



**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL**

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**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report .....	1
<b>Financial Statements:</b>	
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows.....	6
Notes to Financial Statements .....	7
<b>Supplementary Information:</b>	
Schedule of Expenditures of Federal Awards.....	16
Notes to the Schedule of Expenditures of Federal Awards.....	17
<b>Other Independent Auditors' Reports:</b>	
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 <i>Government Auditing Standards</i> .....	18
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	20
<b>Findings and Recommendations:</b>	
Schedule of Findings and Questioned Costs .....	22
Summary Schedule of Prior Year Findings.....	25



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Fresno Community Development Financial Institution dba Access Plus Capital

We have audited the accompanying financial statements of Fresno Community Development Financial Institution dba Access Plus Capital (the Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Management has omitted such information. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit 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 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 June 29, 2021, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California  
June 29, 2021

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 4,437,444
Cash and cash equivalents restricted for loan loss reserves	514,256
Grants receivable	69,608
Accounts receivable	24,257
Accounts receivable - related party	746,220
Deposits	2,431
Loans receivable, current portion	<u>1,187,926</u>
Total current assets	<u>6,982,142</u>

Noncurrent Assets

Loans receivable, net	13,478,002
Fixed assets, net	<u>69,951</u>
Total noncurrent assets	<u>13,547,953</u>

Total Assets	<u><u>\$ 20,530,095</u></u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable	\$ 1,441
Refundable advances	265,639
Accrued interest	15,837
Notes payable, current portion	<u>1,162,810</u>
Total current liabilities	1,445,727

Long-Term Liabilities

Notes payable, net of current portion	<u>9,463,513</u>
Total liabilities	<u>10,909,240</u>

Net Assets

With donor restrictions	2,091,519
Without donor restrictions	<u>7,529,336</u>
Total net assets	<u>9,620,855</u>

Total Liabilities and Net Assets	<u><u>\$ 20,530,095</u></u>
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The accompanying notes are an integral part of the financial statements.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions and grants:			
Contributions	\$ 50,000	\$ -	\$ 50,000
Grants	1,637,088	1,000,000	2,637,088
In-kind labor	12,324	-	12,324
Net assets released from restrictions:			
Satisfaction of program requirements	1,068,924	(1,068,924)	-
Total Contributions and Grants	2,768,336	(68,924)	2,699,412
Earned revenue:			
Fee for services	80,636	-	80,636
Loan origination fees	85,777	-	85,777
Loan recovery	6,425	-	6,425
Interest income	1,043,515	-	1,043,515
Late fees and miscellaneous income	4,140	-	4,140
Total Earned Revenue	1,220,493	-	1,220,493
Total Contributions, Grants and Earned Revenue	3,988,829	(68,924)	3,919,905
<b>EXPENSES</b>			
Program services	1,872,740	-	1,872,740
General and administration	405,214	-	405,214
Total Expenses	2,277,954	-	2,277,954
Change in Net Assets	1,710,875	(68,924)	1,641,951
Net Assets at Beginning of Year	7,978,904	-	7,978,904
Prior Period Adjustment	(2,160,443)	2,160,443	-
Net Assets at Beginning of Year (Restated)	5,818,461	2,160,443	7,978,904
Net Assets at End of Year	\$ 7,529,336	\$ 2,091,519	\$ 9,620,855

