

AUDITED FINANCIAL STATEMENTS

WOODLANDS COMMUNITY LENDERS, INC.

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

WOODLANDS COMMUNITY LENDERS, INC.

**AUDITED
FINANCIAL STATEMENTS**

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DECEMBER 31, 2023**

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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, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 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.

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.

Report on Summarized Comparative Information

We have previously audited Woodland Community Lenders, Inc.'s 2022 financial statements. Our report dated July 18, 2023, expressed an unmodified opinion on those audited financial statements based on our audit. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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
June 20, 2024

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(With Comparative Amounts as of December 31, 2022)

ASSETS

CURRENT ASSETS	<u>2023</u>	<u>2022</u>
Cash	\$ 319,885	\$ 638,814
Cash with Donor Restrictions	1,186,193	1,490,344
Grants Receivable	142,708	201,185
Current Portion of Loan Receivable, Net Current Allowance for Credit Losses of \$27,246	<u>412,949</u>	<u>119,477</u>
Total Current Assets	<u>2,061,735</u>	<u>2,449,820</u>
PROPERTY AND EQUIPMENT		
Leasehold Improvements	80,155	80,155
Furniture and Equipment	10,882	10,882
Less: Accumulated Depreciation	<u>(30,183)</u>	<u>(22,482)</u>
Property and Equipment, Net	<u>60,854</u>	<u>68,555</u>
OTHER ASSETS		
Right of Use Asset	123,823	141,151
Certificates of Deposit	458,978	-
Loans Receivable, Net of Allowance for Credit Losses of (\$151,508 in 2023 and \$160,757 in 2022)	3,067,839	2,223,225
Less: Current Portion of Loan Receivable	<u>(412,949)</u>	<u>(119,477)</u>
Total Other Assets	<u>3,237,691</u>	<u>2,244,899</u>
Total Assets	<u>\$ 5,360,280</u>	<u>\$ 4,763,274</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	<u>2023</u>	<u>2022</u>
Accounts Payable	\$ 5,932	\$ 9,865
Accrued Expenses	16,857	7,471
Deferred Revenue	80,000	-
Notes Payable - Current Portion	<u>63,799</u>	<u>73,857</u>
Total Current Liabilities	<u>166,588</u>	<u>91,193</u>
LONG-TERM LIABILITIES		
Notes Payable	2,432,273	2,361,313
Operating Lease Liability	<u>123,823</u>	<u>141,151</u>
Total Long-term Liabilities	<u>2,556,096</u>	<u>2,502,464</u>
Total Liabilities	<u>2,722,684</u>	<u>2,593,657</u>
NET ASSETS		
Without Donor Restriction	659,850	1,147,783
With Donor Restriction	<u>1,977,746</u>	<u>1,021,834</u>
Total Net Assets	<u>2,637,596</u>	<u>2,169,617</u>
Total Liabilities and Net Assets	<u>\$ 5,360,280</u>	<u>\$ 4,763,274</u>

The accompanying notes are an integral part of these financial statements

WOODLANDS COMMUNITY LENDERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Amounts as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE		
Grants Revenue	\$ 993,708	\$ 561,325
Rental Income	12,000	7,200
Borrower Fees	13,176	12,848
Investment Income	<u>137,053</u>	<u>83,409</u>
 Total Support and Revenue	 <u>1,155,937</u>	 <u>664,782</u>
EXPENSES		
Program Services	575,998	457,250
Management and General	<u>111,960</u>	<u>129,784</u>
 Total Expenses	 <u>687,958</u>	 <u>587,034</u>
 Increase (Decrease) in Net Assets	 467,979	 77,748
NET ASSETS		
Beginning of Year	<u>2,169,617</u>	<u>2,091,869</u>
 End of Year	 <u>\$ 2,637,596</u>	 <u>\$ 2,169,617</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, 2023
(With Comparative Amounts as of December 31, 2022)

	Program Services	Supportive Services		Total 2023	Total 2022
		Management and General	Fund Raising		
Salaries	\$ 133,505	\$ -	\$ -	\$ 133,505	\$ 73,474
Contracted Services	137,213	87,931	-	225,144	268,941
Technical Assistance	43,794	-	-	43,794	52,867
Provision for Loan Loss	90,519	-	-	90,519	39,660
Travel and Training	18,566	6,523	-	25,089	5,722
Administrative Office Costs	10,068	3,538	-	13,606	18,719
Employee Benefits	43,102	-	-	43,102	16,786
Office Rent	16,132	5,668	-	21,800	22,000
Depreciation Expense	5,699	2,002	-	7,701	8,591
Interest	54,392	-	-	54,392	34,910
Insurance	1,936	680	-	2,616	3,149
Equipment and Support	14,325	5,033	-	19,358	22,986
Utilities	1,665	585	-	2,250	2,035
Origination and Loan Processing	184	-	-	184	208
Marketing and Advertising	4,898	-	-	4,898	16,986
Total Expenses	\$ 575,998	\$ 111,960	\$ -	\$ 687,958	\$ 587,034

