matures at various dates through June 2023, with borrowing authority of up to \$8.225 million. Interest is payable semi-annually. As of June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreement.
- **The City of Boston Department of Neighborhood Development (DND) Loan Fund** authorized the capitalization of a revolving loan fund held at CEDAC to be used to provide loans to governmentally-assisted projects in the City of Boston. Under the terms of the contract, all principal accrues to the DND Loan Fund, and the maturity of the loan renews annually on June 30.
- **The Housing Stabilization Fund (HSF) Acquisition Loan Fund** - The Department of Housing and Community Development (DHCD) capitalized the HSF Acquisition Loan Fund in the amount of \$1,350,000 to provide additional capital to allow CEDAC greater flexibility in underwriting acquisition loans to nonprofit borrowers. The term of the current HSF agreement is three years after the date of the last HSF loan commitment made by CEDAC and all principal and interest accrue to the loan fund. The last loan commitment from this fund was made by CEDAC on May 19, 2022.
- **The Affordable Housing Trust (AHT) Pre-development Loan Fund** - The Massachusetts Housing Finance Agency (MassHousing) capitalized a \$2.5 million AHT Pre-development Loan Fund from the Commonwealth's Affordable Housing Trust Fund to fund pre-development loans to nonprofit borrowers undertaking projects that meet the preferences outlined in the AHT guidelines. The agreement allows for additional annual capitalizations by MassHousing through the expiration date of June 2025, subject to the annual capitalization of the AHT by the Commonwealth. Principal and all remaining interest accrue to the loan fund under the terms of the agreement.
- **The Silicon Valley Bank (formerly, Boston Private Bank) Acquisition/Bridge and Pre-developments Lines of Credit** were executed in 2013 to provide capital to finance acquisition and pre-development loans to nonprofit organizations to construct or rehabilitate affordable housing. In fiscal year 2018, the agreements were amended to increase the available capital and extend the maturity date five more years. The total commitment under these lines of credit is \$3 million, with \$1.5 million available for acquisition/bridge loans and \$1.5 million available for pre-development loans. Acquisition loans are secured by first mortgages. Interest is payable quarterly. The lines of credit are unsecured revolving lines of credit, with maturity in January 2023.

The agreements contain various covenants, including a covenant to maintain a minimum loss reserve on loans in the CEDAC Loan Funds. At June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreements.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

2. NOTES PAYABLE TO FUNDING SOURCES (Continued)

- **The Eastern Bank Pre-development Loan Line of Credit** was executed during fiscal year 2015 to provide capital to finance pre-development loans to nonprofit organizations to construct or rehabilitate affordable housing. The total commitment under this line of credit is \$2.5 million. The line of credit is an unsecured revolving line of credit maturing in November 2022, with an automatic one-year extension on principal outstanding to November 2023. No additional drawdowns on the line of credit can be made after November 2022. Interest is payable quarterly. As of June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreement.
- **The Eastern Bank Acquisition Line of Credit** was executed during 2016 to provide capital to finance acquisition loans to nonprofit organizations to construct or rehabilitate affordable housing. The total commitment under this line of credit is \$14.5 million. Acquisition loans are secured by first mortgages. The line of credit is an unsecured revolving line of credit, which is reviewed and renewed bi-annually, currently maturing in November 2022, with an automatic one-year extension on principal outstanding to November 2023. No additional drawdowns on the line of credit can be made after November 2022. Interest is payable quarterly. The agreement contains various covenants. As of June 30, 2022 and 2021, CEDAC was in compliance will all covenants of the agreement.
- **The Eastern Bank Bridge Loan Line of Credit** was executed during fiscal year 2015 to provide capital to finance bridge loans to nonprofit organizations to move into construction where the nonprofit organization has a commitment from state funding sources for disbursement in future years. The total commitment under this line of credit is \$2 million. Bridge loans to nonprofit organizations are secured by an assignment and pledge by the state source being financed (see Note 4). The line of credit is an unsecured revolving line of credit maturing in November 2022, with an automatic one-year extension on principal outstanding to November 2023. No additional drawdowns on the line of credit can be made after November 2022. Interest is payable quarterly. As of June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreement.
- **The Rockland Trust Acquisition Line of Credit** was executed during fiscal year 2014 to provide capital to finance acquisition loans to nonprofit organizations to construct or rehabilitate affordable housing. The commitment under this line of credit is \$1 million. Acquisition loans are secured by first mortgages. The line of credit is an unsecured revolving line of credit that is set to mature on December 31, 2022. Interest is payable quarterly. As of June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreement.
- **The Bank of America Acquisition Line of Credit**, a Program-Related Investment (PRI) of Bank of America Community Development Corporation, was executed during fiscal year 2017 to provide capital to finance acquisition loans to nonprofit organizations to construct or rehabilitate affordable housing. The original commitment under this line of credit was \$5 million, with a two-year draw period that ended in March 2019. Acquisition loans are secured by first mortgages. The line of credit is an unsecured revolving line of credit, maturing at various dates through March 21, 2022. CEDAC repaid \$2.5 million as required in March 2021 and the remaining balance of \$2.5 million in March 2022. In September 2021, CEDAC closed on a new \$2.5 million PRI with Bank of America Community Development Corporation to be used for the same purpose as the original PRI. The new PRI is an unsecured facility with \$1,250,000 due on September 17, 2025, and the remaining balance of \$1,250,000 due on September 17, 2026. As of June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreement.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

