

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lower Cape Cod Community Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Lower Cape Cod Community Development Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Lower Cape Cod Community Development Corporation, as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lower Cape Cod Community Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 consolidated 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 the Lower Cape Cod Community Development Corporation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lower Cape Cod Community Development Corporation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2025 on our consideration of Lower Cape Cod Community Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lower Cape Cod Community Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lower Cape Cod Community Development Corporation's internal control over financial reporting and compliance.

Sanders, Walsh & Eaton, CPAs, LLC

West Chatham, Massachusetts
November 26, 2025

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Consolidated Statements of Financial Position

June 30, 2025 and 2024

ASSETS

	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 2,053,065	\$ 2,155,491
Restricted cash	60,676	46,688
Operating investments	1,120,708	1,102,302
Grants receivable, net	85,279	150,231
Rents receivable, net	18,400	45,472
Prepaid expenses	77,302	108,962
Notes receivable, current portion	131,022	238,933
Total Current Assets	3,546,451	3,848,080
Noncurrent Assets		
Restricted cash	643,052	618,340
Property and equipment, net	5,972,581	5,509,693
Operating lease right of use asset	91,594	-
Fishing permits	513,946	513,946
Notes receivable - (less of current portions and allowances for loan losses of \$30,000 in 2025 and \$30,000 in 2024)	212,222	278,761
Total Noncurrent Assets	7,433,395	6,920,740
Total Assets	\$ 10,979,846	\$ 10,768,821

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 32,454	\$ 70,517
Accrued expenses	166,870	197,460
Deferred revenue	95,114	87,314
Security deposits	57,191	49,718
Notes payable, current portion	89,870	125,648
Operating lease liability (current portion)	25,992	-
Total Current Liabilities	467,492	530,657
Long-Term Liabilities:		
Operating lease liability	65,968	-
Notes payable - (less of current portion and unamortized debt financing costs)	7,116,194	7,204,477
Total Long-Term Liabilities	7,182,162	7,204,477
Total Liabilities	7,649,654	7,735,133
Net Assets:		
With donor restrictions	357,635	629,582
Without donor restrictions		
Undesignated	2,108,558	1,540,106
Designated by the Board for operating reserve	864,000	864,000
Total Net Assets	3,330,192	3,033,688
Total Liabilities and Net Assets	\$ 10,979,846	\$ 10,768,821

The accompanying notes are an integral part of these financial statements

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Consolidated Statement of Activities

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:			
Contributions	\$ 884,356	\$ 15,000	\$ 899,356
Government contracts and grants	374,587	415,750	790,337
In-kind contributions	787,566	-	787,566
Program service revenue			
Rent revenue, net	997,205	-	997,205
Notes interest	38,965	-	38,965
Fishing permits	62,269	-	62,269
Management and consulting fees	201,990	-	201,990
Managed properties reimbursements	122,072	-	122,072
Total Program Service Revenue	1,422,502	-	1,422,502
Special events, less \$24,144 of direct benefits to donors	49,481	-	49,481
Net investment income	61,482	-	61,482
Other income	12,676	-	12,676
Gain on insurance claim	35,630	-	35,630
Net assets released from restrictions	702,697	(702,697)	-
Total Revenue, Support, and Gains	4,330,977	(271,947)	4,059,030
Expenses and Losses:			
Program expenses	2,636,626	-	2,636,626
Management and general expenses	643,498	-	643,498
Fundraising expenses	292,436	-	292,436
Total Expenses	3,572,561	-	3,572,561
Impairment loss on building	189,965	-	189,965
Total Expenses and Losses	3,762,526	-	3,762,526
Change in Net Assets	568,452	(271,947)	296,505
Net Assets, Beginning of Year	2,404,106	629,582	3,033,688
Net Assets, End of Year	\$ 2,972,558	\$ 357,635	\$ 3,330,192

The accompanying notes are an integral part of these financial statements

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Consolidated Statement of Activities

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:			
Contributions	\$ 722,823	\$ 175,000	\$ 897,823
Government contracts and grants	598,714	200,000	798,714
In-kind contributions	-	-	-
Program service revenue			
Rent revenue, net	903,899	-	903,899
Notes interest	38,766	-	38,766
Fishing permits	73,732	-	73,732
Management and consulting fees	205,746	-	205,746
Managed properties reimbursements	342,106	-	342,106
Total Program Service Revenue	1,564,249	-	1,564,249
Special events, less \$13,980 of direct benefits to donors	49,995	-	49,995
Net investment income	435	-	435
Other income	9,718	-	9,718
Gain on insurance claim	-	-	-
Net assets released from restrictions	557,676	(557,676)	-
Total Revenue, Support, and Gains	3,503,611	(182,676)	3,320,935
Expenses and Losses:			
Program expenses	2,740,515	-	2,740,515
Management and general expenses	550,256	-	550,256
Fundraising expenses	306,514	-	306,514
Total Expenses	3,597,284	-	3,597,284
Impairment loss on building	-	-	-
Total Expenses and Losses	3,597,284	-	3,597,284
Change in Net Assets	(93,674)	(182,676)	(276,350)
Net Assets, Beginning of Year	2,497,780	812,258	3,310,037
Net Assets, End of Year	\$ 2,404,106	\$ 629,582	\$ 3,033,688

The accompanying notes are an integral part of these financial statements

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Consolidated Statements of Functional Expenses

