Capital for Change, Inc.
and Affiliated Organizations

Consolidated Financial Statements, Schedule of Expenditures of Federal Awards, Internal Control and Compliance (With Supplementary Information) and Independent Auditor's Reports

March 31, 2021

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Capital for Change, Inc. and Affiliated Organizations

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Independent Auditor's Report

To the Board of Directors
Capital for Change, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Capital for Change, Inc. and Affiliated Organizations (nonprofit organizations), which comprise the consolidated statement of financial position as of March 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Connecticut Energy Efficiency Finance Company, Connecticut CDFI Alliance and C4C Historic Pearl, LLC were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Capital for Change, Inc. and Affiliated Organizations as of March 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 36 to 41 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 June 28, 2021, on our consideration of Capital for Change, Inc. and Affiliated Organizations' 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 Capital for Change, Inc. and Affiliated Organizations' 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 Capital for Change, Inc. and Affiliated Organizations' internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
June 28, 2021

Capital for Change, Inc. and Affiliated Organizations

Consolidated Statement of Financial Position
March 31, 2021

Assets

Current assets	
Cash	$ 2,005,309
Restricted cash	9,707,656
Investments	1,008,496
Accounts receivable, net	1,519,221
Interest receivable	550,083
Loans receivable, current	6,532,370
Prepaid expenses	93,443
Total current assets	21,416,578
Property and equipment, net	3,648,146
Other assets	
Loans receivable, net of current portion	82,173,357
Loan loss reserves	(4,648,160)
Tax credit revenue reserve	(3,859,448)
Loans receivable - agency assets	48,243,380
Total other assets	121,909,129
Total assets	$ 146,973,853

Capital for Change, Inc. and Affiliated Organizations

Consolidated Statement of Financial Position
March 31, 2021

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	$ 440,262
Accrued interest payable	86,361
Escrows	3,510,955
Deferred revenue	293,530
Current portion of long-term debt	11,410,929
Total current liabilities	15,742,037
Long-term liabilities	
Refundable advances	4,521,340
Paycheck protection loan	669,130
Deferred revenue	2,285,338
Notes payable, net of deferred financing fees	40,007,648
Notes payable - EQ2	5,100,000
Agency liabilities	48,734,000
Total long-term liabilities	101,317,456
Total liabilities	117,059,493
Commitments and contingencies	
Net assets	
Without donor restrictions	10,942,985
With donor restrictions	18,971,375
Total net assets	29,914,360
Total liabilities and net assets	$ 146,973,853

See Notes to Consolidated Financial Statements.

Capital for Change, Inc. and Affiliated Organizations

Consolidated Statement of Activities and Changes in Net Assets
Year Ended March 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Loan interest activity	$ 3,916,433	$ -	$ 3,916,433
Loan servicing revenue	1,714,753	-	1,714,753
Loan fees	690,751	-	690,751
Grants and contributions	1,092,576	3,080,519	4,173,095
Investment income	118,307	-	118,307
Recovery of loan losses	16,522	-	16,522
Tax credit revenue	3,859,448	-	3,859,448
Gain on sale of property and equipment	388,457	-	388,457
Net assets released from restrictions	1,947,815	(1,947,815)	-
Total revenue and support	13,745,062	1,132,704	14,877,766
Expenses			
Program	11,286,590	-	11,286,590
General and administrative	1,051,526	-	1,051,526
Fundraising	250,227	-	250,227
Total expenses	12,588,343	-	12,588,343
Changes in net assets	1,156,719	1,132,704	2,289,423
Net assets, beginning	9,786,266	17,838,671	27,624,937
Net assets, end	$ 10,942,985	$ 18,971,375	$ 29,914,360

See Notes to Consolidated Financial Statements.

Capital for Change, Inc. and Affiliated Organizations

Consolidated Statement of Functional Expenses
Year Ended March 31, 2021

	Program	General and administrative	Fundraising	Total
Expenses				
Personnel costs	$ 2,681,649	$ 241,233	$ 153,820	$ 3,076,702
Employee benefits	611,131	43,469	37,280	691,880
Insurance	84,953	39,512	4,516	128,981
Lending interest expense	1,934,123	-	-	1,934,123
Provision for loan losses	1,387,229	-	-	1,387,229
Tax credit revenue reserve	3,859,448	-	-	3,859,448
Grant expenses	-	278	10,128	10,406
Building repairs and maintenance	23,431	13,335	1,524	38,290
Occupancy expense	132,971	75,675	8,649	217,295
Professional services	665,666	150,230	12,748	828,644
Technology	65,437	95,652	1,789	162,878
Depreciation	196,310	111,721	12,768	320,799
Administrative expenses	120,863	567,464	5,612	693,939
Postage	39,006	778	89	39,873
Telephone	29,435	4,409	604	34,448
Office expense	7,001	2,980	341	10,322
Office equipment	5,517	3,140	359	9,016
	11,844,170	1,349,876	250,227	13,444,273
Eliminations	(557,580)	(298,350)	-	(855,930)
Total expenses	$ 11,286,590	$ 1,051,526	$ 250,227	$ 12,588,343

See Notes to Consolidated Financial Statements.

Capital for Change, Inc. and Affiliated Organizations

Consolidated Statement of Cash Flows
Year Ended March 31, 2021

Cash flows from operating activities		
Change in net assets	$	2,289,423
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		320,799
Gain on sale of property and equipment		(388,457)
Amortization of debt issuance costs		45,000
Accretion of deferred revenue		334,195
Unrealized (gain) loss on investments		(83,517)
Realized (gain) loss on investments		(26,758)
Provision for loan loss reserve		1,387,229
Tax credit revenue reserve		3,859,448
Changes in operating assets and liabilities		
Accounts receivable		(482,077)
Grants receivable		150,000
Interest receivable		(5,248)
Loans receivable		(1,299,222)
Prepaid expenses		(19,347)
Other assets		12,920
Accounts payable and accrued expenses		(185,881)
Paycheck protection loan		669,130
Deferred revenue		(38,449)
Net cash provided by operating activities		6,539,188
Cash flows from investing activities		
Purchase of property and equipment		(134,606)
Proceeds from sale of property and equipment		465,000
Restricted cash		(1,065)
Escrows		448,583
Sale of investments		810
Net cash provided by investing activities		778,722
Cash flows from financing activities		
Net agency funds received		14,117
Repayment of notes payable		(11,980,255)
Proceeds from notes payable		3,763,639
Net cash used in financing activities		(8,202,499)
Net decrease in cash and restricted cash		(884,589)
Cash and restricted cash, beginning		12,169,663
Cash and restricted cash, end	$	11,285,074
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	1,921,961
Noncash activity related to financing activities		
Tax credit proceeds	$	3,859,448
Loan to tax credit investor	$	(3,859,448)

See Notes to Consolidated Financial Statements.

Note 1 - Organization

Capital for Change, Inc. ("C4C") is a statewide, private nonprofit 501(c)(3) tax-exempt organization of the Internal Revenue Code (the "Code") established in 1968 whose primary purpose is community development lending. The consolidated financial statements reflect the activities of C4C, CHIF Properties, LLC, C4C Historic Pearl, LLC, Connecticut Energy Efficiency Finance Company ("CEEFCo") and Connecticut CDFI Alliance ("CT CDFI") for the year ended March 31, 2021.

C4C is a unique finance organization offering multiple services for affordable housing and community development, which includes consumer mortgage and unsecured lending, commercial housing, nonprofit and small business loans, third-party contract administration, loan portfolio management and servicing and technical assistance to other organizations and businesses. C4C is certified by the U.S. Department of Treasury as a Community Development Financial Institution and conducts community-lending activities throughout the State of Connecticut, is licensed for mortgage lending in Connecticut and is licensed to conduct loan servicing in the State of Connecticut and Commonwealth of Massachusetts. C4C is also licensed by the Federal Housing Administration ("FHA") for mortgage origination, lending and servicing.

C4C provides financing through direct and participation loans, and finances predevelopment, purchase/rehabilitation, construction, bridge, down payment, energy conservation and permanent loans. C4C is capitalized with lower interest notes and equity equivalents from conventional lenders. Additional capital sources include corporate, foundation, municipal, state and federal government grants and loans, utility rate payer capital, program related investments from charitable organizations and other socially concerned community investors. C4C has also been active in administrating the delivery of small business grants and rental assistance during the pandemic on behalf of the State of Connecticut, as well as cities and towns across the state.

CHIF Properties, LLC (“CHIF”) is a sole member LLC of which C4C is the sole member. The entity was established to hold other real estate owned ("OREO") properties acquired through foreclosure. In November 2020, CHIF received title to a property in Meriden, CT and sold the property in January 2021 for $75,000.

C4C Historic Pearl, LLC ("Historic Pearl") is a sole member LLC, of which C4C is the sole member, which was created to promote the development of a historic real estate tax credit project. In 2021, Historic Pearl received $3,859,448 from tax credit proceeds and loaned the funds to an affiliated tax credit investor entity. C4C has recorded a 100% reserve against this loan due to the nature of the loan.

