

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Development Corporation of Fort Wayne
Fort Wayne, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Development Corporation of Fort Wayne (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Development Corporation of Fort Wayne as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Development Corporation of Fort Wayne's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Development Corporation of Fort Wayne's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and nonfederal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of Community Development Corporation of Fort Wayne's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Development Corporation of Fort Wayne's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Development Corporation of Fort Wayne's internal control over financial reporting and compliance.

Report on Comparative Information

The December 31, 2023 financial statements of Community Development Corporation of Fort Wayne were audited by other auditors whose report dated March 19, 2024 expressed an unmodified opinion on those statements. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 25, 2025

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,768,044	\$ 6,339,783
Accrued Interest Receivable - Loans	14,168	12,934
Accrued Interest Receivable - Cash and Cash Equivalents	25,254	35,955
Loans Receivable (Net of Allowance for Credit Losses of \$251,633 in 2024 and \$168,590 in 2023)	<u>4,766,040</u>	<u>4,949,008</u>
Total Assets	<u><u>\$ 11,573,506</u></u>	<u><u>\$ 11,337,680</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 30,995	\$ 32,967
Other Liabilities	31,423	35,457
Accrued Expenses	<u>1,139</u>	<u>-</u>
Total Liabilities	63,557	68,424
NET ASSETS		
Net Assets Without Donor Restrictions	2,503,076	2,447,164
Net Assets With Donor Restrictions	<u>9,006,873</u>	<u>8,822,092</u>
Total Net Assets	<u>11,509,949</u>	<u>11,269,256</u>
Total Liabilities and Net Assets	<u><u>\$ 11,573,506</u></u>	<u><u>\$ 11,337,680</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Interest Income - Loans	\$ -	\$ 232,423	\$ 232,423
Interest Income - Cash and Cash Equivalents	99,275	153,908	253,183
Loan Application and Commitment Fees	-	7,685	7,685
SBA Closing and Servicing Fee Income	319,919	-	319,919
Miscellaneous Income	769	-	769
Return of Revolving Loan Funds to Donor	-	-	-
Net Assets Released from Restrictions Due to Satisfaction of Purpose Restrictions	209,235	(209,235)	-
Total Revenue and Support	<u>629,198</u>	<u>184,781</u>	<u>813,979</u>
EXPENSES			
Program Services	406,121	-	406,121
Management and General	167,165	-	167,165
Total Expenses	<u>573,286</u>	<u>-</u>	<u>573,286</u>
CHANGE IN NET ASSETS	55,912	184,781	240,693
Net Assets - Beginning of Year	<u>2,447,164</u>	<u>8,822,092</u>	<u>11,269,256</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,503,076</u></u>	<u><u>\$ 9,006,873</u></u>	<u><u>\$ 11,509,949</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Interest Income - Loans	\$ -	\$ 201,881	\$ 201,881
Interest Income - Cash and Cash Equivalents	47,338	72,370	119,708
Loan Application and Commitment Fees	-	6,342	6,342
SBA Closing and Servicing Fee Income	355,084	-	355,084
Miscellaneous Income	2,725	-	2,725
Return of Revolving Loan Funds to Donor	-	(3,842)	(3,842)
Net Assets Released from Restrictions Due to Satisfaction of Purpose Restrictions	233,973	(233,973)	-
Total Revenue and Support	<u>639,120</u>	<u>42,778</u>	<u>681,898</u>
EXPENSES			
Program Services	319,276	-	319,276
Management and General	249,518	-	249,518
Total Expenses	<u>568,794</u>	<u>-</u>	<u>568,794</u>
CHANGE IN NET ASSETS	70,326	42,778	113,104
TRANSFER OF NET ASSETS			
Transfer of Net Assets With Donor			
Restrictions to Net Assets Without Donor			
Restrictions for Administrative Fees			
Retained from Repayment to Donor	479	(479)	-
Net Assets - Beginning of Year	<u>2,376,359</u>	<u>8,779,793</u>	<u>11,156,152</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,447,164</u></u>	<u><u>\$ 8,822,092</u></u>	<u><u>\$ 11,269,256</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Total
Advertising	\$ 191	\$ -	\$ 191
Annual Meeting, Annual Report	-	277	277
Contract Services	267,951	121,245	389,196
Credit Reports	79	-	79
Directors' Liability Insurance	-	12,685	12,685
Economic Development Investments	4,500	-	4,500
Fees and Licenses	7,257	334	7,591
Legal and Professional Fees	-	27,950	27,950
Miscellaneous Expense	-	566	566
Office Supplies and Computer Services	35,453	3,861	39,314
Payroll Taxes	3,336	-	3,336
Printing and Postage	1,305	160	1,465
Provision for Credit Losses	77,543	-	77,543
Seminars and Training	8,081	-	8,081
Travel	425	87	512
	<u>425</u>	<u>87</u>	<u>512</u>
Total Expenses	<u>\$ 406,121</u>	<u>\$ 167,165</u>	<u>\$ 573,286</u>