For the Years Ended June 30, 2025 and 2024

	2025			
	Program	Management and General	Fundraising	Total
Salaries, benefits, and payroll taxes	\$ 1,515,805	\$ 312,381	\$ 238,880	\$ 2,067,066
Advertising	14,585	990	16,037	31,612
Depreciation	384,854	42,732	-	427,586
Dues and memberships	2,904	8,594	225	11,723
Insurance	81,904	18,686	-	100,591
Interest	116,618	4,125	-	120,743
Licenses, permits and fees	2,576	5,384	8,791	16,750
Maintenance and repairs	187,630	23,002	-	210,632
Office	42,379	40,904	14,668	97,950
Other	2,171	2,362	-	4,532
Professional services	83,069	136,810	13,079	232,958
Real estate tax	15,413	-	-	15,413
Rent	-	30,840	-	30,840
Grants and other assistance	35,814	-	-	35,814
Training	722	-	16	738
Travel	12,872	1,091	226	14,189
Occupancy	113,763	15,598	517	129,877
Bad debt	23,548	-	-	23,548
	\$ 2,636,626	\$ 643,498	\$ 292,436	\$ 3,572,561

	2024			
	Program	Management and General	Fundraising	Total
Salaries, benefits, and payroll taxes	\$ 1,570,251	\$ 311,006	\$ 237,362	\$ 2,118,620
Advertising	15,012	3,389	7,717	26,118
Depreciation	348,821	19,769	-	368,590
Dues and memberships	1,410	8,275	280	9,965
Insurance	72,681	20,942	-	93,623
Interest	123,091	4,427	-	127,518
Licenses, permits and fees	3,737	3,249	7,398	14,384
Maintenance and repairs	320,861	8,212	-	329,073
Office	55,976	-	39,673	95,649
Other	-	5,521	-	5,521
Professional services	65,613	112,225	13,292	191,129
Real estate tax	13,615	-	-	13,615
Rent	30	33,520	-	33,550
Grants and other assistance	19,583	-	-	19,583
Training	4,296	1,083	-	5,379
Travel	16,804	1,395	254	18,453
Occupancy	108,734	17,244	538	126,515
Bad debt	-	-	-	-
	\$ 2,740,515	\$ 550,256	\$ 306,514	\$ 3,597,284

The accompanying notes are an integral part of these financial statements

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 296,505	\$ (276,350)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	427,586	368,590
Amortization of deferred financing cost	1,220	1,220
Impairment loss on building	189,965	-
Donated building improvements	(782,566)	-
(Increase) decrease in operating assets:		
Grants receivables, net	119,097	145,505
Rents receivables, net	(27,072)	(10,678)
Prepaid expenses	31,660	(27,190)
Notes receivable, net	174,451	(96,482)
Operating lease right of use asset	(91,594)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(38,063)	(31,180)
Accrued expenses	(30,590)	37,223
Deferred revenue	7,801	(5,187)
Security deposits	7,473	2,225
Operating lease liability	91,960	-
Net Cash Provided by (Used in) Operating Activities	377,831	107,696
Cash Flows from Investing Activities:		
Purchases of operating investments	(18,406)	(893,388)
Purchases of property and equipment	(297,872)	(63,178)
Net Cash Provided by (Used in) Investing Activities	(316,278)	(956,567)
Cash Flows from Financing Activities:		
Principal payments on notes	(125,280)	(135,841)
Net Cash Provided by (Used in) Financing Activities	(125,280)	(135,841)
Change in Cash, Cash Equivalents, and Restricted Cash	(63,727)	(984,713)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	2,820,519	3,805,231
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 2,756,792	\$ 2,820,519
Supplemental Disclosure of Cash Flow Information		
Interest costs incurred:	\$ 120,743	\$ 127,518
Less amortization of deferred financing cost	(1,220)	(1,220)
Less government interest subsidy	(45,762)	(44,968)
Interest Costs Paid	\$ 73,761	\$ 107,937
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Donated building improvements	\$ 782,566	\$ -

The accompanying notes are an integral part of these financial statements

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Lower Cape Cod Community Development Corporation d/b/a Community Development Partnership (CDP) was organized July 1, 1992, as a nonprofit organization under the Massachusetts General Laws Chapter 180 and was formed to promote and assist community-based development organizations and individuals in their efforts to address the needs of low and moderate income residents in the lower Cape Cod area.

Thankful Chases Pathway, LLC (TCP) is an entity owned 100% by CDP. TCP was formed for the purpose of investment and holding of a leasehold interest in, and development of, real estate and interests therein, including, but not limited to, the leasing, acquiring, operating, selling, financing, refinancing, disposing of and otherwise dealing with interests in real estate, directly or indirectly through joint ventures, partnerships or other entities, specifically those associated with the property known as 35 Main Street Extension, Harwich, Massachusetts, to be known as TCP, with the specific intention of holding the property as affordable housing, and to engage in any activities directly or indirectly related or incidental thereto.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Principals of Consolidation

The consolidated financial statements include the accounts of CDP and TCP. CDP is the sole corporate member of TCP, therefore, CDP has a controlling financial interest. All significant intercompany balances and transactions were eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "CDP."

Cash, Cash Equivalents, and Restricted Cash

The CDP considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by lenders or donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position to the sum of the corresponding amounts within the consolidated statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,053,065	\$ 2,155,491
Cash restricted for:		
Security deposits	60,676	46,688
Replacement reserves and escrows	<u>643,052</u>	<u>618,340</u>
Total	<u>\$ 2,756,792</u>	<u>\$ 2,820,519</u>

CDP maintains accounts for security deposits received from tenants. The cash is restricted for reimbursement of the security deposits unless there is evidence of default by a tenant under the lease agreement.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Cash, Cash Equivalents, and Restricted Cash (Continued)

CDP is obligated to make monthly payments to fund its various properties' reserve accounts. Withdrawals from the reserve accounts are allowed for an extraordinary repair or capital replacement of the property with the oversight agency's prior written approval.