The accompanying notes are an integral part of the financial statements.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>General and Administration</u>	<u>Total Expenses</u>
Contract labor and related benefits	\$ 809,697	\$ 159,557	\$ 969,254
Contract services	53,758	3,192	56,950
Facility costs	38,867	7,659	46,526
Mileage, training and travel	22,312	4,397	26,709
Depreciation	-	8,479	8,479
Equipment costs	8,207	-	8,207
Office expenses	69,497	13,695	83,192
Insurance	13,060	2,574	15,634
Provision for loan losses	333,329	-	333,329
Marketing	62,903	-	62,903
In-kind expense	12,324	-	12,324
Interest expense	218,579	-	218,579
Other program expenses	230,207	45,364	275,571
Admin services	-	160,297	160,297
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$ 1,872,740</u>	<u>\$ 405,214</u>	<u>\$ 2,277,954</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 1,641,951
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	8,479
Provision for loan losses	333,329
Changes in operating assets and liabilities:	
Grants receivable	2,260,411
Accounts receivable	45,375
Accounts receivable - related party	(746,220)
Deposits	(2,181)
Accounts payable	(1,753)
Accounts payable - related party	(603,369)
Refundable advances	<u>(272,417)</u>
Net cash provided by operating activities	<u>2,663,605</u>
<b>Cash Flows from Investing Activities</b>	
Issuance of loans receivable	(5,531,458)
Collections of loans receivable	<u>3,521,703</u>
Net cash used by investing activities	<u>(2,009,755)</u>
<b>Cash Flows from Financing Activities</b>	
Principal payments on notes payable	<u>(446,243)</u>
Net cash used by financing activities	<u>(446,243)</u>
Net increase in cash, cash equivalents and restricted cash	207,607
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	<u>4,744,093</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u><u>\$ 4,951,700</u></u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash	
Cash and cash equivalents	\$ 4,437,444
Cash and cash equivalents restricted for loan loss reserves	<u>514,256</u>
Total Cash, Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 4,951,700</u></u>
Supplemental Disclosure:	
Interest paid	<u><u>\$ 218,272</u></u>

The accompanying notes are an integral part of the financial statements.



**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization: Fresno Community Development Financial Institution dba Access Plus Capital (the Organization) is a California non-profit organization formed in 2008 for the purpose of providing capital, management assistance and other financial resources, including loan services to small business entrepreneurs in economically disadvantaged areas, and thereby stimulating economic development. In 2017, the Organization underwent a branding campaign and is now doing business as Access Plus Capital. The Organization is primarily supported by government grants from State and Federal agencies, donor contributions, interest and fees earned from direct lending.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. Under Accounting Standard Codification (ASC) Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* are the portion of net assets over which the governing board has discretionary control for the general operations of the Organization. The only limits on net assets without donor restrictions are limits resulting from contractual agreements.

*Net assets with donor restrictions* are the portion of net assets resulting from contribution, pledges, and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by the passage of time or usage, and the portion of net assets restricted by external parties (donors, grantors, or laws and regulations) in ways that are not dependent on the passage of time.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Cash and Cash Equivalents: For purposes of reporting the Statement of Cash Flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents. Certificates of deposit with original maturity dates of greater than three (3) months are classified as investments.

Grants Receivable: Grants receivable consist of the amounts due from grantors on their promises to give or amounts as earned under the grant agreement. Grants receivable are stated at the amounts the Organization expects to collect. The Organization utilizes the allowance method for accounting for and reporting uncollectible or doubtful accounts. The provision for uncollectible amounts is computer based upon historical averages and management's consideration of current economic factors that could affect collections. At December 31, 2020, management considered all grants receivable to be fully collectible and, therefore, no allowance against grants receivable was recorded in the accompanying financial statements.

Accounts Receivable: Accounts receivable consist of the amounts due from other organizations or agencies for which services have been rendered and fees are payable to the Organization. The Organization utilizes the allowance method for accounting for and reporting uncollectible or doubtful accounts. At December 31, 2020, management considered all accounts receivable to be fully collectible and, therefore, no allowance against accounts receivable was recorded in the accompanying financial statements.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fixed Assets: All purchased fixed assets in excess of \$5,000 are valued at cost where historical records are available and at an estimated historical cost when no historical record exists. Donations of fixed assets are recorded as support at their estimated fair market values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as restricted support. Absent donor stipulations regarding length of time, those donated or acquired assets are placed in service as instructed by the donor. Fixed assets are depreciated using the straight-line method over their estimated useful lives of between 5 and 10 years.