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Total
Advertising	\$ 6,084	\$ -	\$ 6,084
Annual Meeting, Annual Report	-	251	251
Contract Services	194,672	178,489	373,161
Credit Reports	122	-	122
Directors' Liability Insurance	-	10,913	10,913
Economic Development Investments	25,000	-	25,000
Fees and Licenses	6,243	1,558	7,801
Legal and Professional Fees	-	23,450	23,450
Miscellaneous Expense	-	650	650
Office Supplies and Computer Services	14,917	31,891	46,808
Payroll Taxes	2,595	1,823	4,418
Printing and Postage	727	493	1,220
Provision for Credit Losses	58,940	-	58,940
Seminars and Training	9,392	-	9,392
Travel	584	-	584
	<hr/>	<hr/>	<hr/>
Total Expenses	<u><u>\$ 319,276</u></u>	<u><u>\$ 249,518</u></u>	<u><u>\$ 568,794</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 240,693	\$ 113,104
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Provision for Credit Losses	77,543	58,940
(Increase) Decrease in Assets:		
Accrued Interest Receivable - Loans	(1,234)	(3,766)
Accrued Interest Receivable - Cash and Cash Equivalents	10,701	(32,902)
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,972)	6,455
Other Liabilities	(4,034)	(1,271)
Accrued Expenses	1,139	-
Net Cash Provided by Operating Activities	<u>322,836</u>	<u>140,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Disbursements from Nonfederal Funds	(540,711)	(1,200,161)
Loan Disbursements from Federal Funds	(30,000)	-
Principal Payments Received on Loans	670,636	592,232
Recovery of Previously Charged Off Loans	5,500	4,000
Net Cash Provided (Used) by Investing Activities	<u>105,425</u>	<u>(603,929)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	428,261	(463,369)
Cash and Cash Equivalents - Beginning of Year	<u>6,339,783</u>	<u>6,803,152</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,768,044</u></u>	<u><u>\$ 6,339,783</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Development Corporation of Fort Wayne dba: Community Development Corporation of Northeast Indiana (CDC or Organization), is a nonprofit corporation sponsored by the City of Fort Wayne for the purpose of providing low interest, secured loans to new and expanding businesses. CDC is funded through government revolving loan programs, along with fees collected from borrowers on the Small Business Administration (SBA) 504 loan program. Most loan programs administered by the CDC are for the use of businesses in Allen County. The SBA 504 loan program is administered in the state of Indiana and loans have been provided in outlying states (Ohio and Michigan). Funding through the U.S. Department of Agriculture allows the CDC to service a 15 county region in northeast Indiana.

Method of Accounting

CDC's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred.

CDC reports revenue earned on resources which were received with stipulations that limit their use, as revenue with donor restrictions. When a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates

Preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of management's estimates, primarily related to collectability of loans. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings and money market accounts, and certificates of deposit with maturities of 12 months or less.

