WCRA
ANNUAL REPORT
2020

MEETING WASHINGTON'S AFFORDABLE HOUSING NEEDS THROUGH PARTNERSHIP

MISSION

To meet Washington's affordable housing and economic development needs through partnership.

GUIDING PRINCIPLES

THE WCRA ENDEAVORS:

- To expand resources for the creation and preservation of real estate based community development in Washington State.
- To expand resources for financing non real estate based loans to emerging nonprofits without access to traditional banking.
- To be a voice for its member financial institutions on affordable housing and community development issues.
- To provide a dynamic risk sharing vehicle to maximize private investment in community development throughout Washington State.
- To operate within a strategic and financially prudent structure.
- To work with public sector entities to promote public/private partnerships that achieve maximum leverage of public dollars.
- To provide value to its members and the communities they serve that will generate and sustain support for WCRA's long term operation and success.

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BOARD CHAIR & PRESIDENT'S LETTER

Year 28 for the WCRA has ended in a way none of us could have envisioned. Until March of this year, we were all working together in our office and then the Covid-19 pandemic changed everything and we all went to a work from home mode. Even with the new way we work, we were able to have an extraordinary year.

It was exciting to welcome Ally Bank as our new member this year with their $10 million investment in Pool 1 and in ongoing support, our existing members increased their commitment in Pool 3, our economic development pool, by $1.75 million. We continue to feel so fortunate to have such valuable support from the member banks and our other partners.

There were nine loans and one grant closed for a total of $12,596,175 including three pool transactions, four Capital Plus! loans, and three WELL grant/loans. Our pool loans included a 26-unit mixed income property with additional funding from both the City of Tacoma and CDBG, a tax credit development creating 62 restricted rent units with substantial public support, and a publicly supported preservation of a mobile home park. A nonprofit organization providing housing for the intellectually and developmentally disabled received the financing for three transactions and another one that is providing support to at risk youth in a rural area were financed by Capital Plus! The WELL transactions helped a child care facility refinance existing debt and lower their payments, provided one predevelopment loan, and a grant to be used to support new childcare space at a high school. The WELL program agreement was finalized in July 2019.

During the year, there were twenty new applications totaling $10,015,161 for properties located in 12 cities across the State. The breakdown of transactions included 1 tax credit property, one proposed refinance, four economic development loans including three early learning facilities, six Capital Plus! transactions, and six WELL opportunities funded by Department of Commerce and Ballmer funds.

One change caused by the pandemic was the cancellation of annual inspections of our portfolio properties. Over the years, the WCRA has always gone to each property and inspected at least 25% of the units for occupancy and health and safety conditions. To follow the guidelines of other inspectors and appraisers, this year we did not make our physical inspections in order to protect the tenants, the on-site managers, and ourselves. It meant we were not able to have our interaction with all the people we generally meet with and enjoy the comradeship of hearing the good stories of how much our housing has helped their community.

Of interest to everyone, is the effect of the pandemic on our portfolio. We are very proud of the resilience of our affordable housing owners and their managers, both the for-profit and non-profit entities. There is no doubt Covid-19 has strained the management in ways no one could have trained for or anticipated. At this time, our request for a waiver or forbearance has been limited to one very small transaction and we are working closely with them.

Our Board of Directors continue to meet virtually for their scheduled meetings to give us their wisdom and guidance in these unusual times. They devote their time and share knowledge to assist in keeping the WCRA's respected reputation. A valuable role and very appreciated.

Christine Roveda
CHAIR

Susan Duren
PRESIDENT

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State Housing Finance
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Ally Bank
Bank of the Pacific
Bank of the West
Banner Bank
Beneficial State Bank
Cashmere Valley Bank
Cathay Bank
Columbia Bank
The Commerce Bank of Washington
East West Bank
First Federal Savings & Loan Association of Port Angeles
First Financial Northwest Bank
First Sound Bank
Heritage Bank
HomeStreet Bank
JPMorgan Chase, N.A.
KeyBank
Kitsap Bank
MUFG Union Bank, N.A.
North Cascades Bank *a division of Glacier Bank*
Northern Trust Bank
Olympia Federal Savings & Loan Association
Pacific Premier Bank
Riverview Community Bank
Seattle Bank
Timberland Bank
Umpqua Bank
Washington Federal
Washington Trust Bank
Wells Fargo Bank
Yakima Federal Savings & Loan Association

2020 LOAN COMMITTEE

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WCRA

Dulcie Claassen,
WCRA

HOUSING DURING THE PANDEMIC

While 2020 has provided unique personal and professional challenges due to the Covid-19 pandemic, the availability of safe, affordable housing has remained a critical need. This year, WCRA spoke with representatives from some of our properties throughout Washington State to see how residents and staff are handling housing during the pandemic. From affordable apartment complexes in the King County Metro area to farmworkers in Eastern Washington, each property has had unprecedented experiences while residents navigate life during Covid-19. One common thread that ties each experience together, however, is the strong sense of community and the willingness of neighbors to help one another. WCRA, working alongside its member banks and other partners, is ensuring that families and individuals still have a place to call home during this difficult time.

VELOCITY APARTMENTS

Velocity is a transit oriented mixed-use development condominium with 58 units. All apartments are rented at 30% - 60% AMI. In addition, 21% of the units are reserved for formerly homeless and disabled residents. The property is located just outside the South Kirkland Park and Ride facility. Velocity also features a rooftop garden, and residents enjoy cultivating plots of peppers, sunflowers, tomatoes, beans, carrots, and lavender. Several of the residents can the items at the end of the season to give to other residents in the community.

"THESE GARDENS AND OUTDOOR COMMUNITY SPACES WHERE RESIDENTS CAN SAFELY SOCIAL DISTANCE ARE AN IMPORTANT PART OF COMMUNITY WELLNESS."

—Imagine Housing staff members.