Revolving Loan Fund: The receipt of grant funding from various Federal and non-Federal sources for the purpose of issuing loans to eligible clients has generated a funding pool for the continued issuance of future loans. Management has determined that there will be no future claims against these funds. The funds will continue to be issued in accordance with the ongoing business purpose of the Organization. The funds are included in net assets without donor restrictions.

California Capital Access Program for Small Business (CalCAP): The Organization participates in the California Capital Access Program for Small Business (CalCAP) program administered by the California Pollution Control Financing Authority to encourage banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. CalCAP is a form of loan portfolio insurance that may provide up to 100% coverage on certain loan defaults. Eligible loans up to \$2.5 million may be enrolled for loans as large as \$5 million with a maximum lender/borrower contribution for any single borrower in a three-year period of \$100,000. Authorized claim reimbursements shall not exceed the enrolled amount of the qualified loan that form the basis of the claim, except for reasonable out-of-pocket expenses. Additionally, claim reimbursements in excess of the Loss Reserve Account will not be made. Eligible small businesses must be based within California and be classified as a small business. Their business activity resulting from the enrolled loans must be created and retained in California.

Loans Receivable: Loans receivable consists of loans made to microbusiness and small business borrowers and are carried at their outstanding principal balances, net of an allowance for loan losses. Loan origination fees are recognized immediately, which management has determined is not materially different from accounting principles generally accepted in the United States of America.

Interest income is accrued on principal loan balances. The Organization accrues interest on past due loans at the regular rate of interest or at the default rate of interest for loans that are in default. Loans may be placed on nonaccrual status when any portion of the principal or interest is ninety days past due or earlier when concern exists as to the ultimate collectability of principal or interest, as evaluated. The Organization makes every effort to collect all interest payments from the borrower even after loans are placed on nonaccrual status for accounting purposes.

Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible. Payments received on nonaccrual loans receivable are first applied to outstanding principal or interest depending on the circumstances of each particular loan.

Loan Loss Reserves: The Organization is required to create cash loan loss reserve accounts to cover potential losses arising from defaulted loans. The reserve funds cover losses from the unguaranteed portion of defaulted loans as well as possible repairs and denials associated with the guarantee on the defaulted loans. The Loan Loss Reserves are presented in the Statement of Financial Position as cash and cash equivalents restricted for loan loss reserves. The balance of the cash and cash equivalents restricted for loan loss reserves as of December 31, 2020 is \$514,256.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Allowance for Loan Losses: Management's determination of the level of the allowance for loan losses rests upon various judgments and assumptions, including current and projected economic conditions, prior loan loss experience, the value of the underlying collateral, continuing review of the loans, and evaluation of credit risk. Management considers the allowance for loan losses adequate to cover losses inherent in loans and loan commitments. However, because of uncertainties associated with these judgments and assumptions, it is reasonably possible that management's estimate of loan losses and the related allowance may change materially in the near-term. The allowance is increased or decreased by a provision (recapture) for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. The balance of the allowance for loan losses as of December 31, 2020 was estimated at 5% of the outstanding loan portfolio.

A large portion of the Organization's portfolio has the additional 90% to 95% guarantee from the CalCAP and other state guarantors. As of December 31, 2020, 17.27% of the loans receivable portfolio had the additional guarantee from Small Business Administration (SBA), State, or other providers.

Refundable Advances: The Organization receives grant awards from funding sources to provide services and direct loan programs. The grants are recognized as the required services are performed or loans are issued. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Contributions: Contributions consist primarily of amounts received from financial institutions, federal, state and local agencies. The Organization recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are report as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net asset with donor restrictions. When the time or purpose restrictions is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Conditional contributions and promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. As of December 31, 2020, there were no conditional contributions. Contributions to be received after one year are discounted at an appropriate rate commensurate with the anticipated cash flow and risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. As of December 31, 2020, the Organization did not have contributions to be received after one year.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Government Grants and Contracts: Government grants and contracts consists of grants from the federal government, financial institutions, and other not for profit organizations. Grants are utilized to support the Organization's lending programs. Grant funding received is recognized as unearned income until the revenue is earned.

