

NEWWEST COMMUNITY CAPITAL, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

**NEWWEST COMMUNITY CAPITAL, INC.
SEPTEMBER 30, 2021**

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Mahlke Hunsaker & Company PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

INDEPENDENT AUDITOR'S REPORT

Board of Directors
NewWest Community Capital, Inc.
Boise, Idaho 83711

Report on the Financial Statements

We have audited the accompanying financial statements of NewWest Community Capital, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the 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 whether the financial statements are free of 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 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 purposes 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 NewWest Community Capital, Inc. as of September 30, 2021, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2021, on our consideration of NewWest Community Capital, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NewWest Community Capital, Inc.'s internal control over financial reporting and compliance.

Mahlke Hunsaker & Co.

Mahlke Hunsaker & Company pllc
January 17, 2021

NEWWEST COMMUNITY CAPITAL, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

Assets

Current Assets

Cash and Cash Equivalents, Unrestricted	\$ 4,751,177
Cash and Cash Equivalents, Reserve Accounts	405,622
Restricted Cash, CMF Assistance	1,500,000
Accrued Interest Receivable	83,991
Prepaid Expenses	7,274
Current Portion of Notes Receivable	683,925
Total Current Assets	7,431,989

Property and Equipment

Equipment	5,204
Less: Accumulated Depreciation	(5,204)
Total Property and Equipment	-

Other Assets

Notes Receivable, Net of Current Portion	36,284,196
Allowance for Loan Loss	(1,287,340)
Total Net Notes Receivable	34,996,856
 Investment in FHLB	 217,300
Total Other Assets	35,214,156

Total Assets	\$ 42,646,145
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 9,185
Accrued Interest Payable	8,742
Payroll Liabilities	9,804
Reserve Accounts	405,622
Current Portion of Long-Term Debt	3,406,368
Total Current Liabilities	3,839,721

Long-Term Debt, Net of Current Portion	26,631,000
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Total Liabilities	30,470,721
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Net Assets

Without Donor Restrictions	10,675,424
With Donor Restrictions	1,500,000
Total Net Assets	12,175,424

Total Liabilities and Net Assets	\$ 42,646,145
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See accompanying notes and accountants' report.

NEWWEST COMMUNITY CAPITAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restriction	With Donor Restrictions	Total
Support & Revenues			
Loan Interest Income	\$ 2,419,109	-	\$ 2,419,109
Contributions and Grants	1,928,765	-	1,928,765
Servicing Fees and Other Income	124,127	-	124,127
Investment Income	23,008	-	23,008
Total Support & Revenues	4,495,009	-	4,495,009
 Expenses			
Program Services			
Advertising and Marketing	10,352	-	10,352
Bank Service Charges	22,259	-	22,259
Dues and Subscriptions	1,897	-	1,897
Depreciation Expense	-	-	-
Employee Benefits	121,941	-	121,941
Insurance	19,112	-	19,112
Interest Expense	1,364,322	-	1,364,322
Miscellaneous	48,336	-	48,336
Payroll and Payroll Taxes	476,923	-	476,923
Postage and Delivery	600	-	600
Professional Fees	48,588	-	48,588
Provision for Loan Loss	204,880	-	204,880
Service Fees	107,056	-	107,056
Telephone	8,439	-	8,439
Travel and Entertainment	3,449	-	3,449
Total Expenses	2,438,154	-	2,438,154
Increase (Decrease) in Net Assets	2,056,855	-	2,056,855
Net Assets as of September 30, 2020	8,618,569	1,500,000	10,118,569
Net Assets as of September 30, 2021	\$ 10,675,424	\$ 1,500,000	\$ 12,175,424

See accompanying notes and accountants' report.

NEWWEST COMMUNITY CAPITAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities

Change in Net Assets	\$ 2,056,855
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	-
Provision for Loan Loss	204,880
Decrease in Accrued Interest Receivable	4,709
Decrease in Investment in FHLB	-
Decrease in Accounts Payable	19,161
Increase in Accrued Interest Payable	15,421
Decrease in Reserve Accounts	952
Net Cash Provided (Used) by Operating Activities	2,311,782

Cash Flows from Investing Activities

Principal Payments on Notes Receivable	3,377,995
Loans Made to Clients	(11,395,065)
Net Cash Provided (Used) by Investing Activities	(8,017,070)

Cash Flows from Financing Activities

Proceeds from Long-Term Debt Restricted to Re-lending	3,250,000
Principal Payments on Long-Term Debt	(765,832)
Net Cash Provided (Used) by Financing Activities	2,484,168

Net Increase (Decrease) in Cash (3,221,120)

Cash and Cash Equivalents, October 1, 2020 9,877,919

Cash and Cash Equivalents, September 30, 2021 \$ 6,656,799

Supplemental Schedule of Non-Cash Investing and Financing Activities

Interest Paid for the Year Ended September 30, 2021	\$ 1,355,580
Taxes Paid for the Year Ended September 30, 2021	-

NEWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements.