Connecticut Energy Efficiency Finance Company ("CEEFCo") is a special purpose organization established in 2011 as a 501(c)(3) tax-exempt organization. C4C is allowed to appoint the majority of CEEFCo's Board of Directors. Accordingly, the accounts of CEEFCo have been consolidated herein, as required by accounting principles generally accepted in the United States of America ("GAAP"). Since 2011, CEEFCo has received contributions of $20,146,000 donor restricted for the purpose of making qualifying residential energy efficiency loans to consumers and to administer the residential financing program for energy efficiency loans and related loan loss guarantees and interest rate buy downs to support other CEEFCo energy lending products. These funds are unavailable for use by C4C, unless specifically authorized by Eversource and are nonrecourse to C4C.

CT CDFI is a statewide, private nonprofit 501(c)(3) tax-exempt organization whose primary purpose is to finance the acquisition and development of affordable and special needs housing. CT CDFI is a collaborative union of several Community Development Financial Institutions ("CDFIs"), of which C4C is the sole remaining member. Management is in the process of unwinding and dissolving CT CDFI and has submitted a request to the State of Connecticut requesting forgiveness of all outstanding debt. The request is pending approval by the State Bonding Commission.

Note 2 - Summary of significant accounting policies

Principles of consolidated financial statements

These entities together are referred to as the "Organization" in the accompanying consolidated notes. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions

Net assets subject to donor- (or certain grantor-) 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses recognized on investments and other assets or liabilities, if any, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their net present value. C4C reports nongovernmental contributions and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. A conditional contribution is a transaction where C4C has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if C4C fails to overcome the barrier. C4C recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Conditional and unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Revenue recognition
Interest on loans receivable is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Interest income is not recognized when receipt of principal or interest is considered to be in doubt. The Organization's policy is generally not to recognize interest on loans greater than 90 days past due. Interest income for such loans is recognized as payments on the principal balance of the loan when received. Grants are recognized as revenue over the grant term based on meeting the terms and restrictions as specified in the grant document. Revenues from corporate service contracts are recognized when earned in accordance with the terms of the contracts. Fee income is recognized when earned from loan origination, loan servicing and third-party contract administration.

Restricted cash
Bank account balances in trust to the Organization under third-party fiduciary contracts are reflected as restricted cash and escrow liabilities and are required to be maintained in a separate bank account. The aggregate balance of these accounts at March 31, 2021 was $9,707,656.

Service contracts
Revenues from service contracts are recognized when earned in accordance with the terms of the contracts. Fee income is recognized when earned from loan origination, loan servicing, third-party contract administration and other consulting.

Accounts receivable
The Organization has accounts receivable related to fee for service contracts, corporate advances for loans servicing and special events that are reported net of an allowance for doubtful accounts. Based on management's assessment of outstanding balances, the allowance for doubtful accounts attributed to loan servicing was $128,107 at March 31, 2021. Accounts receivable balances are written off when management has concluded that all reasonable methods of collection have been exhausted.

Investments
C4C maintains agency funds held by The Community Foundation for Greater New Haven (the "Foundation"). The agency fund agreement provides that C4C receive investment income from the funds, to be determined by the Foundation in its sole discretion. C4C has the ability to access up to 50% of the principal, subject to a 60-day notice period. Distributions of more than 50% of the funds' fair market value require 90-day notice. The agency funds are carried at fair value as discussed in Note 6. Changes in the carrying amount of the agency funds are recognized as increases or decreases in net assets without donor restrictions. The fair value of the pooled funds was $433,581 at March 31, 2021.

C4C has invested funds with a third party brokerage and investment management company. The fair value of these investments was $559,915 as of March 31, 2021. This investment represents a 10% reserve for the banks' portion of the MPLP2 funding.

In January 2019, C4C invested $15,000 in a partnership, New Haven Community Solar, for a noncontrolling ownership percentage of 1.07%. No activity has been recognized through the year ended March 31, 2021. C4C accounts for this investment on the cost basis.

Loans receivable
Loans receivable are carried at unpaid principal balances, less an allowance for loan losses.

Allowance for loan losses

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Organization uses a disciplined process and methodology to establish the allowance for loan losses, periodically, but no less than annually. For purposes of determining the allowance for loan losses, the Organization segments certain loans in its portfolio by product type. The Organization's loans are segmented into three pools: real estate loans, commercial lines of credit and unsecured energy efficiency loans to consumers. The reported loan loss reserve balance for 2021 reflects this methodology; all real estate loans and commercial lines of credit are evaluated individually and unsecured energy efficiency loans are evaluated as a pool. Risk grades are assigned and approved at underwriting and can be updated throughout the life of the loan.

The establishment of the allowance for loan losses relies on a consistent process that requires management's review and judgment and responds to the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. The Organization's allowance for loan losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumption and delinquency trends driving statistically modeled reserves. Individual loan risk ratings are evaluated based on each situation by experienced staff.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the models used to estimate incurred losses in those portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are recognized in revenue in the period received.

The Organization'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 to the Organization's process and methodology during the year ended March 31, 2021.

Property and equipment

Purchased real estate, property and equipment are recorded at cost. All expenditures for improvements and equipment of $2,500 or more are capitalized. With the acquisition of a new building in Wallingford, all building improvements costs were capitalized. The sale of the Hartford office closed on January 19, 2021. The gain on the sale of the building is reported in other income on the consolidated statement of activities and changes in net assets. The straight-line method of depreciation is used over the estimated useful lives as follows:

Furniture and fixtures	5 years
Building improvements	10 years
Building	30 years
Office equipment	5 years
Computer software	3 years

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis or other valuation techniques. There were no impairment losses recognized during the year ended March 31, 2021.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the note payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Refundable advances

Amounts from grants and other revenue that are received but unearned are reflected as refundable advances in the accompanying consolidated statement of financial position and are subsequently reflected in the accompanying consolidated statement of activities and changes in net assets during the period of which they apply as the funds are expended.

Social Impact Investment

Capital for Change, Inc. offers Impact Investors the opportunity to invest in an organization that is aligned with their values of improving conditions for underserved communities and persons in Connecticut by preserving and creating affordable housing, promoting adoption of energy efficiency and alternative energy, and supporting nonprofits and small business development. Since 1987, dozens of banks, faith-based groups, foundations, nonprofit organizations, high-net worth and other individual investors have partnered with C4C through notes payable offering fixed interest rate returns ranging from 0% to 3.5% per annum that assist C4C in capitalizing its community loan pool. These notes are payable over a period of 1 to 7 years.

Functional expenses

The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be specifically identified with a program or supporting service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on a percentage of salaries or headcount by program/business unit as a percentage of total C4C salaries or headcount.

Statement of cash flows

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2021.

Tax status

C4C, CEEFCo and CT CDFI are exempt from federal income tax as a publicly supported charitable organization described in Section 501(c)(3) and 509(a)(2) of the Code. CHIF Properties, LLC and C4C Historic Pearl, LLC are sole member LLCs of which C4C is the sole member; as such they are disregarded entities for tax purposes and any activity is reported by C4C. Accordingly, no provision for income taxes has been made in the consolidated financial statements.

The Organization has no unrecognized tax benefits at March 31, 2021. Federal information returns prior to fiscal year 2017 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the consolidated statement of financial position.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

Agency assets/liabilities

C4C has entered into agreements to act as an Agent and administer the City of Bridgeport's Brownfields Cleanup Revolving Loan Fund. Terms of the agreements allow C4C to utilize interest payments and fees collected to assist with the Organization's program and administrative costs. Interest earned during the year ended March 31, 2021 amounted to $25,355.

Energize CT HEAT Loan

C4C administers a legislatively mandated consumer energy efficiency loan program for Eversource and Avantgrid (the "Utilities"). C4C manages contractor engagement, online application intake, applicant interactions, underwriting processes, and closes approved loans with funding capital provided by the utilities. C4C also provides the Utilities On Bill Repayment services for these loans, whereby the Utilities bill their respective borrowers (who are their customers) through their distribution invoicing and collect the loan payments directly from their customers, notifying C4C of the payment activity. C4C does not receive payments directly but provides payment history accounting administration based on the Utilities' reporting (i.e. shadow servicing) to support the Utilities' On Bill Repayment programs.

Veterans Housing Assistance Fund

C4C holds two pools of funds as the fiduciary for the Veterans Housing Assistance Fund. One pool is available for "basic needs" of Veterans and disbursements are made to or at the direction of the VA Errera Community Care Center. The other pool may be used for recoverable or forgivable predevelopment loans for projects that will provide housing to Veterans.

Newly adopted accounting standards

C4C adopted FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. C4C implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with C4C's implementation of ASU 2018-08.

Subsequent events

Management has evaluated subsequent events through June 28, 2021, which is the date the consolidated financial statements were available to be issued. See Note 23 - Subsequent events.

