

NEWWEST COMMUNITY CAPITAL, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NEWWEST COMMUNITY CAPITAL, INC.
SEPTEMBER 30, 2023

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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 AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NewWest Community Capital, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2023, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NewWest Community Capital, Inc. as of September 30, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NewWest Community Capital, Inc. 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 opinions.

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 NewWest Community Capital, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 NewWest Community Capital, Inc.'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 NewWest Community Capital, Inc.'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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2024, on our consideration of NewWest Community Capital, Inc.'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 NewWest Community Capital, Inc.'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 NewWest Community Capital, Inc.'s internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, PLLC
Twin Falls, Idaho
January 18, 2024

NEWWEST COMMUNITY CAPITAL, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

Assets

Current Assets

Cash and Cash Equivalents, Unrestricted	\$ 14,671,451
Cash and Cash Equivalents, Reserve Accounts	252,779
Restricted Cash, CMF Assistance	1,100,000
Accrued Interest Receivable	83,623
Prepaid Expenses	7,951
Current Portion of Notes Receivable	4,835,558
Total Current Assets	20,951,362

Property and Equipment

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

Other Assets

Notes Receivable, Net of Current Portion	25,539,775
Allowance for Loan Loss	(1,117,911)
Total Net Notes Receivable	24,421,864
 Investment in FHLB	 118,800
Total Other Assets	24,540,664

Total Assets	\$ 45,492,026
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 48,114
Accrued Interest Payable	130,002
Payroll Liabilities	4,820
Reserve Accounts	252,779
Current Portion of Long-Term Debt	1,300,000
Total Current Liabilities	1,735,715

Long-Term Debt, Net of Current Portion	29,981,000
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Total Liabilities	31,716,715
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Net Assets

Without Donor Restrictions	12,675,311
With Donor Restrictions	1,100,000
Total Net Assets	13,775,311

Total Liabilities and Net Assets	\$ 45,492,026
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See accompanying notes and accountants' report.

NEWEST COMMUNITY CAPITAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restriction	With Donor Restrictions	Total
Support & Revenues			
Loan Interest Income	\$ 2,327,474	-	\$ 2,327,474
Contributions and Grants	196,285	-	196,285
Servicing Fees and Other Income	287,496	-	287,496
Investment Income	474,214	-	474,214
Total Support & Revenues	3,285,469	-	3,285,469
 Expenses			
Program Services			
Advertising and Marketing	41,611	-	41,611
Bank Service Charges	19,213	-	19,213
Dues and Subscriptions	1,357	-	1,357
Depreciation Expense	-	-	-
Employee Benefits	183,746	-	183,746
Insurance	22,460	-	22,460
Interest Expense	1,264,611	-	1,264,611
Miscellaneous	106,064	-	106,064
Payroll and Payroll Taxes	642,238	-	642,238
Postage and Delivery	4,142	-	4,142
Professional Fees	90,581	-	90,581
Provision for Loan Loss	(287,248)	-	(287,248)
Service Fees	122,597	-	122,597
Telephone	26,248	-	26,248
Travel and Entertainment	30,974	-	30,974
Total Expenses	2,268,594	-	2,268,594
Increase (Decrease) in Net Assets	1,016,875	-	1,016,875
Net Assets as of September 30, 2022	11,658,436	1,100,000	12,758,436
Assets released from Restrictions	-	-	-
Net Assets as of September 30, 2023	\$ 12,675,311	\$ 1,100,000	\$ 13,775,311

See accompanying notes and accountants' report.

NEWWEST COMMUNITY CAPITAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash Flows from Operating Activities

Change in Net Assets	\$ 1,016,875
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	-
Provision for Loan Loss	(287,248)
Decrease in Accrued Interest Receivable	14,122
Decrease in Investment in FHLB	(2,200)
Decrease in Accounts Payable	(39,952)
Increase in Accrued Interest Payable	(33,455)
Decrease in Reserve Accounts	99,136
Net Cash Provided (Used) by Operating Activities	766,583

Cash Flows from Investing Activities

Principal Payments on Notes Receivable	10,459,828
Loans Made to Clients	(3,240,000)
Net Cash Provided (Used) by Investing Activities	7,219,828

Cash Flows from Financing Activities

Proceeds from Long-Term Debt Restricted to Re-lending	50,000
Principal Payments on Long-Term Debt	(1,260,278)
Net Cash Provided (Used) by Financing Activities	(1,210,278)

Net Increase (Decrease) in Cash 6,776,133

Cash and Cash Equivalents, October 1, 2022 9,248,097

Cash and Cash Equivalents, September 30, 2023 \$ 16,024,230

Supplemental Schedule of Non-Cash Investing and Financing Activities

Interest Paid for the Year Ended September 30, 2023	\$ 1,134,609
Taxes Paid for the Year Ended September 30, 2023	-

NEWWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 2023 the company was over reserved in the amount of 287,248.

