

AUDITED FINANCIAL STATEMENTS

WOODLANDS COMMUNITY LENDERS, INC.

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

WOODLANDS COMMUNITY LENDERS, INC.

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Woodlands Community Lenders, Inc.
Elkins, WV

Opinion

We have audited the accompanying statement of financial position of Woodlands Community Lenders, Inc. (the Organization) as of and for the year ended December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's December 31, 2021 financial statements, which were audited by a prior auditor. In their report dated June 6, 2022, they expressed an unmodified opinion on those financial statements.

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, 2022, and the results of its operations 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. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account 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 above described supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

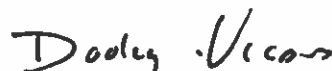
Auditor's Responsibilities for the Audit of the Financial Statements

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 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, including omissions, 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, 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 the Organization'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 Organization'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.



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
July 18, 2023

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(With Comparative Amounts as of December 31, 2021)

ASSETS

CURRENT ASSETS	2022	2021
Cash	\$ 638,814	\$ 834,692
Cash with Donor Restrictions	1,490,344	1,368,423
Accounts Receivable	-	2,400
Grants Receivable	201,185	153,356
Loans Receivable - Current	119,477	120,069
Total Current Assets	2,449,820	2,478,940
 PROPERTY AND EQUIPMENT		
Leasehold Improvements	80,155	80,155
Furniture and Equipment	10,882	10,882
Less: Accumulated Depreciation	(22,482)	(13,891)
Total Property and Equipment	68,555	77,146
 OTHER ASSETS		
Right of Use Asset	141,151	157,925
Loans Receivable - Noncurrent	2,103,748	1,321,920
Total Other Assets	2,244,899	1,479,845
 Total Assets	\$ 4,763,274	\$ 4,035,931

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	2022	2021
Accounts Payable	\$ 9,865	\$ 26,613
Accrued Expenses	7,471	6,422
Notes Payable - Current Portion	73,857	105,295
Lease Liability - Current Portion	17,328	16,774
Total Current Liabilities	108,521	155,104
 LONG-TERM LIABILITIES		
Notes Payable - Noncurrent Portion	2,361,313	1,647,807
Lease Liability - Noncurrent Portion	123,823	141,151
Total Long-term Liabilities	2,485,136	1,788,958
 Total Liabilities	2,593,657	1,944,062
 NET ASSETS		
Without Donor Restriction	1,147,783	1,038,638
With Donor Restriction	1,021,834	1,053,231
Total Net Assets	2,169,617	2,091,869
 Total Liabilities and Net Assets	\$ 4,763,274	\$ 4,035,931

The accompanying notes are an integral part of these financial statements

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Amounts as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE		
Grants Revenue	\$ 561,325	\$ 1,307,641
Rental Income	7,200	7,200
Borrower Fees	12,848	8,070
Investment Income	83,409	70,923
	<u>664,782</u>	<u>1,393,834</u>
EXPENSES		
Program Services	457,250	471,192
Management and General	129,784	138,691
Fund Raising	-	-
	<u>587,034</u>	<u>609,883</u>
Increase (Decrease) in Net Assets	77,748	783,951
NET ASSETS		
Beginning of Year	<u>2,091,869</u>	<u>1,307,918</u>
End of Year	<u>\$ 2,169,617</u>	<u>\$ 2,091,869</u>

The accompanying notes are an integral part of these financial statements

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Amounts as of December 31, 2021)

	Supportive Services			Total 2022	Total 2021
	Program Services	Management and General	Fund Raising		
Salaries	\$ 73,474	\$ -	\$ -	\$ 73,474	\$ 89,856
Contracted Services	168,800	100,141	-	268,941	162,161
Technical Assistance	52,867	-	-	52,867	199,993
Provision for Loan Loss	39,660	-	-	39,660	14,131
Travel and Training	3,719	2,003	-	5,722	1,361
Administrative Office Costs	11,645	7,074	-	18,719	10,619
Employee Benefits	16,786	-	-	16,786	7,992
Office Rent	14,300	7,700	-	22,000	21,600
Depreciation Expense	5,584	3,007	-	8,591	7,494
Interest	34,910	-	-	34,910	41,732
Insurance	2,047	1,102	-	3,149	3,259
Equipment and Support	14,941	8,045	-	22,986	11,250
Utilities	1,323	712	-	2,035	6,267
Origination and Loan Processing	208	-	-	208	1,127
Marketing and Advertising	16,986	-	-	16,986	5,944
Grant Expenses	-	-	-	-	22,820
Membership Expenses	-	-	-	-	2,104
Miscellaneous	-	-	-	-	173
Total Expenses	\$ 457,250	\$ 129,784	\$ -	\$ 587,034	\$ 609,883