Note 3 - Liquidity and management's plans

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of March 31, 2021, the Organization has approximately $4.5 million of financial assets available to meet annual operating needs for the 2022 fiscal year as follows:

Cash	$ 2,005,309
Accounts receivable	1,519,221
Loan interest receivable	550,083
Investments	1,008,496
Total financial assets	5,083,109
Less donor imposed restrictions	(559,915)
Financial assets available	$ 4,523,194

These financial assets are not subject to any donor or contractual restrictions. C4C supports its general operations primarily with loan interest revenue, loan servicing revenue, fee for services and donor contributions whose time or purpose restrictions have been met.

Lending activities are supported by repayment of principal on loans receivable, grants and loans from third parties. In addition to the financial assets available to meet general expenditures within one year, C4C has MPLP funding available to fund new loans for a total of $8,020,984 as of March 31, 2021.

Note 4 - Restricted cash

Restricted cash consists of the following at March 31, 2021:

Funds restricted/designated for lending	$ 5,509,141
Escrows held	3,510,955
Agency funds	
Brownfield cash	391,351
CDBG funds	278,834
HEAT loan funds	17,375
Total restricted cash	$ 9,707,656

Restricted funds for the MPLP loan portfolio are invested in investments at fair market value of $559,915 as of March 31, 2021. See Note 5 - Investment securities.

Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statement of financial position that sum to the total of the same such amounts in the consolidated statement of cash flows:

Cash	$	2,005,309
Funds designated for lending		5,081,250
Escrows held		3,510,955
Agency funds		
Brownfield cash		391,351
CDBG funds		278,834
HEAT loan funds		17,375
Total cash and restricted cash shown in the statement of cash flows	$	11,285,074

The amount included in restricted cash consists of funds designated for future lending, real estate tax and insurance escrow and other reserves as required by the lender agreements, and various agency funds held by C4C.

Note 5 - Investment securities

The cost and fair value of investment securities are as follows:

		Cost		Fair value		Total unrealized gains (losses)
Treasury bond ETF	$	139,889	$	135,137	$	(4,752)
Cash to be invested		424,778		424,778		-
Pooled funds		361,450		433,581		72,131
Partnerships		15,000		15,000		-
	$	941,117	$	1,008,496	$	67,379

The components of investment return during the year ended March 31, 2021 are reflected below:

Interest and dividends	$	5,140
Realized gains (losses)		26,758
Unrealized gains (losses)		83,517
Investment management fees		(5,950)
Total return on investments	$	109,465

Note 6 - Fair value measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets ("Level 1") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that C4C has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Treasury bond ETF - The valuation is based on quoted market prices in active markets.

Pooled funds - Pooled funds are commingled funds that consist of assets valued based on the net asset value ("NAV") as the practical expedient. The funds are managed in order to preserve the purchasing power and real economic spending of the fund in accordance with a total-return approach, which does not distinguish between the asset's yield and appreciation, but rather on the total expected return of the assets over the long-term.

There have been no changes in the methodologies used at March 31, 2021.

C4C recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while C4C believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Fair value measurements at reporting date using			
	Total	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Treasury bond ETF	$ 135,137	$ 135,137	$ -	$ -
Investments measured at net asset value ("NAV")				
Pooled funds	433,581			
Cash to be invested	424,778			
Total investments measured at fair value	$ 993,496			

(a) In accordance with Financial Accounting Standards Board Accounting Standards Codification Subtopic 820-10, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

Fair value of investments in entities that use NAV

The following table summarizes investments measured at fair value based on NAV per share as of March 31, 2021:

	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Pooled funds	$ 433,581	n/a	no limit	60 days for up to 50% of market value. 90 days for more than 50% of market value.

Note 7 - Loans receivable

Loans receivable consist of the following portfolio classes: permanent loans, predevelopment/acquisition loans, bridge loans, construction loans, commercial real estate loans, commercial lines of credit, consumer housing and energy efficiency loans, all of which have been approved by the Organization's loan committee, except for the notes received through assignment from Neighborhoods of Hartford, Inc.; the assignment was approved by the loan committee. The Organization deems the entire portfolio to be one segment.

Loans receivable and the relative loan loss reserve percentage as of March 31, 2021 were as follows:

Loans receivable	C4C	CEEFCo	CT CDFI	Historic Pearl	Total
Permanent	$ 23,219,146	$ -	$ -	$ -	$ 23,219,146
Predevelopment/acquisition	3,843,694	-	-	3,859,448	7,703,142
Bridge	1,834,796	-	-	-	1,834,796
Construction	7,792,879	-	-	-	7,792,879
Commercial real estate	6,523,137	-	-	-	6,523,137
Commercial	2,091,760	-	-	-	2,091,760
Consumer - housing	376,303	-	-	-	376,303
Energy efficiency	11,368,410	27,796,154	-	-	39,164,564
	57,050,125	27,796,154	-	3,859,448	88,705,727
Less allowance for loan losses	4,100,557	547,603	-	-	4,648,160
Less allowance for tax credit revenue reserve	-	-	-	3,859,448	3,859,448
	$ 52,949,568	$ 27,248,551	$ -	$ -	$ 80,198,119

	C4C	CEEFCo	CT CDFI	Historic Pearl	Total
Allowance for loan losses					
Balance, April 1, 2020	$ 3,973,752	$ 286,506	$ -	$ -	$ 4,260,258
Provision for losses	732,491	654,738	-		1,387,229
Tax credit revenue reserve	-	-	-	3,859,448	3,859,448
Loans charged off	(605,686)	(393,641)	-	-	(999,327)
Balance, March 31, 2021	$ 4,100,557	$ 547,603	$ -	$ 3,859,448	$ 8,507,608

CEEFCo's loan loss reserve is set at 2% of the outstanding balance plus 100% of direct billing customers with balances greater than 120 days. C4C's loan loss reserve averages 7.2% of the outstanding balance resulting in the combined average rate of 9.6% of the outstanding loan portfolio.

Residential loans

Permanent loans include first mortgages and other subordinate mortgages. First mortgages bear interest at an annual rate of 4.00% - 6.50%, with repayment terms from 10 - 30 years. Second mortgages bear interest at annual rates of 0% to 8.00% with repayment over a range of periods from 5 to 20 years.

Predevelopment loans bear interest at annual rates of 0.00% - 6.50% with a repayment range of periods from 1 - 10 years; $0 was available to be drawn by borrowers at March 31, 2021.

Bridge loans bear interest at annual rates of 3.00% - 6.00% with a repayment range less than one year; at March 31, 2021, $0 was available to be drawn by borrowers.

Construction loans bear interest at annual rates of 0.00% - 6.50% with a repayment range of periods from 1 - 12 years; $605,901 was available to be drawn by borrowers at March 31, 2021.

Consumer housing loans include down payment assistance and teacher home ownership funds totaling $376,303 at March 31, 2021. Down payment assistance loans range from $4,000 to $5,000, with 0% interest rates. Principal repayments are due upon the earlier of 1) default of the borrower on any other indebtedness secured by a mortgage on the same property, 2) sale or transfer of title of the property, or 3) 30 years from the date of the note. Citizens Bank provided funding through an equity equivalent debt as discussed in Note 12. New Haven Teachers Home Ownership Fund represents loans advanced on behalf of a program funded by the Foundation to New Haven public school teachers to encourage them to teach and live in the city of New Haven. The loans are interest-free loans for up to 40 years with repayment deferred until the sale, transfer or refinance of the property. In the event the funds paid out to eligible buyers under the program are not repaid by the homebuyer, the Foundation will assume all losses.

Commercial loans
Commercial real estate loans include first and other subordinate mortgages that bear interest at an annual rate of 0.00% - 7.00% with a repayment range for construction only loans up to 24 months and construction to permanent loans with repayment terms of periods from 4 - 30 years.

Real estate related loans are secured by the related properties that are all located within the State of Connecticut.

Business loans include lines of credit that bear interest rates at 2.00% to 8.50% with a repayment term of 1 - 21 years. At March 31, 2021, there were unclosed commitments to borrowers of approximately $2,488,100 and approximately $1,245,398 was available to be drawn on closed loans by borrowers at March 31, 2021.

Energy efficiency loans - Commercial Lending
Energy efficiency loans include commercial energy loans of $11,368,410 that bear interest at annual rates of 5.5% - 6.25% with repayment of 6 - 20 years. One funding source of the commercial energy loans provides for an offset of loan losses in an amount up to 625,000. At March 31, 2021, $857,889 was reserved for loan loss reserves and $2,771,793 was available to be drawn. Certain energy loans may be unsecured.

Energy efficiency loans - Consumer Lending
Consumer energy loans of $27,796,154 bear interest at annual rates of 0% to 9.25% with a repayment term of 3 - 10 years. Consumer energy loans are unsecured. The recovery of the carrying amount of these loans is susceptible to changes in local market conditions.

Historic Pearl Loan
In 2021, Historic Pearl entered into a loan agreement with an affiliated entity in the amount of $3,859,448 to fund a tax credit investment project. The loan bears interest of .05% per annum. The loan has a 49-year term and no principal payments are due until maturity. The Organization has recorded a 100% loan loss reserve on this loan.