At December 31, 2024, CDC held accounts at 10 area financial institutions. Amounts in excess of federal and private insurance coverage at December 31, 2024 and 2023, amounted to \$4,491,035 and \$4,082,318, respectively.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable and Allowance for Credit Losses

Loans receivable are recorded at their contract amounts adjusted for any charge-offs and the allowance for credit losses. Loans are considered past due based on how recently payments have been received. The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis (principal outstanding) to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The allowance is measured on a collective (pool) basis when similar risk characteristics exist and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The CDC lends strictly for commercial loan purposes only and has identified the following loan pools based on industry types: industrial/manufacturing, retail and service, and collateral types: real estate mortgage, lien on equipment, lien on business assets/other. Relevant risk characteristics for commercial loan pools include credit scores, debt-to-income ratios, collateral type and loan-to-value ratios. The CDC uses the vintage loss rate method to measure the allowance for credit losses for all loan pools to calculate a loss rate that combines the pool's risk characteristics, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. The loss rate is then combined with the loans balance and contractual maturity, adjusted for expected prepayments, to determine expected future losses. Future and supportable economic forecasts are based on various economic conditions over a period of up to two years followed by a reversion back to historical losses.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. A loan is considered collateral dependent when management determines that foreclosure is probable or when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The CDC will not issue foreclosure proceedings on defaulted real estate commercial loans unless a 1st lien position is held; otherwise, the financial institution must issue the foreclosure proceedings in order for the CDC to potentially attempt to collect on the defaulted loan.

**COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable and Allowance for Credit Losses (Continued)

Determining the Contractual Term: Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals and modifications, unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date, and are not unconditionally cancelable by CDC.

Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Loan interest revenue is recognized on the accrual basis. The CDC does not place loans on nonaccrual status and continues to accrue interest on loans until they are written off as uncollectible.

Revenue Recognition

Revenue is recognized under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, when performance obligations under the terms of a contract with the borrower have been satisfied and control has transferred to the borrower. Revenue is measured based on the consideration specified in each contract.

CDC recognizes revenues as they are earned based on contractual terms, as transactions occur, or as services are provided and collectability is reasonably assured. The Organization's principal source of revenue is income from servicing Small Business Administration 504 (SBA) loans. The revenue is recognized at a point in time, generally at loan closing or when monthly payments are received.

CDC recognizes contributions when cash, securities, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2024 and 2023, there were no conditional promises to give that were not recognized in the statements of activities.

All contributions of cash and other assets are considered to be available for the general programs of CDC unless specifically restricted by the donor. CDC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2024 and 2023, were \$191 and \$6,084, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to program services and supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied while adhering to applicable funding sources and loan program requirements. The expenses that are allocated include salaries and benefits (contract services), advertising, liability insurance, fees and licenses, legal and professional fees, office supplies and computer services, seminars and training, and other miscellaneous and related operational expenses, which are allocated on the basis of the percentage of outstanding number of loans by funding source compared to the total number of loans outstanding unless the expense is designated as a program specific expense, as well as time and effort associated with supporting functions.

Income Taxes

The CDC is a tax-exempt nonprofit organization under Section 501(c)(6) of the Internal Revenue Code. Therefore, no provision for income taxes is included in these statements.

The accounting standard that provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the CDC may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the CDC and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities as of December 31, 2024. The CDC is generally no longer subject to examination by the Internal Revenue Service for years prior to 2020.

Subsequent Events

CDC's management has evaluated events and transactions for possible recognition or disclosure through March 25, 2025, the date the financial statements were available to be issued.

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES

CDC has been funded under various local, state, and federal programs, all of which impose guidelines and restrictions on lending policy. CDC staff and its board of directors regularly review loan procedures to ensure compliance with these contract provisions.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

CDC packages and approves loans for funding from the Small Business Administration (SBA). The SBA gives final approval before the loans are funded. CDC assigns loan payments to the SBA, and the SBA provides CDC with a monthly report indicating outstanding loan balances and status of payments for each SBA loan processed by CDC. These loans, though administered by CDC, are nonrecourse in nature and totaled \$38,008,617 and \$40,088,665 at December 31, 2024 and 2023, respectively.