Case managers from Imagine Housing are now often distributing food and other basic needs items directly to residents' doors for contact-free delivery. The Imagine Housing Communities Board donated 1,000 bags of groceries to the supportive services team. They also provided masks for staff to distribute to residents. The Imagine Housing case management team has been hard at work over the last few months—case management hours and referrals have increased over 300%. There has been an outpouring of support from the Imagine Housing community to provide these critically needed resources to residents.

ALEX & ANA

In April 2020, Alex and Ana became successful graduates of Imagine Housing's veterans' program and moved into a permanent, affordable apartment at the beautiful Velocity community in Kirkland. They love the rooftop garden, exploring the local Kirkland trails with their dogs, and getting to know their new neighborhood. Their story shows that success stories can happen even during a pandemic.

VISTA DEL RIO

Vista Del Rio is a seasonal farmworker housing complex located in East Wenatchee. It consists of 128 beds in total: 24 sleeping units, 16 one-bedroom units for singles and eight two-bedroom units for families. The units have full kitchens, bathroom, living room and dining area. They also have storage and an outside patio area. The development has green space and a play structure for children, security lighting, plenty of covered parking and a centralized laundry facility.

"IT HAS BEEN VERY CHALLENGING TO OPERATE VISTA DEL RIO, A COMMUNITY BASED SEASONAL HOUSING PROPERTY DURING THE PANDEMIC."

—Alicia McRae, Executive Director of the Housing Authority of Chelan County & the City of Wenatchee.

The temporary regulations established by the Department of Health are geared toward on-farm housing and not compatible with the type of housing offered by Housing Authorities. To comply with social distancing requirements, Vista Del Rio operated throughout the summer at approximately 75% occupancy. Additionally, one unit always remains vacant, should it be needed for quarantine.

"We carefully monitored that all household members also had the same employer, which was required by the Department of Health," says McRae. The temporary State regulations require daily health monitoring of each occupant. McRae established a partnership with a local health provider to do wellness checks at several properties, including Vista Del Rio. All occupants are provided with personal protective equipment, including cleaning supplies, masks and gloves. "From a daily operational standpoint, we totally restructured the normal way of business to avoid face-to-face contact as a way to protect our occupants and staff. Inspections and work-orders are limited to only those which affect health and safety," explained McRae.

GALBRAITH GARDENS

The 34-unit affordable housing development Galbraith Gardens is located in Walla Walla. Galbraith Gardens is a mix of one- and two-bedroom units in a park-like setting. All units are rented at 50% AMI and are reserved for households with at least one member over the age of 55. The brick buildings are secure, smoke-free and served by elevators. The building interiors feature conveniently wide hallways, colorful flooring and art decorating the walls. There is also a communal garden with shaded seating which is shared and enjoyed by the residents. Renee Rooker, Executive Director of Walla Walla Housing Authority (WWHA) says their daily operations have changed dramatically. "We have many of our team telecommuting, practicing physical distancing and wearing masks. We sanitize all common areas in the resident buildings twice a day." WWHA is distributing food and masks to residents, as well as connecting residents with social services as needed. Thankfully, Rooker has not seen an increase in Covid-19 cases even though Galbraith Gardens is a senior community. "We are just not having much physical contact."

VALLE LINDO II

Valle Lindo II is a 68-unit affordable housing development serving families working in agricultural enterprises in Walla Walla. The buildings wrap around the Head Start facility, which provides comprehensive childcare services to the children of these families. Units are rented at 30 – 50% of AMI, including reserved apartments for farmworkers and large families. A majority of the 68 units are townhouse style units and include either a patio or balcony. Common amenities include a large community building, a basketball court, BBQ area, playground and community gardens. A creek and walking path are nearby. Renee Rooker says they have been able to operate during the pandemic. Residents have been able to continue working and are still living at Valle Lindo, although social distancing and cleaning protocols are in place. There have been two cases of Covid-19 at the complex, but residents have been able to quarantine and recover without any additional spread of the virus.

PLAZA ROBERTO MAESTAS

Plaza Roberto Maestas has 112 units of affordable housing, retail and office space, event space, seven early learning classrooms, and a public plaza.

Shaped by neighbors and future residents, and designed to promote community interaction and environmental values, Plaza Roberto Maestas is a model standard for community-inspired, transit-oriented development in Seattle and around the country. Developed by El Centro de la Raza (The Center for People of All Races), this $45M development is a mixed-use affordable housing community planned in response to growing needs – specifically, a critical need for affordable housing, economic opportunities and job creation, early childhood development and education, and community gathering spaces.

Covid-19 has had a dramatic impact on Plaza Roberto Maestas. El Centro de la Raza has responded to the challenges presented by the pandemic through an organization-wide effort. This includes providing residents with the safest and healthiest environment possible, as well as responding to the needs of residents coping with the pandemic crisis.

Starting with the facility itself, staff have worked to ensure the safest environment possible through regular sanitation of building common areas, entryways and elevators. For tenants who lost employment and income due to the pandemic, assistance has come through grocery vouchers and rental assistance, both from funds raised by El Centro de la Raza and the City of Seattle Office of Housing. El Centro's food bank, and hot lunches prepared for seniors on site, have also been available to support tenants. A full time AmeriCorps volunteer has come on board as a benefits navigator to assist with tenant services including resources and referrals, navigation services, access to internet and technology, and job search assistance.

Middle school students receive virtual tutoring and academic support through the Plaza Roberto Maestas After School Program. The seven classrooms of the Jose Marti Child Development Center continue to operate as an essential service, following county and state health guidelines. While hundreds of meetings and cultural events which would have taken place at the Centilia Cultural Center were canceled due to the pandemic, the outdoor plaza remains active with food vendors who are part of El Centro's Business Opportunity Center. Vendors continue to sell a variety of take-out dining options in the food court. In addition, the large outdoor plaza provides ample room for socially distanced activities. The tenants in the retail space, which include the Station Coffee Shop, Seattle Credit Union and Tacos Chukis, continue to remain open and a part of the business community of Beacon Hill.