Organization and Nature of Activities

NewWest Community Capital, Inc. formerly known as Idaho-Nevada Community Development Financial Institution, Inc. (The Organization) is a certified community development financial institution with a mission to increase access to capital for affordable housing and community facilities, halt community deterioration and create jobs throughout the economically disadvantaged areas of the western United States.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets. Expenditures for major renewals and betterments that extend the useful lives of the property are capitalized. Other expenditures for maintenance and repairs are charged to expense as incurred.

Notes Receivable

Notes receivable are carried at unpaid principal balances, less an allowance for loan losses and net deferred loan fees and unearned discounts. Interest on notes is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Management's periodic evaluation of the adequacy of any allowance for loan losses is based on the past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons. For fiscal year 2021 the expense for the Provision for Loan loss was set at \$204,880.

Revenue

The organization recognizes revenue when it is determined performance obligations are satisfied. Interest income and servicing fees are outside the scope of ASC 606.

Use of Estimates

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

Tax Status

The Organization is exempt from income taxes under the Internal Revenue Code Section 501(c)(3), and did not conduct unrelated business activities. Therefore, no provision for income taxes has been made in the accompanying financial statements.

NEWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted Assets

The Organization has received loan proceeds, which have been restricted to re-lending in specific geographic locations. The Organization considers these requirements fulfilled when funds are re-invested in the designated areas. Loan proceeds which request re-lending are reported as unrestricted net assets, as the Organization intends to only operate within those requested locations.

Liquidity and Availability of Assets

As part of the Organization’s liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

The Organization received a Capital Magnet Fund (CMF) award in the amount of \$1,500,000 during the fiscal year ending September 30, 2020. The purpose of the CMF award is the development, preservation, rehabilitation or purchase of affordable housing for primary extremely low-income, very low-income, and low-income families and economic development activities that are part of a concerted strategy, as set forth in 12 CFR 1807.104.

NOTE 2 – CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid investments held by the bank in the form of checking or savings to be cash equivalents. Fair value approximates carrying amounts. The Organization’s cash and cash equivalents at September 30, 2021 were:

Banner Bank	\$	5,660
Charles Schwab Bank		6,797
Federal Home Loan Bank		56,468
First Interstate Bank		47,038
Mountain West Bank		119,545
Nevada State Bank		21,680
UBS Financial		299
Umpqua Bank		19,599
US Bank		18,464
Washington Trust Bank		16,176
Washington Federal		27,112
Wells Fargo		6,317,960
		6,317,960
	\$	6,656,798

At September 30, 2021, \$6,067,960 of the organization’s cash balances were not FDIC insured.

NEWWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – PROPERTY & EQUIPMENT

	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$ 5,204		\$ -	\$ 5,204
Accum Depreciation	(5,204)	-	-	(5,204)
Property & Equip. net	\$ -	\$ -	\$ -	\$ -

NOTE 4 – IMPAIRED LOAN

Management considers a loan impaired when based on current information or factors (such as payment history, value of collateral, and assessment of the customer’s current creditworthiness), it is probable that the principal and interest payments will not be collected according to the loan agreement.

The carrying amount of the loan receivable is reduced by an allowance for loan loss which is maintained at a level which, in management’s judgement, is adequate to absorb credit losses inherent in the loan portfolio.