Tax and insurance escrow is restricted cash for payments of real estate taxes and insurance. The CDP is required to establish and maintain this escrow for TCP. The account is used to receive monthly deposits sufficient to pay annual real estate taxes and insurance premiums that are paid from this escrow.

Receivables and Credit Policies

Grants receivable consists primarily of noninterest-bearing amounts due from funding sources for program activities under cost-reimbursable grants. The amounts are within existing grant awards and are, therefore, recorded as revenue in the year the expenditures are incurred. The CDP determines the allowance for uncollectable grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable. At June 30, 2025 and 2024, management has determined that no allowance is deemed necessary.

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Rents receivable consists of amounts due for rental income, security deposits, or the charges for damages and cleaning fees. The CDP does not accrue interest on the rents receivable balances. The CDP determines the allowance for uncollectable rents receivable based on historical experience, credit rating of its tenants, and a review of subsequent collections. At June 30, 2025 and 2024, management has established an allowance for uncollectable rents of \$13,458 and \$0 respectively.

Notes receivable consists of loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff. Notes receivables are reported at their unpaid principal balance less an allowance for loan losses as described in Note C.

Property and Equipment

The CDP records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

CDP reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The CDP has determined that certain long-lived assets were impaired during the year ended June 30, 2025, and has recorded an impairment loss of \$189,965 at June 30, 2025 (Notes E and O). There were no indicators of asset impairment during the year ended June 30, 2024.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Investments

The CDP records investment purchases at cost, or if donated, at fair value on the date of donation. The CDP investments consist solely of non-brokered CD's with local financial institutions that are reported at carrying value in the consolidated statement of financial position. Net investment income is reported in the consolidated statements of activities and consists of interest income.

Net Assets

Net assets are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The CDP reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The CDP reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Revenue and Revenue Recognition

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The CDP recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The CDP recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

The CDP recognizes revenue from the sale of management and consulting services when the performance obligations of providing the services are met. Managed properties reimbursements are recognized when expenses are incurred on behalf of managed properties. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding. Loan origination fees are nominal and recognized as revenue at the time of closing. The CDP accounts for its leases of fishing permits to local fisherman as operating leases and revenue is recognized on a straight-line basis over the term of the lease. The CDP's fishing permits' lease term is generally one year or less. Advanced receipts of fishing permits revenue are deferred to the applicable period.

All goods and services are transferred at point in time. Payments are required at time of sales.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue and Revenue Recognition

The CDP recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The CDP accounts for its leases with residents as operating leases. Rent revenue earned from the leases consist of a fixed base rent. For lease agreements that provide for scheduled fixed and determinable rent increases, rent revenue is recognized on a straight-line basis over the noncancellable term of the lease. The residential lease term is generally one year. Total rent income represents potential rent income less vacancies. Rents collected in advance are deferred until the rental income is earned. The CDP recognizes revenue for rental related activities not included as component of a lease, as earned, and has concluded that this is appropriate under the revenue recognition standard.

A portion of the CDP's revenue is derived from cost-reimbursable government contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the CDP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. No amounts have been received in advance under these cost-reimbursable government contracts and grants at June 30, 2025 and 2024.

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note M). The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising

The CDP follows the policy of charging the costs of advertising to expense as incurred. Advertising costs for the years ended June 30, 2025 and 2024, were \$31,612 and \$26,118, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is constantly applied. The expenses that are allocated include salaries, benefits and payroll taxes, advertising, depreciation, insurance, interest, license, permits and fees, maintenance and repairs, professional services, training, travel, occupancy, office, and other, which are allocated on the basis of estimates of time and effort.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The CDP is organized as a Massachusetts nonprofit organization and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. TCP is solely owned by the CDP and has been disregarded as a separate entity by the IRS and is not required to file a separate tax return. The CDP is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the CDP is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The CDP has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the CDP has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The CDP would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The CDP's Form 990 and other income tax filings required by state or local tax authorities are no longer subject to tax examination for years before 2022.

Amortization

Financing costs of \$19,327 are being amortized over thirty years, the time of the loan. Amortization expense totaled \$1,220 for the years ended June 30, 2025 and 2024, and is presented with interest expense on the accompanying consolidated statement of functional expenses. Accumulated amortization totaled \$9,964 and \$8,743 respectively, for the years ended June 30, 2025 and 2024. The unamortized portion is shown net of mortgage payable on the accompanying consolidated statement of financial position.

Financial Instruments and Credit Risk

The CDP manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the CDP had approximately \$1,806,677 and \$1,690,022 respectively, in excess of FDIC insurance limits. To date, the CDP has not experienced losses in any of these accounts. Credit risk associated with grants and rents receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Compensated Absences

Employees of the CDP are entitled to paid vacation depending on the length of service. Employees may carry over unused earned vacation subject to a maximum limit as defined by the CDP's policy. Accordingly, accrued vacation in the amount of \$95,146 and \$110,019 as of June 30, 2025 and 2024, respectively, have been recorded in accrued expenses on the statements of financial position.

Leases

The CDP determines if an arrangement is or contains a lease at inception. Leases are included in right-of use (ROU) assets and lease liabilities in the consolidated statements of financial position. The right-of-use (ROU) assets represent the CDP's right to use underlying assets for the lease term, and the lease liabilities represent the CDP's obligation to make lease payments arising from these leases. All of the ROU assets and lease liabilities arise from operating leases. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and include prepaid or accrued rent. The CDP includes in the determination of the ROU assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Operating lease expense is recognized on a straight-line basis over the lease term.

The weighted-average discount rate is based on the discount rate implicit in the lease. The CDP has elected the option to use the risk-free rate determined using a period comparable to the lease term as a discount rate for leases where the implicit rate is not readily determinable. The CDP has applied the risk-free rate option to the building classes of assets. The CDP has also elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The CDP elected the practical expedient to not separate lease and non-lease components for a real estate leases.