Allowance for loan losses
The Organization uses a disciplined process and methodology to establish the allowance for loan losses, periodically, but no less than annually. For purposes of determining the allowance for loan losses, the Organization segments certain loans in its portfolio by product type. The Organization's loans are segmented into three pools: real estate loans, commercial lines of credit and unsecured energy efficiency loans to consumers. The reported loan loss reserve balance for 2021 reflects this methodology; all real estate loans and commercial lines of credit are evaluated individually and unsecured energy efficiency loans are evaluated as a pool. Risk grades are assigned and approved at underwriting and can be updated throughout the life of the loan.

The establishment of the allowance for loan losses relies on a consistent process that requires management's review and judgment and responds to the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. The Organization's allowance for loan losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumption and delinquency trends driving statistically modeled reserves. Individual loan risk ratings are evaluated based on each situation by experienced staff. There were no significant changes in the Organization's accounting policies during the year ended March 31, 2021.

Estimation process
The Organization estimates loan losses using an internally developed risk rating guidance applied to performing loans, which considers the lien priority, loan-to-value, history of performance or other factors that could impact the probability of default and potential loss. Management applies judgment to develop its own view of loss probability within the portfolio with the objective of establishing an allowance for the losses inherent within the portfolio as of the reporting date.

Reflected in the portions of the allowance previously described is an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates used for the allowance, which may change from period to period. This amount is the result of management's judgment of the risks inherent in the portfolio, economic uncertainties, historical loss experience and other subjective factors, including industry trends, calculated to better reflect the Organization's view of risk in the portfolio. No single statistic or measurement determines the adequacy of the allowance for loan loss. Changes in the allowance for loan loss and the related provision expense can materially affect the changes in net assets.

Allowance for loan losses and recorded investment in loans:

Allowance for loan losses	
Balance, beginning of year	$ 4,260,258
Charge offs	(999,327)
Tax credit revenue reserve	3,859,448
Provision for losses	1,387,229
Balance, end of year	$ 8,507,608

The Organization's practice is to charge off any 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. C4C, CEEFCo, Historic Pearl and CT CDFI charged off $605,686, $393,641, $0 and $0, respectively, of loans during the year ended March 31, 2021. All loans were individually evaluated for impairment. There have been no purchases or reclassifications of financing receivables during the year ended March 31, 2021.

Credit quality information
The following tables represent credit exposure by creditworthiness category for the year ended March 31, 2021. The use of creditworthiness categories to grade loans permits management's use of migration analysis to estimate a portion of credit risk. The Organization's internal creditworthiness grading system is based on experiences with similarly graded loans. Category ratings are reviewed periodically, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track the migration of loan performance. Loans that migrate toward lower risk ratings generally have a lower risk factor associated; whereas, loans that trend upward toward higher risk ratings generally will result in a higher risk factor being applied to those related loan balances.

Credit quality of financing receivables
The following tables and the accompanying explanations present informative data regarding the credit quality of the Organization's financing receivables at March 31, 2021.

Credit risk profile for real estate, commercial energy efficiency and business loans
The Organization uses the following credit classifications to risk rate the real estate portfolio. The classifications used are based on available information regarding the repayment performance of

individual borrowers in servicing their debt, such as current financial information, historical payment experience, credit documentation, publicly available information and current trends:

Category	Description of creditworthiness
Better	Assigned to loans that have demonstrated above-average performance with strong cash flow coverage over an extended period, financial condition is strong and must have a strong social impact or otherwise significantly further C4C's mission.
Satisfactory	Assigned to loans that have demonstrated above-average performance with strong cash flow coverage over an extended period, financial condition has been stable or improving.
Acceptable	Assigned to loans with acceptable asset protection and cash flow provides a reasonable prospect of orderly payout, but more pronounced risk elements than loans classified as satisfactory.
Transitional	Assigned to loans with the characteristics of an acceptable loan but warrants more than the normal level of supervision and formal reporting to management.
Special Mention	Loans that have potential weaknesses deserving of management's close attention.
Substandard	Loans in this classification have a well-defined weakness or weaknesses that jeopardize the repayment of the debt and there is a distinct possibility that the Organization will sustain some loss if the deficiencies are not corrected.
Doubtful	These loans have all of the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.
Loss	Considered uncollectible.

The information used to risk-rate the real estate, commercial energy efficiency and business loan portfolios is updated as of March 31, 2021:

Internally assigned grade	C4C	CEEFCo	Total
Better	$ 5,213,733	$ -	$ 5,213,733
Satisfactory	4,524,167	27,281,174	31,805,341
Acceptable	16,166,284	-	16,166,284
Transitional	13,356,637	-	13,356,637
Special Mention	4,818,419	-	4,818,419
Substandard	11,240,111	98,543	11,338,654
Doubtful	1,730,774	416,437	2,147,211
	$ 57,050,125	$ 27,796,154	$ 84,846,279

Credit risk profile for unsecured energy efficiency loans

The Organization uses industry guidelines from the American Council for an Energy-Efficient Economy to establish the criteria for the loan loss reserve percentage applied to the Energy Efficiency loan pool, which is currently at 2%, additional reserves for loans in collection are also considered. There were no additional reserves included at March 31, 2021.

Age analysis of past due financing receivables by class

The following table includes an aging analysis of loans receivable as of March 31, 2021. Included are loans that are 90 days or more past due as to interest and principal and still accruing because they are secured by real estate or otherwise well secured and in the process of collection.

	Over 90 days	61 - 90 days	31 - 60 days	Current	Total
Residential loan pool	$ 5,324,870	$ 413,858	$ 2,437,465	$ 28,514,322	$ 36,690,515
Commercial loan pool	546,465	286,140	706,685	7,451,910	8,991,200
Energy efficiency loan pool - commercial	-	-	144,407	11,224,003	11,368,410
Energy efficiency loan pool - residential	354,288	386,634	1,326,599	25,728,633	27,796,154
	$ 6,225,623	$ 1,086,632	$ 4,615,156	$ 72,918,868	$ 84,846,279

At March 31, 2021, the total recorded investment in impaired loans amounted to approximately $6,049,820, the allowance related to these loans is $961,055.

As of March 31, 2021, 24 notes receivable from 4 borrowers (each borrower has greater than $3,000,000 in outstanding loans) comprised 30.6% of the outstanding notes receivable, net of agency loans and loans funded with refundable advances. Of this total, $0 of this debt is nonrecourse.

Note 8 - Loan administration

The Organization provides loan administration for various state, state agencies, local municipalities, nonprofit agencies, and state utilities. Fees are derived from originating loans, program administration, and from providing comprehensive portfolio services, including on bill repayment for several utility companies in the State of Connecticut. The unamortized loan principal under these programs as of March 31, 2021 was as follows:

Unamortized loan principal	$ 296.2 million
Number of loans	22,470

Note 9 - Fee income

Fee income is derived from loan origination, servicing, and third-party contract administration, all of which tend to be recurring income. Fee income for the year ended March 31, 2021 consists of the following:

	C4C	Eliminations	Consolidated
Loan servicing revenue	$ 2,272,333	$ (557,580)	$ 1,714,753
Loan fees	989,101	(298,350)	690,751
	$ 3,261,434	$ (855,930)	$ 2,405,504

Note 10 - Property and equipment

Property and equipment as of March 31, 2021 consists of the following:

Land	$ 241,686
Building	783,961
Building improvements	2,442,453
Office equipment	371,188
Computer equipment	995,622
	4,834,910
Accumulated depreciation	(1,186,764)
Net property and equipment	$ 3,648,146

Note 11 - Refundable advances

C4C was awarded two Urban Action Grants in prior years in the amount of $3,100,000 and $1,200,000 to fund specific community development projects in Bridgeport, Connecticut. The grant agreements allow C4C to retain the interest earned on the underlying loans receivable and if certain criteria are met a portion of the returned principal may be retained by C4C with the balance payable to the State of Connecticut. Refundable advances include the grant advances less an allowance for loan loss reserves calculated on the underlying loans receivable of $43,000 at March 31, 2021.

The State of Connecticut, Department of Economic and Community Development also provided funding under the Small Business Lending Partner Program of $377,181. The program requires C4C to return to the State of Connecticut payments of principal on the underlying loans receivable. Refundable advances include the grant advances less an allowance for loan loss reserves calculated on the underlying loans receivable of $187,990.

C4C was awarded two grants from the State of Connecticut Housing Trust Fund. The balance of $32,149 has been recorded within refundable advances at March 31, 2021.

Note 12 - Notes payable

The Organization operates a Loan Pool capitalized with several sources: long-term low interest notes; equity equivalents with varying terms issued by the Organization in the form of capital certificates; low interest, program related investments from charitable organizations; and grants from government agencies, conventional lenders and corporations. The Organization lends funds from the Community Loan Pool at below and market rates to eligible borrowers. The loans are secured by the notes receivable and underlying mortgages funded from the Community Loan Pool.

