

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION**

For the Years Ended June 30, 2017 and 2016

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Table of Contents

For the Years Ended June 30, 2017 and 2016

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 24
SUPPLEMENTAL INFORMATION:	
Schedule of Expenditures of Federal Awards	25 - 26
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	27 - 28
INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE	29 - 30
AUDITOR'S STATEMENT OF FINDINGS AND QUESTIONED COSTS	31

To the Board of Directors
Community Development Partnership

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Development Partnership and Thankful Chase Pathways, LLC, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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 audits. We conducted our audits in accordance with audited standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Development Partnership and Thankful Chase Pathways, LLC as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial

P.O. Box F • Osterville, MA 02655 • Tel: 508.428.0790 • 877.428.1040 • Fax: 508.428.6150

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 December 14, 2017, on our consideration of Community Development Partnership and Thankful Chase Pathways, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Community Development Partnership and Thankful Chase Pathways, LLC's internal control over financial reporting and compliance.

Sanders, Walsh & Estey, LLC

Osterville, Massachusetts
December 14, 2017

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Consolidated Statements of Financial Position
June 30, 2017 and 2016

ASSETS	2017	2016
Current Assets:		
Cash Accounts	\$ 1,193,120	\$ 1,155,564
Restricted Capital Reserve Cash Accounts	388,385	413,090
Escrow Accounts	140,296	116,606
Accounts Receivables	314,626	357,078
Rent Receivables	22,127	10,359
Prepaid expenses	65,644	55,233
Security deposits	41,983	38,999
Loans receivable, current portion	155,560	138,471
Total Current Assets	2,321,741	2,285,400
Fixed Assets:		
Land	1,129,203	1,129,203
Buildings and equipment	10,007,334	9,931,801
Total Fixed Assets	11,136,537	11,061,004
Accumulated depreciation	(3,376,726)	(3,036,010)
Net Fixed Assets	7,759,811	8,024,994
Other Assets:		
Inventory: Fishing permits	600,000	600,000
Loans receivable, long term (net of allowances for loan losses of \$18,719 and \$31,623 respectively)	242,754	272,919
Total Other Assets	842,754	872,919
Total Assets	\$10,924,306	\$11,183,313
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 118,887	\$ 106,719
Accrued expenses	115,413	110,335
Advance on grant contracts	355,814	440,253
Deposits payable	41,279	39,626
Mortgage and Note payable, current portion	109,008	58,300
Total Current Liabilities	740,401	755,233
Long-Term Liabilities:		
Mortgage Payable - Private and Government	2,380,980	2,462,066
Note Payable - Scallop Quota Loan	366,212	441,318
Government Mortgages - Deferred Financing	5,389,011	5,389,011
Total Long-Term Liabilities	8,136,203	8,292,395
Total Liabilities	8,876,604	9,047,628
Net Assets:		
Unrestricted	2,047,702	2,135,685
Total Net Assets	2,047,702	2,135,685
Total Liabilities and Net Assets	\$10,924,306	\$11,183,313

The accompanying notes are an integral part of these financial statements

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Consolidated Statements of Activities
For the Years Ended June 30, 2017 and 2016

	2017	2016
Changes in unrestricted net assets		
Grant income	\$ 1,947,270	\$ 1,950,747
Program income	814,356	846,842
Contributions	325,382	495,630
Special events	35,572	22,674
Interest income	4,327	3,551
Other income	24,743	59,296
Total Revenues and Support	3,151,650	3,378,740
Expenses:		
Program	3,082,413	3,056,881
General and administrative	33,380	38,390
Fundraising	123,840	96,479
Total Expenses	3,239,633	3,191,751
Increase in Net Assets	(87,983)	186,989
Net Assets, Beginning of Year	2,135,685	1,948,696
Net Assets, End of Year	\$ 2,047,702	\$ 2,135,685

The accompanying notes are an integral part of these financial statements

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2017 and 2016

	2017			Total
	Program	General and Administrative	Fund-Raising	
Salaries, benefits, and payroll taxes	\$ 752,421	\$ 167,170	\$ 66,676	\$ 986,267
Advertising	15,775	20,406	10,591	46,772
Depreciation and amortization	333,451	6,453	438	340,342
Dues and memberships	4,689	1,037	567	6,293
Insurance	60,722	4,327	772	65,821
Interest	161,849	1,886	96	163,831
Licenses, permits and fees	5,420	1,513	2,685	9,618
Maintenance and repairs	139,689	9,372	1,735	150,796
Office supplies and equipment	36,013	7,754	6,872	50,639
Professional fees	63,476	3,390	11,133	77,999
Real estate tax	15,685	-	-	15,685
Rent (Office expense)	7,255	-	2,000	9,255
Special program	1,220,229	188	869	1,221,286
Training	1,961	5,576	1,436	8,973
Travel	11,941	943	1,161	14,045
Utilities	67,005	4,483	523	72,011
Subtotal	<u>2,897,581</u>	<u>234,498</u>	<u>107,554</u>	<u>3,239,633</u>
Allocation of G&A costs	184,832	(201,118)	16,286	-
Total	<u>\$ 3,082,413</u>	<u>\$ 33,380</u>	<u>\$ 123,840</u>	<u>\$ 3,239,633</u>