WASHINGTON EARLY LEARNING LOAN FUND (WELL) PROGRAM

WCRA is excited to announce a new program in 2020, the Washington Early Learning Loan Fund (WELL). The WELL program objective is to increase early learning slots statewide and especially slots to support low income families by leveraging limited Department of Commerce and Foundation funding with WCRA economic development or housing loans.

Washington State is short thousands of early learning centers and we must create new childcare and preschool centers at scale to meet our families' needs. WCRA, Enterprise and Craft3 have joined together to pool efforts and funds to address the problem. With funding from the State of Washington, the Ballmer Group, the Seattle Foundation, and private sources, the fund prioritizes: centers that add working connections childcare and/or ECEAP slots to serve low income families, centers in low-income neighborhoods and areas of unmet need, and in mixed-use developments in both rural and urban locations.

CAPITAL PLUS! FEATURED PROJECT:

YOUTH EMERGENCY SERVICES (YES) OF PEND OREILLE COUNTY

Youth Emergency Services (YES) of Pend Oreille County was formed in 2012 and is located in Newport, Washington. YES provides case management services to at-risk and homeless youth, ages 12 through 24. This includes assistance with completing school requirements, accessing medical and mental health services, and transitioning from homelessness into permanent housing. YES also provides a drop-in center where youth can have a safe environment to do laundry, shower, and learn to cook healthy meals. Food, school supplies, personal hygiene products, and clothing are available for those in need.

YES also sponsors a Host Home program, which is comprised of residents of Pend Oreille County who volunteer to provide housing for homeless youth on an emergency, short, or long-term basis. Residents in the program receive training and 24-hour support from YES. Some of the many skills volunteers learn are de-escalation techniques, First Aid and CPR, mandatory reporting, and trauma-informed care.

Like many other organizations, YES has faced unprecedented difficulties due to the Covid-19 pandemic. Throughout, YES has continued to provide their critical services. They have yet to close during the pandemic, says Sarah Phillips, Executive Director of YES, because they believe they are essential to the communities' well-being. YES has amended protocols to ensure safety of the youth they serve and the staff and volunteers who help. Masks and social distancing have been mandatory from the beginning. "None of the staff or participants have become ill and we are very grateful," says Phillips.

YES has focused on how the pandemic has affected Pend Oreille County youth and young adults that are at risk of homelessness or are currently homeless. They have seen a higher incidence of teens "couch surfing" as family resources have dwindled and tensions have increased around already contentious familial issues. Phillips reports that "LGBTQ+ identifying young people have experienced an increase in pressure to conform to cultural standards and this has created trauma, anxiety and depression for some. Young people who have been cut off from their friends are also reporting feeling isolated, depressed and anxious."

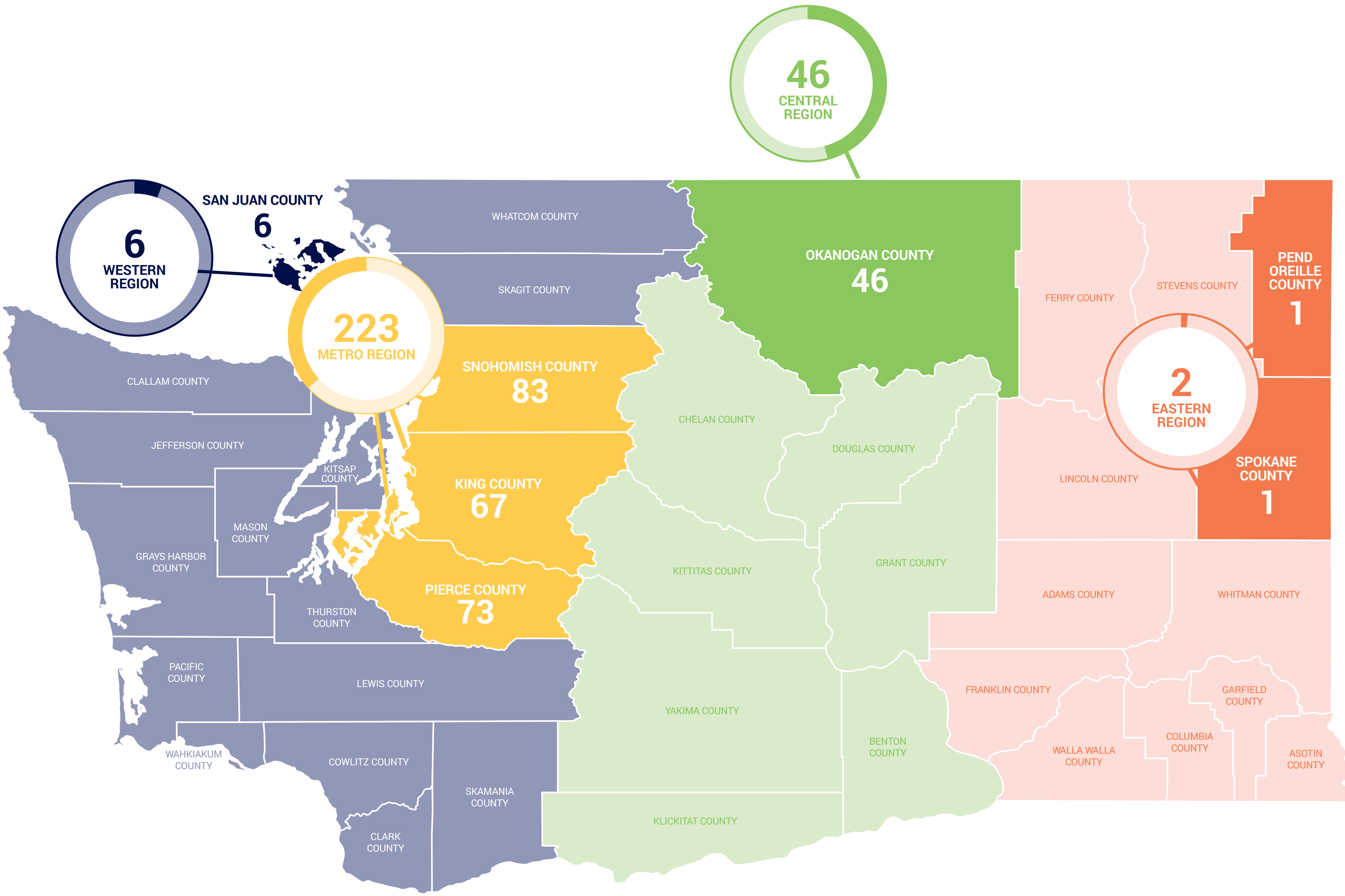
Pend Oreille County has lost several large employers in the last few years and has struggled with poverty for at least two decades. The Covid-19 pandemic, and the closure of schools, has created a vacuum in the system of meal provisions to young people who qualify for free or reduced lunches. To counter this problem, YES has been delivering a weeks' worth of food to up to 90 young people per week since March. Prior to this, they provided