The accompanying notes are an integral part of these financial statements

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Amounts as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash Received from Donors	\$ 515,896	\$ 1,353,760
Cash Received from Rental Revenue	7,200	7,200
Cash Received from Borrowers	12,848	8,070
Interest and Dividends Received	83,409	70,923
Cash Payments for Salaries and Benefits	(90,260)	(97,848)
Cash Payments to Vendors and Other	(503,882)	(516,558)
Net Cash Provided By (Used In) Operating Activities	<u>25,211</u>	<u>825,547</u>
Cash Flows from Investing Activities		
Purchase of Capital Assets	-	(6,583)
Net Cash Provided By (Used In) Investing Activities	<u>-</u>	<u>(6,583)</u>
Cash Flows from Financing Activities		
(Increase)/Decrease in Loans Receivable	(781,236)	(341,084)
Increase/(Decrease) in Notes Payable	682,068	139,310
Net Cash Provided By (Used In) Financing Activities	<u>(99,168)</u>	<u>(201,774)</u>
Net Increase (Decrease) in Cash	(73,957)	617,190
Cash at Beginning of Year	<u>2,203,115</u>	<u>1,585,925</u>
Cash at End of Year	<u><u>\$ 2,129,158</u></u>	<u><u>\$ 2,203,115</u></u>
 <u>Reconciliation of Cash</u>		
Cash - Unrestricted	\$ 638,814	\$ 834,692
Cash with Donor Restrictions	<u>1,490,344</u>	<u>1,368,423</u>
Total Cash	<u><u>\$ 2,129,158</u></u>	<u><u>\$ 2,203,115</u></u>

The accompanying notes are an integral part of these financial statements

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Amounts as of December 31, 2021)
(CONTINUED)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 77,748	\$ 783,951
Adjustments to Reconcile Change in Net Assets		
Depreciation	8,591	7,494
(Increase) Decrease in:		
Grants Receivable	(47,829)	45,020
Other Receivables	2,400	444
Prepaid Expenses	-	655
Increase (Decrease) in:		
Accounts Payable	(16,748)	-
Accrued Expenses	1,049	(3,782)
Escrow Account	-	(8,235)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 25,211</u>	<u>\$ 825,547</u>

The accompanying notes are an integral part of these financial statements

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1: Organization and Mission

Woodlands Community Lenders, Inc. (the Organization) is a non-profit (501)(c)(3) organization incorporated in the State of West Virginia. The Organization's mission is to foster entrepreneurship and community revitalization by providing access to capital and technical assistance. The Organization was created to provide low interest loans to qualified businesses and commercial property owners in the Randolph, Tucker and Barbour County areas to encourage community development.

Note 2: Summary of Significant Accounting Policies

Method of Accounting - The financial statements of Woodlands Community Lenders, Inc., have been prepared on the accrual basis of accounting. Revenues and related assets are recognized when earned and expenses and related liabilities are recognized when the related obligations are incurred.

Basis of Presentation - The financial statements have been prepared in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958, Financial Statements of Not-for-Profit Organizations. In accordance with ASC 958, the Agency 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.

Without Donor Restrictions - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Woodlands Community Lenders, Inc. accounts for contributions received as with or without donor restriction depending on the existence and/or nature of any donor restrictions.

Advertising Costs - Advertising costs are charged to operations when incurred.

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 2: Summary of Significant Accounting Policies (Cont.)

Functional Allocation of Expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Program Support and Revenue - The Organization received a majority of its revenues from grants and contributions. The Organization relies on the continued receipt of grants and contributions to provide program services.

Estimates - The preparation of financial statements in accordance 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, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates.

Depreciation - All purchased property and equipment which have useful life of more than one year are capitalized at cost. The costs of normal maintenance and repairs that do not add to the asset or materially extend asset lives are expensed. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation is provided for in an amount sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis. Depreciation expense during the years ended December 31, 2022 and 2021, was \$8,591 and \$7,494, respectively.

Subsequent Events - Management has evaluated subsequent events through July 18, 2023, the date on which the financial statements were available to be issued.