	2016			Total
	Program	General and Administrative	Fund-Raising	
Salaries, benefits, and payroll taxes	\$ 694,918	\$ 149,295	\$ 49,898	\$ 894,111
Advertising	18,677	23,660	11,504	53,841
Depreciation and amortization	329,519	5,678	278	335,475
Dues and memberships	4,525	1,106	397	6,028
Insurance	63,497	4,324	726	68,547
Interest	185,251	1,048	111	186,410
Licenses, permits and fees	5,772	839	2,193	8,804
Maintenance and repairs	186,887	10,916	1,737	199,540
Office supplies and equipment	23,362	6,902	6,967	37,231
Professional fees	69,502	16,465	7,620	93,587
Real estate tax	15,551	210	-	15,761
Rent (Office expense)	15,006	3,015	498	18,519
Special program	1,174,085	-	720	1,174,805
Training	6,580	2,040	154	8,774
Travel	9,510	806	577	10,893
Utilities	75,581	3,499	346	79,426
Subtotal	<u>2,878,223</u>	<u>229,802</u>	<u>83,726</u>	<u>3,191,751</u>
Allocation of G&A costs	178,658	(191,412)	12,754	-
Total	<u>\$ 3,056,881</u>	<u>\$ 38,390</u>	<u>\$ 96,479</u>	<u>\$ 3,191,751</u>

The accompanying notes are an integral part of these financial statements

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Increase/(Decrease) in net assets	\$ (87,983)	\$ 186,989
Adjustments to reconcile changes in net assets provided by operating activities:		
Depreciation	340,716	328,458
(Increase) decrease in:		
Accounts receivable	42,452	116,472
Rents receivable	(11,768)	23,580
Loan receivables	13,076	(116,848)
Escrow accounts	(23,690)	114,884
Security deposits	(2,984)	(1,012)
Prepaid expenses	(10,411)	2,073
Increase (decrease) in:		
Accounts payable	12,168	(110,455)
Deposits payable	1,653	3,706
Accrued expenses	5,078	27,161
Advance on grant contracts	(84,439)	(103,008)
Net Cash Provided by Operating Activities	193,868	472,000
Cash Flows from Investing Activities:		
Net deposits to reserves	24,705	45,584
Purchase of property and equipment	(75,533)	(118,690)
Net Cash Used in Investing Activities	(50,828)	(73,106)
Cash Flows from Financing Activities:		
Proceeds from loans		74,280
Repayments of mortgage payable	(105,484)	(135,880)
Net Cash Used in Financing Activities	(105,484)	(61,600)
Net increase in Cash	37,556	337,294
Cash, Beginning of Year	1,155,564	818,270
Cash, End of Year	\$ 1,193,120	\$ 1,155,564
Supplemental Cash Flow Information		
Interest costs incurred	\$ 163,831	\$ 186,410
Interest subsidy credited	(45,762)	(45,762)
Interest Costs Paid	\$ 118,069	\$ 140,648
Noncash Financing and Investing Activities:		
Government interest subsidies credited towards debt service requirements	\$ 45,762	\$ 45,762
Noncash Financing and Investing Activities:	\$ 45,762	\$ 45,762

The accompanying notes are an integral part of these financial statements

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-320, Accounting for Certain Investments Held by Not-for-Profit Organizations. As a result the financial activity for Thankful Chase Pathway, LLC (TCP) a for-profit company owned 100% by CDP have been consolidated with the financial activity of CDP for the years ended June 30, 2017 and 2016. TCP was formed for the purpose of investment and holding of a leasehold interest in, and development of, real estate and interests therein, including, but not limited to, the leasing, acquiring, operating, selling, financing, refinancing, disposing of and otherwise dealing with interests in real estate, directly or indirectly through joint ventures, partnerships or other entities, specifically those associated with the property known as 35 Main Street Extension, Harwich, Massachusetts, to be known as Thankful Chase Pathway, with the specific intention of holding the property as affordable housing, and to engage in any activities directly or indirectly related or incidental thereto.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The consolidated financial statements include the accounts CDP and TCP (for-profit company), its 100% wholly owned subsidiary. All significant intercompany balances and transactions were eliminated in consolidation. The organization have common control and an element of economic interest. In accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 94-3, consolidation is required.

Financial statement presentation follows the professional recommendations. Under professional recommendations, the Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets of the two restricted classes are created only by donor imposed restrictions on their use. All other net assets are legally unrestricted and are reported as part of the unrestricted class.

There were no temporarily or permanently restricted net assets or activities as of June 30, 2017 and 2016.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

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

Estimates

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain administrative and general costs have been allocated among the program and supporting services benefited.

Tax Exempt Status

The CDP is a not-for-profit organization exempt from taxes under Internal Revenue Code 501(c)(3) and is defined as a voluntary health and welfare organization.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the CDP considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Donated capital assets and property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged against operations. Donations of property and equipment are recorded at their estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over their estimated useful lives of three to ten years for equipment and five to thirty years for buildings and improvements.

In Kind Revenue and Expenses

CDP receives support in the form of donated goods and services. These goods and services are recorded at their fair market values at the time received and are reflected in the financial statements as both support and expense. Total in-kind contributions amounted to \$50,216 and \$45,572 for the year ended June 30, 2017 and 2016, respectively.

Allowance for Bad Debts

Accounts and loan receivables are stated at unpaid balances, less an allowance for doubtful accounts. The CDP provides for losses on accounts and loan receivable using the allowance method. The allowance is based on experience and other circumstances. It is CDP's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

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

Advertising

CDP follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended June 30, 2017 and 2016 were \$46,771 and \$53,841, respectively.

Compensated Absences

Compensated absences have been accrued in the amount of \$46,648 and \$48,903 as of June 30, 2017 and 2016, respectively.