snack bags to 8 to 12 kids per week. YES has partnered with local food banks in order to provide fresh produce to families. Case Managers have spent long hours on the road, shopping and delivering food to those in need.

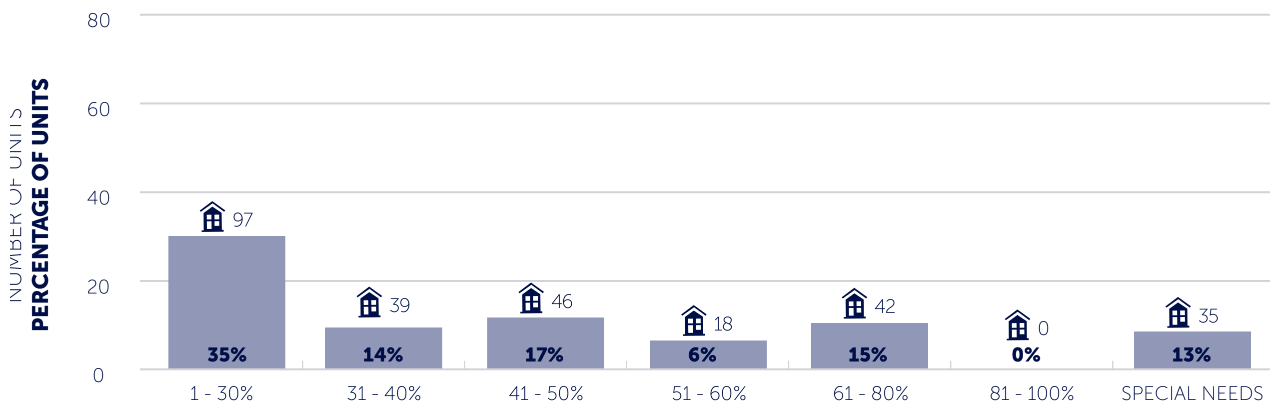
In addition to local donors, YES has support from The Department of Commerce, The Office of Homeless Youth, and HUD, who amended grants to allow technological support to students without internet availability. YES now provides telephones, Wi-Fi tablets and Wi-Fi hotspots for young people so they can still attend school, complete homework, and remain connected to Case Managers, teachers and friends. “Some of our participants are at great risk for exploitation and being able to stay in touch with a YES Case Manager is instrumental in keeping them safe, so a phone can be a lifeline,” says Phillips. “YES has the Wi-Fi kids need to continue their education, for as a rural community, many families do not have internet, or stable connections, to allow their kids to go to school from home every day. They can sign up for ‘desk time’ and the Newport School District even delivers lunch!”

As a HUD recipient, YES received Emergency Rental Assistance Program funds under the CARES Act to help individuals pay rent if they are facing eviction secondary to the pandemic. Phillips is hopeful that the money spent will keep at least a few families in their homes.