At December 31, 2024 and 2023, CDC had undisbursed loan commitments to various enterprises. These loans will be secured by real estate and/or equipment and are summarized as follows:

	2024	2023
SBA 504 Loans	\$ 7,182,000	\$ 4,259,000
All Other CDC Loans	398,475	630,680
Total	<u>\$ 7,580,475</u>	<u>\$ 4,889,680</u>

A summary of the income and expenses related to SBA 504 activity recorded by CDC for the years ended December 31 is as follows:

	2024	2023
SBA 504 Income:		
Application Fees Collected, Net of Refunds	\$ 10,263	\$ 6,841
Closing Fees	27,696	79,808
Escrow Float Income	57,017	61,702
Late Fees	700	-
Monthly Servicing Fees	220,210	205,462
Subtotal	315,886	353,813
Change In Accrual	4,033	1,271
Total SBA Income	<u>\$ 319,919</u>	<u>\$ 355,084</u>
SBA 504 Expenses:		
Advertising	\$ 134	\$ 3,619
Salaries and Benefits	158,138	240,011
Directors' Liability Insurance	6,265	6,243
Economic Development Investment	4,500	25,000
Fees and License Expense	5,953	4,277
Legal and Professional Fees	17,172	13,485
Miscellaneous and Other	1,088	1,494
Office Supplies/Computer Services	25,807	28,709
Payroll Taxes	3,336	4,418
Printing and Postage	1,048	751
Seminars, Training	8,081	6,082
Travel	360	392
Total SBA Expense	<u>\$ 231,882</u>	<u>\$ 334,481</u>

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Salary expenses in relation to total revenue for the year ended December 31, 2024 are as follows:

		Percent of Total Revenue	Percent of SBA 504 Revenue
All SBA 504 Personnel Costs	<u>\$ 161,474</u>	<u>20%</u>	<u>50%</u>

Salary expenses in relation to total revenue for the year ended December 31, 2023 are as follows:

		Percent of Total Revenue	Percent of SBA 504 Revenue
All SBA 504 Personnel Costs	<u>\$ 244,429</u>	<u>36%</u>	<u>69%</u>

CDC reimburses the City of Fort Wayne for any personnel costs and also pays a bonus to those employees from SBA 504 related income.

The portfolio segments and classes include the following commercial loan industries:

- Industrial/Manufacturing/Wholesale Loans
- Retail Loans
- Service Loans

Loan Portfolio Classifications

Commercial Real Estate Loans: (collateral type: real estate mortgage) are offered to small businesses for the acquisition, renovations or new construction of real estate used in their businesses, such as offices, warehouses and production facilities, and other commercial buildings. Commercial real estate loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Management examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. Commercial real estate lending typically involves higher loan principal amounts with longer terms and the repayment of these loans is generally dependent on sufficient income from the properties securing the loans to cover operating expenses and debt service. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The CDC collateral lien position is typically secondary behind a financial institution.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Loan Portfolio Classifications (Continued)

Commercial Equipment Loans: (collateral type: specified equipment) are primarily made for the purchase and/or installation of equipment and are underwritten based on the identified or projected cash flows of the borrower and/or the underlying collateral provided by the borrower. The primary repayment risks of commercial loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. Collateral for these loans generally includes the specified equipment with the possibility of a lien on all business assets (UCC). The collateral securing these loans may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. These loans may incorporate a corporate or personal guarantee.

Commercial Working Capital Loans: (collateral type: business assets or other specified lien such as vehicles) are primarily made for business working capital needs and are underwritten based on the identified or projected cash flows of the borrower and/or the underlying collateral provided by the borrower. The primary repayment risks of commercial loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. Collateral for these loans generally includes a lien (UCC) on the business assets financed, accounts receivable, chattel paper, fixtures, general intangibles, and inventory. The collateral securing these loans may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. These loans may incorporate a corporate or personal guarantee.