NOTE B - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents at June 30 consist of the following:

	2017	2016
General operating fund	\$ 411,870	\$ 641,846
Money market funds	781,250	513,718
Total cash and cash equivalents	\$ 1,193,120	\$ 1,155,564

Included in total cash and cash equivalents is restricted cash for the Micro loan program at June 30 consists of the following:

	2017	2016
Money market funds	\$ 169,402	\$ 105,655

NOTE C - RESTRICTED DEPOSITS AND FUNDED RESERVES:

Replacement Reserve and Solar Reserve

In accordance with the terms of the MHP's regulatory agreement TCP funds and maintains a replacement reserve fund. The replacement reserve balance was \$39,641 and \$33,164 as of June 30, 2017 and 2016, respectively. The Solar reserve balance was \$22,311 and \$22,140 as of June 30 2017 and 2016, respectively.

Operating Reserve

In accordance with the terms of the MHP's regulatory agreement, TCP will maintain a revenue fund account for its operations, starting March 31, 2011, held by MHP. The revenue fund amount at June 30, 2017 and 2016 was \$14,154 and \$14,048, respectively.

Rental Property Reserve Accounts

CDP maintains funded reserves for various rental properties for future capital improvements. The reserves account balances were \$312,278 and \$343,738 as of June 30, 2017 and 2016, respectively.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE C - RESTRICTED DEPOSITS AND FUNDED RESERVES (continued):

Escrow Reserve Accounts

Escrow reserve accounts were comprised of the following as of June 30, 2017 and 2016:

	2017	2016
Mass Ground Fish Loan Fund	\$ 119,428	\$ 67,559
MHP Escrow Reserve-TCP	8,780	9,027
CDBG - Housing Rehabilitation Fund	12,088	40,020
	\$ 140,296	\$ 116,606

NOTE D - INVENTORIES:

Inventories consist of three (3) fishing permits purchased for resale/lease. They are stated at the lower of cost or market. The inventory balance was \$600,000 and \$600,000 as of June 30, 2017 and 2016, respectively.

NOTE E - LINE OF CREDIT:

CDP has entered into credit agreements with banks that allow the Corporation to borrow an amount not to exceed \$75,000. The credit line bears interest at prime plus 1%. The loan is not secured by the assets of the Corporation. The outstanding balance as of June 30, 2017 and 2016 was \$0 and \$0, respectively.

CDP has entered into a seven (7) year credit agreement with Massachusetts Growth Capital Corporation (MGCC), a Massachusetts quasi-public lending agency, that allows CDP to borrow an amount not to exceed \$250,000 for the purpose of providing capital to fund microloans to qualified businesses. The credit line bears interest only of 3.25% for three (3) years. Outstanding principal balance at the end of the three (3) year period is amortized over a four (4) year period with a maturity date of January 29, 2021. The outstanding balance as of June 30, 2017 and 2016 was \$0 and \$0, respectively.

NOTE F - RENTAL REHABILITATION AND HOUSING REHABILITATION LOAN PROGRAM:

The CDP has received pass-through grants from the Towns of Wellfleet, Truro, Eastham and Dennis to administer rehabilitation loans to eligible property owners or investors under the United States Department of Housing and Urban Development Small Cities Program. Loans are now capped at \$35,000 per unit, and for loans issued through fiscal year 1999, repayment of the outstanding balance is forgiven at the rate of 10% per year provided that the borrower is in compliance with loan provisions. Loans issued between fiscal year 2000 and 2001 are deferred for ten years with no annual loan forgiveness while loans after fiscal year 2002 are deferred for fifteen years with no annual loan forgiveness. The loans secured through a ten or fifteen year property lien.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE F - RENTAL REHABILITATION AND HOUSING REHABILITATION LOAN PROGRAM (continued):

The CDP does not expect to collect on a substantial portion of these loans and any loans collected because of default of grant terms and conditions would be remitted to the grant awarding authorities and do not represent available resources to the CDP. Therefore, the issuance of these loans is considered a non-exchange transaction and is recorded as a grant/program expense in the financial statements and no receivable is recorded. Grant revenue and expense was \$1,196,709 and \$1,158,320 for the years ended June 30, 2017 and 2016 respectively.

NOTE G - LOANS RECEIVABLE:

The CDP microloan fund was funded originally with a pass-through grant from the Town of Chatham to administer a small business revolving loan program under the United States Department of Housing and Urban Development Small Cities program. These micro-loans of up to \$40,000 are issued to eligible individuals to start up or expand small, private businesses in the Lower Cape Cod area. Principal and interest is repayable monthly at interest rates of prime plus 2%, and the loan maturities do not exceed a five year term. An allowance for doubtful accounts is estimated each year based on specific identification of at risk loans. Uncollectible loans are charged off when the business declares bankruptcy.

The CDP Ground Fish Revolving loan fund was funded by a \$250,000 federal pass through grant from the Massachusetts Department of Marine Fisheries. The Ground fish revolving loans of up to \$50,000 are issued to eligible individuals to encourage the continued profitability of small-scale ground fish fishing businesses with leasing ground fish quota.

The CDP Shellfish Microloan fund was capitalized by a \$60,000 contribution from Wellfleet SPAT. Loans are made to eligible applicants that are Wellfleet based shellfish and aquaculture businesses.

In addition to the microloan, ground fish revolving loan and shellfish microloan funds, CDP has also issued short-term business loans, using its own funds to fund various small businesses such as scallop leases to buy quota licenses.

Loans receivables are carried at unpaid principal balances, less an allowance for loan losses and net deferred loan fees. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay and current economic conditions.