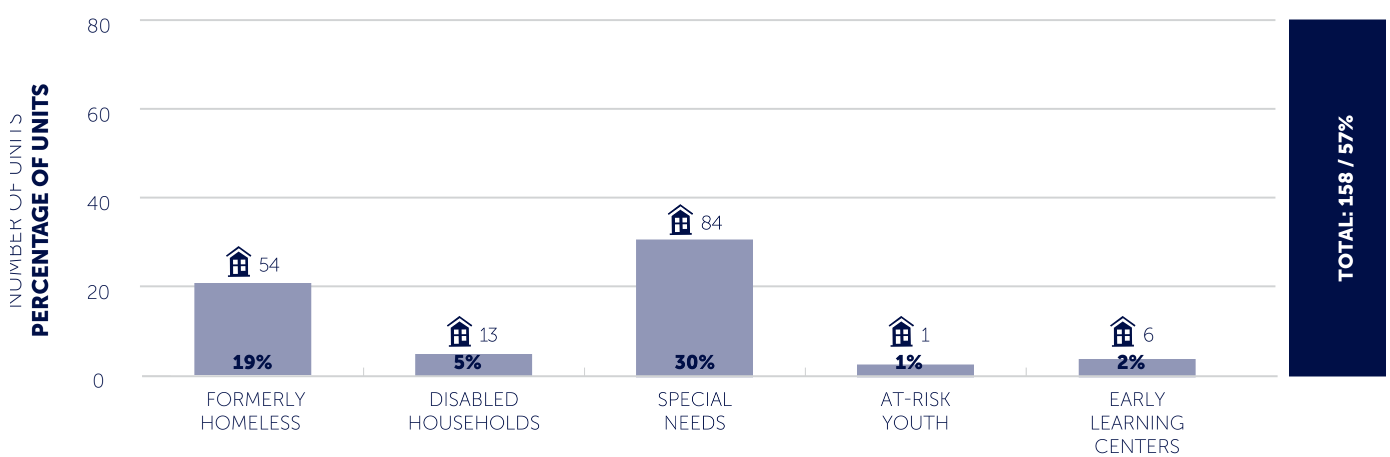
APPROVED & FUNDED UNITS BY COUNTY & LOANS BY REGION / FY 2020



UNITS BY INCOME SERVED / PERCENT OF AMI / FY 2020



UNITS RESERVED FOR SPECIFIC POPULATIONS / FY 2020



LOANS / FY 2020

FUNDED

Amount
$12,596,175

Number of Units
142

Sq. Ft. Economic Development
1,260

APPROVED

Amount
$7,447,540

Number of Units
143

Sq. Ft. Economic Development
41,843

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Washington Community
Reinvestment Association
and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Washington Community Reinvestment Association and Subsidiary (the Association), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Washington Community Reinvestment Association and Subsidiary as of September 30, 2020 and 2019, and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, as of September 30, 2020, Washington Community Reinvestment Association adopted Financial Accounting Standards Board Accounting Standards Update 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash.*

Our opinion is not modified with respect to this matter.

Moss Adams LLP

Everett, Washington
November 19, 2020

WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30, 2020	September 30, 2019
CASH AND CASH EQUIVALENTS	$2,043,723	$1,915,862
INTEREST-BEARING DEPOSITS	$2,288,839	$2,251,658
INTEREST RECEIVABLE	$482,807	$468,371
ACCOUNTS RECEIVABLE AND PREPAID EXPENSES	$98,403	$110,322
LOANS HELD FOR INVESTMENT / MEMBER INSTITUTIONS, NET	$95,719,601	$90,333,155
LOANS HELD FOR INVESTMENT / WSHFC, NET	$5,727,922	$5,706,084
LOANS HELD FOR INVESTMENT / RESERVE	$37,680	$41,685
RESTRICTED CASH	$5,500,205	$4,001,644
AGENT LOANS RECEIVABLE	$751,495	-
EQUIPMENT, NET	$7,756	$9,106
TOTAL ASSETS	**$112,658,431**	**$104,837,887**

LIABILITIES AND NET ASSETS

	September 30, 2020	September 30, 2019
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$292,154	$279,270
INTEREST PAYABLE	$396,722	$385,526
DEFERRED RENT PAYABLE	$7,000	$9,000
DEFERRED REVENUE	$7,374	$7,374
LOANS PAYABLE / WSHFC	$5,734,125	$5,720,678
NOTES PAYABLE / MEMBER INSTITUTIONS	$94,640,923	$89,469,036
GRANT FUNDS PAYABLE	$6,251,700	$4,001,644
TOTAL LIABILITIES	**$107,329,998**	**$99,872,528**
NET ASSETS WITHOUT DONOR RESTRICTIONS	$5,328,433	$ 4,965,359
TOTAL	**$112,658,431**	**$104,837,887**

WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

REVENUES

	September 30, 2020	September 30, 2019
INTEREST INCOME	$5,763,551	$5,612,009
AGENT FEE INCOME	$119,380	$113,191
LOAN FEES	$58,358	$69,538
GAIN ON SALE OF LOANS	-	$166,151
CONTRIBUTIONS AND GRANTS	$118,000	$3,410
CONSTRUCTION LOAN REVIEW REVENUE	$260,410	$191,441
TOTAL REVENUES	**$6,319,699**	**$6,155,740**

EXPENSES

	September 30, 2020	September 30, 2019
INTEREST EXPENSE	$4,536,102	$4,429,284
SALARIES AND RELATED EXPENSES	$844,817	$811,677
PROFESSIONAL FEES	$316,665	$259,431
OFFICE EXPENSES	$138,791	$137,798
OTHER EXPENSES	$109,250	$121,774
CONTRIBUTIONS AND GRANTS	$11,000	$10,000
TOTAL EXPENSES	**$5,956,625**	**$5,769,964**

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$363,074	$385,776
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	$4,965,359	$4,579,583
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	$5,328,433	$4,965,359

WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

CASH RECEIVED FROM	September 30, 2020	September 30, 2019
LOAN FEES	$38,402	$42,539
AGENT FEE INCOME	$160,610	$113,345
INTEREST	$5,749,115	$5,632,169
CONTRIBUTIONS AND GRANTS	$118,000	$6,590
FUNDS RECEIVED UNDER WELL PROGRAM (NOTE 12)	$2,250,056	$4,001,644
AGENT LOANS FUNDED UNDER WELL PROGRAM, NET OF PAYMENTS COLLECTED (NOTE 12)	($751,495)	-
CONSTRUCTION LOAN REVIEW REVENUE	$277,730	$168,603
	$7,842,418	**$9,964,890**

CASH PAID TO	September 30, 2020	September 30, 2019
EMPLOYEES	($870,126)	($881,129)
VENDORS	($576,143)	($495,801)
PREPAYMENT FEES	($20,857)	($25,576)
INTEREST	($4,524,906)	($4,449,295)
	($5,992,032)	($5,851,801)
NET CASH FROM OPERATING ACTIVITIES	$1,850,386	$4,113,089

CASH FLOWS FROM INVESTING ACTIVITIES

	September 30, 2020	September 30, 2019
ORIGINATION OF LOANS HELD FOR INVESTMENT	($11,908,180)	($11,127,100)
LOAN PRINCIPAL COLLECTED ON LOANS HELD FOR INVESTMENT FROM MEMBER INSTITUTIONS AND WSHFC	$6,540,340	$ 4,879,775
PROCEEDS FROM SALE OF LOANS	-	$7,781,721
PURCHASE OF EQUIPMENT	($4,277)	($2,325)
PURCHASE OF INTEREST-BEARING DEPOSITS	($1,890,906)	($1,862,169)
MATURITY OF INTEREST-BEARING DEPOSITS	$1,853,725	$1,823,927
NET CASH FROM INVESTING ACTIVITIES	($5,409,298)	$1,493,829

WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

CASH FLOWS FROM FINANCING ACTIVITIES

	September 30, 2020	September 30, 2019
PROCEEDS FROM NOTES PAYABLE FROM MEMBER INSTITUTIONS AND WSHFC RELATED TO LOANS HELD FOR INVESTMENT	$11,864,675	$11,127,100
PRINCIPAL REPAYMENTS ON NOTES PAYABLE FROM MEMBER INSTITUTIONS AND INSTITUTIONS AND LOANS PAYABLE TO WSHFC RELATED TO LOANS HELD FOR INVESTMENT	($6,679,341)	($4,903,606)
PRINCIPAL REPAYMENT OF NOTES PAYABLE ON LOANS SOLD	-	($7,615,570)
NET CASH FROM FINANCING ACTIVITIES	$5,185,334	($1,392,076)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	$1,626,422	$4,214,842
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
BEGINNING OF YEAR	$5,917,506	$1,702,664
END OF YEAR	$7,543,928	$5,917,506

RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	September 30, 2020	September 30, 2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$363,074	$385,776
DEPRECIATION	$5,627	$5,392
GAIN ON SALE	-	($166,151)
LOSS ON DISPOSAL OF EQUIPMENT	-	$111
CHANGE IN OPERATING ASSETS AND LIABILITIES		
INTEREST RECEIVABLE	($14,436)	$20,314
ACCOUNTS RECEIVABLE AND PREPAID EXPENSES	$11,919	($24,167)
DEFERRED LOAN FEES	($36,439)	($89,456)
AGENT LOANS RECEIVABLE (NOTE 12)	($751,495)	-
GRANT FUNDS PAYABLE (NOTE 12)	$2,250,056	$4,001,644
ACCOUNTS PAYABLE, ACCRUED LIABILITIES, AND DEFERRED REVENUE	$12,884	($1,364)

WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	September 30, 2020	September 30, 2019
INTEREST PAYABLE	$11,196	($20,010)
DEFERRED RENT PAYABLE	($2,000)	$1,000
NET CASH FROM OPERATING ACTIVITIES	$1,850,386	$4,113,089
NON-CASH TRANSACTIONS		
NON-CASH TRANSFER FROM LOANS HELD FOR INVESTMENT TO LOANS HELD FOR SALE	-	$10,229,392
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH REPORTED WITHIN STATEMENT OF FINANCIAL POSITION		
CASH AND CASH EQUIVALENTS	$2,043,723	$1,915,862
RESTRICTED CASH	$5,500,205	$4,001,644
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS	**$7,543,928**	**$5,917,506**

NOTE 1 / ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

The Washington Community Reinvestment Association (WCRA) began operations February 10, 1992, as a private not-for-profit organization established to provide permanent financing and technical assistance to facilitate the development of affordable housing in the state of Washington and to otherwise support community development and redevelopment needs. Funding is provided by member institutions under Credit and Security Agreements (the Agreements) based on the agreed-upon amounts committed by each member. The consolidated financial statements include the transactions of the Washington Community Reinvestment Association and its wholly owned subsidiary, 1200 Fifth LLC (collectively, the Association). 1200 Fifth LLC was formed to own real property acquired through default from the Association's portfolio. Additionally, 1200 Fifth LLC is utilized for performing loan agent duties for the Association. All significant intercompany transactions and balances have been eliminated upon consolidation.

The Association has a revolving loan and investment fund. Loans originated from the revolving loan fund earn interest equal to the applicable U.S. government securities rate consistent with the term of the underlying loan and are secured by real estate. The Association makes grants to nonprofit entities based on an annual amount determined by the Board of Directors each year.

The Association has a program to assist potential borrowers in obtaining permanent financing for multifamily projects through tax-exempt bonds purchased by the Association's members. The Association provides these borrowers access to its members and assists in document preparation but does not underwrite the bonds. Direct investments from the Association's members are made to the borrower, with the Association collecting a fee for its assistance, as well as servicing the bonds.

Effective May 28, 2002, the Association entered into a contract with the State of Washington Department of Commerce (Commerce) (formerly the Department of Community, Trade, and Economic Development's (CTED) Office of Community Development) for the purpose of providing construction loan review and evaluation for the Housing Trust Fund construction lending program that provides loans to low income and special needs housing programs and providers to construct and rehabilitate affordable housing in the state of Washington. On October 1, 2015, the Association entered into a new contract with Commerce covering the same services as the previous contract.

Beginning October 25, 2012, the Association entered into contracts with the National Equity Fund (NEF), a tax credit investor. The purpose for these contracts is to provide construction oversight and funds disbursement. NEF is a national syndicator of low income housing tax credits used to revitalize communities and create economic opportunities. On September 26, 2016, the Association entered into a new contract with NEF covering substantially the same services as the previous contracts.

Effective February 7, 2003, the Association entered into an agreement (the WSHFC Agreement) for a revolving line of credit from the Washington State Housing Finance Commission (the Commission or WSHFC) of up to $3,000,000, which has increased incrementally to $11,500,000 at September 30, 2020. This line of credit is for the purpose of making loans to serve nonprofit organizations whose needs for small loan amounts make conventional financing or financing through bonds too costly and inefficient. In the event of default of loans made by the Association with funds borrowed under this revolving line of credit, the Commission, at its sole option, retains the right of assignment, without recourse or warranty, of the loans made in full satisfaction of the amounts borrowed under the line of credit. If such assignment option is not exercised for a defaulted loan, the Association is not required to repay funds borrowed under this revolving line of credit. WSHFC loans are included in "loans held for investment – WSHFC" in the consolidated statements of financial condition.