NOTE B - FISHING PERMITS:

The CDP is a part of the Cape Cod Fisheries Trust (the Trust), a community based economic development program. The Trust leases fishing quota (allocated to different permits) to qualifying small-scale, independent fishermen who agree to adopt sustainable fishing practices, at affordable rates. In addition, the Trust offers financing, business planning, and technical assistance to fishermen who want to grow their own business. The Trust is a means of supporting a viable fishing economy on Cape Cod, ensuring that the quota, and the fishing jobs associated with it, do not migrate away from Cape Cod.

The fishing permits are stated on the consolidated statements of financial position at lower of cost or net realizable value. For the years ended June 30, 2025 and 2024.

2025	Permits	Cost
Beginning of Year	1	\$ 513,946
Purchased	-	-
Transaction fees	-	-
Sold	-	-
End of Year	1	\$ 513,946

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE B - FISHING PERMITS (Continued):

2024	Permits	Cost
Beginning of Year	1	\$ 513,946
Purchased	-	-
Transaction fees	-	-
Sold	-	-
End of Year	1	\$ 513,946

The CDP uses an annual appraisal, performed by an independent contractor for Cape Cod Commercial Fishermen's Alliance (a nonprofit organization part of the Trust), to test for impairment the value of its permit portfolio. The appraised value as of June 30, 2025 and 2024 substantially exceeded the cost basis of the permits with the attached quota. As such, the Organization does not deem the value of its permit to be impaired as of June 30, 2025 and 2024.

NOTE C - NOTES RECEIVABLES AND THE ALLOWANCE FOR CREDIT LOSSES:

The CDP has designated funds to create a small business revolving loan program for micro-enterprises in the lower Cape Cod area. These micro-loans of up to \$40,000 are issued to eligible individuals to start up or expand small, private businesses. Principal and interest is repayable monthly at interest rates of prime plus 2%, and the loan maturities do not exceed a five year term.

From September 2015 to 2020 the CDP provided microloans to shellfishing businesses through a special Shellfish Microloan Fund that was capitalized by a \$60,000 contribution from Wellfleet SPAT (a nonprofit organization). SPAT loans were made to eligible Wellfleet-based shellfish and aquaculture businesses. Principal and interest was repayable monthly at interest rates of prime plus 2%, and the loan maturities did not exceed a five year term. Last loan made through this fund was paid in full on June 15, 2025, discontinuing the program.

The CDP, through funding provided by the State (ADU), has loan contracts with property owners to help them create an accessory dwelling unit. Loans are capped at \$25,000 per unit and are issued with provisions requiring the property to be rented in 12 month increments for a period of five consecutive years from the date of the note. The borrower shall continue to provide proof of a minimum twelve (12) month lease each year for the four (4) consecutive years following the date of the note. Said proof is to be provided within 30 days of the anniversary date of the note.

There are no payments on ADU loans as long as the recipient adheres to the loan provisions. The loans are secured by a lien on the property imposed by the CDP, which requires payment of the outstanding loan balance including interest upon default, the sale of the property, or other transfer. The loan balance is forgiven at a rate of 20% each year, provided the recipient is in compliance with the loan provisions. In the event the loan is in default and the outstanding principal remains unpaid for a period of thirty-one (31) days or more after payment is due, a late fee equivalent to five percent (5%) of the outstanding principal shall be charged. The CDP records issuance of the loans as a note receivable. ADU loans receivable included in notes receivable on Statement of Financial Position were \$55,000 and \$55,000 respectively at June 30, 2025 and 2024.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE C - NOTES RECEIVABLES AND THE ALLOWANCE FOR CREDIT LOSSES (continued):

The allowance for loan losses is maintained at a level that, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries.

The majority of the CDP's loans are unsecured and require only a signed loan agreement.

The CDP's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

There were no changes in the CDP's accounting policies during the period. There have been no purchases, sales, or reclassifications of notes receivables.

Activity in the allowance for loan loss follows at June 30, 2025

	Micro Loans	SPAT Loans	ADU Loans	Total
Beginning balance	\$ 29,960	\$ 40	\$ -	\$ 30,000
Charge-offs	-	-	-	-
Recoveries	-	(40)	-	(40)
Provision for credit losses	40	-	-	40
Ending balance	\$ 30,000	\$ -	\$ -	\$ 30,000

The components of loans receivable at June 30, 2024 are as follows:

Micro Loans	\$ 318,244
SPAT Loans	-
ADU Loans	55,000
Total	373,244
Less:	
Allowance for loan losses	30,000
	\$ 343,244

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE C - NOTES RECEIVABLES AND THE ALLOWANCE FOR CREDIT LOSSES (continued)

Activity in the allowance for loan loss follows at June 30, 2024

	Micro Loans	SPAT Loans	ADU Loans	Total
Beginning balance	\$ 29,960	\$ 40	\$ -	\$ 30,000
Charge-offs	-	-	-	-
Recoveries	-	-	-	-
Provision for credit losses	-	-	-	-
Ending balance	\$ 29,960	\$ 40	\$ -	\$ 30,000

The components of loans receivable at June 30, 2023 are as follows:

Micro Loans	\$ 488,974
SPAT Loans	3,720
ADU Loans	55,000
Total	547,694
Less:	
Allowance for loan losses	30,000
	\$ 517,694

The recognition of income on a loan is discontinued and previously accrued interest is reversed, when interest or principal payments become ninety (90) days past due unless, in the opinion of management, the outstanding interest remains collectible. Past due status is determined based on contractual terms. Interest is subsequently recognized only as received until the loan is returned to accrual status. A loan is restored to accrual status when all interest and principal payments are current and the borrower has demonstrated to management the ability to make payments of principal and interest as scheduled. At June 30, 2025 and 2024, there were no impaired loans and the CDP has deemed all of the loans as collectable. There are no committed loans that have not been disbursed as of June 30, 2025 and 2024.