2. NOTES PAYABLE TO FUNDING SOURCES (Continued)

- **The Housing Preservation Loan Fund** - In 2009, MacFound committed a \$3 million loan as a Program-Related Investment (PRI) to CEDAC, as the lead agency of the Massachusetts Housing Preservation Initiative of DHCD, which awarded a \$3.5 million grant to match MacFound's PRI. The Housing Preservation Loan Fund allowed CEDAC to provide additional acquisition and pre-development loans to nonprofit borrowers seeking to preserve housing in Massachusetts. This loan was fully repaid as required during fiscal year 2022.
- **The City of Boston Department of Neighborhood Development (DND) Vacant Site Acquisition Loan Fund** was created in fiscal year 2017 and funded in fiscal year 2018 to assist nonprofit developers to buy vacant or underutilized land in Boston and hold this land for up to five years before developing affordable housing. This Loan Fund was capitalized with a \$2.8 million grant from DND. Any undisbursed or repaid funds shall be paid back to DND, unless otherwise directed by DND. Disbursed funds shall be owed back to DND from the respective borrower. In fiscal year 2021, DND confirmed that CEDAC is to continue the program and not return funds as specified in the original agreement.
- **The Citizens Bank Vacant Site Acquisition Line of Credit** was executed during fiscal year 2018 to fund the City of Boston Vacant Site Acquisition Loan Fund. The initial commitment under this revolving line of credit is \$3 million. On July 28, 2022, CEDAC executed an amendment to the agreement which increased the line of credit by \$2 million to \$5 million. Acquisition loans are secured by first mortgages. The line of credit is an unsecured revolving line of credit with a current maturity of June 30, 2023. This date reflects the final date that CEDAC can draw down on the line of credit, however, each draw must be repaid three years from the respective draw date. As of June 30, 2022 and 2021, CEDAC was in compliance with all covenants of the agreement.
- **The Easthampton Savings Bank Acquisition and Bridge Lines of Credit** were executed in fiscal year 2022 to provide capital to finance acquisition and bridge loans to nonprofit organizations. The total commitment under these lines of credit is \$5 million, with \$3 million available for acquisition loans and \$2 million available for bridge loans. Acquisition loans made by CEDAC are secured by first mortgages. Interest is payable quarterly. The lines of credit are unsecured revolving lines of credit, with maturity in August 2023. As of June 30, 2022, CEDAC was in compliance with all covenants of the agreements.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

2. NOTES PAYABLE TO FUNDING SOURCES (Continued)

Notes payable to these funding sources (see also Note 3) consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
CEDAC Loan Funds (see Note 1):		
Life Initiative Loan Fund	\$ 2,000,000	\$ 2,000,000
The Housing Preservation Loan Fund	-	3,000,000
Eastern Bank Lines	7,231,345	10,756,713
Silicon Valley Bank (formerly, Boston Private) Lines	458,295	1,855,920
Rockland Trust Acquisition Line	587,613	1,000,000
Bank of America Acquisition Line	2,500,000	2,500,000
Citizens Bank Acquisition Line	2,291,625	2,186,250
Easthampton Savings Bank Lines	<u>1,300,000</u>	<u>-</u>
Total CEDAC Loan Funds	16,368,878	23,298,883
Less - current portion	<u>8,926,143</u>	<u>10,501,749</u>
	<u>\$ 7,442,735</u>	<u>\$ 12,797,134</u>
Loan Funds Under Management:		
Home Funders Collaborative Loan Fund	\$ 8,350,179	\$ 8,812,733
DND Loan Fund	865,213	796,775
DND Vacant Site Acquisition Loan Fund	2,877,805	2,774,978
HSF Acquisition Loan Fund	1,753,055	1,717,447
AHT Pre-development Loan Fund	3,028,041	3,012,620
Net DMH (see Note 3)	629,181	638,701
AAHG (see Note 3)	9,518,993	5,202,436
AIHC BMC (see Note 3)	1,353,231	1,350,610
Net HIF/FCF/CBH/HPSTF (see Note 3)	<u>44,434,448</u>	<u>29,775,881</u>
Total Loan Funds Under Management	72,810,146	54,082,181
Less - current portion	<u>9,215,392</u>	<u>1,271,775</u>
	<u>\$ 63,594,754</u>	<u>\$ 52,810,406</u>

CEDAC may also seek to negotiate extensions of lending arrangements that have funded underlying loans receivable (see Note 4) to CEDAC which may be extended in the ordinary course of business, and for any agreements that are not renewed, CEDAC has one year to pay the outstanding loan fund. The schedule on the next page reflects certain adjustments for the impact of agreement renewals and extensions. All of the agreements with private banks include an acceleration clause in the event of a CEDAC default and for acquisition lending, an assignment of the underlying acquisition loans and mortgages.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