Effective September 1, 2009, the Association entered into a contract with WSHFC for the purposes of providing construction overview and other services relating to WSHFC's program to create affordable housing in the state of Washington. In June 2013, with no further WSHFC programs for construction projects, this contract was terminated. On October 2, 2012, the Association entered into a servicing agreement with WSHFC, which remains in effect to date.

NOTE 2 / SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Association have been prepared on the accrual basis. Under accounting principles generally accepted in the United States of America, the Association 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. All net assets of the Association are classified as without donor restrictions. The significant accounting policies followed are described below.

Cash and cash equivalents: Cash and cash equivalents are any highly liquid investment with an original maturity of three months or less and may exceed federally insured limits.

Interest-bearing deposits: Interest-bearing deposits consist of certificates of deposit and money market accounts, are presented at cost, and may exceed federally insured limits.

Equipment: Purchased equipment is recorded at cost and donated equipment is recorded at the estimated fair value on the date of donation. All equipment is depreciated over estimated useful lives of three to five years on a straight-line basis. Expenditures for maintenance and repairs are charged to expense as incurred.

Restricted cash: Cash amounts received under the Washington Early Learning Loan (WELL) Fund and Early Learning Fund (ELF) are restricted. See Note 12 for further information on the nature of the restricted cash. The Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash* as of September 30, 2020. The standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash, therefore restricted cash should be included with cash and cash equivalents. The amendments are applied using a retrospective transition method and the prior period statement of cash flows has been adjusted to include restricted cash with cash and cash equivalents when reconciling the beginning and end of year cash amounts.

Loans held for sale: The Association will sometimes sell loans in order to manage the size of their lending portfolio. Once management identifies a loan or pool of loans, the loans are transferred from held for investment to held for sale. Loans originated or transferred and held for sale are carried at the lower of cost or fair value as determined by aggregate outstanding commitments from investors or current investors' yield requirements. Net unrealized losses, if any, are recognized through a valuation allowance by a charge to income. Nonrefundable fees and direct loan origination costs related to loans held for sale are deferred and recognized as part of the gain on sale when the loans are sold or paid off. There were no loans held for sale at September 30, 2020 or 2019.

Transfers of financial assets: Transfers of an entire financial asset, a group of financial assets, or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Association, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Association does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Loans held for investment / member institutions: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at the principal amount outstanding, net of unamortized nonrefundable loan fees and related direct loan origination costs. Net deferred loan origination fees and costs are recognized in interest income over the loan term using a method that approximates the effective interest yield on the unpaid loan balance. Interest is accrued primarily on a simple interest basis on the outstanding principal balance of the loan. Loans held for investment – member institutions, consist of loans originated under the Association's Credit and Security Agreements.

Loans held for investment / WSHFC: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at the principal amount outstanding, net of unamortized nonrefundable loan fees and related direct loan origination costs. Net deferred loan origination fees and costs are recognized in interest income over the loan term using a method that approximates the effective interest yield on the unpaid loan balance. Interest is accrued primarily on a simple interest basis on the outstanding principal balance of the loan. Loans held for investment – WSHFC, consist of loans originated under the WSHFC Agreement. Based on the WSHFC Agreement, the Association has no liability under the Agreement for the payment of loans, and the loans are without recourse or warranty to the Association.

Loans held for investment / Reserve: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at the principal amount outstanding. Interest is accrued primarily on a simple interest basis on the outstanding principal balance of the loan. Loans held for investment – Reserve, consist of direct revolving loans for nonprofit projects originated under the WCRA Reserve and Investment Policy, established by the WCRA board of directors in an aggregate amount not to exceed $400,000.

Nonaccrual and impaired loans: Nonaccrual loans are those for which management has discontinued accrual of interest because there exists significant uncertainty as to the full and timely collection of either principal or interest, or because such loans have become contractually past due 90 days with respect to principal or interest.

When a loan is placed on nonaccrual, all previously accrued but uncollected interest is reversed against current-period interest income. All subsequent payments received are applied first to the payment of principal and then to the payment of accrued interest. Interest income is accrued at such time as the loan is brought fully current as to both principal and interest, and, in management's judgment, such loans are considered to be fully collectible.

Loans are considered impaired when, based on current information, management determines it is probable that the Association will be unable to collect all amounts due according to the terms of the loan agreement, including scheduled interest payments. Impaired loans are carried at the lower of the recorded investment in the loan, the estimated present value of expected future cash flows discounted at the loan's effective date, or the fair value of the collateral less costs to sell, if the loan is collateral-dependent.

Allowance for loan losses: The Association maintains an allowance for loan losses to absorb probable losses inherent in the loan portfolio. The allowance is based on ongoing quarterly assessments of the probable estimated losses inherent in the loan portfolio. The allowance is increased by the provision for loan losses, which is charged against current-period operating results and decreased by the amount of charge-offs, net of recoveries.

The Association's methodology for assessing the appropriateness of the allowance consists of several key elements, including the general allowance and specific allowance.

The general allowance is calculated by applying a loss percentage factor to the portfolio loans based on the internal credit grading and classification system and current economic and business conditions that could affect the collectability of the portfolio. These factors may be adjusted for significant events, in management's judgment, as of the evaluation date.

Specific allowances are established when determined necessary for impaired loans using the valuation approaches described above, as well as known current business conditions that may affect the Association. Impairment losses are recognized by adjusting an allocation of the existing allowance for loan losses.