On December 24, 2019, CEEFCo entered into a loan payable with Amalgamated Bank in the amount of $14,994,000. The loan requires monthly payments of interest only through maturity at a variable rate equal to the Wall Street Journal prime rate with a floor of 3.00%. At March 31, 2021 the rate is 3.25%. The loan matures on December 24, 2022.	$ 11,244,000
On December 24, 2019, CEEFCo entered into a loan payable with CT Green Bank in the amount of $3,006,000. The loan requires monthly payments of interest only through maturity at a variable rate equal to the Wall Street Journal prime rate with a floor of 3.50%. At March 31, 2021 the rate is 3.75%. The loan matures on December 24, 2022.	2,256,000

During January 2014, C4C entered into a Multi-Family Permanent Loan Pool Participation Agreement (the "Participation Pool") with several funders providing short-term, low interest notes to support the creation and preservation of affordable housing and stabilizing and revitalizing low or moderate income neighborhoods.

Twelve banks have committed $8,064,311 of pooled loan capital. The loans require monthly payments of interest only based on an index (Federal Home Loan Bank of Boston's Community Development Advance Rate) plus a spread of 150 basis points (1.50%) through maturity on January 1, 2026. Loans made from this pool generally have maturities of 10 years, with principal repaid to the banks according to the respective amortization schedules. The loans are secured by the notes receivable and underlying mortgages funded from the Participation Pool. A second pool agreement was created on April 1, 2018 with eleven banks committing $14,150,000. Loans from the pool generally have 10 year maturities with the same index-based rates and other terms noted above in the first pool (second pool matures at April 1, 2030). In addition, the second pool carries a loan loss reserve of 10% of the outstanding principal. Across both pools, $6,426,073 is nonrecourse to the Organization.	6,973,107

Synchrony Bank has an original commitment of $4,000,000 that requires quarterly payments of interest at 4.35% with all outstanding principal and interest due at maturity extended to August 31, 2021, at which time a renewal at the current level is expected. C4C is subject to certain financial and performance covenants.	4,000,000
Notes payable from Social Impact investors totaling $5,442,413 at March 31, 2021 represents 89 notes payable, ranging from $1,000 to $500,000 due to individuals, religious organizations, banks and other organizations, with interest rates ranging from 0% to 3.5% per annum, with an average rate of 2.5%. The notes are payable over a period of 1 to 7 years.	5,442,413
C4C also has a loan agreement with the Connecticut Green Bank (the "CGB") up to an original aggregate amount of $1,000,000 available to fund loans under C4C's LIME Loan Program. In April 2019 and March 2020, C4C signed a second and third agreement with CGB that provides up to $2,500,000 and $1,428,207 of additional funding, respectively. Also in March 2020, these loans were brought together as part of a $7,700,000 master facility leaving approximately $2,800,000 available for future Commercial Energy funding. The repayment terms will mirror the terms of the underlying loan to qualified owners, bearing interest at 3% - 3.5%; the loan terms will range between 10-12 years. The loan is secured by the underlying notes receivable. As part of the agreement, CGB has provided funding up to $300,000 to be drawn upon to recover eligible losses under C4C's LIME Loan Program. C4C is subject to certain financial and performance covenants.	4,187,613
C4C entered into an unsecured funding line with Calvert Impact Capital dated September 1, 2020. The initial outlay of $1,500,000 in September 2020 was followed by another $1,000,000 in November 2020. The agreement bears interest at 5.15% payable quarterly. The 3 year commitment matures December 1, 2023.	2,500,000
Connecticut Housing Finance Authority ("CHFA") had made available a total of $2,000,000. Loan proceeds assigned to a particular loan require principal together with all interest due thereon to be paid to CHFA within 72 hours from the maturity of the underlying loan granted by C4C, but in no event later than the 240th month following the issuance of any permanent loan by C4C. The maturity of the underlying collateral is 1 to 20 years.	1,862,146

C4C has a line of credit with CHFA in the amount of $2,000,000. The line of credit bears interest at 3.00% payable through a draw date of March 31, 2024, after which principal and interest are due in varying amounts based on the underlying loans.	1,897,011
CHFA had made available a total of $2,000,000 for investment in the community loan pool, interest only payments were required on the outstanding balance at 3% through maturity on December 31, 2018, after which principal and interest are due in varying amounts based on the underlying loans.	888,426
C4C participates in CHFA's program to provide Community Development Financial Institutions with financing for small multifamily project loans. CHFA advances up to $500,000 per approved project to eligible participants at an interest rate of 2% for up to 20 years. Under this program, C4C may lend to end borrowers at no more than 5% for up to 20 years. C4C has borrowed $2,836,637 as of March 31, 2021 for fourteen loans. These notes are payable with varying terms ranging from 1 to 20 years.	2,836,637
People's Bank has provided a credit line of $3,000,000; the loan provides for draws through March 1, 2021, which has been extended through March 1, 2022. Interest only is due monthly at varying interest rates based on the dates of the advances; at March 31, 2021, the interest rates were 2.86% (variable) - 4.87%. Principal payments are due 18 months from original draw date of June 21, 2018, but extended for current balance until October 2021 to match payoff of underlying loan. The loan is secured by the	1,575,233
TD Bank has a commitment of $1,000,000, bears interest at 5.71% payable in monthly installments of principal and interest with the principal due on December 31, 2028. The loan is secured by the underlying collateral of the funded loans. Balance subsequently paid off in May 2021.	158,388
C4C entered into a note agreement with Housing Development Fund, Inc. The note is a nonrecourse loan at an interest rate of 3.34%. Commencing on December 31, 2017 and on the first day of each month thereafter until May 1, 2019, monthly payments of interest only are due. Commencing on June 1, 2019 (the "Conversation Date") and on the first day of each month thereafter, and continuing until January 1, 2031 (the "maturity Date"), monthly payments of principal and interest in an amount sufficient to fully amortize the outstanding balance of this note are due.	737,239

C4C entered into a note agreement with TD Bank in the amount of $1,000,000. The note bears interest at Federal Home Loan Bank ("FHLB") Classic Rate plus 2.5% (3.59% at March 31, 2021) payable monthly with a maturity of August 1, 2030.	976,938
On February 23, 2018, C4C entered into a note agreement with Farmington Bank, now People's United Bank. The note has an original commitment of $1,740,000 for a construction period of 18 months, secured by 10 Alexander Drive, Wallingford, CT; 121 Tremont Street, Hartford, CT and a $250,000 CD. On September 1, 2019, the loan converted to a conventional loan requiring principal and interest payments monthly, at an interest rate of 5%, until maturity on March 1, 2038. There were no additional draws in 2021.	1,180,123
Opportunity Finance Network ("OFN") has an original commitment of $1,000,000 to fund loans under C4C's Low Income Multifamily Energy ("LIME") Loan Program that requires quarterly payments of principal and interest at 3% fully amortizing through maturity on June 30, 2022. In October 2019, OFN provided an additional commitment of $500,000 that requires monthly payments of interest at 3.25% through October 2022. C4C is subject to certain financial and performance covenants. OFN provided a six-month deferral on interest payments that ended December 2020.	657,420
C4C entered into a note agreement with Key Bank. The note has an original commitment of $700,000, bears interest at 4.750% payable quarterly with a maturity of April 20, 2025.	304,428
The Connecticut Trust for Historic Preservation has an original commitment of $200,000, bears interest at 3% payable monthly with a maturity date of December 31, 2024. In 2020, C4C received an additional commitment of $50,000 under same terms.	250,000
The City of Bridgeport has an original commitment of $1,690,000 that requires monthly payments of principal and interest at 4.95% - 6.42% fully amortizing through maturity on July 31, 2016. C4C is subject to certain financial reporting and performance covenants.	83,455

Note payable to State of Connecticut Department of Economic and Community Development ("DECD") is noninterest-bearing and payable at maturity, July 1, 2033. The loan is secured by the loans receivable and underlying mortgages funded from the proceeds. The loan is a liability of CT CDFI.	1,483,000
	51,493,577
Less debt issuance costs	(75,000)
	$ 51,418,577

Debt issuance costs, net of accumulated amortization, totaled $75,000 as of March 31, 2021 and are related to notes payable with Amalgamated Bank and the CT Green Bank in the amounts of $100,000 and $20,000, respectively. Debt issuance costs on the above notes are being amortized on a straight-line basis, which is not materially different than the effective yield method required by GAAP. Amortization expense related to these fees was $45,000 for the year ended March 31, 2021.

An equity equivalent investment ("EQ2") is unsecured debt that is subordinate and junior in right of payment to all other organizational financial obligations both currently and subsequently incurred, but pari passu with other similar subordinated debt or equity equivalent investments, whether currently or subsequently incurred. An EQ2 is defined by the following attributes:

1. The investor carries it on their books as an investment according to GAAP;
2. It is a general obligation that is not secured by any assets;
3. It is fully subordinated to the right of repayment of all other creditors;
4. It does not give the investor the right to accelerate payment unless the Organization ceases its normal operations (i.e. changes its line of business);
5. It carries an interest rate that is not tied to any income received by the Organization; and
6. The maturity has a rolling term and therefore, an indeterminate maturity.