2. NOTES PAYABLE TO FUNDING SOURCES (Continued)

Scheduled principal and estimated interest payments on the notes payable are shown below:

<u>Fiscal Year</u>	<u>CEDAC Loan Funds Principal</u>	<u>Loan Funds Under Management Principal</u>	<u>Estimated Interest</u>	<u>Total Debt Service</u>
2023	\$ 8,926,143	\$ 9,215,392	\$ 535,220	\$ 18,676,755
2024	4,942,735	-	126,661	5,069,396
2025	-	4,781,096	62,500	4,843,596
2026	1,250,000	-	39,063	1,289,063
2027	1,250,000	-	7,813	1,257,813
2028 - 2033	-	-	-	-
2034 - 2039	-	-	-	-
2040 - 2045	-	1,353,231	-	1,353,231
	16,368,878	15,349,719	771,257	32,489,854
Net DMH	-	629,181	-	629,181
DND Vacant Site Acquisition	-	2,877,805	-	2,877,805
AAHG	-	9,518,993	-	9,518,993
Deferred payment loans	-	44,434,448	-	44,434,448
	<u>\$ 16,368,878</u>	<u>\$ 72,810,146</u>	<u>\$ 771,257</u>	<u>\$ 89,950,281</u>

The net note payable balances for DMH Trust, AAHG, and HIF/FCF/CBH/HPSTF are expected to be loaned in perpetuity (see Note 3). The note payable for DND Vacant Site Acquisition loan fund does not have a specified maturity date. As noted above, DND expects CEDAC to continue to use the loan funds in the interim period until a renewed agreement is signed.

The schedule above has been prepared based on the currently stated maturities of notes payable and related agreements with funding sources. Many of the lenders associated with these notes payable have provided capital to support CEDAC's lending programs for the long-term and have historically renewed notes payable to them upon satisfactory periodic review.

3. UNDERWRITING, FISCAL AGENT SERVICES AND LOANS PAYABLE

Department of Housing and Community Development (DHCD)

CEDAC serves as underwriter and fiscal agent for Housing Innovations Fund, Facilities Consolidation Fund, Community-Based Housing Program, and Housing Preservation and Stabilization Trust Fund loans that are committed by DHCD. Upon closing of each loan, DHCD generally disburses loan proceeds and related fees to CEDAC for disbursement to the designated borrowers. CEDAC also serves as the disbursing agent for legal fees associated with these loans and disbursed \$168,481 and \$260,772 of legal fees during fiscal years 2022 and 2021, respectively.

Notes and mortgages executed in connection with each loan are assigned to CEDAC, which is responsible for the collection of loan repayments. CEDAC and its officers, directors and employees are not liable to DHCD for any losses on loans not repaid or otherwise recovered. DHCD is also responsible for monitoring the performance of these loans.

- **The Housing Innovations Fund (HIF)** was funded by \$396 million in general obligation bonding authority. The funds are used to support subordinated deferred payment mortgage loans to specific affordable housing projects owned by nonprofit organizations.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

3. UNDERWRITING, FISCAL AGENT SERVICES AND LOANS PAYABLE (Continued)

Department of Housing and Community Development (DHCD) (Continued)

- **The Facilities Consolidation Fund (FCF)** was funded by \$272 million in general obligation bonding authority. The funds are used to support subordinated deferred payment mortgage loans to nonprofit organizations. FCF program loans are targeted to clients leaving state supported facilities operated by the Massachusetts Department of Developmental Services (DDS) and the Massachusetts Department of Mental Health (DMH).
- **The Community-Based Housing Program (CBH)** was funded by \$118 million in general obligation bonding authority. The funds are used to support subordinated deferred payment mortgage loans to nonprofit organizations. CBH program loans are targeted to support disabled individuals not served by DDS or DMH.
- **The Housing Preservation and Stabilization Trust Fund (HPSTF)** was funded by a \$25.5 million capitalization in accordance with Section 60 of MGL c 121B. The funds are used to support subordinated deferred payment mortgage loans to nonprofit organizations. HPSTF program loans provide affordable housing for low-income families and individuals, particularly those most at risk of becoming homeless.

By agreement with DHCD, a fee is paid to CEDAC to cover the administrative costs of underwriting these mortgages. The revenue is presented as management fees - underwriting in the accompanying statements of revenues, expenses and changes in net position. Interest earnings on these funds are added to the note payable balance until returned to the funding source. HIF, FCF, CBH, and HPSTF notes payable are presented in the accompanying general purpose financial statements net of loans receivable at June 30, 2022 and 2021.