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, 2023
(With Comparative Amounts as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash Received from Donors	\$ 1,052,185	\$ 515,896
Cash Received from Rental Revenue	12,000	7,200
Cash Received from Borrowers	13,176	12,848
Interest and Dividends Received	137,053	83,409
Cash Payments for Salaries and Benefits	(176,607)	(90,260)
Cash Payments to Vendors and Other	(418,197)	(503,882)
Net Cash Provided By (Used In) Operating Activities	<u>619,610</u>	<u>25,211</u>
Cash Flows from Investing Activities		
Purchase of Investments	(458,978)	-
Net Cash Provided By (Used In) Investing Activities	<u>(458,978)</u>	<u>-</u>
Cash Flows from Financing Activities		
(Increase)/Decrease in Loans Receivable	(844,614)	(781,236)
Increase/(Decrease) in Notes Payable	60,902	682,068
Net Cash Provided By (Used In) Financing Activities	<u>(783,712)</u>	<u>(99,168)</u>
Net Increase (Decrease) in Cash	(623,080)	(73,957)
Cash at Beginning of Year	<u>2,129,158</u>	<u>2,203,115</u>
Cash at End of Year	<u>\$ 1,506,078</u>	<u>\$ 2,129,158</u>
 <u>Reconciliation of Cash</u>		
Cash - Unrestricted	\$ 319,885	\$ 638,814
Cash with Donor Restrictions	<u>1,186,193</u>	<u>1,490,344</u>
Total Cash	<u>\$ 1,506,078</u>	<u>\$ 2,129,158</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, 2023
(With Comparative Amounts as of December 31, 2022)
(CONTINUED)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 467,979	\$ 77,748
Adjustments to Reconcile Change in Net Assets		
Depreciation	7,701	8,591
(Increase) Decrease in:		
Grants Receivable	58,477	(47,829)
Other Receivables	-	2,400
Increase (Decrease) in:		
Accounts Payable	(3,933)	(16,748)
Accrued Expenses	89,386	1,049
Net Cash Provided By (Used In) Operating Activities	<u>\$ 619,610</u>	<u>\$ 25,211</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, 2023

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, 2023
(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, 2023 and 2022, was \$7,701 and \$8,591, respectively.

Subsequent Events - Management has evaluated subsequent events through June 20, 2024, 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, 2023. Fiscal years ending on or after December 31, 2020, 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.

Current Expected Credit Losses - In accordance with ASC 326-20, an allowance for credit losses has been recognized for a portion of debt assets that are not expected to be collected.

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash - Unrestricted	\$ 319,885	\$ 638,814
Cash with Donor Restrictions	1,186,193	1,490,344
Total	<u>\$ 1,506,078</u>	<u>\$ 2,129,158</u>

Note 4: Grants Receivable

Grants Receivable as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Appalachian Regional Commission (ARC)	\$ -	\$ 45,250
USDA Rural Microenterprise Assistance Program (RMAP)	27,202	16,661
Economic Development Administration (EDA)	-	74,253
CDFI Rapid Response Program (RRP)	57,481	49,000
Partner Community Capital, Inc. (PCAP)	58,025	7,558
USDA RDBG Fund	-	8,463
Total	<u>\$ 142,708</u>	<u>\$ 201,185</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 \$90,519 and \$39,660 charged to Provision for Loan Losses expense for the years 2023 and 2022, respectively, and included in the Allowance for Credit Losses account balance on outstanding Loan Receivables. At December 31, 2023 and 2022, the balances due are as follows:

	<u>2023</u>	<u>2022</u>
Loans Receivable	\$ 3,246,593	\$ 2,383,982
Less: Allowance for Credit Losses	(178,754)	(160,757)
Net Receivables	3,067,839	2,223,225
Loans Receivable - Current Portion	412,949	119,477
Loans Receivable - Noncurrent	<u>\$ 2,654,890</u>	<u>\$ 2,103,748</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Note 5: Loans Receivable (Cont.)

Woodlands Community Lenders (WCL) makes small business loans to our customers, primarily in Randolph, Tucker, and Barbour Counties, West Virginia.

Due to our current loan portfolio size, WCL has determined that all loans fit within our small business loan segment for financial reporting purposes. Loans receivable are stated at the principal amount outstanding, net of allowance for losses. Due to the low level of materiality, interest income and origination fees are recognized when received.