Loan receivables were comprised of the following at June 30, 2017 and 2016:

	2017	2016
Microloans	\$ 178,196	\$ 244,157
Ground fish loans	164,405	184,640
Shellfish microloans	34,483	12,709
Scallop lease to buy loans	39,949	1,507
	417,033	443,013
Less allowance for uncollected accounts	(18,719)	(31,623)
Net Loan Receivable	\$ 398,314	\$ 411,390

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Notes to Consolidated Financial Statements

For the Years Ended June 30, 2017 and 2016

NOTE H - GRANT INCOME:

CDP receives a substantial amount of its support from the United States Department of Housing and Urban Development on a pass-through basis under cost reimbursement contracts, which are based on approved budgets. Additional funding is received directly from the United States Department of Agriculture as rent subsidies and through fees charged by the Registry of Motor Vehicles associated with the issuance of Cape and Islands license plates, net of related direct costs. Under Massachusetts General Law Chapter 90, Section 2, the CDP receives 20% of the net fees of these license plates in amounts proportional to the number of vehicles registered in Barnstable County in order to promote tourism or economic development.

Support received under cost reimbursement contracts and grants is recorded as grant revenue and grant receivable in unrestricted net assets when the related costs are incurred or billed. Cost reimbursement grant revenue in excess of costs incurred are recorded as a liability "advance on grant contracts", until costs are incurred and the revenue earned. Support received under rent subsidies and the Cape and Islands license plate program are recorded as grant revenue and grant receivables when the underlying transaction generating these grant amounts occur. Cape and Islands license plate revenue is allocated for the use among CDP programs by the Board of Directors.

A summary of CDP's significant grant programs for the years ended June 30 2017 ad 2016 are as follows:

	2017	2016
U.S. Department of Housing and Urban Development	\$ 1,467,500	\$ 1,413,477
U.S. Department of Agriculture	235,115	229,436
Mass Growth and Capital Corp.	41,905	83,125
Commonwealth Corp.	1,500	-
Com EOHED	21,250	30,000
Cape and Islands Plates	180,000	194,709
	\$ 1,947,270	\$ 1,950,747

NOTE I - MORTGAGES AND NOTES PAYABLE:

Mortgages payable:

Note payable to US Department of Agriculture (USDA), 6.75% interest and principal payment of \$2,183 payable monthly, final payment due September, 2032, collateralized by property located at 324 Old Kings Highway, Wellfleet, MA.

	2017	2016
	\$ 966,631	\$ 973,116

Note payable to Cape Cod Five Cent Savings Bank, 5.03% interest and principal payment of \$1,616 payable monthly, final payment due October, 2025, collateralized by property located at 836 Main Street, Harwich, MA.

	126,244	138,854
--	---------	---------

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE I - MORTGAGES AND NOTES PAYABLE (continued):

	<u>2017</u>	<u>2016</u>
Note payable to the Cape Cod Five Cents Savings Bank, 9.00% interest and principal payment of \$961 payable monthly, final payment due August, 2020, collateralized by property located at Gull Cottages, Eastham.	92,886	95,759
Note payable to Seamen's Bank, 5.0% interest and principal payment of \$724 payable monthly, final payment due August, 2037, collateralized by property located at 27 Nelson Ave., Provincetown, MA.	109,315	112,393
Note payable to TD Bank, 4.22% interest and principal payment of \$2,401 payable monthly, final payment due May, 2027, collateralized by property located at 17 & 19 Robert Lane and 836 Route 28, Harwich, MA.	230,912	249,396
Note payable to Cape Cod Five Cents Savings Bank, 7.30% interest and principal payment of \$515 payable monthly, final payment due December, 2025, collateralized by property located at Unit 7 Main Street Mercantile, Eastham, MA.	42,815	46,858
Note payable to TD Bank, 4.0% interest and principal payment of \$500 payable monthly, final payment due March, 2033, collateralized by property located at 1475 State Highway, Eastham, MA.	84,958	88,738
Note payable to Cape Cod Five Cents Savings Bank, 4.20% interest and principal payment of \$328 payable monthly, final payment due July, 2033, collateralized by property located at Gull Cottages, Eastham, MA.	45,753	47,694
Note payable to Town of Eastham, 5.00% interest and principal payment of \$2,315 payable semi-annually, final payment due November, 2019, collateralized by property located at Gull Cottages, Eastham.	4,961	6,615

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE I- MORTGAGES AND NOTES PAYABLE (continued):	2017	2016
Note payable to the Massachusetts Housing Partnership (MHP), 6.58 interest and principal payment of \$4,653 payable monthly, final payment due August 25, 2031, collateralized by property located at Thankful Chase Pathway.	675,687	686,662
Note payable to Seaman's Bank, 4.0% interest and principal payment of \$219 payable monthly, final payment due August 13, 2020, collateralized by property located at 3 Main Street Mercantile, Unit 18A.	33,738	34,947
Note payable to Seaman's Bank, 4.0% interest and principal payment of \$244 payable monthly, final payment due January 7, 2021, collateralized by property located at 3 Main Street Mercantile, Unit 6.	37,972	39,333
Total Mortgages Payable	2,451,872	2,520,365
Note Payable:		
Note payable to Cape Cod Commercial Hook Fishermen's Association, Inc.. 3.0% interest and principal payment of \$4,143 payable monthly, final payment due October, 2026, collateralized by three(3) Northeast Federal Fishery Permits.	404,328	441,318
Total Note Payable	404,328	441,318
Total Mortgages and Note Payable	2,856,200	2,961,683
Current portion	109,008	58,300
Long term portion	\$ 2,747,192	\$ 2,903,383

The following is a maturity schedule for the above-mentioned mortgages and note payables:

June 30	
2018	109,008
2019	112,291
2020	115,676
2021	119,163
2022	122,755
Thereafter	2,277,307
	\$ 2,856,200

The CDP incurred interest costs totaling \$163,831 and \$186,410 for the years ended June 30, 2017 and 2016, respectively, all of which were charged to operations.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE J - GOVERNMENT MORTGAGES - DEFERRED

CDP - Deferred Financing provided by HUD

Note payable to the Dept. of Housing and Community Development (DHCD) thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$170,000 due March, 2037, collateralized by property located at 71 Canal Rd., Orleans, MA .