Gross loans receivable and notes payable by loan program are as follows as of June 30:

<u>2022</u>	<u>HIF</u>	<u>FCF</u>	<u>CBH</u>	<u>HPSTF</u>	<u>Total</u>
Note payable	\$ 306,332,402	\$ 192,668,742	\$ 78,647,370	\$ 29,072,060	\$ 606,720,574
Less - loans receivable	<u>288,254,799</u>	<u>178,037,620</u>	<u>67,689,651</u>	<u>28,304,056</u>	<u>562,286,126</u>
Net note payable	<u>\$ 18,077,603</u>	<u>\$ 14,631,122</u>	<u>\$ 10,957,719</u>	<u>\$ 768,004</u>	<u>\$ 44,434,448</u>
<u>2021</u>	<u>HIF</u>	<u>FCF</u>	<u>CBH</u>	<u>HPSTF</u>	<u>Total</u>
Note payable	\$ 282,930,807	\$ 178,279,616	\$ 69,298,735	\$ 29,069,024	\$ 559,578,182
Less - loans receivable	<u>269,920,318</u>	<u>171,161,928</u>	<u>61,950,254</u>	<u>26,769,801</u>	<u>529,802,301</u>
Net note payable	<u>\$ 13,010,489</u>	<u>\$ 7,117,688</u>	<u>\$ 7,348,481</u>	<u>\$ 2,299,223</u>	<u>\$ 29,775,881</u>

Net notes payable of the HIF, FCF, CBH, and HPSTF programs represent amounts held by CEDAC committed for future lending (see Note 10).

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

3. UNDERWRITING, FISCAL AGENT SERVICES AND LOANS PAYABLE (Continued)

Accessible Affordable Housing Grant (AAHG)

In fiscal years 2019, 2021, and 2022, DHCD awarded CEDAC the administration of the Accessible Affordable Housing Grant (AAHG) program. The AAHG program, funded as a \$2.74 million-line item in DHCD's operating budget for both fiscal years 2020 and 2021 and a \$5 million line item in DHCD's operating budget for fiscal year 2022, provides grants to landlords to improve or create accessible affordable housing units for persons with disabilities, with a priority given to units that accommodate voucher recipients under the alternative housing voucher program. By agreement with DHCD, a fee is paid to CEDAC to cover the administrative costs of underwriting these mortgages. The revenue is presented as management fees - underwriting in the accompanying statements of revenues, expenses and changes in net position. Interest earnings on these funds are added to the note payable balance until returned to the funding source.

Department of Mental Health (DMH)

CEDAC was selected by the Department of Mental Health (DMH) to administer a MetState Housing Creation Trust Fund (the MetState Fund) and received a capitalization of \$3.74 million in fiscal year 2010. The MetState Fund was established in 2006 with the purpose of financing the acquisition of ten units of off-site housing in the DMH metro Suburban Area for occupancy by DMH clients. Under the terms of the agreement executed between CEDAC and DMH, CEDAC selected a nonprofit service provider, and has entered into long-term loan and use agreements for each of the ten units procured. CEDAC oversaw the development of the ten units jointly with DMH and is responsible for loan monitoring over the loan term. Under the terms of the agreement, CEDAC received fees for program start-up, site selection, and on-going administration, which are funded from the loan fund. As of June 30, 2022 and 2021, CEDAC held \$105,675 for administration and compliance. These funds are included in deferred revenue in the accompanying general purpose financial statements (see Note 9). Interest accrues to the loan fund, which can be used to fund additional program costs as may be mutually agreed between DMH and CEDAC.

Gross loan receivable and note payable are as follows:

	<u>2022</u>	<u>2021</u>
Note payable	\$ 3,608,515	\$ 3,597,873
Less - loans receivable	<u>2,979,334</u>	<u>2,959,172</u>
Net note payable	<u>\$ 629,181</u>	<u>\$ 638,701</u>

Accelerating Investments for Healthy Communities (AIHC)

In fiscal year 2021, CEDAC was chosen to be the financial intermediary for the first phase of the Boston Accelerating Investments for Healthy Communities (AIHC), part of a national initiative to deepen the investment of hospitals and health systems in affordable housing. CEDAC assembled \$2.7 million, evenly split between the Boston Medical Center (BMC) and the Robert Wood Johnson Foundation (RWJF), to finance twenty-year subordinate debt for three Boston affordable housing projects. The BMC capital is a twenty-year non-recourse loan to CEDAC, and the RWJF capital is a grant to CEDAC, which is included in the restricted program funds' net position (see Note 1). At June 30, 2022 and 2021, CEDAC has a note payable to BMC with balances of \$1,353,231 and \$1,350,610, respectively. The grant from RWJF of \$1,350,000 is included in restricted net position in the restricted program funds (see Note 2).

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

4. LOANS RECEIVABLE

Pre-development, Acquisition and Bridge Loans

CEDAC's loans receivable primarily consist of amounts advanced on pre-development, acquisition, and bridge loan commitments at June 30, 2022 and 2021. CEDAC classifies all loans as long-term, except in cases where the funding source stipulates a maximum loan term. CEDAC's pre-development loans are generally unsecured and principal and interest are due at the first project closing. Acquisition loans are secured by a first mortgage on the property acquired. Interest on acquisition loans is due quarterly and principal is due on the earlier of the loan's maturity or the closing of the first project financing. Bridge loans are secured by a pledge of state sources being financed. Interest on bridge loans is due when the state funds being bridged are received.