Loans are monitored monthly and placed on a watch list if circumstances warrant.

WCL estimates an allowance for credit losses in accordance with current expected credit loss (CECL) methodology. WCL's management assesses the adequacy of the allowance on a quarterly basis. The level of allowance is based on management's evaluation of historical default and loss experience, current and projected general economic outlook, composition of loan portfolio and other pertinent factors. Loans are evaluated on an individual basis using an internally developed risk rating system.

As of December 31, 2023, all loans receivable were either current or less than 30 days past due, with the exception of one loan, secured by real estate, 90 plus days past due in the amount of \$47,398. For 2022, all loans receivable were current or less than 30 days past due, except for three loans totaling \$89,291 in the 31-60 days past due status. Three loans were written off in 2023, totaling \$72,522. In 2022 no loans were written off.

WCL evaluates loans using the below rating scale:

		<u>2023</u>	<u>2022</u>
Strong	Risk 1	\$ -	\$ -
Low Risk	Risk 2	275,544	61,807
Moderate Risk	Risk 3	2,037,547	1,332,068
High Risk	Risk 4	210,929	273,767
Vulnerable	Risk 5	149,616	135,578
Loss Imminent	Risk 6	67,634	85,800
Higher Covid Risk	Risk R	505,323	494,962
	Total	<u>\$ 3,246,593</u>	<u>\$ 2,383,982</u>

The above table summarizes the loan portfolio classified by internal credit risk rating as of December 31, 2023 and 2022, respectively.

The following is an analysis of the allowance for credit losses for the years ending December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 160,757	\$ 120,492
Provision charged to operations	90,519	39,660
Less charge-offs	(72,522)	-
Recoveries	-	605
Ending Balance	<u>\$ 178,754</u>	<u>\$ 160,757</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Note 6: Notes Payable

The Organization had six notes payable at December 31, 2023 totaling \$2,496,073 and five notes payable and three lines of credit at December 31, 2022 totaling \$2,435,170. 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)	\$ 205,409	\$ 9,874	\$ 195,535
USDA-Intermediary Relending Program (IRP#2)	750,000	-	750,000
USDA-Intermediary Relending Program (IRP#3)	250,000	-	250,000
Rural Microenterprise Assistance Program	327,055	28,782	298,273
Rural Microenterprise Assistance Program - CLF	463,609	25,143	438,466
Appalachian Community Capital	500,000	-	500,000
Ending Balance	<u>\$ 2,496,073</u>	<u>\$ 63,799</u>	<u>\$ 2,432,274</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, 2023 and 2022 was \$205,409 and \$215,185, 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 27 equal annual instalments starting from April 8, 2025. The outstanding amount under this loan as of December 31, 2023 and 2022 was \$750,000 and \$691,000, respectively.

The third note payable is for a loan of \$250,000 availed from the USDA-Rural Development under the Intermediary Relending Program (IRP#3). The loan carries an interest rate of 1% and is repayable in 30 equal annual instalments starting from June 7, 2023. The total outstanding amount under this loan as of December 31, 2023 and 2022 was \$250,000 and \$0, 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, 2023 and 2022 was \$327,055 and \$355,128, respectively.

The fifth 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, 2023 and 2022 was \$0 and \$76,578, respectively.

The sixth 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, 2023 and 2022 was \$0 and \$82,389, respectively.

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 6: Notes Payable (Cont.)

The seventh 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, 2023 and 2022 was \$0 and \$26,559, respectively.

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, 2023 and 2022 was \$463,609 and \$488,331, respectively.

During 2023, 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, 2023 and 2022 was \$500,000.

The estimated future maturities of all notes payable as of December 31, 2023, are as follows:

2024	\$ 63,799
2025	89,320
2026	90,772
2027	600,364
2028	101,950
Thereafter	1,549,867
	<u>\$ 2,496,072</u>

Note 7: Property and Equipment

Property and equipment is stated at cost. Depreciation on property and equipment is provided over the

	Balance 12/31/2022	Additions	Retirements/ Transfers	Balance 12/31/2023
Leasehold Improvements	\$ 80,155	\$ -	\$ -	\$ 80,155
Furniture and Equipment	10,882	-	-	10,882
Total Historical Cost	91,037	-	-	91,037
Less: Accumulated Depreciation:	(22,482)	(7,701)	-	(30,183)
Net Property and Equipment	<u>\$ 68,555</u>	<u>\$ (7,701)</u>	<u>\$ -</u>	<u>\$ 60,854</u>

Note 8: Accrued Expenses

At December 31, 2023 and 2022, accrued expenses consist of the following:

	2023	2022
Accrued Salaries	\$ 2,781	\$ 1,470
Accrued Payroll Taxes	2,942	1,708
Accrued Compensated Absences	2,952	422
Accrued Interest	7,934	3,729
Loan Closing Escrow	248	142
	<u>\$ 16,857</u>	<u>\$ 7,471</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Note 9: Accounts Payable

At December 31, 2023 and 2022, accounts payable consist of the following:

	<u>2023</u>	<u>2022</u>
Due to Related Parties:		
Woodlands Development Group (WDG)	\$ -	\$ 3,307
Other Vendors	5,932	6,558
	<u>\$ 5,932</u>	<u>\$ 9,865</u>

Note 10: Interest Expense

The total interest cost incurred during the years ended December 31, 2023 and 2022 was \$54,392 and \$34,910, respectively.

Note 11: Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Purpose restrictions	\$ 1,977,746	\$ 1,021,834
Total	<u>\$ 1,977,746</u>	<u>\$ 1,021,834</u>

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, 2023 and 2022, the Organization's cash balances are as follows:

	<u>Uninsured</u>	<u>FDIC Insured</u>	<u>Collateralized</u>	<u>Total</u>
Citizens Bank of West Virginia	\$ 81,105	\$ 250,000	\$ -	\$ 331,105
Mountain Valley Bank	226,754	250,000	698,219	1,174,973
December 31, 2023	<u>\$ 307,859</u>	<u>\$ 500,000</u>	<u>\$ 698,219</u>	<u>\$ 1,506,078</u>
December 31, 2022	<u>\$ 452,807</u>	<u>\$ 500,000</u>	<u>\$ 1,176,351</u>	<u>\$ 2,129,158</u>

Note 13: Availability and Liquidity

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 319,885	\$ 638,814
Restricted Cash	1,186,193	1,490,344
Grants Receivable	142,708	201,185
Loans Receivable - Current	<u>412,949</u>	<u>119,477</u>
Total Financial Assets	<u>2,061,735</u>	<u>2,449,820</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Note 13: Availability and Liquidity (Cont.)

Less Amounts Not Available to be Used Within One Year:

Donor Restricted Net Assets (Net Noncurrent Cert. of Deposits)	1,520,621	1,021,834
Total Nonavailable Funds	<u>1,520,621</u>	<u>1,021,834</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 541,114</u>	<u>\$ 1,427,986</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.

Note 14: 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 \$116,000. At December 31, 2023 and 2022, the Organization owed \$0 and \$3,307, respectively, to WDG. In addition, the Organization has one outstanding business loan to WDG. At December 31, 2023 and 2022, the outstanding balance of the RMAP loan was \$5,702 and \$7,951, respectively.

WDG subleases office space from the Organization. In 2023 and 2022, WDG paid the Organization \$12,000 and \$7,200 respectively for rent.

Note 15: Employee Benefits

Employee benefits for the years 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Fringe Benefits	\$ 43,102	\$ 16,786

Note 16: Allocation of Joint Costs

The organization incurred joint costs of \$108,962 and \$281,340 in 2023 and 2022, 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>2023</u>	<u>2022</u>
Joint Cost	\$ 80,632	\$ 28,330	\$ 108,962	\$ 281,340
Non Joint Cost	495,366	83,630	578,996	305,694
Total	<u>\$ 575,998</u>	<u>\$ 111,960</u>	<u>\$ 687,958</u>	<u>\$ 587,034</u>

WOODLANDS COMMUNITY LENDERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Note 17: Grant Revenue

The Organization's grant revenues for the years 2023 and 2022 were as follows:

	2023	2022
Appalachian Regional Commission (ARC)	\$ -	\$ 91,526
Economic Development Administration (EDA)	-	91,586
USDA Rural Microenterprise Assistance Program (RMAP)	72,487	66,966
Rural Community Development Initiative (RCDI)	-	21,226
Community Development Financial Institutions (CDFI)	119,481	49,000
ARC Relief and Recovery	-	75,000
Woodlands Development Group	25,000	-
Credit Builders Alliance (CBA)	1,800	-
SSBCI Restricted Grant	592,125	-
Grant Conservation Fund	50,000	-
USDA RDBG Grant Fund	41,538	8,463
Partner Community Capital, Inc. (PCAP)	91,277	7,558
Opportunity Finance Network	-	150,000
	<u>\$ 993,708</u>	<u>\$ 561,325</u>

Note 18: Right-of-Use Asset Lease

As discussed in Note 2, in 2023 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:

2024	\$ 21,600
2025	21,600
2026	21,600
2027	21,600
2028	21,600
Thereafter	28,800
	<u>\$ 136,800</u>
Less: Amount representing interest	<u>(12,977)</u>
Present value of net minimum lease payments	<u>\$ 123,823</u>