	2017	2016
\$	170,000	\$ 170,000

Note payable to the Barnstable County thru the Cape Cod Commission under the HOME Investment Partnership Program, 0.00% interest and balloon payment of \$120,000 due March, 2037, collateralized by property located at 71 Canal Rd., Orleans, MA .

	120,000	120,000
--	---------	---------

Note payable to Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$166,000 due August, 2040, collateralized by property located at Gull Cottages, Eastham.

	166,000	166,000
--	---------	---------

Note payable to Barnstable County thru the Cape Cod Commission under the HOME Investment Partnership Program, 0.00% interest and balloon payment of \$60,000 due June, 2041, collateralized by property located at 27 Nelson Ave., Provincetown, MA .

	60,000	60,000
--	--------	--------

Note payable to DHCD under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$550,000 due April, 2032, collateralized by property located at 324 Old Kings Highway, Wellfleet, MA.

	550,000	550,000
--	---------	---------

Note payable to Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$175,000 due April, 2042, collateralized by property located at 324 Old Kings Highway, Wellfleet, MA.

	175,000	175,000
--	---------	---------

Note payable to Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$160,000 due July, 2044, collateralized by property located at 58 Harry Kemp Way, Provincetown, MA.

	160,000	160,000
--	---------	---------

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Notes to Consolidated Financial Statements

For the Years Ended June 30, 2017 and 2016

NOTE J - GOVERNMENT MORTGAGES - DEFERRED FINANCING (continued) :

	2017	2016
Note payable to the Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$117,714 due October, 2055, collateralized by property located at 836 Main Street, Harwich, MA.	117,714	117,714
Note payable to the Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$37,286 due October, 2055, collateralized by property located at 836 Main Street, Harwich, MA.	37,286	37,286
Note payable to DCHD thru the Town of Provincetown under the Housing Development Support Program CDBG, 0.00% interest and balloon payment of \$176,373 due August, 2041, collateralized by property located at 27 Nelson Ave., Provincetown, MA .	176,373	176,373
Note payable to DCHD thru the Town of Harwich under the Housing Development Support Program CDBG, 0.00% interest and balloon payment of \$493,000 due November, 2052, collateralized by property located at 17 & 19 Robert Lane, Harwich, MA .	493,000	493,000
Note payable to DCHD thru the Town of Eastham under the Housing Development Support Program CDBG, 0.00% interest and balloon payment of \$248,400 due April, 2052, collateralized by property located at 1475 State Highway, Eastham, MA .	248,400	248,400
Note payable to the Massachusetts Housing Fund Board under the HOME Investment Partnership program, 0.00% interest and balloon payment of \$400,000 due October, 2055, collateralized by property located at 836 Main Street, Harwich, MA.	400,000	400,000
Default Conditional Note payable to The Resource, Inc. thru Housing Rehab Loan Program, 0.00% interest and payment in the amount of \$40,163 due June 2020, collateralized by property located at 836 Main Street, Harwich, MA. (Forgiven at due date if loan conditions met.)	40,163	40,163
Total CDP Deferred Financing provided by HUD	2,913,936	2,913,936

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE J - GOVERNMENT MORTGAGES - DEFERRED FINANCING (continued):

	2017	2016
TCP - Deferred Financing provided by HUD		
Note payable to the Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$550,500 due March, 2041, collateralized by property located at Thankful Chase Pathway.	550,000	550,000
Note payable to the Barnstable County thru the Cape Cod Commission under the HOME Investments Partnership Program, 0.00% interest and balloon payment of \$150,000 due February 26, 2060, collateralized by property located at Thankful Chase Pathway.	150,000	150,000
Total TCP Deferred Financing provided by HUD	700,000	700,000
Total Deferred Financing provided by HUD	3,613,936	3,613,936
CDP - Other governmental agencies deferred loans:		
Note payable to Massachusetts DHCD under the Housing Stabilization Program, 0.00% interest and balloon payment of \$159,750 due July, 2044, collateralized by property located at 58 Harry Kemp Way, Provincetown, MA.	159,750	159,750
Note payable to the Massachusetts DHCD under the Affordable Housing Trust, 0.00% interest and balloon payment of \$265,325 due October, 2035, collateralized by property located at 836 Main Street, Harwich, MA.	265,325	265,325
CDP - Other governmental agencies deferred loans:	425,075	425,075
Total CDP deferred governmental Financing	4,039,011	4,039,011
TCP - Other governmental agencies deferred loans:		
Thankful Chase Pathways, LLC secured financing from a Massachusetts Corporation, Community Economic Development Assistance Corporation (CEDAC), for a maximum amount of \$350,000 due March 31, 2041. In the requirements of the Housing Innovations Funds are met, CEDAC may extend the maturity date for another ten (10) years period until March 31, 2051. Principal and interest payments are not required before the maturity dates unless the cash flow generated by the project exceeds 105% of the capital expenditures of the project. This loan is collateralized by property located at Thankful Chase Pathway.	350,000	350,000

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE J - GOVERNMENT MORTGAGES - DEFERRED FINANCING (continued) :

	2017	2016
Note payable to the Massachusetts Housing Partnership (MHP) at 0% interest, final payment due March 31, 2031, collateralized by property located at Thankful Chase Pathway.	400,000	400,000
Note payable to the Affordable Housing Trust, 0.00% interest and balloon payment of \$600,000 due March, 2041, collateralized by property located at Thankful Chase Pathway.	600,000	600,000
Total TCP - Other governmental agencies deferred loans:	1,350,000	1,350,000
Total Government Mortgages - Deferred Financing	\$ 5,389,011	\$ 5,389,011

The following is a maturity schedule for the above-mentioned government mortgage payables:

June 30	
2018	-
2019	-
2020	40,163
2021	-
2022	-
Thereafter	5,348,848
	\$ 5,389,011

The CDP incurred interest costs on the deferred governmental mortgages totaling \$0 and \$0 for the years ended June 30, 2017 and 2016, respectively.