See the below table for the makeup of loan receivables as of June 30:

<u>2022</u>	<u>Number of Loans</u>	<u>Loan Balance</u>	<u>Allowance (see Note 5)</u>	<u>Net Loan Receivable</u>
Pre-development loans	56	\$ 15,456,636	\$ (1,802,123)	\$ 13,654,513
Acquisition loans	<u>16</u>	<u>25,870,959</u>	<u>(775,878)</u>	<u>25,095,081</u>
Total	<u>72</u>	41,327,595	(2,578,001)	38,749,594
Less - current portion		<u>18,718,947</u>	<u>(280,515)</u>	<u>18,438,432</u>
Long-term portion		<u>\$ 22,608,648</u>	<u>\$ (2,297,486)</u>	<u>\$ 20,311,162</u>
<u>2021</u>	<u>Number of Loans</u>	<u>Loan Balance</u>	<u>Allowance (see Note 5)</u>	<u>Net Loan Receivable</u>
Pre-development loans	60	\$ 12,366,132	\$ (1,477,436)	\$ 10,888,696
Acquisition loans	<u>19</u>	<u>29,204,283</u>	<u>(1,265,667)</u>	<u>27,938,616</u>
Total	<u>79</u>	41,570,415	(2,743,103)	38,827,312
Less - current portion		<u>10,132,748</u>	<u>(341,545)</u>	<u>9,791,203</u>
Long-term portion		<u>\$ 31,437,667</u>	<u>\$ (2,401,558)</u>	<u>\$ 29,036,109</u>

Loans Receivable - AIHC

During fiscal years 2022 and 2021, CEDAC made three total loan commitments from the AIHC loan fund, totaling \$2,700,000 (see Note 3). The loans receivable - AIHC balance was \$1,090,932 and \$632,222 at June 30, 2022 and June 30, 2021, respectively. Any reserve on the loans receivable is deemed immaterial.

See Note 10 for disclosure of loan commitments.

Impaired Loans and Troubled Debt Restructurings

There were no loans that were deemed to be impaired as of June 30, 2022 or 2021. There have been no loan modifications classified as troubled debt restructurings as of June 30, 2022 or 2021. There were no loans receivable on non-accrual status as of June 30, 2022 or 2021.

Loan Receivable Aging Analysis

There were no past due loans as of June 30, 2022 or 2021.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

5. ALLOWANCE FOR UNCOLLECTIBLE LOANS

The allowance for uncollectible loans has been allocated to the long-term and current portions of the loan portfolio based on identification and rating of the risk of loss associated with individual loans. Activity in the allowance is summarized as following:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Balance, June 30, 2020	\$ 2,701,430	\$ 269,623	\$ 2,971,053
Changes to allowance	163,513	11,529	175,042
Loans and interest forgiven	<u>(121,840)</u>	<u>(132,860)</u>	<u>(254,700)</u>
Balance, June 30, 2021	2,743,103	148,292	2,891,395
Changes to allowance	(124,209)	61,265	(62,944)
Loans and interest forgiven	<u>(40,893)</u>	<u>(9,579)</u>	<u>(50,472)</u>
Balance, June 30, 2022	<u>\$ 2,578,001</u>	<u>\$ 199,978</u>	<u>\$ 2,777,979</u>

6. AGENCY FUNDS HELD FOR OTHERS

As part of its regular activities, CEDAC may serve as fiscal intermediary for a variety of governmental and nonprofit partners. The terms of each relationship are outlined in agreements between the parties involved. These funds are listed as Agency Funds in the accompanying statements of fiduciary net position as funds held for others.

Through an agreement with the Massachusetts Rehabilitation Commission (MRC), CEDAC provides fiscal intermediary services for the Home Modification Loan Program (HMLP). Through this program, MRC and CEDAC select regional nonprofit corporations to underwrite and service loans to qualifying homeowners to modify their homes to accommodate disabled individuals. CEDAC serves as employer for one employee of the HMLP.

Agency funds held for others include amounts held for MRC HMLP as of June 30, 2022 and 2021.

7. CASH, CASH EQUIVALENTS AND INVESTMENTS

CEDAC follows the GASB standards for "*Deposits and Investment Risk Disclosures*", which address disclosure requirements for concentration, credit, and interest rate risks associated with financial investments.

The table below represents CEDAC's total cash, cash equivalents and investments, excluding Agency Funds (see Note 6), as of June 30, 2022:

<u>2022</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(in years)</u>	
			<u>Less than 1</u>	<u>1 or more</u>
Massachusetts Municipal Depository Trust - Cash Portfolio	\$ 79,589,954	\$ 79,589,954	\$ 79,589,954	\$ -
Other cash	4,493,324	4,493,324	4,493,324	-
Certificates of deposit	<u>2,081,866</u>	<u>2,081,866</u>	<u>2,081,866</u>	<u>-</u>
Total	<u>\$ 86,165,144</u>	<u>\$ 86,165,144</u>	<u>\$ 86,165,144</u>	<u>\$ -</u>

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

7. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The table below represents CEDAC's total cash, cash equivalents and investments, excluding Agency Funds (see Note 6), as of June 30, 2021:

2021	Cost	Fair Value	Investment Maturities (in years)	
			Less than 1	1 or more
Massachusetts Municipal Depository Trust - Cash Portfolio	\$ 66,175,526	\$ 66,175,526	\$ 66,175,526	\$ -
Other cash	5,127,604	5,127,604	5,127,604	-
Certificates of deposit	<u>2,081,866</u>	<u>2,081,866</u>	<u>2,081,866</u>	<u>-</u>
Total	<u>\$ 73,384,996</u>	<u>\$ 73,384,996</u>	<u>\$ 73,384,996</u>	<u>\$ -</u>

The table below represents funds held by the MMDT. The MMDT cash portfolio is managed independently and CEDAC cannot influence how investments are allocated among the categories disclosed below. The MMDT cash portfolio held investments and cash equivalents as follows as of June 30:

Securities With an Effective Maturity of:	Percentage of Total Net Position	
	2022	2021
1 - 30 Days	72.7%	52.2%
31 - 90 Days	21.2	31.7
91 - 180 Days	3.6	11.1
181 - 365 Days	<u>2.5</u>	<u>5.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The credit quality ratings for the funds were as follows as of June 30:

2022	Fair Value	Credit Quality Ratings	
		AAA	Unrated
Massachusetts Municipal Depository Trust	\$ 79,589,954	See below	
Other cash	4,493,324	\$ -	\$ 4,493,324
Certificates of deposit	<u>2,081,866</u>	<u>-</u>	<u>2,081,866</u>
Total	<u>\$ 86,165,144</u>	<u>\$ -</u>	<u>\$ 6,575,190</u>

2021	Fair Value	Credit Quality Ratings	
		AAA	Unrated
Massachusetts Municipal Depository Trust	\$ 66,175,526	See below	
Other cash	5,127,604	\$ -	\$ 5,127,604
Certificates of deposit	<u>2,081,866</u>	<u>-</u>	<u>2,081,866</u>
Total	<u>\$ 73,384,996</u>	<u>\$ -</u>	<u>\$ 7,209,470</u>

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

7. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The MMDT cash portfolio may only invest in securities rated in the highest rating category (if rated) or evaluated by the portfolio's investment adviser to be of equivalent credit quality (if unrated) and bank deposits meeting the portfolio credit quality requirements of GASB Statement 79. Investments that were permissible at the time acquired may continue to be held to the extent consistent with GASB Statement 79.

Securities rated in the highest short-term rating category (and unrated securities of comparable quality) are identified as First Tier securities. Securities rated in the second highest short-term rating category (and unrated securities of comparable quality) are identified as Second Tier securities. The MMDT cash portfolio follows applicable regulations in determining whether a security is rated and whether a security rated by multiple nationally recognized statistical rating organizations in different rating categories should be identified as a First or Second Tier security.

Credit ratings for the securities in the cash portfolio are shown in the table below based on total market value as of June 30:

	Cash Portfolio Quality Diversification	
	First Tier	Second Tier
2022	100.0%	- %
2021	100.0%	- %

8. DEFERRED COMPENSATION PLAN

CEDAC has a deferred compensation plan which is qualified under Section 403(b) of the IRC. The plan calls for required employee contributions of 3% of the employee's gross salary, and CEDAC matches the employee's required contribution with a contribution of 4.5% of gross salary each pay period. CEDAC's contributions for the years ended June 30, 2022 and 2021, were \$118,373 and \$112,776, respectively, and are included in employee compensation in the accompanying general purpose financial statements.

In addition, CEDAC has established a deferred compensation plan as a fringe benefit, whereby in each pay period 5.5% of each employee's gross wages are deposited into a separate cash account. At each employee's anniversary date of employment, the employee has the option of withdrawing the amount accumulated in his or her name or transferring the entire amount into a deferred compensation account to which employees may make voluntary contributions. CEDAC's contributions were \$129,960 and \$123,518 for the years ended June 30, 2022 and 2021, respectively, and are included in employee compensation in the accompanying general purpose financial statements.

9. DEFERRED REVENUE

Deferred revenue consists of unearned underwriting fees and grants which have been received but not yet earned or disbursed as of June 30, 2022 and 2021.

Included in the loan funds is deferred revenue for administrative and legal fees associated with the MetState Fund as described in Note 3, and to pay legal fees associated with permanent loans as directed by DHCD.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

9. DEFERRED REVENUE (Continued)

CEDAC was selected by the Commonwealth's Department of Early Education and Care (EEC) to administer an Early Education and Out of School Time (EEOST) Capital Fund, which was authorized as part of the Community Development Bond Bill passed by the Massachusetts Legislature in November 2013. The Legislature authorized up to \$45 million to support nonprofit center-based early education and out-of-school time programs. In May 2018, as part of the 2018 Community Development Bond Bill passed by the Massachusetts Legislature, the program was re-authorized at \$45 million. With the EEOST Capital Funds, EEC may award grants to childcare providers to support acquisition, design, construction and/or renovation of the centers funded.

Each EEOST Capital Fund grant award is secured by a mortgage and land use restriction, which will be assigned to CEDAC to administer. CEDAC and its officers, directors and employees are not liable to EEC for any losses on grants not repaid or otherwise recovered. EEC is also responsible for monitoring the performance of the awards.