NOTE D - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

The CDP's operations are concentrated in the affordable housing real estate market which is a heavily regulated environment. The operations of the CDP are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, USDA and HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by USDA and HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE E - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at June 30:

	2025	2024
Building and building improvements	\$ 10,647,097	\$ 9,996,793
Land	1,129,203	1,129,203
Leasehold Improvements	221,315	-
Equipment	121,524	102,670
	<u>12,119,139</u>	<u>11,228,666</u>
Less accumulated depreciation	<u>(6,146,559)</u>	<u>(5,718,973)</u>
Property and Equipment, Net	<u>\$ 5,972,581</u>	<u>\$ 5,509,693</u>

During the year ended June 30, 2025, after reviewing deed related documentation, the CDP identified indicators of impairment related to its Pennywise Path building located on Martha's Vineyard. Accordingly, an impairment loss of \$189,965 was recorded in the consolidated statement of activities at June 30, 2025, and the carrying value of the property was reduced to its estimated fair value (Note O).

NOTE F - CONTINGENCY:

The CDP receives a substantial portion of its support from government contracts subject to audit by the applicable government agency. Should an audit be conducted and result in any disallowed costs, the CDP would be liable for such disallowed amounts. In management's opinion, liability resulting from such an audit would not have a material adverse effect on the CDP's financial position.

Additionally, the U.S. Department of Agriculture (USDA) and U.S. Department of Housing and Urban Development (HUD) funding contains compliance provisions which require the CDP to adhere to specified operating methods and procedures. In the event of noncompliance, USDA and HUD has the discretion to demand immediate repayment of the mortgage notes described in Note H.

NOTE G - LEASES:

The CDP leases office space under a long-term non-cancelable operating lease agreement that expires on September 30, 2026, with two one year extensions, ending in September 30, 2027 and 2028, respectively, that is reasonably certain to be exercised. Lease payments increase with the first extension. The operating lease agreement requires the CDP to pay to the lessor 12.5% of the annual real estate tax bill and maintenance and utilities in connection to the common areas and parking lot. These lease payments are not included in the measurement of the lease liability and recognized as variable lease cost when they incurred.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE G - LEASES (continued):

The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2025 and 2024 was 5% and 0%, respectively. As of June 30, 2025 and 2024 the weighted-average remaining lease term for the Organization's operating leases was approximately three and zero years, respectively. Cash paid for amounts included in measurement of lease liability for operating leases for the years ended June 30, 2025 and 2024 was \$17,500 and \$0, respectively. Right of use assets obtained in exchange for lease liabilities under operating leases for the years ended June 30, 2025 and 2024 totaled \$106,534 and \$0, respectively.

Total lease costs for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating lease cost, included in rent expense on the statement of functional expenses	\$ 17,865	\$ -
Short-term lease cost, included in rent expense on the statement of functional expenses	12,975	33,550
Variable lease cost, included in occupancy expense on the statement of functional expenses	1,437	-
Total lease cost	\$ 32,277	\$ 33,550

Future minimum lease payments under noncancelable operating leases with terms greater than one year are presented below as of June 30, 2025:

June 30		
2026	\$	30,000
2027		30,900
2028		31,200
2029		7,800
Total lease payments		99,900
Less interest		7,940
Total	\$	91,960

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE H - NOTES PAYABLE:

Long-term notes payable consisted of the following at June 30, 2025 and 2024:

	2025	2024
Note payable to US Department of Agriculture (USDA), interest rate of 6.75% and interest and principal payment of \$2,183 payable monthly, final payment due September, 2032, collateralized by property located at 324 Old Kings Highway, Wellfleet, MA.	\$ 895,717	\$ 906,802
Note payable to Cape Cod Five Cent Savings Bank, variable interest rate currently 7.87% and interest and principal payment of \$1,559 payable monthly, final payment due October, 2025, collateralized by property located at 836 Main Street, Harwich, MA.	6,144	23,591
Note payable to the Cape Cod Five Cents Savings Bank, variable interest rate currently 4% interest and principal payment of \$831 payable monthly, final payment due August, 2030, collateralized by property located at Gull Cottages, Eastham, MA.	46,420	54,336
Note payable to Seamen's Bank, interest rate of 5.0% and interest and principal payment of \$724 payable monthly, final payment due August, 2037, collateralized by property located at 27 Nelson Ave., Provincetown, MA.	78,781	83,351
Note payable to TD Bank, variable interest rate currently 5.42% interest and principal payment of \$2,521 payable monthly, final payment due May, 2027, collateralized by property located at 17 & 19 Robert Lane, Harwich, MA.	54,878	81,317
Note payable to TD Bank, variable interest rate currently 6.37% interest and principal payment of \$679 payable monthly, final payment due March, 2033, collateralized by property located at 1475 State Highway, Eastham, MA.	49,526	54,305
Note payable to Cape Cod Five Cents Savings Bank, variable interest rate currently 7.47% interest and principal payment of \$397 payable monthly, final payment due July, 2033, collateralized by property located at Gull Cottages, Eastham, MA.	28,732	31,216
Note payable to Cape Cod Commercial Fisherman's Alliance interest rate of 3.0% and interest and principal payment of \$4,143 payable monthly, final payment due October, 2026, collateralized by Northeast Federal Fishery Permits.	-	32,009

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE H - NOTES PAYABLE (continued):