The property located at 324 Old King's Highway in Wellfleet, Massachusetts consists of buildings, improvements and program equipment. The land is owned by the Wellfleet Housing Authority and leased to CDP through November 2061 at no cost.

NOTE K - RELATED PARTY TRANSACTIONS:

Board members also include employees of Cape Cod Five Cents Savings Bank and Seamen's Bank, which hold mortgage loans on property owned by CDP. These Board members do not have positions which affect the lending of funds to CDP.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE L - ECONOMIC DEPENDENCY:

The CDP receives substantially all of its funding from federal, state, and county agencies. A loss in a funding source would have an adverse material effect on the Corporation. A summary of the significant funding categories and the governmental agencies follows:

	2017	2016
United States Department of Agriculture - Direct Loans	\$ 966,631	\$ 973,116
United States Department of Agriculture - Mortgage Interest Subsidy	45,762	45,762
United States Department of Agriculture - Rental Assistance	97,714	105,363
United States Department of Agriculture - Rural Enterprise Grant	91,639	78,311
United States Department of HUD-HOME Direct Loans Permanent	2,656,000	2,656,000
United States Department of HUD-CDBG Direct Loans Permanent	957,936	957,936
United States Department of HUD-CDBG Housing Rehab Grants	1,467,500	1,413,477
United States Department of HUD-Section 8 Rental Assistance	215,193	175,634
United States Department of NOAA-NMFS Revolving Loan Fund	-	30,869
Massachusetts DHCD-Housing Stabilization Direct Loan Permanent	159,750	159,750
Massachusetts DHCD-Affordable Housing Trust Direct Loan Perm.	865,325	865,325
Massachusetts CEDAC-Affordable Housing Deferred Direct Loan	350,000	350,000
Massachusetts MHP-Affordable Housing Deferred Direct Loan	400,000	400,000
	<u>\$ 8,273,450</u>	<u>\$ 8,211,543</u>

NOTE M - LEASES:

During FY16, CDP leased two office spaces; Unit 18A as a tenant at will and Unit 6 for \$250 under non-cancelable operating leases, which expired October 31, 2015. CDP purchased unit 6 in January 2016 and unit 18A in August 2015. For the years ended June 30, 2017 and 2016, total rent expense for leases amounted to \$0 and \$2,381, respectively.

NOTE N - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK:

Concentrations of credit risk with respect to trade receivables and note receivables are limited due to the large number of customers comprising the CDP's customer base and their dispersion across differing industries and geographic areas. The CDP maintains its cash balances in various financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each institution. The CDP has bank balances at June 30, 2017 in excess of \$250,000 at both Seamens Bank and Cape Cod Five Savings Bank. The balances over \$250,000 are covered by the Depositors Insurance Fund (DIF), in which Seamens Bank and CC5 Savings Bank have memberships. At June 30, 2017 and 2016, the CDP's uninsured cash balances totaled \$0 and \$0, respectively.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE O - CONTINGENT LIABILITIES:

The CDP receives a substantial portion of its revenues from various government contracts; all of which are subject to audit by the applicable government agency. Should an audit be conducted and result in any disallowed costs, the CDP would be liable for such disallowed amounts. In management's opinion, liability, if any, resulting from such an audit would not have a material adverse effect on the CDP's financial position. Additionally, other contracts entered into with the agency contain compliance provisions which require the CDP to adhere to specified operating methods and procedures. In the event of noncompliance, the Agency has the discretion to demand immediate repayment of the note payable described in Note I.

NOTE P - PENSION PLAN:

CDP established a SIMPLE IRA Plan as an employee benefit program as defined under Section 401(k) of the U.S. Internal Revenue Code. Eligible employees are able to elect employee deferred amounts in accordance with IRS guidelines. CDP matches employee elective deferrals up to a match of 3% of eligible employee compensation. Pension expense was \$14,677 and \$13,435 for the years ended June 30, 2017 and 2016, respectively.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**

Notes to Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE Q - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION AND ACTIVITIES:

	June 30, 2017		
	CDP	TCP	TOTAL
Current Assets:			
Cash Accounts	\$ 1,103,218	\$ 89,902	\$ 1,193,120
Restricted Capital Reserve Cash Accounts	312,279	76,106	388,385
Escrow Accounts	131,516	8,780	140,296
Accounts Receivables	312,138	2,488	314,626
Rent Receivables	22,127	-	22,127
Prepaid expenses	59,796	5,848	65,644
Security deposits	30,806	11,177	41,983
Loans receivable, current portion	155,560	-	155,560
Total Current Assets	<u>2,127,440</u>	<u>194,301</u>	<u>2,321,741</u>
Fixed Assets:			
Land	1,129,203	-	1,129,203
Buildings and equipment	6,362,649	3,644,685	10,007,334
Total Fixed Assets	<u>7,491,852</u>	<u>3,644,685</u>	<u>11,136,537</u>
Accumulated depreciation	(2,617,416)	(759,310)	(3,376,726)
Net Fixed Assets	<u>4,874,436</u>	<u>2,885,375</u>	<u>7,759,811</u>
Other Assets:			
Inventory: Fishing permits	600,000	-	600,000
Loans receivable, long term (net of loan losses of \$18,719 and \$31,623 respectively)	242,754	-	242,754
Total Other Assets	<u>842,754</u>	<u>-</u>	<u>842,754</u>
Total Assets	<u>\$ 7,844,630</u>	<u>\$ 3,079,676</u>	<u>\$ 10,924,306</u>
Current Liabilities:			
Accounts payable	\$ 107,660	\$ 11,227	\$ 118,887
Accrued expenses	115,413	-	115,413
Advance on grant contracts	355,814	-	355,814
Deposits payable	30,103	11,176	41,279
Mortgage payable, current portion	97,648	11,360	109,008
Total Current Liabilities	<u>706,638</u>	<u>33,763</u>	<u>740,401</u>