CEDAC contracts with the Children's Investment Fund (CIF) to perform underwriting and grant administration of EEOST capital projects (see Note 11).

The amount captured in deferred revenue represents the EEOST Capital Fund allotted to date, net of grant awards disbursed, fees paid for administration services, and other third-party expenses incurred in the administration of the program. The net amount of cash on-hand at CEDAC for future disbursements for grantees and related fees was \$10,351,495 and \$10,300,507 at June 30, 2022 and 2021, respectively.

The deferred revenue balances are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Operating and CEDAC Loan Funds:		
Unearned underwriting fees and grants	\$ 1,005,452	\$ 458,638
Unearned underwriting fees and monitoring DMH MetState Trust Loan Program	<u>105,675</u>	<u>105,675</u>
Total Operating and CEDAC Loan Funds	1,111,127	564,313
Restricted Program Funds:		
EEOST contract	10,351,495	10,300,507
Loan Funds Under Management:		
Deferred legal fees	<u>1,794,237</u>	<u>1,486,716</u>
Total deferred revenue	<u>\$ 13,256,859</u>	<u>\$ 12,351,536</u>

10. COMMITMENTS

Facility and Other Leases

CEDAC maintains a ten-year operating lease for office space which runs through February 2027, with monthly lease payments ranging from \$29,993 to \$34,037. For the period from March 1, 2023 through February 28, 2024, CEDAC received a \$10 per square foot credit against their contractual lease payment resulting in monthly payments of \$27,297 for this period. The lease may be extended by one five-year period at CEDAC's option. The lease is secured by an irrevocable standby letter of credit issued by a bank in the amount of \$119,972. Rental payments may be adjusted for increases in taxes and operating costs above specific amounts.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

10. COMMITMENTS (Continued)

Facility and Other Leases (Continued)

On July 1, 2020, upon adoption of GASB 87, CEDAC recognized a lease liability of \$2,298,164 and a right-to-use asset - facility lease of \$2,298,164. During each of the fiscal years 2022 and 2021, CEDAC recognized \$344,725 of amortization of right-to-use asset expense in the accompanying statements of revenues, expenses and changes in net position. Amortization of the right-to-use asset is expected to be approximately \$345,000 through fiscal year 2026 and approximately \$230,000 in fiscal year 2027. Lease interest expense was \$64,537 and \$75,516 for the years ended June 30, 2022 and 2021, respectively.

Future minimum payments under these lease obligations are as follows for the years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 312,057	\$ 53,251	\$ 365,308
2024	\$ 311,655	\$ 42,869	\$ 354,524
2025	\$ 377,852	\$ 30,592	\$ 408,444
2026	\$ 391,291	\$ 17,153	\$ 408,444
2027	\$ 277,001	\$ 3,734	\$ 280,735

CEDAC rents additional office space in Northampton, Massachusetts as a tenant-at-will. In addition, CEDAC leases various equipment for their offices. Rental payments under these lease agreements were \$37,672 and \$33,413 for the years ended June 30, 2022 and 2021, respectively.

Loan and Grant Commitments

CEDAC had undisbursed loan and grant commitments outstanding as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Subordinated deferred payment loans	\$ 47,898,584	\$ 29,477,792
Pre-development, acquisition and bridge loans	63,956,429	56,371,827
AIHC loans	2,700,000	1,700,000
EEOST grant program	10,366,073	9,886,017
Pre-development grants	63,089	102,893
Total commitments	124,984,175	97,538,529
Less - loans receivable	(42,418,527)	(42,202,637)
Total outstanding commitments	82,565,648	55,335,892
Less - commitments to be drawn under credit lines	(10,083,306)	(3,972,157)
Total outstanding commitments held in cash	<u>\$ 72,482,342</u>	<u>\$ 51,363,735</u>

11. RELATED PARTY TRANSACTIONS

CEDAC has a contract with CIF to provide administrative and management services to CIF. CEDAC invoices for direct staff time and provides certain indirect management services in-kind. CIF also provides underwriting and other services for CEDAC to qualified recipients for awards under the EEOST Capital Fund Program.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Notes to General Purpose Financial Statements
June 30, 2022 and 2021

11. RELATED PARTY TRANSACTIONS (Continued)

A summary of activity with CIF is as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Contracted staffing:		
Services provided to CIF during fiscal year	\$ 724,908	\$ 682,113
Less - amounts invoiced by CEDAC	<u>(724,908)</u>	<u>(595,324)</u>
Net in-kind services to CIF	<u>\$ -</u>	<u>\$ 86,789</u>
Accounts receivable from CIF at end of fiscal year	<u>\$ 129,925</u>	<u>\$ 124,296</u>
EEOST grants provided by CEDAC to CIF:		
Grants provided to CIF during the fiscal year	<u>\$ 454,620</u>	<u>\$ 320,450</u>
Accounts payable to CIF at end of fiscal year	<u>\$ 27,240</u>	<u>\$ -</u>

CEDAC has a contract with CIF to provide the contracted staffing services noted during fiscal year 2023.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

As of June 30, 2022 and 2021, the carrying amounts and approximate fair value of CEDAC's financial instruments are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 3,056,173	\$ 3,056,173	\$ 2,082,614	\$ 2,082,614
Restricted cash and cash equivalents	\$ 81,027,105	\$ 81,027,105	\$ 69,220,516	\$ 69,220,516
Investments	\$ 2,081,866	\$ 2,081,866	\$ 2,081,866	\$ 2,081,866
Loans receivable, net	\$ 39,840,526	See below	\$ 39,459,534	See below
Notes payable to funding sources	\$ 89,179,024	See below	\$ 77,381,064	See below

Cash and cash equivalents, restricted cash and cash equivalents, and investments - The carrying amounts reported in the accompanying statements of net position for these instruments approximate their fair market values because of the highly liquid nature of these instruments.