	2025	2024
Economic Injury Disaster Loan (EIDL) under the CARES Act from the Small Business Administration (SBA), 2.75% interest and principal payment of \$641 payable monthly, final payment due May 28, 2050, collateralized by all intangible and tangible personal property. Each payment will be applied first to interest accrued to date of receipt, and the balance, if any, will be applied to principal. Installment payments will begin 30 months from the date of the promissory note.	150,000	150,000
Note payable to the Massachusetts Housing Partnership (MHP), interest rate of 6.58% and interest and principal payment of \$4,653 payable monthly, final payment due August 25, 2031, collateralized by TCP.	556,382	574,935
Note payable to Massachusetts Department of Housing and Community Development (DHCD) under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$550,000 due April, 2032, collateralized by property located at 324 Old Kings Highway, Wellfleet, MA.	550,000	550,000
Note payable to the Massachusetts DHCD through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$170,000 due March, 2037, collateralized by property located at 71 Canal Rd., Orleans, MA .	170,000	170,000
Note payable to the Barnstable County through the Cape Cod Commission under the HOME Investment Partnership Program, 0.00% interest and balloon payment of \$120,000 due March, 2037, collateralized by property located at 71 Canal Rd., Orleans, MA .	120,000	120,000
Note payable to Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$166,000 due August, 2040, collateralized by property located at Gull Cottages, Eastham.	166,000	166,000
Note payable to Barnstable County through the Cape Cod Commission under the HOME Investment Partnership Program, 0.00% interest and balloon payment of \$60,000 due June, 2041, collateralized by property located at 27 Nelson Ave., Provincetown, MA .	60,000	60,000
Note payable to Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$175,000 due April, 2042, collateralized by property known as Fred Bell Way, Wellfleet, MA.	175,000	175,000

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE H - NOTES PAYABLE (continued):

	2025	2024
Note payable to Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$160,000 due July, 2044, collateralized by property located at 58 Harry Kemp Way, Provincetown, MA.	160,000	160,000
Note payable to the Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$117,714 due October, 2055, collateralized by property located at 836 Main Street, Harwich, MA.	117,714	117,714
Note payable to the Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$37,286 due October, 2055, collateralized by property located at 836 Main Street, Harwich, MA.	37,286	37,286
Note payable to DCHD through the Town of Provincetown under the Housing Development Support Program CDBG, 0.00% interest and balloon payment of \$176,373 due August, 2041, collateralized by property located at 27 Nelson Ave., Provincetown, MA .	176,373	176,373
Note payable to DCHD through the Town of Harwich under the Housing Development Support Program CDBG, 0.00% interest and balloon payment of \$493,000 due November, 2052, collateralized by property located at 17 & 19 Robert Lane, Harwich, MA .	493,000	493,000
Note payable to DCHD through the Town of Eastham under the Housing Development Support Program CDBG, 0.00% interest and balloon payment of \$248,400 due April, 2052, collateralized by property located at 1475 State Highway, Eastham, MA .	248,400	248,400
Note payable to the Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$550,500 due March, 2041, collateralized by TCP.	550,000	550,000
Note payable to the Barnstable County through the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$150,000 due February 26, 2060, collateralized by TCP.	150,000	150,000

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE H - NOTES PAYABLE (continued):

	2025	2024
Note payable to the Massachusetts Housing Fund Board under the Massachusetts Housing Stabilization Fund, 0.00% interest and balloon payment of \$400,000 due October, 2055, collateralized by property located at 836 Main Street, Harwich, MA.	400,000	400,000
Note payable to Massachusetts DHCD under the Housing Stabilization Program, 0.00% interest and balloon payment of \$159,750 due July, 2044, collateralized by property located at 58 Harry Kemp Way, Provincetown, MA.	159,750	159,750
Note payable to the Massachusetts DHCD under the Affordable Housing Trust, 0.00% interest and balloon payment of \$265,325 due October, 2035, collateralized by property located at 836 Main Street, Harwich, MA.	265,325	265,325
TCP secured financing from Community Economic Development Assistance Corporation, (CEDAC), for a maximum amount of \$350,000 due March 31, 2041. If the requirements of the Housing Innovations Funds are met, CEDAC may extend the maturity date for another ten (10) years period until March 31, 2051. Principal and interest payments are not required before the maturity dates unless the cash flow generated by the project exceeds 105% of the capital expenditures of the project. This loan is collateralized by TCP's property.	350,000	350,000
Note payable to the Massachusetts Housing Partnership (MHP) at 0% interest, final payment due March 31, 2031, collateralized by TCP.	400,000	400,000
Note payable to the Affordable Housing Trust, 0.00% interest and balloon payment of \$600,000 due March, 2041, collateralized by TCP.	600,000	600,000
Notes payable balance at year end	7,215,428	7,340,709
Less unamortized debt financing cost	9,364	10,584
Less current portion of notes payable	89,870	125,648
Net long term notes payable as presented on the consolidated statements of financial position	\$ 7,116,194	\$ 7,204,477

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE H - NOTES PAYABLE (continued):

The following is a maturity schedule for the above-mentioned notes payable:

<u>June 30</u>	
2026	\$ 89,870
2027	86,655
2028	63,370
2029	67,223
2030	71,321
Thereafter	<u>6,836,988</u>
	<u>\$ 7,215,428</u>

NOTE I - LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following:

Financial assets at year end:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,053,065	\$ 2,155,491
Operating investments	1,120,708	1,102,302
Grants receivable, net	85,279	150,231
Rents receivable, net	18,400	45,472
Notes receivable, current portion	<u>131,022</u>	<u>238,933</u>
	<u>\$ 3,408,474</u>	<u>\$ 3,692,430</u>

The CDP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The CDP regularly monitors liquidity to meet its operating needs and other commitments and obligations. The CDP's goal is generally to maintain financial assets to meet 90 days of general expenditures. As part of its liquidity plan, excess cash is invested in CDs and money market accounts. Management prepares regular cash flow projections to determine liquidity needs. Refer to the consolidated statements of cash flows which identifies the sources and uses of the CDP's cash.

Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$864,000 and \$864,000 at June 30, 2025 and 2024, respectively.

NOTE J - PENSION PLAN:

Effective January 1, 2023 the CDP sponsored a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. Employees may voluntarily contribute to the Plan amounts up to the maximum contribution allowed by the IRS. The CDP matches employee voluntarily contributions up to 4% of their earnings, resulting in contributions to the Plan of \$57,309 and \$58,607 for the years ended June 30, 2025 and 2024, respectively.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes or periods.

	2025	2024
Subject to expenditure for a specified purpose:		
Community Housing Partnership Institute education programs	\$ 150,000	\$ 150,000
Healthy Aging	53,825	76,078
Strategic Planning	15,000	15,000
First Time Home Buyers certification program	44,296	51,900
ADU Resource Center	94,514	336,604
	\$ 357,635	\$ 629,582

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Satisfaction of purpose restrictions:		
ADU Resource Center	\$ 242,091	\$ 177,357
Healthy Aging	222,253	212,218
First Time Home Buyers certification program	67,603	8,100
MGCC Business Development	170,750	35,000
Recruitment and retention grant	-	25,000
Community Housing Partnership Institute education programs	-	100,000
	\$ 702,697	\$ 557,676

NOTE L - UNUSUAL ITEM:

During the year ended June 30, 2025, the CDP suffered significant water damage to its main office as a result of a flood. Insurance proceeds were received as settlement for the loss. As a result, the CDP recorded a gain of \$35,630 for the difference between actual expenses and the insurance proceeds received. The gain is reported as a separate line item in the consolidated statement of activities.

NOTE M - CONTRIBUTED NON-FINANCIAL ASSETS:

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statements of activities included the following:

	2025	2024
Office Space	\$ 5,000	\$ -
Contributed building improvements	782,566	-
Total	\$ 787,566	\$ -

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE M - CONTRIBUTED NON-FINANCIAL ASSETS (continued):

The CDP received donated office space during the year ended June 30, 2025. The fair value is based on comparable market rental rates for similar properties in the area. Contributed office space was used for management and general activities.

During the year ended June 30, 2025, the CDP received contributed building improvements to some of its rental properties. Fair value was obtained from the contractor based on current rates for similar improvements. The building improvements were capitalized.

All contributed nonfinancial assets received during the years ended June 30, 2025 and 2024 were without donor restrictions.

NOTE N - DEFERRED REVENUE:

Deferred revenue represents special events and fishing permits revenue received in advance of the period in which they are earned. The following table provides information about significant changes in deferred revenue for the years ended June 30, 2025 and 2024:

	2025	2024
Deferred revenue, beginning of the year	\$ 87,314	\$ 78,978
Revenue recognized that was included in deferred revenue at the beginning of the year	(87,314)	(78,978)
Increases in deferred revenue due to cash received during the year	95,114	87,314
Deferred revenue, end of year	<u>\$ 95,114</u>	<u>\$ 87,314</u>

NOTE O - FAIR VALUE MEASUREMENTS AND DISCLOSURES:

The CDP reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumption about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE O - FAIR VALUE MEASUREMENTS AND DISCLOSURES (continued):

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the CDP develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

All investment assets consist of non-brokered CDs that are reported at carrying value in the consolidated statements of financial position.

The following table presents assets measured at fair value on a nonrecurring basis, at June 30, 2025:

		Fair Value Measurements at Report Date Using			
		Quoted Prices in Active Markets for Identical Assets(Level1)	Significant Other Observable Inputs(Level 2)	Significant Unobservable Inputs(Level 3)	Total Losses
Fair Value		<u>Assets(Level1)</u>	<u>Inputs(Level 2)</u>	<u>Inputs(Level 3)</u>	<u>Total Losses</u>
Long-Lived Asset					
Building	\$ -	\$ -	\$ -	\$ -	\$ 189,965

During the year ended June 30, 2025, one of the CDP's buildings, with a carrying amount of \$189,965, was written down to its fair value of \$0, resulting in an impairment loss of \$189,965 which was included in the change in net assets without donor restrictions for the year (Note E).

NOTE P - SUBSEQUENT EVENTS:

CDP evaluated subsequent events through November 26, 2025 the date which the consolidated financial statements were available to be issued.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster name</u>	<u>Assistance Listing Number</u>	<u>Pass Through Entity ID Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>			
Passed Through the MA Department of Housing and Community Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B16DC250001	\$ 917,773
Direct			
Home Investment Partnerships Program	14.239		2,256,000
Direct			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871		<u>512,925</u>
Total Housing Voucher Cluster			<u>512,925</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>3,686,698</u>
<i>U.S. Department Of Agriculture</i>			
Direct			
Rural Rental Housing Loans	10.415		906,802
Rural Rental Housing Loans - Interest Subsidy	10.415		45,762
Total Rural Rental Housing Loans			<u>952,564</u>
Direct			
Rural Rental Assistance Payments	10.427		82,956
Direct			
Rural Business Enterprise Grant	10.769		<u>52,892</u>
<i>Total U.S. Department Of Agriculture</i>			<u>1,088,412</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,775,110</u></u>

The dollar threshold used to distinguish Type A and Type B programs according to 2CFR 200.518(b)(1) is determined to be \$750,000. There were no awards received that were passed through to subrecipients.

Pass-through entity identifying numbers are presented where available.