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE Q - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION AND ACTIVITIES (continued):

	For the Year Ended June 30, 2017		
	CDP	TCP	TOTAL
Long-Term Liabilities:			
Mortgage Payable - Private and Government	\$ 1,716,653	\$ 664,327	\$ 2,380,980
Note Payable - Scallop Quota	366,212	-	366,212
Government Mortgages -	3,339,011	2,050,000	5,389,011
Total Long-Term Liabilities	<u>5,421,876</u>	<u>2,714,327</u>	<u>8,136,203</u>
Total Liabilities	<u>6,128,514</u>	<u>2,748,090</u>	<u>8,876,604</u>
Net Assets:			
Unrestricted	<u>1,716,116</u>	<u>331,586</u>	<u>2,047,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,844,630</u>	<u>\$ 3,079,676</u>	<u>\$ 10,924,306</u>
Changes in unrestricted net assets			
Grant income	\$ 1,947,270	\$ -	\$ 1,947,270
Program income	638,574	175,782	814,356
Contributions	324,782	600	325,382
Special events	35,572	-	35,572
Interest income	3,769	558	4,327
Other income	24,071	672	24,743
Total Revenues and Support	<u>2,974,038</u>	<u>177,612</u>	<u>3,151,650</u>
Expenses:			
Program	2,809,828	272,585	3,082,413
General and administrative	33,380	-	33,380
Fundraising	123,840	-	123,840
Total Expenses	<u>2,967,048</u>	<u>272,585</u>	<u>3,239,633</u>
Decrease in Net Assets	6,990	(94,973)	(87,983)
Net Assets, Beginning of Year	<u>1,709,126</u>	<u>426,559</u>	<u>2,135,685</u>
Net Assets, End of Year	<u>\$ 1,716,116</u>	<u>\$ 331,586</u>	<u>\$ 2,047,702</u>

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE Q - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION AND ACTIVITIES (continued):

	June 30, 2016		
	CDP	TCP	TOTAL
Current Assets:			
Cash Accounts	\$ 1,074,363	\$ 81,201	\$ 1,155,564
Restricted Capital Reserve Cash Accounts	343,740	69,350	413,090
Escrow Accounts	107,579	9,027	116,606
Accounts Receivables	357,078	-	357,078
Rent Receivables	8,266	2,093	10,359
Prepaid expenses	49,602	5,631	55,233
Security deposits	30,044	8,955	38,999
Loans receivable, current portion	-	-	-
Total Current Assets	<u>1,970,672</u>	<u>176,257</u>	<u>2,146,929</u>
Fixed Assets:			
Land	1,129,203	-	1,129,203
Buildings and equipment	6,287,115	3,644,685	9,931,800
Total Fixed Assets	<u>7,416,318</u>	<u>3,644,685</u>	<u>11,061,003</u>
Accumulated depreciation	(2,398,189)	(637,820)	(3,036,009)
Net Fixed Assets	<u>5,018,129</u>	<u>3,006,865</u>	<u>8,024,994</u>
Other Assets:			
Inventory: Fishing permits	600,000	-	600,000
Loans receivable, long term (net of loan losses of \$40,860 and \$24,831 respectively)	411,390	-	411,390
Total Other Assets	<u>1,011,390</u>	<u>-</u>	<u>1,011,390</u>
Total Assets	<u>\$ 8,000,191</u>	<u>\$ 3,183,122</u>	<u>\$ 11,183,313</u>
Current Liabilities:			
Accounts payable	\$ 95,767	\$ 10,952	\$ 106,719
Accrued expenses	110,335	-	110,335
Advance on grant contracts	440,253	-	440,253
Deposits payable	30,677	8,949	39,626
Mortgage payable, current portion	58,300	-	58,300
Total Current Liabilities	<u>735,332</u>	<u>19,901</u>	<u>755,233</u>
Long-Term Liabilities:			
Mortgage Payable - Private and Note Payable - Scallop Quota	1,775,404	686,662	2,462,066
Government Mortgages - Deferred Financing	441,318	-	441,318
Total Long-Term Liabilities	<u>3,339,011</u>	<u>2,050,000</u>	<u>5,389,011</u>
Total Liabilities	<u>5,555,733</u>	<u>2,736,662</u>	<u>8,292,395</u>
	<u>6,291,065</u>	<u>2,756,563</u>	<u>9,047,628</u>

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Notes to Financial Statements
For the Years Ended June 30, 2017 and 2016

NOTE Q - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION AND ACTIVITIES (continued):