NOTE 5 – LONG-TERM DEBT

Lender	* Due Date	Interest Terms	Amount Due
Banner Bank	2027	Paid Quarterly	800,000
Charles Schwab Bank	2026	Paid Quarterly	9,056,000
Community Foundation of Western Nevada	2022	Paid Quarterly	800,000
CommonSpirit Health	2022	Paid Quarterly	1,000,000
Eaglemark Savings Bank	2026	Paid Quarterly	500,000
Farm Bureau Bank	2026	Paid Quarterly	250,000
Federal Home Loan Bank	2022	Paid Monthly	2,656,368
Federal Home Loan Bank	2029	Paid Monthly	1,600,000
First Federal Savings Bank	2023	Paid Quarterly	100,000
First Interstate Bank	2022	Paid Quarterly	250,000
Key Community Development	2029	Paid Quarterly	500,000
Mountain West Bank	2027	Paid Quarterly	2,450,000
Zions First National Bank	2031	Paid Quarterly	2,000,000
Sunwest Bank	2031	Paid Quarterly	1,500,000
Religious Communities Impact Fund, Inc.	2021	Paid Quarterly	250,000
Toyota Financial Savings Bank	2029	Paid Quarterly	500,000
Trinity Health	2023	Paid Quarterly	750,000
U.S. Bancorp	2023	Paid Quarterly	1,400,000
Umpqua Bank	2031	Paid Quarterly	300,000
Washington Federal Bank	2029	Paid Quarterly	750,000
Washington Trust	2029	Paid Quarterly	500,000
Wells Fargo	2024	Paid Quarterly	1,375,000
Western Alliance Bank	2026	Paid Quarterly	750,000
			\$ 30,037,368

*Due date includes provisions for automatic extensions.

NEWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 – LONG-TERM DEBT – Continued

Changes in long-term debt during the year are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Banner Bank	800,000	-	-	800,000
Charles Schwab Bank	9,056,000	-	-	9,056,000
CommonSpirit Health	2,000,000	-	1,000,000	1,000,000
Community Foundation of Western Nevada	800,000	-	-	800,000
Eaglemark Savings Bank	500,000	-	-	500,000
Farm Bureau Bank	-	250,000	-	250,000
Federal Home Loan Bank	2,715,200	-	58,832	2,656,368
Federal Home Loan Bank	1,600,000	-	-	1,600,000
First Federal Savings Bank	100,000	-	-	100,000
First Interstate Bank	250,000	-	-	250,000
Key Bank	500,000	-	-	500,000
Mountain West Bank	2,450,000	-	-	2,450,000
Religious Communities Impact Fund, Inc.	250,000	-	-	250,000
Sunwest Bank	-	1,500,000	-	1,500,000
Toyota Financial Savings Bank	500,000	-	-	500,000
Trinity Health	750,000	-	-	750,000
U.S. Bank	1,400,000	-	-	1,400,000
Umpqua Bank	300,000	-	-	300,000
Washington Federal Bank	750,000	-	-	750,000
Washington Trust Bank	500,000	-	-	500,000
Wells Fargo Bank	1,782,000	-	407,000	1,375,000
Western Alliance Bank	750,000	-	-	750,000
Zions First National Bank	500,000	1,500,000	-	2,000,000
Zions First National Bank	300,000	-	300,000	-
Totals	<u>\$ 28,553,200</u>	<u>\$ 3,250,000</u>	<u>\$ 1,765,832</u>	<u>\$ 30,037,368</u>

The annual requirements for payment of long-term debt are as follows:

Year Ended Sept. 30,

2022	3,406,368
2023	4,800,000
2024	375,000
2025	-
2026	1,250,000
2027-2031	<u>20,206,000</u>
Total	<u>\$ 30,037,368</u>

NEWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – CONCENTRATION OF CREDIT RISK

Financial instruments that are exposed to concentrations of credit risk consist of cash, and notes receivable. The cash is in high quality institutions and companies with high credit ratings. Note receivables are principally with community development organizations within the western United States. Realization of these items is dependent on various individual economic conditions. The Organization performs ongoing credit evaluations of the financial condition of all borrowers. Note receivables are carried at estimated net realizable values.

NOTE 7 – RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan. The organization contributes 7.5% of eligible employee's earnings to the plan.

NOTE 8 – SUBSEQUENT EVENTS

COVID-19 has not had a negative impact on the Organization's financial position and operations. Economic uncertainties resulting from COVID-19 may negatively impact the Organization's investments and notes receivable, although such potential impact is unknown at this time.

The Organization has evaluated subsequent events through January 17, 2022, the date which the financial statements were available to be issued.



Mahlke Hunsaker & Company PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

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

Board of Directors
NewWest Community Capital, Inc.
Boise, Idaho 83711

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 NewWest Community Capital, Inc. as of and for the year ended September 30, 2021, and the related notes to the financial statements and have issued our report thereon dated January 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NewWest Community Capital, Inc.'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 NewWest Community Capital, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness NewWest Community Capital, Inc.'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NewWest Community Capital, Inc.'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.

Purpose of this Report

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

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc

January 17, 2022