Allocation of Joint Costs - The Organization allocates joint costs using a systematic methodology, applied consistently, that results in a reasonable allocation following the criteria of purpose.

Income Taxes - Woodlands Community Lenders, Inc., is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2022. Fiscal years ending on or after December 31, 2019, remain subject to examination by federal and state tax authorities.

Long Term Leases - In accordance with ASC 842, operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities on the balance sheet.

Restatements - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 3: Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents as of December 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash - Unrestricted	\$ 638,814	\$ 834,692
Cash with Donor Restrictions	1,490,344	1,368,423
Total	<u>\$ 2,129,158</u>	<u>\$ 2,203,115</u>

Note 4: Grants Receivable

Grants Receivable as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Appalachian Regional Commission (ARC)	\$ 45,250	\$ 88,752
Rural Community Development Initiative (RCDI)	-	14,008
USDA Rural Microenterprise Assistance Program (RMAP)	16,661	11,860
Economic Development Administration (EDA)	74,253	38,736
CDFI Rapid Response Program (RRP)	49,000	-
Partner Community Capital, Inc. (PCAP)	7,558	-
USDA RDBG Fund	8,463	-
Total	<u>\$ 201,185</u>	<u>\$ 153,356</u>

Note 5: Loans Receivable

The amount represents loans given by the Organization to certain qualified businesses and commercial property owners to encourage community development. The loans are secured. The Organization had provided an allowance for loan loss of \$39,660 and \$14,131 charged to Provision for Loan Losses expense for the years 2022 and 2021, respectively, and included in the Allowance for Bad Debts account balance on outstanding Loan Receivables. At December 31, 2022 and 2021, the balances due are as follows:

	<u>2022</u>	<u>2021</u>
Loans Receivable	\$ 2,383,982	\$ 1,562,481
Less: Allowance for Bad Debts	(160,757)	(120,492)
Net Receivables	2,223,225	1,441,989
Loans Receivable - Current Portion	119,477	120,069
Loans Receivable - Noncurrent	<u>\$ 2,103,748</u>	<u>\$ 1,321,920</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 6: Notes Payable

The Organization had five notes payable and three lines of credit at December 31, 2022 totaling \$2,435,170 and five notes payable and three lines of credit at December 31, 2021 totaling \$1,753,102. The detail of calculation below represents current portion due within one year using straight-line amortization which is as follows:

	Amounts of Notes Payable	Current Portion	Noncurrent Portion
USDA-Intermediary Relending Program (IRP#1)	\$ 215,185	\$ 9,777	\$ 205,408
Rural Microenterprise Assistance Program	355,128	28,800	326,328
Citizen Bank of West Virginia	76,578	8,400	68,178
Davis Trust Company	82,389	6,000	76,389
Tucker Community Foundation	26,559	2,880	23,679
Rural Microenterprise Assistance Program - CLF	488,331	18,000	470,331
USDA-Intermediary Relending Program (IRP#2)	691,000	-	691,000
Appalachian Community Capital	500,000	-	500,000
Ending Balance	<u>\$ 2,435,170</u>	<u>\$ 73,857</u>	<u>\$ 2,361,313</u>

The first note payable is for a loan of \$281,000 availed from the USDA-Rural Development under the Intermediary Relending Program (IRP#1). The loan carries an interest rate of 1% and is repayable in 27 equal annual instalments starting from December 13, 2018. The total loan amount was fully drawn, and the outstanding amount under this loan as of December 31, 2022 and 2021, was \$215,185 and \$224,865, respectively.

During 2015, the Organization obtained additional financing from the USDA-Rural Development of the Rural Microenterprise Assistance Program (RMAP) amounting to \$500,000. The loan carries an interest rate of 2% and is repayable in 216 equal monthly instalments starting from December 31, 2016. The total loan amount was fully drawn, and the outstanding amount under this loan as of December 31, 2022 and 2021 was \$355,128 and \$383,565, respectively.

The third note for a line of credit of \$300,000 dated November 10, 2017, was executed in favor of Citizens Bank of West Virginia. The amount due under the Note matures on November 10, 2032 and carries the WSJ Prime rate of interest. The principal amount of the LOC outstanding as of December 31, 2022 and 2021, was \$76,578 and \$261,715, respectively.

The fourth note for a line of credit of \$300,000 dated November 10, 2017, was executed in favor of Davis Trust Bank. The amount due under the Note matures on November 10, 2032 and carries the WSJ Prime rate of interest. The principal amount of the LOC outstanding as of December 31, 2022 and 2021, was \$82,389 and \$267,238, respectively.