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Lower Cape Cod Community Development d/b/a Community Development Partnership (CDP) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CDP it is not intended to and does not present the financial position, changes in net assets, or cash flows of CDP.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE C - INDIRECT COST RATE:

CDP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D - NON CASH FEDERAL AWARDS:

The CDP receives an interest credit subsidy from USDA that does not result in cash receipts or disbursements. For the year ended June 30, 2025, the CDP received and expensed \$45,762 worth of non-cash interest credit subsidy under assistance listing number 10.415 - Rural Rental Housing Loan Program. This amount is included in the amount presented on the Schedule.

NOTE E - FEDERAL AWARDS EXPENDED FOR LOAN OR LOAN GUARANTEE PROGRAMS:

Balances of loans and loan guarantee programs outstanding as of June 30, 2025 for loans described in 2 CFR section 200.502(b) are as follows:

Assistance Listing Number	Program name	Beginning balance as of 6/30/24	New loans from 7/1/24-6/30/25	Outstanding balance as of 6/30/25
14.239	Home Investment Partnerships Program Community Development Block Grants/State's program and Non-	\$ 2,256,000	\$ -	\$ 2,256,000
14.228	Entitlement Grants in Hawaii	917,773	-	917,773
10.415	Rural Rental Housing Loans	906,802	-	895,717
		<u>\$ 4,080,575</u>	<u>\$ -</u>	<u>\$ 4,069,490</u>



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

To the Board of Directors
Lower Cape Cod Community Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Lower Cape Cod Community Development Corporation which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sanders, Walsh & Eaton, CPAs, LLC

West Chatham, Massachusetts
November 26, 2025



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

To the Board of Directors
Lower Cape Cod Community Development Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Lower Cape Cod Community Development Corporation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lower Cape Cod Community Development Corporation's major federal programs for the year ended June 30, 2025. The Lower Cape Cod Community Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lower Cape Cod Community Development Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lower Cape Cod Community Development Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Lower Cape Cod Community Development Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lower Cape Cod Community Development Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Sanders, Walsh & Eaton, CPAs, LLC

West Chatham, Massachusetts
November 26, 2025

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

___ yes

x no

Significant deficiency(ies) identified?

___ yes

x none reported

Noncompliance material to financial statements noted?

___ yes

x no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

___ yes

x no

Significant deficiency(ies) identified?

___ yes

x none reported

Type of auditor's report issued on
compliance with major federal programs:

Unmodified opinion

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200. 516(a)?

___ yes

x no

Identification of major federal programs:

<u>Assistance Listing Number</u>
10.415
14.228
14.239

<u>Name of Federal Program or Cluster</u>
Rural Rental Housing Loans
Community Development Block Grants
Home Investment Partnerships Program

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 750,000

Auditee qualified for low-risk auditee:

___ yes

x no

SECTION II - FINANCIAL REPORTING FINDINGS

None

SECTION III - AUDIT FINDINGS RELATED TO FEDERAL AWARDS AND QUESTIONED COSTS

None

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Summary Schedule of Status of Prior Audit Findings

For the Year Ended June 30, 2025

2024-001 Separate accounting records for housing project operations - (Material Weakness)

Condition:

The CDP accounting software is not set up to separate transactions for its RD project (Fred Bell Way) and to produce a separate statement of financial position and a general ledger.

Recommendation:

Establish an accounting system that provides for separate accountability for projects by segregating and tracking projects funds separately and producing separate financial records for each project.

Implementation Status:

Resolved

Actions Taken:

The CDP has implemented procedures to produce auto-generated general ledger and manual generated statement of financial position for its RD project (Fred Bell Way).

2024-002 Annual Financial Reports

Condition:

The required financial reports and forms for Fred Bell Way were not submitted to the RD.

Recommendation:

Establish an understanding and initiate the requirements of the management and reporting of RD funds.

Implementation Status:

Resolved

Actions Taken:

The CDP has filed the appropriate reports to RD for the prior years.

2024-003 Financial Management System- (Material Weakness)

Cluster:	Not applicable
Sponsoring Agency	U.S. Department Of Agriculture and U.S. Department of Housing and Urban Development
Award Name	Rural Rental Housing Loans and Home Investment Partnerships Program
Award Number	Not applicable
Assisting Listing Number	10.415 and 14.239
Award Year	2022-2023
Pass-through entity	Not applicable

Condition:

Statement of financial position transactions were not allocated properly to programs/properties funded with federal funds.

LOWER CAPE COD COMMUNITY DEVELOPMENT CORPORATION

Summary Schedule of Status of Prior Audit Findings For the Year Ended June 30, 2025

2024-003 Financial Management System- (Material Weakness) (continued)

Recommendation:

Establish an internal control procedures in place that provide for separate accountability for projects by allocating transactions properly and producing accurate financial reports for each federally funded programs/properties.

Implementation Status:

Resolved

Actions Taken:

The CDP has implemented statistical based methodology to allocate transactions to different programs/properties funded by federal funds

2024-004 U.S. Department Of Agriculture (USDA) reporting

Cluster:	Not applicable
Sponsoring Agency	U.S. Department Of Agriculture
Award Name	Rural Rental Housing Loans
Award Number	Not applicable
Assisting Listing Number	10.415
Award Year	2022-2023
Pass-through entity	Not applicable

Condition:

The CDP did not submit an annual operating budget and self-certification letter to USDA as required by regulations.

Recommendation:

Management to reach out to USDA to clarify a reporting format and put procedures in place to ensure that the annual operating budget as well as interim budget modifications are sent to USDA for review and approval. Management to put procedures in place to ensure a self-certification letter is submitted along with the USDA required financial reports.

Implementation Status:

Resolved

Actions Taken:

The CDP has filed the appropriate budget reports and self-certification letters to RD.