Investors may restrict their investment in the Community Loan Pool, or may contribute to the Community Loan Pool without specifying restrictions.

C4C uses its EQ2s to fund loans and pays its EQ2 investors interest-only payments semiannually. Annually or upon maturity, the terms of the underlying agreements allow for the investment to renew for the same term if notice not to extend the maturity is not received by either party.

Lender	Renewal terms	Interest rate	Initial date	Maturity date	Amount
Citizens Bank	3 years	2.50%	09/25/12	03/31/23	$ 1,250,000
Webster Bank	5 years	2.00%	03/19/11	07/01/21	750,000
TD Bank	Rolling 10-years	2.00%	01/01/14	12/31/25	750,000
People's Bank	Rolling 10 years	2.00%	06/07/18	06/30/28	1,250,000
M & T Bank	3 years	2.00%	09/15/06	09/15/21	250,000
Farmington Bank	Rolling 10-years	2.00%	07/31/13	07/31/23	250,000
Laurel Road Bank	Rolling 10-years	2.00%	05/10/17	06/30/27	250,000
Laurel Road Bank	Rolling 10-years	2.00%	11/27/18	12/31/28	50,000
TD Bank	Rolling 10-years	2.00%	07/01/11	07/01/21	300,000
					$ 5,100,000

The minimum annual payment requirements on notes payable for the five years subsequent to March 31, 2021 and thereafter are as follows:

2022	$ 11,410,929
2023	18,644,637
2024	6,276,566
2025	2,508,066
2026	2,217,701
Thereafter	15,535,678
	$ 56,593,577

Included in the maturity schedule above are lines of credit that C4C expects to rollover in 2022 and 2023. The amounts anticipated to rollover are $4,000,000 and $13,500,000, respectively. Interest expense for the year ended March 31, 2021 was $1,934,123.

Note 13 - Deferred revenue

C4C entered into a Financing Program Agreement with the Connecticut Green Bank ("CGB") and various contractors, that provides for an interest rate buy back on qualified energy loans to consumers for loans closed and funded prior to December 31, 2017. CEEFCo underwrites, approves and funds energy loans; CGB reviews and approves the loans for compliance with the program loan terms. CGB then funds the interest rate buy down ("IRB") with a lump-sum payment based on the net present value of the difference between the stated loan rate and 1%. Interest income recognized for the year ended March 31, 2021 was $334,195 and deferred revenue related to the IRB was $1,438,753.

Note 14 - Concentrations

Concentrations of risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains cash and cash equivalent balances in several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. From time to time, the Organization's balances may exceed these limits. At March 31, 2021, C4C's uninsured bank balances totaled $11,675,061. The Organization limits its credit risk by monitoring bank ratings quarterly and selecting financial institutions considered to be highly creditworthy.

Fee income concentration

The Organization receives loan servicing fee income from a variety of sources. Approximately 61% of fee income for loan servicing is derived from two sources, 38% is comprised of approximately thirty separate contracts with one organization, and 23% from a second organization, one of which is a government entity and one is a public utility company. Total fee income for the year ended March 31, 2021 from these two entities was $1,043,928.

Note 15 - Net assets with donor restrictions

Net assets with donor restrictions are donor-restricted grants/contributions earmarked for particular financing types of loans relating to housing and community development, or for operating activities. In some operating years, net assets released from restrictions will exceed grants received due to timing issues; the resulting negative change in net assets does not indicate an operational net loss.

	Net assets with donor restrictions 3/31/2020	2021 Grants/Program income	2021 Release of restrictions	Net assets with donor restrictions 3/31/2021
Loan and subsidy activities	$ 14,655,027	$ 3,080,519	$ (1,817,510)	$ 15,918,036
CDBG	277,408	-	-	277,408
DECD	1,165,617	-	-	1,165,617
EDA	1,740,619	-	(130,305)	1,610,314
	$ 17,838,671	$ 3,080,519	$ (1,947,815)	$ 18,971,375

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions for the year ended March 31, 2021.

Net assets provided by CDBG, DECD, EDA and various other grantors are donor-restricted grants that must be maintained by C4C as part of the revolving loan fund. Generally, the donors of these assets permit C4C to use all or part of the income earned on any related investments for general or specific purposes; additionally, loan loss reserves and other approved expenses can be charged against the principal. Funding agencies include the City of Bridgeport funding under a Community Development Block Grant ("CDBG") and under the provisions of an Economic Development Administration Grant ("EDA") and the State of Connecticut, Department of Economic and Community Development under the Community Capital Housing Loan Program ("DECD"). CEEFCo's net assets with donor restrictions consists of funds received for an energy efficiency program. The funds are to be used for origination and to fund residential loans, establish a loan loss reserve, post collateral with other lenders, pay related fees and effect interest rate buy-downs. All principal and interest payments received on these loans must be returned to this account. All interest income on the uncommitted funds must be returned to this account. Cash restricted for CEEFCo loan pool activities is maintained in a separate cash account.

Note 16 - State Housing Tax Credit Contribution Program ("HTCC")

The Organization's activity for CHFA Project numbers 19-806HTCC and 20-806HTCC as of March 31, 2021 were as follows:

	19-806HTCC	20-806HTCC
HTCC funds received	$ 500,000	$ 500,000
Loans disbursed		
Home rehabilitation loans	$ 425,000	$ -
New construction loans	-	-
	$ 425,000	$ -

Note 17 - Leasing

The Organization leases certain property and equipment under noncancelable operating leases. Rent expense pertaining to these lease agreements was $56,850 for the year ended March 31, 2021. The leases provide for aggregate monthly payments of approximately $9,000 expiring on varying dates through 2023.

Future minimum lease payments over the next two years are as follows:

2022	$ 57,818
2023	6,327
	$ 64,145

Note 18 - Employee pension plan

C4C maintains a Defined Contribution Retirement Plan under Section 403(b) of the Code, covering all employees who have completed ninety days of service. Each year the participants may contribute up to the amount designated by the Economic Growth and Tax Relief Reconciliation Act of 2001, based on the participant's age. C4C, by action of its Board of Directors, shall determine the amount, if any, of the discretionary employer contributions. Total employer contributions to the plan for the year ended March 31, 2021 was $102,858.

Note 19 - Commitments and contingencies

As of March 31, 2021, the Organization had undrawn funds on closed loans totaling $1,245,398 and undrawn lines of credit commitments of $605,901. The Organization had loan commitments of $2,488,100 at March 31, 2021. Cash available to fund these commitments totaled $5,463,432, of which $3,659,891 was available in the loan fund and $1,803,541 was available in the operating fund. Additionally, C4C has undrawn funds on various lines of credit, see Notes 3 and 12.

C4C is a party to financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its customers and include commitments to extend credit. These instruments involve, in varying degrees, elements of credit risk in excess of amounts recognized in the accompanying consolidated statement of financial position. The contract of notional amounts of these instruments reflect the extent of C4C's involvement in particular classes of financial instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Loan commitments are subject to the same credit policies as loans and generally have fixed expiration dates or other termination clauses. Since commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. C4C evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the counterparty. Collateral held is primarily business and residential real property. Interest rates are generally variable with the exception of the unadvanced portions of construction loans, which have fixed rates of interest.

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As of March 31,2021, there was no significant impact to the Organization's operations. However, the Organization is not able to estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time, there could be a loss of revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flow.

Note 20 - Related party transactions

Relatives of C4C's Director of Commercial Lending have made a loan to C4C to support the Community Loan Pool. The note bears an annual interest rate of 2.5% with principal and interest due on January 31, 2022. As of March 31, 2021, the outstanding balance on the loan was $50,000.

Three board members have loaned C4C $100,000, $20,000, and $1,000, respectively, to support the Community Loan Pool. The notes have annual interest rates of 3%, 2.5%, and 1%, respectively. Interest is paid annually on the anniversary of the loans (June 1, December 1, and April 15, respectively). Maturities will occur on the anniversary dates in 2022, 2021, and 2022, respectively.

Two employees of C4C have made loans of $100,000 and $1,000 to support the Community Loan Pool. Each note has an interest rate of 3% maturing on December 15, 2022. Interest is paid annually on the anniversary date with principal due back at maturity.

Note 21 - Federal and state assistance programs

C4C participates in a number of federal and state assisted grant programs. The use of grants in programs is subject to future review by grantors. Such review may result in C4C having liabilities to the grantors.

Note 22 - Paycheck Protection Loan

The Organization was granted two loans under the Paycheck Protection Program ("PPP") administered by an SBA approved partner. Both loans were in the amount of $669,130. The loans are uncollateralized and are fully guaranteed by the SBA. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loans as paycheck protection loan and has recorded the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return the PPP loan or when such conditions are explicitly waived.

The first PPP loan was forgiven on March 18, 2021 and C4C recorded contribution revenue in the amount of $669,130 for the year ended March 31, 2021. The second PPP loan has not been forgiven as of the date of this report. If the loan is not fully forgiven, the Organization will be required to repay any remaining balance, plus interest accrued at 1% per annum in monthly payments beginning upon determination by the SBA of any amounts not forgiven as long as the application is submitted within 10 months of the 24-week loan forgiveness period. Principal and interest payments will be required through the maturity date. If the Organization and the lender mutually agree, the loan may be extended to a term of five years.