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, 2023

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, 2023 were:

Banner Bank	\$	5,271
Charles Schwab Bank		6,831
Federal Home Loan Bank		959,309
First Independent Bank		26,344
First Interstate Bank		3,046
First Federal		122,875
Glacier		65,080
Mountain West Bank		28,233
Nevada State Bank		11,623
UBS Financial		30
US Bank		17,990
Washington Trust Bank		23,053
Washington Federal		14,512
Wells Fargo		14,785,033
		14,785,033
	\$	16,069,230

At September 30, 2023, \$574,888 of the organization’s cash balances were FDIC insured.

NEWWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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
CDFI CIF EQ2	2032	Paid Quarterly	750,000
Charles Schwab Bank	2028	Paid Quarterly	10,556,000
CommonSpirit Health	2028	Paid Quarterly	1,000,000
Community Foundation of Western Nevada	2024	Paid Quarterly	800,000
Eaglemark Savings Bank	2026	Paid Quarterly	500,000
Farm Bureau Bank	2031	Paid Quarterly	250,000
Federal Home Loan Bank, Des Moines	2029	Paid Monthly	1,600,000
First Federal Savings Bank	2028	Paid Quarterly	100,000
First Interstate Bank	2027	Paid Quarterly	250,000
Key Community Development	2029	Paid Quarterly	500,000
Mountain West Bank	2027	Paid Quarterly	2,450,000
Opportunity Finance Network FJF	2032	Paid Quarterly	1,500,000
Plumas Bank	2038	Paid Quarterly	50,000
Religious Communities Impact Fund, Inc.	2026	Paid Quarterly	350,000
Sunwest Bank	2031	Paid Quarterly	1,500,000
Toyota Financial Savings Bank	2029	Paid Quarterly	500,000
Toyota Financial Savings Bank	2031	Paid Quarterly	1,000,000
Trinity Health	2028	Paid Quarterly	750,000
U.S. Bancorp	2029	Paid Quarterly	1,400,000
Umpqua Bank	2031	Paid Quarterly	300,000
Washington Federal Bank	2029	Paid Quarterly	750,000
Washington Trust	2025	Paid Quarterly	500,000
Wells Fargo	2024	Paid Quarterly	375,000
Western Alliance Bank	2026	Paid Quarterly	750,000
Zions First National Bank	2031	Paid Quarterly	2,000,000
			\$ 31,281,000

*Due date includes provisions for automatic extensions.

NEWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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
CDFI CIF EQ2	750,000	-	-	750,000
Charles Schwab Bank	10,856,000	-	300,000	10,556,000
CommonSpirit Health	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, Des Moines	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
Opportunity Finance Network	1,500,000	-	-	1,500,000
Plumas Bank	-	50,000	-	50,000
Religious Communities Impact Fund, Inc.	350,000	-	-	350,000
Sunwest Bank	1,500,000	-	-	1,500,000
Toyota Financial Savings Bank	1,500,000	-	-	1,500,000
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	875,000	-	500,000	375,000
Western Alliance Bank	750,000	-	-	750,000
Zions First National Bank	2,000,000	-	-	2,000,000
Totals	<u>\$ 32,031,000</u>	<u>\$ 50,000</u>	<u>\$ 800,000</u>	<u>\$ 31,281,000</u>

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

Year Ended Sept. 30,

2024	1,175,000
2025	500,000
2026	1,600,000
2027	3,500,000
2028	12,406,000
2029-2034	12,050,000
2035-2040	50,000
Total	<u>\$ 31,281,000</u>

NEWEST COMMUNITY CAPITAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

The Organization has evaluated subsequent events through January 18, 2024, the date which the financial statements were available to be issued.

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 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. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2023, and the related statement of activities and changes in net assets, and cash flows for the year then ended , and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NewWest Community Capital, inc.’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 NewWest Community Capital, inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 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.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho
January 18, 2024