Exchange Transactions: Revenues earned from fees for service, loan originations fees, and late fees are considered to be exchange transactions. Revenues from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Functional Expenses: The costs of the Organization's various activities have been summarized on a functional basis in the accompanying Statements of Activities and Functional Expenses. Expenses are allocated to program and supporting services based upon employee's time for each function, purpose of each expenditure and service provided for each program.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Advertising: Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no capitalized costs. Advertising costs of \$62,903 were incurred during the year ended December 31, 2020.

Income Taxes: The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken and has concluded that, as of December 31, 2020, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization files tax forms in the U.S. federal jurisdiction and the State of California. The Organization is generally no longer subject to examination by these agencies for years before December 31, 2017.

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, accounts receivable, grants receivable, deposits, accounts payable, accrued expenses and refundable advances, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying Statement of Financial Position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

Concentrations of Credit Risk: Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents and loans receivable.

The Organization maintains several bank accounts at different banks. Interest and non-interest bearing accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Occasionally, account balances at some of these institutions exceed federally insured limits. Excess amounts are reviewed at least semi-annually at the Executive Committee and Full Board meetings. Staff monitors these accounts quarterly for opportunities to reallocate idle funds between existing institutions as available, resulting in risk reduction. All funds are invested in financial institutions with high credit ratings. The Organization has not experienced any losses related to such investments. The Organization currently has accounts with three bank institutions in excess of FDIC limits as of December 31, 2020. The total amount of cash in excess of FDIC limits as of December 31, 2020, was \$3,679,169. Management considers this a normal business risk and has not experienced any losses in the past as a result of cash concentration.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through June 29, 2021, which is the date the financial statements were available to be issued.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 2 – AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization’s financial assets as of December 31, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of non-liquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations.

Financial Assets:

Cash and cash equivalents	\$ 4,437,444
Cash and cash equivalents restricted for loan loss reserves	514,256
Grants receivable	69,608
Accounts receivable	24,257
Accounts receivable - related party	746,220
Loans receivable, net	<u>14,665,928</u>
Total financial assets	<u>20,457,713</u>
Less amounts unavailable for general expenditures within one year due to:	
Cash and cash equivalents restricted for loan loss reserves	514,256
Loans receivable, net of amounts due within one year	13,478,002
Approved but not yet funded loans	590,751
Net assets with donor restrictions	<u>2,091,519</u>
Total amounts unavailable for general expenditures	<u>16,674,528</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 3,783,185</u></u>

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS**

The net assets with donor restrictions as of December 31, 2020, are related to funds designated by the Board for a special purpose or funds received with restrictions imposed on them by governmental agencies limiting their use to a specific purpose and stipulations regarding their segregation from other funds. Net assets with donor restrictions for the year ended December 31, 2020 is as follows:

	Balances December 31, 2019	Additions	Releases	Balances December 31, 2020
Grantor/Donor Name:				
JP Morgan Chase	\$ 2,160,443	\$ -	\$ (1,068,924)	\$ 1,091,519
Irvine Foundation	-	500,000	-	500,000
Citibank	-	500,000	-	500,000
Total	<u>\$ 2,160,443</u>	<u>\$ 1,000,000</u>	<u>\$ (1,068,924)</u>	<u>\$ 2,091,519</u>

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 4 – LOANS RECEIVABLE**

The Organization administers various direct lending programs in accordance with grant and loan agreements for a revolving loan program. The Organization provides financing to borrowers under specific terms of each of the lending programs available. These notes include interest-bearing receivables and are due upon maturity. The interest rate associated with each note varies depending on the credit worthiness of the borrowers. Some loans receivable are collateralized by the pledged assets of the borrower's notes, if available.