Loans receivable, as presented on the statements of financial position, consist of the following elements:

	2024	2023
Industrial, Manufacturing and Wholesale Loans:		
Real Estate Held Loans	\$ 1,081,334	\$ 1,215,367
Equipment Held Loans	288,186	344,316
Other Collateral Held Loans	113,092	101,695
Total Industrial, Manufacturing and Wholesale Loans	<u>1,482,612</u>	<u>1,661,378</u>
Retail Loans:		
Real Estate Held Loans	1,172,428	1,154,210
Other Collateral Held Loans	209,660	166,776
Total Retail Loans	<u>1,382,088</u>	<u>1,320,986</u>
Service Loans:		
Real Estate Held Loans	2,152,973	2,135,234
Total Loans Receivable	5,017,673	5,117,598
Less: Allowance for Credit Losses	(251,633)	(168,590)
Loans Receivable, Net	<u>\$ 4,766,040</u>	<u>\$ 4,949,008</u>

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Loan Portfolio Classifications (Continued)

CDC follows disclosure guidance that requires the allocation of the allowance for credit losses to portfolio segments and enhanced disclosures related to credit quality by type and classification of loans. While the allowance for credit losses is allocated for purposes of disclosure to various loan portfolio segments, the entire allowance is available to absorb credit losses from any segment.

An analysis of the change in the allowance for credit losses is as follows:

	January 1, 2024	Provisions	Recoveries	Charge-Offs	December 31, 2024
Industrial, Manufacturing and Wholesale Loans:					
Real Estate Held Loans	\$ 34,537	\$ 6,901	\$ 5,500	\$ -	\$ 46,938
Equipment Held Loans	34,516	23,806	-	-	58,322
Other Collateral Held Loans	25,727	5,971	-	-	31,698
Total Industrial, Manufacturing and Wholesale Loans	94,780	36,678	5,500	-	136,958
Retail Loans:					
Real Estate Held Loans	28,988	21,867	-	-	50,855
Other Collateral Held Loans	14,584	388	-	-	14,972
Total Retail Loans	43,572	22,255	-	-	65,827
Service Loans:					
Real Estate Held Loans	30,238	18,610	-	-	48,848
Total	<u>\$ 168,590</u>	<u>\$ 77,543</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ 251,633</u>
	January 1, 2023	Provisions	Recoveries	Charge-Offs	December 31, 2023
Industrial, Manufacturing and Wholesale Loans:					
Real Estate Held Loans	\$ 24,643	\$ 5,894	\$ 4,000	\$ -	\$ 34,537
Equipment Held Loans	15,655	18,861	-	-	34,516
Other Collateral Held Loans	23,959	1,768	-	-	25,727
Total Industrial, Manufacturing and Wholesale Loans	64,257	26,523	4,000	-	94,780
Retail Loans:					
Real Estate Held Loans	14,253	14,735	-	-	28,988
Other Collateral Held Loans	13,995	589	-	-	14,584
Total Retail Loans	28,248	15,324	-	-	43,572
Service Loans:					
Real Estate Held Loans	13,145	17,093	-	-	30,238
Total	<u>\$ 105,650</u>	<u>\$ 58,940</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 168,590</u>

**COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Credit Quality Indicators

The allowance is measured on a collective (pool) basis when similar risk characteristics exist and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The internal grading scale is as follows for assessment of credit risk and for allowance of credit loss purposes at December 31:

- Minimal Risk – The loans rated in this category would be assigned to borrowers exhibiting a minimal risk of nonpayment and are considered to have assets of high quality. These borrowers would typically outperform their peers in all categories and have a record of strong, growing earnings, substantially current balance sheet, sound capitalization with solid cash flow and a strong ownership/management team. Also applies to existing borrowers paying via ACH for more than six months or one year of self payment. These accounts are reserved at 0.25%.
- Acceptable Risk – The loans rated in this category are perceived to have limited credit risk. Obligors show capacity to meet financial obligations, business financial statements are within policy compared similar business concerns. These accounts are reserved at 5%.
- Special Mention – Loans classified in this category have potential weaknesses, if not checked or corrected, weaken the asset or inadequately protect the CDC position at some future date. Loans in this category may include deviations from standard operating procedures, CDC Credit Policy, prudent lending practices and/or those subject to economic or market conditions that may, in the future, affect the borrower adversely. These accounts are reserved at 25%.
- Substandard – Loans classified in this category are inadequately protected by the repayment capacity, equity and/or collateral pledged. Assets so classified must have well-defined weakness or weaknesses that could hinder the collection of debt. They are characterized by the distinct possibility that the CDC/SBA will sustain some loss if the deficiencies are not corrected. While existing in the aggregate amount of substandard assets, loss potential does not have to exist in individual assets. These accounts are reserved at 40%.
- Doubtful – Assets classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high. Because of certain important, specific, pending factors that may work to the advantage or disadvantage of the assets, classification as Loss is deferred until a more exact status can be determined. Pending factors might include a proposed merger, acquisition, liquidation, capital injection, and perfecting liens on additional collateral or refinancing plans. These accounts are reserved at 80%.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Credit Quality Indicators

- Loss – Loans represented in this category are considered to be a loss. Typically collection efforts haven't had any success in continued repayments and recovery has ceased. The CDC's recovery is most likely nonexistent due to the condition of the collateral or the CDC's inferior lien position which would not justify an offer to purchase the collateral to liquidate. There would be a breakdown in owner involvements with no succession plan in place, business experiencing delinquency and/or substantial losses without a viable plan to restructure operations. These accounts are reserved at 100%.

The loan rating report is reviewed on a semi-annual basis by CDC staff and management. The following table summarizes the credit risk profile for CDC's portfolio by risk grade at December 31, 2024:

	Minimal Risk	Acceptable Risk	Special Mention	Substandard	Doubtful	Loss	Total
Industrial, Manufacturing and Wholesale Loans:							
Real Estate Held Loans	\$ 801,133	\$ 272,711	\$ 7,490	\$ -	\$ -	\$ -	\$ 1,081,334
Equipment Held Loans	-	62,178	226,008	-	-	-	288,186
Other Collateral Held Loans	14,970	48,483	49,639	-	-	-	113,092
Total Industrial, Manufacturing and Wholesale Loans	816,103	383,372	283,137	-	-	-	1,482,612
Retail Loans:							
Real Estate Held Loans	666,508	367,223	138,697	-	-	-	1,172,428
Other Collateral Held Loans	201,836	7,824	-	-	-	-	209,660
Total Retail Loans	868,344	375,047	138,697	-	-	-	1,382,088
Service Loans:							
Real Estate Held Loans	1,623,376	448,801	80,796	-	-	-	2,152,973
Total Loans	<u>\$ 3,307,823</u>	<u>\$ 1,207,220</u>	<u>\$ 502,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,017,673</u>

The following table summarizes the credit risk profile for CDC's portfolio by risk grade at December 31, 2023:

	Minimal Risk	Acceptable Risk	Special Mention	Substandard	Doubtful	Loss	Total
Industrial, Manufacturing and Wholesale Loans:							
Real Estate Held Loans	\$ 832,712	\$ 382,655	\$ -	\$ -	\$ -	\$ -	\$ 1,215,367
Equipment Held Loans	-	78,997	265,319	-	-	-	344,316
Other Collateral Held Loans	73,470	-	28,225	-	-	-	101,695
Total Industrial, Manufacturing and Wholesale Loans	906,182	461,652	293,544	-	-	-	1,661,378
Retail Loans:							
Real Estate Held Loans	602,716	422,733	128,761	-	-	-	1,154,210
Other Collateral Held Loans	130,346	36,430	-	-	-	-	166,776
Total Retail Loans	733,062	459,163	128,761	-	-	-	1,320,986
Service Loans:							
Real Estate Held Loans	1,271,454	782,390	81,390	-	-	-	2,135,234
Total Loans	<u>\$ 2,910,698</u>	<u>\$ 1,703,205</u>	<u>\$ 503,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,117,598</u>