Note 23 - Subsequent events

Subsequent to year end, C4C entered into an EQ2 loan agreement with Liberty Bank for $1,000,000 guaranteed by The Community Foundation Mission Investments Company, LLC. The maturity term of the agreement is a rolling seven-year term, renewing annually for another seven-year term.

In April 2021, C4C entered into a loan agreement with CNote Group, Inc. in the amount of $2,000,000. The interest rate on the loan is 3.5% with a maturity term of 30 months.

On May 11, 2021, C4C refinanced the mortgage on their Wallingford office building, originally a People's United Bank loan, for a new loan in the amount of $1,500,000 with Webster Bank. The payoff balance of the old loan was $1,191,299. The loan has a full-term maturity date of May 11, 2041.

In June 2021, it was announced that C4C will be awarded $1,826,265 under the CDFI Rapid Response program that was included in the Consolidated Appropriations Act, 2021.

Effective June 23, 2021, the Governor of Connecticut signed legislation authorizing the forgiveness of the CT CDFI Alliance debt to the State. C4C is still awaiting final execution of the legislation before removing the debt from its books and dissolving the subsidiary. This is expected to be completed before the end of the next fiscal year on March 31, 2022.

Supplementary Information

Capital for Change, Inc. and Affiliated Organizations

Consolidating Statement of Financial Position
March 31, 2021

Assets	C4C	CEEFCo	CT CDFI	Historic Pearl	Eliminations	Total
Current assets						
Cash	$ 2,005,309	$ -	$ -	$ -	$ -	$ 2,005,309
Restricted cash	7,646,940	2,060,716	-	-	-	9,707,656
Investments	1,008,496	-	-	-	-	1,008,496
Accounts receivable, net	1,556,233	32,084	-	-	(69,096)	1,519,221
Interest receivable	439,659	110,424	-	-	-	550,083
Loans receivable, current	6,532,370	-	-	-	-	6,532,370
Prepaid expenses	85,838	7,605	-	-	-	93,443
Total current assets	19,274,845	2,210,829	-	-	(69,096)	21,416,578
Property and equipment, net	3,648,146	-	-	-	-	3,648,146
Other assets						
Loans receivable, net of current portion	50,517,755	27,796,154	-	3,859,448	-	82,173,357
Loan loss reserves	(4,100,557)	(547,603)	-	-	-	(4,648,160)
Tax credit revenue reserve	-	-	-	(3,859,448)	-	(3,859,448)
Loans receivable - agency assets	48,243,380	-	-	-	-	48,243,380
Total other assets	94,660,578	27,248,551	-	-	-	121,909,129
Total assets	$ 117,583,569	$ 29,459,380	$ -	$ -	$ (69,096)	$ 146,973,853

Capital for Change, Inc. and Affiliated Organizations

Consolidating Statement of Financial Position
March 31, 2021

Liabilities and Net Assets (Deficit)	C4C	CEEFCo	CT CDFI	Historic Pearl	Eliminations	Total
Current liabilities						
Accounts payable and accrued expenses	$ 332,233	$ 177,125	$ -	$ -	$ (69,096)	$ 440,262
Accrued interest payable	86,361	-	-	-	-	86,361
Escrows	3,510,955	-	-	-	-	3,510,955
Deferred revenue	-	293,530	-	-	-	293,530
Current portion of long-term debt	11,410,929	-	-	-	-	11,410,929
Total current liabilities	15,340,478	470,655	-	-	(69,096)	15,742,037
Long-term liabilities						
Refundable advances	4,521,340	-	-	-	-	4,521,340
Paycheck protection loan	669,130	-	-	-	-	669,130
Deferred revenue	1,140,115	1,145,223	-	-	-	2,285,338
Notes payable, net of deferred financing fees	25,099,647	13,425,000	1,483,001	-	-	40,007,648
Notes payable - EQ2	5,100,000	-	-	-	-	5,100,000
Agency liabilities	48,734,000	-	-	-	-	48,734,000
Total long-term liabilities	85,264,232	14,570,223	1,483,001	-	-	101,317,456
Total liabilities	100,604,710	15,040,878	1,483,001	-	(69,096)	117,059,493
Net assets (deficit)						
Without donor restrictions	12,425,986	-	(1,483,001)	-	-	10,942,985
With donor restrictions	4,552,873	14,418,502	-	-	-	18,971,375
Total net assets (deficit)	16,978,859	14,418,502	(1,483,001)	-	-	29,914,360
Total liabilities and net assets (deficit)	$ 117,583,569	$ 29,459,380	$ -	$ -	$ (69,096)	$ 146,973,853

See Independent Auditor's Report.

Capital for Change, Inc. and Affiliated Organizations

Consolidating Statement of Activities and Changes in Net Assets
Year Ended March 31, 2021

	C4C			CEEFCo						
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	CT CDFI	Historic Pearl	Eliminations	Total
Revenue and support										
Loan interest activity	$ 2,625,174	$ -	$ 2,625,174	$ 1,291,259	$ -	$ 1,291,259	$ -	$ -	$ -	$ 3,916,433
Loan servicing revenue	2,272,333	-	2,272,333	-	-	-	-	-	(557,580)	1,714,753
Loan fees	950,417	-	950,417	-	-	-	-	38,684	(298,350)	690,751
Grants and contributions	1,092,576	34,519	1,127,095	-	3,046,000	3,046,000	-	-	-	4,173,095
Investment income	118,307	-	118,307	-	-	-	-	-	-	118,307
Recovery of loan losses	16,522	-	16,522	-	-	-	-	-	-	16,522
Tax credit revenue	-	-	-	-	-	-	-	3,859,448	-	3,859,448
Gain on sale of property and equipment	388,457	-	388,457	-	-	-	-	-	-	388,457
Net assets released from restrictions	1,130,305	(1,130,305)	-	817,510	(817,510)	-	-	-	-	-
Total revenue and support	8,594,091	(1,095,786)	7,498,305	2,108,769	2,228,490	4,337,259	-	3,898,132	(855,930)	14,877,766
Expenses										
Program	6,420,783	-	6,420,783	1,563,939	-	1,563,939	-	3,859,448	(557,580)	11,286,590
General and administrative	766,362	-	766,362	544,830	-	544,830	-	38,684	(298,350)	1,051,526
Fundraising	250,227	-	250,227	-	-	-	-	-	-	250,227
Total expenses	7,437,372	-	7,437,372	2,108,769	-	2,108,769	-	3,898,132	(855,930)	12,588,343
Changes in net assets	1,156,719	(1,095,786)	60,933	-	2,228,490	2,228,490	-	-	-	2,289,423
Net assets (deficit), beginning	11,269,267	5,648,659	16,917,926	-	12,190,012	12,190,012	(1,483,001)	-	-	27,624,937
Net assets (deficit), end	$ 12,425,986	$ 4,552,873	$ 16,978,859	$ -	$ 14,418,502	$ 14,418,502	$ (1,483,001)	$ -	$ -	$ 29,914,360

See Independent Auditor's Report.

Capital for Change, Inc. and Affiliated Organizations

Consolidating Statement of Functional Expenses
Year Ended March 31, 2021

	C4C			CEEFCo		CT CDFI	Historic Pearl		Total		
	Program	General and administrative	Fundraising	Program	General and administrative	General and administrative	Program	General and administrative	Program	General and administrative	Fundraising
Expenses											
Personnel costs	$ 2,681,649	$ 241,233	$ 153,820	$ -	$ -	$ -	$ -	$ -	$ 2,681,649	$ 241,233	$ 153,820
Employee benefits	611,131	43,469	37,280	-	-	-	-	-	611,131	43,469	37,280
Insurance	69,426	39,512	4,516	15,527	-	-	-	-	84,953	39,512	4,516
Lending interest expense	1,426,686	-	-	507,437	-	-	-	-	1,934,123	-	-
Provision for loan losses	732,491	-	-	654,738	-	-	-	-	1,387,229	-	-
Tax credit revenue reserve	-	-	-	-	-	-	3,859,448	-	3,859,448	-	-
Grant expenses	-	278	10,128	-	-	-	-	-	-	278	10,128
Building repairs and maintenance	23,431	13,335	1,524	-	-	-	-	-	23,431	13,335	1,524
Occupancy expense	132,971	75,675	8,649	-	-	-	-	-	132,971	75,675	8,649
Professional services	279,429	111,546	12,748	386,237	-	-	-	38,684	665,666	150,230	12,748
Technology	65,437	95,652	1,789	-	-	-	-	-	65,437	95,652	1,789
Depreciation	196,310	111,721	12,768	-	-	-	-	-	196,310	111,721	12,768
Administrative expenses	120,863	22,634	5,612	-	544,830	-	-	-	120,863	567,464	5,612
Postage	39,006	778	89	-	-	-	-	-	39,006	778	89
Telephone	29,435	4,409	604	-	-	-	-	-	29,435	4,409	604
Office expense	7,001	2,980	341	-	-	-	-	-	7,001	2,980	341
Office equipment	5,517	3,140	359	-	-	-	-	-	5,517	3,140	359
	6,420,783	766,362	250,227	1,563,939	544,830	-	3,859,448	38,684	11,844,170	1,349,876	250,227
Eliminations	-	-	-	(557,580)	(298,350)	-	-	-	(557,580)	(298,350)	-
Total expenses	$ 6,420,783	$ 766,362	$ 250,227	$ 1,006,359	$ 246,480	$ -	$ 3,859,448	$ 38,684	$ 11,286,590	$ 1,051,526	$ 250,227

See Independent Auditor's Report.