Loans receivable consist of the following at December 31, 2020:

Grant program related loans, 3.25% to 9% interest annually, principal payments due at various times, secured by various assets:	\$ 15,473,885
Allowance for Loan Losses	<u>(807,957)</u>
Loans Receivable - Net of Allowance for Loan Losses	<u>\$ 14,665,928</u>

**NOTE 5 – ALLOWANCE FOR LOAN LOSSES**

The Organization's risk management policies ensure the Organization has a sufficient loan loss reserve. The Organization's policy is to maintain both a funded loan loss reserve (cash restricted to replenish the loan fund following any loan losses) as well as an allowance for loan losses that reflects the risk exposure in the loan portfolio. The Organization's risk rating methodology applies loan loss reserve requirements using the following scale: 1-Excellent, 2-Very Good/Good, 3-Substandard, 4-Doubtful. The reserve is evaluated quarterly and adjusted to maintain a reasonable reserve balance. If risk exposure is mitigated by a loan guarantee, the maximum loan loss reserve allocation is the amount of the unguaranteed portion of the loan.

A large portion of the Organization's portfolio has the additional protection of a third party guarantee from the CalCAP, the SBA and others. If any portion of a loan is deemed uncollectible, a full or partial charge-off against the loan loss reserve is made to assure that the value of the loan program's assets is stated as accurately as possible when disclosed.

The allowance for loan losses consisted of the following for the year ended December 31, 2020:

Allowance for Loan Losses	
Beginning Balance	\$ 775,276
Charge-offs	(300,648)
Provision for bad debt	<u>333,329</u>
Allowance for Loan Losses - Ending Balance	<u>\$ 807,957</u>

The balance of the allowance for loan losses as of December 31, 2020 is \$807,957. The provision for bad debt for the year ended December 31, 2020 was \$333,329.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 5 – ALLOWANCE FOR LOAN LOSSES (continued)**

The following is a summary of the Organization’s age analysis of past due financing receivables at December 31, 2020:

	30-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current Due	Total Due
Loans Receivable	\$ 22,052	\$ -	\$ 116,470	\$ 138,522	\$ 15,335,363	\$ 15,473,885

**Impaired Loans:** The Organization considers a loan to be impaired when it is deemed probable by management that the Organization will be unable to collect all contractual interest and contractual principal payments in accordance with the terms of the original loan agreement. Impaired loans include all loans that: (i) are contractually delinquent 90 days or more; (ii) meet the definition of a troubled debt restructuring; (iii) are classified in part or in whole as either doubtful or loss; and (iv) have been placed on non-accrual status. The Organization may also classify other loans as impaired based upon their specific circumstances. Loans identified as impaired are evaluated and have a specific loss allowance applied to adjust the loan to fair value, or the impaired amount is charged off. The Organization accounts for impaired loans at the value of outstanding principal. Payments received on impaired non-accrual loans may be allocated between principal and interest or may be recorded entirely as a reduction in principal based upon management’s opinion of the ultimate risk of loss on the individual loan. Interest income on impaired loans is recognized on an accrual basis. There were no loans considered to be impaired as of December 31, 2020.

**NOTE 6 – FIXED ASSETS**

Fixed assets consisted of the following at December 31, 2020:

Leasehold Improvements	\$ 127,184
Less: Accumulated Depreciation	<u>(57,233)</u>
Fixed Assets, Net	<u>\$ 69,951</u>

Depreciation expense for the year ended December 31, 2020, was \$8,479.

**NOTE 7 – REFUNDABLE ADVANCES**

Refundable advances consists of advanced grants for the year ended December 31, 2020. The total balance of refundable advances as of December 31, 2020, was \$265,639.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 8 – NOTES PAYABLE**

Notes payable as of December 31, 2020, consists of the following:

Lending Institution	Security	Interest Rate	Payments	Maturity Date	December 31, 2020		Total
					Current	Long-term	
BBVA USA (EQ2)	Unsecured	2.8%	Quarterly	12/2029	\$ -	\$ 700,000	\$ 700,000
Beneficial State Bank	Unsecured	3.5%	Monthly	06/2021	501,245	-	501,245
Citibank, N.A.	Investments	2.0%	Monthly- Interest Only	12/2023	-	700,000	700,000
City of Modesto	Unsecured	1.0%	At Maturity	10/2021	96,223	-	96,223
Community Action Financial Institute, Inc.	Unsecured	1.0%	Quarterly	04/2025	-	100,000	100,000
Community Action Financial Institute, Inc.	Unsecured	1.0%	Quarterly	07/2024	-	350,000	350,000
Farmers & Merchants Bank of Central California	Unsecured	3.0%	Quarterly	04/2024	-	765,000	765,000
MUFG Union Bank (EQ2 LOC)	Unsecured	2.0%	Monthly	04/2026	-	500,000	500,000
Mechanics Bank (EQ2 loan #1)	Unsecured	3.0%	Quarterly	05/2022	-	1,000,000	1,000,000
Mechanics Bank (EQ2 loan #2)	Unsecured	3.0%	Quarterly	05/2022	-	500,000	500,000
Tri Counties Bank (EQ2)	Unsecured	3.0%	At Maturity	08/2024	-	2,000,000	2,000,000
U.S Department of Agriculture (CDFI loan #1)	Revolving Loan Funds	2.0%	Monthly	12/2030	27,862	271,061	298,923
U.S Department of Agriculture (IRP loan #1)	Revolving Loan Funds	1.0%	Monthly	04/2047	7,300	217,700	225,000
U.S Department of Agriculture (IRP loan #2)	Revolving Loan Funds	1.0%	Monthly	06/2044	17,160	433,677	450,837
U.S. Small Business Administration (loan #2)	Revolving Loan Funds	Variable 0-1.25%	Monthly	07/2026	79,687	46,484	126,171
U.S. Small Business Administration (loan #3)	Revolving Loan Funds	Variable 0-0.75%	Monthly	09/2023	138,889	225,887	364,776
U.S. Small Business Administration (loan #4)	Revolving Loan Funds	0.0%	Monthly	07/2022	44,444	203,704	248,148
Wells Fargo Bank, N.A.	Unsecured	2.0%	At Maturity	11/2024	-	500,000	500,000
Wells Fargo Bank, N.A. (EQ2)	Unsecured	2.0%	Quarterly	10/2028	-	750,000	750,000
Wells Fargo Community Development Corporation (EQ2)	Unsecured	2.0%	Quarterly	11/2030	-	200,000	200,000
Wells Fargo Community Investment Holdings (EQ2)	Unsecured	2.0%	At Maturity	07/2021	250,000	-	250,000
Total notes payable					<u>\$ 1,162,810</u>	<u>\$ 9,463,513</u>	<u>\$ 10,626,323</u>

Scheduled future principle payments of notes payable are as follows:

Year End	Total
December 31,	
2021	\$ 1,162,810
2022	829,706
2023	933,277
2024	4,613,245
2025	150,231
Thereafter	<u>2,937,054</u>
Total Minimum	
Principal Payments	<u>\$ 10,626,323</u>

Total interest expense on the notes payable for the year ended December 31, 2020, was \$218,579.



**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 9 – TRANSACTIONS WITH RELATED PARTY**

The Fresno Economic Opportunities Commission (the FEOC), a nonprofit organization, is the parent organization of the Organization. The Organization has a need for management and administrative services to assist in carrying out its specific purposes. FEOC is willing to provide and perform the management and administrative services for the Organization as noted in their administrative services agreement, which was executed on December 23, 2020. Management services provided by the FEOC to the Organization include fiscal and administrative services, fiscal responsibility, financial management, tax exemption procedures and staff and contractors, including the hiring of the Organization's executive director. Administrative services provided to the Organization include budget, accounting and programmatic monitoring, audit administration, maintenance of assets, office and other administrative services. The compensation for said services is paid on a monthly basis from the Organization to the FEOC at agreed upon rates. The total cost for services and amounts reimbursed to the FEOC to the Organization for the year ended December 31, 2020 was \$1,176,077.