The fifth note for a line of credit of 100,000 dated November 10, 2017, was executed in favor of Tucker Community Foundation. The amount due under the Note matures on November 10, 2032 and carries the WSJ Prime rate of interest. The principal amount of the LOC outstanding as of December 31, 2022 and 2021, was \$26,559 and \$87,877, respectively.

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 6: Notes Payable (Cont.)

During 2019, the Organization obtained additional financing from the USDA-Rural Development of the Rural Microenterprise Assistance Program (RMAP) amounting to \$500,000. The loan carries an interest rate of 2% and is repayable in 216 equal monthly installments starting from November 9, 2021. The outstanding amount under this loan as of December 31, 2022 and 2021, was \$488,331 and \$203,158, respectively.

The second note payable is for a loan of \$750,000 availed from the USDA-Rural Development under the Intermediary Relending Program (IRP#2). The loan carries an interest rate of 1% and is repayable in 30 equal annual instalments starting from April 8, 2025. The total outstanding amount under this loan as of December 31, 2022 and 2021, was \$691,000 and \$225,000, respectively.

During 2022, the Organization entered into an agreement with Appalachian Community Capital for \$500,000 to make project loans to small business. The loan carries an interest rate of 2.78% and is to be fully repaid by December 15, 2027. The outstanding amount under this loan as of December 31, 2022, was \$500,000.

The estimated future maturities of all notes payable as of December 31, 2022, are as follows:

2023	\$ 73,857
2024	83,174
2025	109,985
2026	112,933
2027	616,250
Thereafter	1,438,971
	<u>\$ 2,435,170</u>

Note 7: Property and Equipment

Property and equipment is stated at cost. Depreciation on property and equipment is provided over the estimated useful lives of the assets using the straight-line method. As of December 31, 2022, and 2021, property and equipment consisted of the following:

	Balance 12/31/2021	Additions	Retirements/ Transfers	Balance 12/31/2022
Leasehold Improvements	\$ 80,155	\$ -	\$ -	\$ 80,155
Furniture and Equipment	10,882	-	-	10,882
Total Historical Cost	91,037	-	-	91,037
Less: Accumulated Depreciation:	(13,891)	(8,591)	-	(22,482)
Net Property and Equipment	<u>\$ 77,146</u>	<u>\$ (8,591)</u>	<u>\$ -</u>	<u>\$ 68,555</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 8: Accrued Expenses

At December 31, 2022 and 2021, accrued expenses consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued Salaries	\$ 1,470	\$ 905
Accrued Payroll Taxes	1,708	402
Accrued Compensated Absences	422	3,390
Accrued Interest	3,729	1,079
Loan Closing Escrow	142	646
	<u>\$ 7,471</u>	<u>\$ 6,422</u>

Note 9: Accounts Payable

At December 31, 2022 and 2021, accounts payable consist of the following:

	<u>2022</u>	<u>2021</u>
Due to Related Parties:		
Woodlands Development Group (WDG)	\$ 3,307	\$ 17,144
Others:		
VanNostrand Architects PLLC	-	4,000
Other Vendors	6,558	5,469
	<u>\$ 9,865</u>	<u>\$ 26,613</u>

Note 10: Interest Expense

The total interest cost incurred during the years ended December 31, 2022 and 2021 was \$34,910 and \$41,732, respectively.

Note 11: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Purpose restrictions	\$ 1,021,834	\$ 1,053,231
Total	<u>\$ 1,021,834</u>	<u>\$ 1,053,231</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 12: Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of interest bearing cash deposits in financial institutions that exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000.

As of December 31, 2022 and 2021, the Organization's cash balances are as follows:

	Uninsured	FDIC Insured	Collateralized	Total
Citizens Bank of West Virginia	\$ 181,404	\$ 250,000	\$ -	\$ 431,404
Mountain Valley Bank	271,403	250,000	1,176,351	1,697,754
December 31, 2022	<u>\$ 452,807</u>	<u>\$ 500,000</u>	<u>\$ 1,176,351</u>	<u>\$ 2,129,158</u>
December 31, 2021	<u>\$ 1,197,825</u>	<u>\$ 500,000</u>	<u>\$ 1,005,290</u>	<u>\$ 2,703,115</u>