	For the Year Ended June 30, 2016		
	CDP	TCP	TOTAL
Net Assets:			
Unrestricted	1,709,126	426,559	2,135,685
TOTAL LIABILITIES AND NET ASSETS	\$ 8,000,191	\$ 3,183,122	\$ 11,183,313
Changes in unrestricted net assets			
Grant income	\$ 1,950,747	\$ -	\$ 1,950,747
Program income	678,882	167,960	846,842
Contributions	495,630	-	495,630
Special events	22,674	-	22,674
Interest income	3,367	184	3,551
Other income	59,070	226	59,296
Total Revenues and Support	3,210,370	168,370	3,378,740
Expenses:			
Program	2,779,764	277,118	3,056,882
General and administrative	38,390	-	38,390
Fundraising	96,479	-	96,479
Total Expenses	2,914,633	277,118	3,191,751
Decrease in Net Assets	295,737	(108,748)	186,989
Net Assets, Beginning of Year	1,413,388	535,308	1,948,696
Net Assets, End of Year	\$ 1,709,125	\$ 426,560	\$ 2,135,685

NOTE R - SUBSEQUENT EVENTS:

CDP has evaluated subsequent events through November 30, 2017, the date which the financial statements were available to be issued. As of November 30, 2017, there were no other subsequent events to report.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass through Grantor/Program or Cluster title</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
Type A Programs:		
U.S. Department Of Housing and Urban Development		
HOME Investment Partnership program deferred non interest mortgage loans	14.239	\$ 2,656,000
CDBG - Small Cities Program; Thru Massachusetts DHCD Housing Housing Development support program deferred non interest mortgage loans	14.228	957,936
CDBG - Small Cities Program; Thru Massachusetts DHCD Thru Township of Dennis and Truro, Massachusetts housing rehabilitation grants	14.228	1,467,500
U.S. Department Of Agriculture		
Rural Rental Housing Mortgage Loan	10.415	966,631
Rural Rental Housing Mortgage Loan interest subsidy	10.415	45,762
Rural Development Rental Assistance Payments	10.427	97,714
Type A Total		<u>6,191,543</u>
Type B Programs:		
U.S. Department Of Housing and Urban Development		
Section 8 - Rental Assistance	14.855	215,193
U.S. Department of Agriculture		
Rural Business Enterprise Grant	10.769	41,569
U.S. Department of Agriculture		
Farmers Market Promotion Program	11.307	<u>50,070</u>
Type B Total		<u>306,832</u>
Total Federal assistance		<u><u>\$ 6,498,375</u></u>

Type A programs are determined to be the larger of \$750,000 or three (3) percent of total federal awards expended if total awards exceed \$750,000. There were no awards received that were passed through to subrecipients.

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Community Development Partnership and Thankful Chase Pathways, LLC under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Community Development Partnership and Thankful Chase Pathways, LLC it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Development Partnership and Thankful Chase Pathways, LLC.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance and OMB Circular A-122, Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE:

Community Development Partnership and Thankful Chase Pathways, LLC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. There are no cost reimbursement contracts.

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

Balances of loans and loan guarantee programs outstanding as of June 30, 2017 for loans described in 2 CFR section 200.502(b) are as follows:

CFDA #	Program name	<i>Beginning balance as of 6/30/16</i>	<i>New loans from 7/1/16- 6/30/17</i>	<i>Outstanding balance as of 6/30/17</i>
14.239	HOME Investment Partnership program deferred non interest mortgage loans	\$ 2,656,000	\$ -	\$ 2,656,000
14.228	Small Cities Program deferred non interest mortgage loans	957,936	-	957,936
10.415	Rural Rental Housing Mortgage Loan and interest subsidy	1,018,878	-	1,012,393
	<i>Total</i>	<u>\$ 4,632,814</u>	<u>\$ -</u>	<u>\$ 4,626,329</u>

The accompanying notes are an integral part of these financial statements

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Development Partnership and Thankful Chase Pathways, LLC
Eastham, Massachusetts

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 Community Development Partnership and Thankful Chase Pathways, LLC (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Development Partnership and Thankful Chase Pathways, LLC 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Development Partnership and Thankful Chase Pathways, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Development Partnership and Thankful Chase Pathways, LLC 's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Community Development Partnership and Thankful Chase Pathways, LLC 's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sander, Walsh & Eaton, LLC

Osterville, Massachusetts
December 14, 2017

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors
Community Development Partnership and Thankful Chase Pathways, LLC

Report on Compliance for Each Major Federal Program

We have audited Community Development Partnership and Thankful Chase Pathways, LLC's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Community Development Partnership and Thankful Chase Pathways, LLC's major federal programs for the year ended June 30, 2017. Community Development Partnership and Thankful Chase Pathways, LLC's 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Development Partnership and Thankful Chase Pathways, LLC's 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 Regulation, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 Community Development Partnership and Thankful Chase Pathways, LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Community Development Partnership and Thankful Chase Pathways, LLC's compliance.

Opinion of Each Major Federal Program

In our opinion, Community Development Partnership and Thankful Chase Pathways, LLC 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 June 30, 2017.

Report on Internal Control Over Compliance

Management of Community Development Partnership and Thankful Chase Pathways, LLC 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 Community Development Partnership and Thankful Chase Pathways, LLC's 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 Community Development Partnership and Thankful Chase Pathways, LLC's internal control over compliance.

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

Our consideration of the 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 the 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.

Sanders, Walsh & Estey, LLC

Osterville, Massachusetts
December 14, 2017

**COMMUNITY DEVELOPMENT PARTNERSHIP
AND THANKFUL CHASE PATHWAYS, LLC**
Statement of Findings and Questioned Costs
For the Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ yes _____ x no

Reportable condition(s) identified not considered to be material weaknesses? _____ yes _____ x none reported

Noncompliance material to financial statements noted? _____ yes _____ x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes _____ x no

Reportable condition(s) identified not considered to be material weaknesses? _____ yes _____ x none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200. 516(a)? _____ yes _____ x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants/Entitlement Grants - Small Cities Program
10.415	Rural Housing Rental Assistance and Mortgage

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified for low-risk auditee: _____ x yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No reportable findings related to the Financial Statement Audit in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None