The Organization manages loan-related activities for the FEOC and its affiliates. This includes loan deployment, portfolio management and development services to clients. This was initialized through grant-funded agreements and the Organization continues to manage the portfolio after the grant's program period has expired. The Organization manages all the federally funded loan investments of the FEOC. As of December 31, 2020, \$746,220 was receivable from the FEOC.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Loan Servicing – CA Rebuilding: The Organization participates in the State of California's Rebuilding program that has been funded in part with the Small Business Administration. Through this program, the State of California provides cash reserves to assist with rebuilding programs. As of December 31, 2020, the Organization held no loans under this program.

Loan Commitments: As of December 31, 2020, the Organization had 13 loans that were approved but pending drawdown, with a total committed balance of \$590,751.

Grants: Contingencies contained within grants awarded to the Organization are subject to the donor's established criteria under which loans may be funded from the related grants. Should the loans funded not comply with the established criteria, the Organization could be held responsible for the repayments to the funding source for any disallowed loans. Management is not aware of any material questioned lending.

Coronavirus Pandemic: Management has determined the events regarding the novel coronavirus require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of emergency in California due to the novel coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Organization is unknown.

**NOTE 11 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$2,160,443 was recorded to properly restate the opening balances of the net assets with and without donor restrictions. The adjustment was to properly state the opening balance of net assets with donor restrictions held as of December 31, 2019. The adjustment was strictly a reclass of net assets, and no change on the total balance of net assets as of December 31, 2019.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL**

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**SUPPLEMENTARY INFORMATION**

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
USDA Rural Microentrepreneur Assistance Program (RMAP)	10.870	498548110	\$ -	\$ 328,585
USDA Rural Microentrepreneur Assistance Program (RMAP)	10.870	G12-RMAP		722
Subtotal			-	329,307
USDA Intermediary Relending Program (IRP)	10.767	--	-	692,388
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,021,695
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
Passed through the City of Modesto Department of Parks, Recreation, and Neighborhoods Community Development Block Grant	14.218	--	-	96,223
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	96,223
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>				
CDFI FA Fund	21.020	181FA022984	-	272,417
CDFI FA Fund	21.020	191FA052085	-	455,000
TOTAL U.S. DEPARTMENT OF TREASURY			-	727,417
<b><u>U.S. SMALL BUSINESS ADMINISTRATION</u></b>				
Microloan Program	59.046	5151215006	-	205,859
Microloan Program	59.046	6234145009	-	505,980
Microloan Program	59.046	8512005002	-	292,593
Subtotal			-	1,004,432
Training and Technical Assistance Grant	59.046	SBAHQ19Y0049	-	105,291
Training and Technical Assistance Grant	59.046	SBAOCAML200130	-	44,054
Subtotal			-	149,345
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			-	1,153,777
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 2,999,112</b>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 – BASIS OF ACCOUNTING & PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is prepared using the accrual basis method of accounting. 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

**NOTE 2 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related periodic federal financial reports.

**NOTE 3 – LOANS OUTSTANDING**

The federally-funded loans outstanding at December 31, 2020 consist of the following:

Program	Number	Balance
USDA Rural Microentrepreneur Assistance Program (RMAP)	498548110	\$ 298,922
USDA Intermediary Relending Program (IRP)	-	450,837
USDA Intermediary Relending Program (IRP)	-	225,000
Microloan Program	5151215006	126,172
Microloan Program	6234145009	364,776
Microloan Program	8512005002	248,148
City of Modesto	-	96,223

**NOTE 4 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)**

The CFDA numbers included in the accompanying Schedule of Expenditures of Federal Awards were determined based on the program name, review of the grant or contract information and the Office of Management and Budget’s Catalog of Federal Domestic Assistance.

**NOTE 5 – INDIRECT COST RATE**

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

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL**

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**OTHER INDEPENDENT AUDITORS' REPORTS**



**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**

To the Board of Directors of  
Fresno Community Development Financial Institution dba Access Plus Capital

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 the Fresno Community Development Financial Institution dba Access Plus Capital (the Organization), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued our report thereon dated June 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. During our audit we did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness: 2020-001.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 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*.