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LOANS RECEIVABLE, CREDIT QUALITY AND THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Credit Quality Indicators (Continued)

The following table summarizes CDC's loans by class and delinquency category at December 31, 2024:

	Current	30-89 Days Past Due	90+ Days Past Due Accruing	Total
Industrial, Manufacturing and Wholesale Loans:				
Real Estate Held Loans	\$ 1,081,334	\$ -	\$ -	\$ 1,081,334
Equipment Held Loans	288,186	-	-	288,186
Other Collateral Held Loans	113,092	-	-	113,092
Total Industrial, Manufacturing and Wholesale Loans	1,482,612	-	-	1,482,612
Retail Loans:				
Real Estate Held Loans	1,172,428	-	-	1,172,428
Other Collateral Held Loans	209,660	-	-	209,660
Total Retail Loans	1,382,088	-	-	1,382,088
Service Loans:				
Real Estate Held Loans	2,152,973	-	-	2,152,973
Total	<u>\$ 5,017,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,017,673</u>

There were no impaired loans at December 31, 2024.

The following table summarizes CDC's loans by class and delinquency category at December 31, 2023:

	Current	30-89 Days Past Due	90+ Days Past Due Accruing	Total
Industrial, Manufacturing and Wholesale Loans:				
Real Estate Held Loans	\$ 1,215,367	\$ -	\$ -	\$ 1,215,367
Equipment Held Loans	344,316	-	-	344,316
Other Collateral Held Loans	101,695	-	-	101,695
Total Industrial, Manufacturing and Wholesale Loans	1,661,378	-	-	1,661,378
Retail Loans:				
Real Estate Held Loans	1,154,210	-	-	1,154,210
Other Collateral Held Loans	166,776	-	-	166,776
Total Retail Loans	1,320,986	-	-	1,320,986
Service Loans:				
Real Estate Held Loans	2,135,234	-	-	2,135,234
Total	<u>\$ 5,117,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,117,598</u>

There were no impaired loans at December 31, 2023.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

The CDC's financial assets available for general expenditure, that is, without donor or other restrictions limiting use, within one year of the statements of financial position date, comprise the following:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 6,768,044	\$ 6,339,783
Accrued Interest Receivable	39,422	48,889
Loans Receivable, Net of Allowance for Credit Losses	4,766,040	4,949,008
Total Financial Assets	11,573,506	11,337,680
Less: Financial Assets Not Available to be Used Within One Year:		
Restricted by Donors with Purpose Restrictions	(9,006,873)	(8,822,092)
Total Financial Assets Available for General Expenditures Within One Year	<u>\$ 2,566,633</u>	<u>\$ 2,515,588</u>

The CDC's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The CDC's board of directors reviews and approves the operating budget annually and any costs exceeding the budget will be sufficiently covered by the current available cash and cash equivalents associated from the general administrative fund account which does not contain donor restrictions.

Income from donor-restricted fund accounts is restricted to specific purposes and is not available for general expenditure use except for allowable allocation for general operating expenses as it pertains to each loan program and funding source.

The CDC invests cash into diversified accounts which include, interest bearing accounts, certificates of deposits and money market funds through 10 financial institutions.

COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023, are available for the following loan programs in accordance with established guidelines:

	2024	2023
Business Development Revolving Loan Programs:		
Economic Development Administration	\$ 5,347,832	\$ 5,201,089
CEDIT - Fort Wayne	762,792	741,124
Economic Development Administration - COVID-19	1,488,974	1,467,853
Urban Development Action Grant	35,462	37,205
Investment Incentive Program - City	162,220	159,926
Investment Incentive Program - County	213,267	208,438
Revenue Sharing	571	551
Subtotal	<u>8,011,118</u>	<u>7,816,186</u>
Other Loan Programs:		
Fort Wayne - Allen County Opportunity Loan Fund	731,492	729,317
Rural Development Loan Fund	264,263	276,589
Subtotal	<u>995,755</u>	<u>1,005,906</u>
Total	<u><u>\$ 9,006,873</u></u>	<u><u>\$ 8,822,092</u></u>

Net assets released from restrictions represent administrative expenses allocated to the net assets with donor restrictions.

NOTE 5 RETURN OF REVOLVING LOAN FUNDS TO DONOR

In 2020, the CDC and the Fort Wayne Urban Enterprise Association, Inc. (UEA) mutually agreed to end the Enterprise Zone Revolving Loan Program due to limited activity in recent years. The CDC returned the undisbursed cash on hand to the UEA in the amount of \$431,661 in June 2020 and also agreed to return the remaining outstanding balances of principal and interest as cash payments are collected from the respective borrowers. These amounts were remitted to the UEA on a semi-annual basis as they were collected from outstanding loans receivable, less an administrative fee retained by the CDC in the amount of 15% of collections. For the year ended December 31, 2023, the CDC returned revolving loan funds to the UEA in the amount of \$3,842. All funds have been returned to the UEA as of December 31, 2023.

**COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce		
Economic Development Administration:		
COVID-19 - Economic Adjustment Assistance Coronavirus Aid, Relief, and Economic Security (CARES) Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Award, Pass-Through from City of Fort Wayne Division of Community and Economic Development, Revolving Loan Fund	11.307	<u>\$ 1,521,188</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal (the Schedule) includes the federal award activity of Community Development Corporation of Fort Wayne dba: Community Development Corporation of Northeast Indiana (CDC or Organization) under programs of the federal government for the year ended December 31, 2024. 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 the CDC, it is not intended and does not present the financial position, changes in net assets, or cash flows of the CDC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

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

NOTE 4 CALCULATION OF ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) EXPENDITURES

The COVID-19 EDA Economic Adjustment expenditure amount was calculated as follows:

1. Balance of Revolving Loan Fund (RLF) Loans Outstanding at Year-End	\$ 882,409
2. Cash and Investment Balance at Year-End	617,693
3. Administrative Expenses for the Year*	21,086
4. Unpaid Principal of All Loans Written Off During the Year	-
Subtotal	<u>1,521,188</u>
5. Federal Share of the RLF Federal Expenditures	100 %
Federal Expenditures	<u><u>\$ 1,521,188</u></u>

* This line item does not include an allowance for credit losses.



**INDEPENDENT AUDITORS' 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***

Board of Directors
Community Development Corporation of Fort Wayne
Fort Wayne, Indiana

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 financial statements of Community Development Corporation of Fort Wayne (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Development Corporation of Fort Wayne's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Development Corporation of Fort Wayne's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Development Corporation of Fort Wayne'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Development Corporation of Fort Wayne's 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 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 25, 2025



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

Board of Directors
Community Development Corporation of Fort Wayne
Fort Wayne, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Development Corporation of Fort Wayne's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Community Development Corporation of Fort Wayne's major federal programs for the year ended December 31, 2024. Community Development Corporation of Fort Wayne's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Development Corporation of Fort Wayne 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 December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Board of Directors
Community Development Corporation of Fort Wayne

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

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 25, 2025

**COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|------------|------------------------------------|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>x</u> _____ none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <u>x</u> _____ no |

Federal Awards

- | | | |
|---|------------|------------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>x</u> _____ none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | _____ yes | _____ <u>x</u> _____ no |

Identification of Major Federal Programs

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance Revolving Loan Fund
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ <u>x</u> _____ yes _____ no

**COMMUNITY DEVELOPMENT CORPORATION OF FORT WAYNE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