Capital for Change, Inc. and Affiliated Organizations

Consolidating Statement of Cash Flows
Year Ended March 31, 2021

	C4C	CEEFCo	CT CDFI	Historic Pearl	Eliminations	Total
Cash flows from operating activities						
Changes in net assets	$ 60,933	$ 2,228,490	$ -	$ -	$ -	$ 2,289,423
Adjustments to reconcile changes in net assets to net cash provided by operating activities						
Depreciation	320,799	-	-	-	-	320,799
Gain on sale of property and equipment	(388,457)	-	-	-	-	(388,457)
Amortization of debt issuance costs	-	45,000	-	-	-	45,000
Accretion of deferred revenue	-	334,195	-	-	-	334,195
Unrealized (gain) loss on investments	(83,517)	-	-	-	-	(83,517)
Realized (gain) loss on investments	(26,758)	-	-	-	-	(26,758)
Provision for loan loss reserve	732,491	654,738	-	-	-	1,387,229
Tax credit revenue reserve	-	-	-	3,859,448	-	3,859,448
Changes in operating assets and liabilities						
Accounts receivable	(481,927)	(150)	-	-	-	(482,077)
Grants receivable	150,000	-	-	-	-	150,000
Interest receivable	6,472	(11,720)	-	-	-	(5,248)
Loans receivable	1,778,865	781,361	-	(3,859,448)	-	(1,299,222)
Prepaid expenses	(19,664)	317	-	-	-	(19,347)
Other assets	12,920	-	-	-	-	12,920
Accounts payable and accrued expenses	(162,224)	(23,657)	-	-	-	(185,881)
Paycheck protection loan	669,130	-	-	-	-	669,130
Deferred revenue	434,948	(473,397)	-	-	-	(38,449)
Net cash provided by operating activities	3,004,011	3,535,177	-	-	-	6,539,188
Cash flows from investing activities						
Purchase of property and equipment	(134,606)	-	-	-	-	(134,606)
Proceeds from sale of property and equipment	465,000	-	-	-	-	465,000
Restricted cash	(1,065)	-	-	-	-	(1,065)
Escrows	448,583	-	-	-	-	448,583
Sale of investments	810	-	-	-	-	810
Net cash provided by investing activities	778,722	-	-	-	-	778,722

Capital for Change, Inc. and Affiliated Organizations

Consolidating Statement of Cash Flows
Year Ended March 31, 2021

	C4C	CEEFCo	CT CDFI	Historic Pearl	Eliminations	Total
Cash flows from financing activities						
Net agency funds received	14,117	-	-	-	-	14,117
Repayment of notes payable	(7,480,255)	(4,500,000)	-	-	-	(11,980,255)
Proceeds from notes payable	3,763,639	-	-	-	-	3,763,639
Net cash used in financing activities	(3,702,499)	(4,500,000)	-	-	-	(8,202,499)
Net increase (decrease) in cash and restricted cash	80,234	(964,823)	-	-	-	(884,589)
Cash and restricted cash, beginning	9,464,749	2,704,914	-	-	-	12,169,663
Cash and restricted cash, end	$ 9,544,983	$ 1,740,091	$ -	$ -	$ -	$ 11,285,074
Supplemental disclosure of cash flow information						
Cash paid during the year for interest	$ 1,414,524	$ 507,437	$ -	$ -	$ -	$ 1,921,961
Noncash activity related to financing activities						
Tax credit proceeds	$ -	$ -	$ -	$ 3,859,448	$ -	$ 3,859,448
Loan to tax credit investor	$ -	$ -	$ -	$ (3,859,448)	$ -	$ (3,859,448)

See Independent Auditor's Report.

Capital for Change, Inc. and Affiliated Organizations

Schedule of Expenditures of Federal Awards
Year Ended March 31, 2021

Federal grantor/pass through grantor/program or cluster title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
United States Department of Housing and Urban Development				
Passed through Connecticut Housing Finance Authority				
Title II Nonsupervised Mortgages	14.XXX		$ -	$ 5,960,397
United States Department of Commerce				
Passed through the City of Bridgeport				
Economic Development Cluster				
Economic Adjustment Assistance				
EDA Revolving Loan Fund ("RLF") Grant - Total Economic Development Cluster	11.307		-	1,202,977
Total Expenditures of Federal Awards			$ -	$ 7,163,374

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
March 31, 2021

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Capital for Change, Inc. and Affiliated Organizations under programs of the federal government for the year ended March 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Capital for Change, Inc. and Affiliated Organizations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Capital for Change, Inc. and Affiliated Organizations.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Capital for Change, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Federal Housing Administration loan program

Federal expenditures of $4,787,165 represent outstanding loan balances serviced by Capital for Change, Inc. and Affiliated Organizations for other lenders. There were no additions to the portfolio for the year ended March 31, 2021. Compliance requirements tested that were direct and material to the FHA loan program included the quality control plan, loan servicing, federal financial and activity reports, lender annual recertification, adjusted net worth, liquidity and licensing and escrow accounts.

Note 4 - Economic Adjustment Assistance - Revolving Loan Fund ("RLF")

The RLF capital base is defined as the value of EDA RLF assets administered by the recipient. It is equal to the amount of grant funds used to capitalize the fund, plus the matching funds committed to the RLF at the time of the award (and any subsequent additions, but not withdrawals), plus RLF income added to the fund, less loan losses, less disallowances, plus voluntary contributed capital. The RLF capital is required to be used for the purpose of making RLF loans that are consistent with the recipient's RLF Plan. The expenditure of federal awards for the year ended March 31, 2021 is the total of the balance of RLF loans outstanding at the end of the year plus the cash balance plus administrative expenses paid plus the unpaid principal balance of all EDA loans written off during the year divided by the federal participation rate. The balance of $1,202,977 is calculated as follows:

Loan receivable outstanding	$	1,218,198
Cash balance		392,116
Administrative fees		13,794
	$	1,624,108
Calculation of Federal share of the RLF:		
Federal EDA funds	$	1,000,000
Federal EDA funds + Match		1,350,000
Federal participation rate		74.07%
Federal share	$	1,202,977

In January 2021, C4C received correspondence authorizing the potential release of federal interest of the EDA RLF agreement under the Reinvigorating Lending for the Future Act. To qualify for defederalization of this program, C4C is required to submit a request for release of interest to the United States Department of Commerce, which C4C submitted on June 16, 2021. As of the date of this report, the request has not yet been appoved.

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
Capital for Change, Inc.

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 Capital for Change, Inc. and Affiliated Organizations (nonprofit organizations), which comprise the consolidated statement of financial position as of March 31, 2021, and the related consolidated statements of activities and changes in net assets, 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 June 28, 2021. The financial statements of Connecticut Energy Efficiency Finance Company, Connecticut CDFI Alliance and C4C Historic Pearl, LLC were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Connecticut Energy Efficiency Finance Company, Connecticut CDFI Alliance and C4C Historic Pearl, LLC.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Capital for Change, Inc. and Affiliated Organizations' internal control over financial reporting (internal control) as a basis for designing the 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 Capital for Change, Inc. and Affiliated Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of Capital for Change, Inc. and Affiliated Organizations' 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital for Change, Inc. and Affiliated Organizations' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

CohnReznick LLP

Hartford, Connecticut
June 28, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Capital for Change, Inc.

Report on Compliance for Each Major Federal Program

We have audited Capital for Change, Inc. and Affiliated Organizations' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Capital for Change, Inc. and Affiliated Organizations' major federal programs for the year ended March 31, 2021. Capital for Change, Inc. and Affiliated Organizations' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Capital for Change, Inc. and Affiliated Organizations' compliance.

Opinion on Each Major Federal Program

In our opinion, Capital for Change, Inc. and Affiliated Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Report on Internal Control over Compliance

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

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

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

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

CohnReznick LLP

Hartford, Connecticut
June 28, 2021

Capital for Change, Inc. and Affiliated Organizations

Schedule of Findings and Questioned Costs
Year Ended March 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.XXX	Title II Nonsupervised Mortgages

Dollar threshold used to distinguish between type A and B programs	$750,000
Auditee qualified as low-risk auditee?	__ yes ✓ no

Capital for Change, Inc. and Affiliated Organizations

Schedule of Findings and Questioned Costs
Year Ended March 31, 2021

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

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