**Organization's Response to Findings**

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California  
June 29, 2021



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

To the Board of Directors of  
Fresno Community Development Financial Institution dba Access Plus Capital

**Report on Compliance for Each Major Federal Program**

We have audited the Fresno Community Development Financial Institution dba Access Plus Capital's (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization'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 Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 of the Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization 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, 2020.



## Report on Internal Control over Compliance

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

### Purpose of Report

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.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California

June 29, 2021

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL**

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**FINDINGS AND RECOMMENDATIONS**

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No
- Significant deficiency(ies) identified that are 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 federal programs:

- Material weakness identified? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ None reported
- Noncompliance material to federal awards? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Any audit findings disclosed that are required to be reported in accordance with 2CRF section 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Type of auditors’ report issued on compliance for major Federal programs: Unmodified

Identification of major programs:

<u>CFDA Number:</u> 59.046	<u>Name of Federal Program or Cluster</u> Microloan Program
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Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
**dba ACCESS PLUS CAPITAL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001 – Material Weakness**  
**Financial Close & Reporting**

Condition:

During the audit of the Organization’s financial statements, we identified material misstatements in the Organization’s general ledger account balances which required material audit adjustments. These adjustments were noted in revenue/receivables for an affiliate duplicate transaction, and in notes receivable in balancing the general ledger to the notes receivable sub-ledger.

Criteria:

In accordance with accounting principles generally accepted in the United States of America, adequate internal controls should be implemented to ensure that all assets, liabilities, revenues and expenses are properly recorded and reported. Furthermore, proper accounting principles should be applied to all financial closing accounts and processes, thus resulting in the proper presentation of all Organization activities and/or funds.

Cause:

Closing entries were posted in an effort to properly close the Organization’s financial records, however it appears that adequate review was not performed in ensuring balances and transactions were properly recorded and reconciled as of year-end.

Effect:

Material adjustments were identified through audit procedures performed which resulted in adjustments to receivables, revenue, and notes receivable to ensure proper presentation in accordance with generally accepted accounting standards.

Recommendation:

We recommend that the Organization continue to work on clarifying roles and responsibilities during the year-end closing process, enhancing the process to ensure that all accounting records are properly reflected in the financial statements prior to the commencement of the audit. We also recommend management implement further detective measures in fixing financial reporting errors during the financial closing process.

Management Response:

Fiscal year 2020, provided a number of challenges and changes including coronavirus, sheltering in place for eight months and several key staffing changes within Access Plus Capital and the Fresno EOC Finance Department. To assist businesses within the portfolio impacted by the coronavirus, Access Plus Capital leveraged local, state and federal government relief programs along with philanthropic grants for support loan deferment and payments. These relief programs required multiple revisions to payments and balances for the benefit of the client. This resulted in 1,157 businesses receiving \$11,750,000 in COVID19 relief in the form of forgivable loans and direct grants.

Both Access Plus Capital and Fresno EOC have instituted several leadership and financial changes to address these issues. In 2020, both Fresno EOC and Access Plus Capital hired new leadership, a chief financial officer and an executive director, respectively. As part of the newly executed operating and management agreement, Access Plus Capital will hire and/or supervise its own accounting and treasury staff to work with the Fresno EOC Finance Department to improve accuracy and the timeliness of revenue and expense recording. This work will be led by a new position, Director of Risk Management & Finance overseeing accounting and portfolio activities. Starting in 2021, lending activity payments will be tracked solely in Portfol, the loan management software reducing potential duplication with dual recording in Portfol and the general ledger.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION III – FEDERAL AWARD FINDINGS**

There are no federal award findings to be reported in accordance with the Uniform Guidance.

**FRESNO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION  
dba ACCESS PLUS CAPITAL  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no prior year financial statement findings reported in accordance with *Government Auditing Standards*.

**SECTION III – FEDERAL AWARD FINDINGS**

There were no federal award findings to be reported in accordance with the Uniform Guidance.