Note 13: Availability and Liquidity

	2022	2021
Cash and Cash Equivalents	\$ 638,814	\$ 834,692
Restricted Cash	1,490,344	1,368,423
Accounts Receivable	-	2,400
Grants Receivable	201,185	153,356
Loans Receivable - Current	119,477	120,069
Total Financial Assets	<u>2,449,820</u>	<u>2,478,940</u>
Less Amounts Not Available to be Used Within One Year:		
Donor Restricted Net Assets	<u>1,021,834</u>	<u>1,053,231</u>
Total Nonavailable Funds	<u>1,021,834</u>	<u>1,053,231</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,427,986</u>	<u>\$ 1,425,709</u>

The Organization manages multiple grants. The Organization has adopted an annual budget and manages liquidity as needed. Presented above are the Organization's cash and cash equivalents available within one year of the statement of financial position date to meet cash needs for general expenditures.

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 14: Economic Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, the infection caused by a novel strain of coronavirus, a pandemic. As of December 31, 2022, the coronavirus outbreak continues disrupting supply chains and affecting productions and sales across a range of industries. The extent of the impact of the outbreak on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact to the operations of the Organization, and governmental, regulatory, and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Note 15: Related Party Transactions

The Organization is affiliated with the Woodlands Development Group, Inc. (WDG). The Corporation provides certain administrative services to the Organization.

During the period, the Organization incurred the following expenses for services provided by the Corporation: Contracted Services by WDG \$117,000. At December 31, 2022 and 2021, the Organization owed \$3,307 and \$17,144, respectively, to WDG. In addition, the Organization has two outstanding business loans to WDG. One from RMAP funding and one from Bank Pool funding. At December 31, 2022 and 2021, the outstanding balance of the RMAP loan was \$7,951 and \$10,664, respectively, and the outstanding balance of the Bank Pool loan was \$0 and \$79,903, respectively.

WDG subleases office space from the Organization. In 2022 and 2021, WDG paid the Organization \$7,200 for rent.

Note 16: Employee Benefits

Employee benefits for the years 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Fringe Benefits	\$ 16,786	\$ 7,992

Note 17: Allocation of Joint Costs

The organization incurred joint costs of \$281,340 and \$226,288 in 2022 and 2021, respectively. These expenses are allocated based on management's assessment of how funds are spent towards the organization's purpose. Expenses were allocated to various functional areas as follows:

	<u>Program</u>	<u>Management and General</u>	<u>2022</u>	<u>2021</u>
Joint Cost	\$ 152,359	\$ 128,981	\$ 281,340	\$ 226,288
Non Joint Cost	305,694	-	305,694	383,595
Total	<u>\$ 458,053</u>	<u>\$ 128,981</u>	<u>\$ 587,034</u>	<u>\$ 609,883</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Note 18: Grant Revenue

The Organization's grant revenues for the years 2022 and 2021 were as follows:

	2022	2021
Appalachian Regional Commission (ARC)	\$ 91,526	\$ 144,791
Economic Development Administration (EDA)	91,586	144,791
USDA Rural Microenterprise Assistance Program (RMAP)	66,966	73,601
Rural Community Development Initiative (RCDI)	21,226	23,638
Community Development Financial Institutions (CDFI)	49,000	448,000
ARC Relief and Recovery	75,000	425,000
West Virginia Housing Development Fund	-	22,820
Woodlands Development Group	-	25,000
USDA RDBG Grant Fund	8,463	-
Partner Community Capital, Inc. (PCAP)	7,558	-
Opportunity Finance Network	150,000	-
	<u>\$ 561,325</u>	<u>\$ 1,307,641</u>

Note 19: Right-of-Use Asset Lease

As discussed in Note 1, in 2022 the Company adopted ASC 842. Per the new lease standard, the operating lease with Randolph County Housing Authority (RCHA) is considered a right-of-use asset and has a corresponding lease liability. The lease of property is for a term of ten (10) years beginning May 1, 2020 through April 30, 2030. Rent may increase annually beginning 24 months from the initial lease date, however, said rent increase shall not exceed one percent (1%) in any one year. This agreement calls for monthly payments of \$1,800.

Minimum lease payments are as follows:

2023	\$ 21,600
2024	21,600
2025	21,600
2026	21,600
2027	21,600
Thereafter	50,400
	<u>\$ 158,400</u>
Less: Amount representing interest	(17,249)
Present value of net minimum lease payments	<u>\$ 141,151</u>