Loans receivable, net and notes payable to funding sources - It was not practicable to estimate the fair value of these instruments given the unique nature of these instruments and the inability to estimate fair value without incurring excessive costs. However, the notes payable to funding sources' fair value is known to be less than the carrying value at June 30, 2022 and 2021.

13. RECLASSIFICATION

Certain amounts in the fiscal year 2021 general purpose financial statements were reclassified to conform with the fiscal year 2022 presentation.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Supplementary Statement of Functional Expenses
For the Year Ended June 30, 2022

	Enterprise Funds			
	Program Expenses			
	Housing and Intermediary Program	Child Care Program	Management and General	Total
Employee Compensation:				
Salaries	\$ 1,267,584	\$ 471,891	\$ 788,086	\$ 2,527,561
Fringe benefits and payroll taxes	396,495	147,609	246,516	790,620
Total employee compensation	1,664,079	619,500	1,034,602	3,318,181
Professional Fees:				
Contracted services	73,935	557,169	211,505	842,609
Accounting and audit	19,816	14,586	13,848	48,250
Legal	9,440	-	4,810	14,250
Total professional fees	103,191	571,755	230,163	905,109
Other:				
Amortization - right of use asset	170,866	59,748	114,111	344,725
Lease interest expense	31,988	11,186	21,363	64,537
Depreciation	26,119	19,226	18,253	63,598
Lease expense	18,672	6,529	12,471	37,672
Maintenance and repair	14,129	10,400	9,874	34,403
Other expenses	13,618	10,023	9,541	33,182
Insurance	13,246	9,750	9,256	32,252
Equipment	12,305	9,058	8,599	29,962
Supplies and document storage	11,354	8,357	7,934	27,645
Printing	4,967	3,659	3,474	12,100
Memberships	4,392	3,232	3,069	10,693
Utilities	3,732	1,353	2,584	7,669
Travel	2,004	-	5,619	7,623
Telephone	1,247	-	5,519	6,766
Postage and messengers	2,051	1,510	1,433	4,994
Staff development	1,513	1,114	1,058	3,685
Total other	332,203	155,145	234,158	721,506
Subtotal before grants and related expenses	2,099,473	1,346,400	1,498,923	4,944,796
Grants and Related Expenses	45,434	8,223,738	-	8,269,172
Total expenses	\$ 2,144,907	\$ 9,570,138	\$ 1,498,923	\$ 13,213,968

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

Supplementary Statement of Functional Expenses
For the Year Ended June 30, 2021

	Enterprise Funds			
	Program Expenses			
	Housing and Intermediary Program	Child Care Program	Management and General	Total
Employee Compensation:				
Salaries	\$ 1,284,735	\$ 422,094	\$ 732,400	\$ 2,439,229
Fringe benefits and payroll taxes	394,537	129,665	224,872	749,074
Total employee compensation	1,679,272	551,759	957,272	3,188,303
Professional Fees:				
Contracted services	98,032	344,584	85,165	527,781
Legal	40,176	729	4,688	45,593
Accounting and audit	20,832	9,982	12,586	43,400
Total professional fees	159,040	355,295	102,439	616,774
Other:				
Amortization - right of use asset	168,974	42,973	132,778	344,725
Lease interest expense	37,016	9,414	29,086	75,516
Depreciation	30,919	14,815	18,679	64,413
Lease expense	16,378	4,165	12,870	33,413
Maintenance and repair	15,310	7,336	9,249	31,895
Other expenses	11,737	5,624	8,807	26,168
Insurance	13,237	6,342	7,997	27,576
Equipment	26,425	12,662	20,787	59,874
Supplies and document storage	12,364	5,924	7,470	25,758
Printing	4,409	2,112	2,663	9,184
Memberships	4,212	2,018	2,545	8,775
Utilities	2,739	722	1,771	5,232
Travel	-	-	2,318	2,318
Telephone	2,365	-	5,145	7,510
Postage and messengers	2,570	1,231	1,555	5,356
Staff development	2,759	1,322	1,667	5,748
Total other	351,414	116,660	265,387	733,461
Subtotal before grants and related expenses	2,189,726	1,023,714	1,325,098	4,538,538
Grants and Related Expenses	101,169	2,493,942	11,000	2,606,111
Total expenses	\$ 2,290,895	\$ 3,517,656	\$ 1,336,098	\$ 7,144,649