Rate lock commitments on loans and notes payable: The Association enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (rate lock commitments). Rate lock commitments on loans that are intended to be sold are considered to be derivatives. The Association's cost of borrowing to fund the originated loans held for sale is based on the interest rate of such loans. The commitments to the Association to borrow from member institutions related to the loans held for sale are also derivatives. These derivatives are recorded at fair value, with the change in fair value recorded in earnings. Fair value is based on fees currently charged to enter into similar agreements and, for fixed-rate commitments, also considers the difference between current levels of interest rates and the committed rates. These commitments do not expose the Association to interest rate risk because the associated risk is borne by the member institutions. At September 30, 2020 and 2019, there were no rate lock commitments or related commitments to the Association to borrow funds from member institutions on loans that are intended to be held for sale.

Escrow: Customer funds held for construction draws and operating replacement and completion reserves are not recorded on the books of the Association, because such accounts are held by another institution for the benefit of borrowers or National Equity Fund. At September 30, 2020 and 2019, the amount of funds held for customers in escrow was $13,520,825 and $13,434,919, respectively.

Contributions received: Contributions received from institutions for membership in the Association and all other contributions are recorded in the consolidated statements of activities. Any donor restricted contributions received and spent in the same year are treated as contributions without donor restrictions.

Functional allocation of expenses: To provide information regarding service efforts, the costs of providing the Association's programs have been presented in the consolidated statements of activities. The Association effectively operates as a single program, and, therefore, no attempt has been made to segregate general and administrative expenses. In addition, the Association's fundraising activities are immaterial.

Net assets: Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor restrictions as well as voluntary reserves such as separate components of board designated net assets.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations. At September 30, 2020, there were no net assets subject to donor restrictions.

Use of estimates: The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Changes in these estimates and assumptions are considered reasonably possible and may have a material impact on the consolidated financial statements. The significant estimate includes the allowance for loan losses.

Tax status: On June 17, 1996, the Association received an Internal Revenue Service determination letter reaffirming the Association's status as a publicly supported organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Association recognizes interest and penalties related to income tax matters in noninterest expense. The Association had no unrecognized tax benefits that would require an adjustment to the October 1, 2010, beginning balance of net assets and had no unrecognized tax benefits at September 30, 2020 or 2019. The Association files an exempt organization return in the U.S. federal jurisdiction.

Fair value measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements follow a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, whereas unobservable inputs reflect the Association's estimates about market data. In general, fair values determined by Level 1 inputs use quoted prices for identical assets or liabilities traded in active markets that the Association has the ability to access. Fair values determined by Level 2 inputs use inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. At September 30, 2020 and 2019, there were no assets or liabilities measured at fair value on a recurring or nonrecurring basis.

Subsequent events: Subsequent events are events or transactions that occur after the consolidated statement of financial condition date but before the consolidated financial statements are available to be issued. The Association recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial condition, including the estimates inherent in the process of preparing the consolidated financial statements. The Association's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial condition but arose after the consolidated statement of financial condition date and before the consolidated financial statements are available to be issued.

The Association has evaluated subsequent events through November 19, 2020, which is the date the consolidated financial statements are available to be issued, and no subsequent events occurred requiring accrual or disclosure.

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population. The Association will continue to monitor the situation closely, but given the uncertainty about the situation, it is unable to estimate the impact, if any to the future consolidated financial statements.

NOTE 3 / EQUIPMENT

A SUMMARY OF EQUIPMENT	September 30, 2020	September 30, 2019
EQUIPMENT	$57,211	$56,999
LESS ACCUMULATED DEPRECIATION	($49,455)	($47,893)
	$7,756	$9,106

Depreciation expense for the years ended September 30, 2020 and 2019, was $5,627 and $5,392, respectively.

NOTE 4 / LOANS HELD FOR INVESTMENT

	September 30, 2020	September 30, 2019
REAL ESTATE		
NON-TAX-CREDIT LOANS	$47,210,597	$44,798,839
TAX-CREDIT LOANS	$49,332,278	$46,369,536
TOTAL MEMBER INSTITUTION LOANS	**$96,542,875**	**$91,168,375**
RESERVE LOANS	$37,680	$41,685
WSHFC LOANS	$5,665,031	$5,667,686
TOTAL REAL ESTATE	**$102,245,586**	**$96,877,746**
LESS		
ALLOWANCE FOR LOAN LOSSES	($379,110)	($379,110)
DEFERRED LOAN FEES, NET	($381,273)	($417,712)
TOTAL	**$101,485,203**	**$96,080,924**
LOANS HELD FOR INVESTMENT / MEMBER INSTITUTIONS, NET	$95,719,601	$90,333,155
LOANS HELD FOR INVESTMENT / WSHFC, NET	$5,727,922	$5,706,084
LOANS HELD FOR INVESTMENT / RESERVE	$37,680	$41,685
TOTAL	**$101,485,203**	**$96,080,924**

NOTE 4 / LOANS HELD FOR INVESTMENT (CONTINUED)

CHANGES IN THE ALLOWANCE FOR LOAN LOSSES FOR THE YEARS ENDED SEPTEMBER 30

	REAL ESTATE			
	NON-TAX-CREDIT	TAX-CREDIT	UNALLOCATED	2020
ALLOWANCE FOR LOAN LOSSES, BEGINNING OF YEAR	$240,366	$134,942	$3,802	$379,110
PROVISION (BENEFIT) FOR LOAN LOSSES	$20,108	($16,306)	($3,802)	-
ALLOWANCE FOR LOAN LOSSES, END OF YEAR	$260,474	$118,636	-	$379,110
				2019
ALLOWANCE FOR LOAN LOSSES, BEGINNING OF YEAR	$211,519	$141,343	$26,248	$379,110
PROVISION (BENEFIT) FOR LOAN LOSSES	$28,847	($6,401)	($22,446)	-
ALLOWANCE FOR LOAN LOSSES, END OF YEAR	$240,366	$134,942	$3,802	$379,110

During the year ended September 30, 2019, the Association sold loans to member institutions as described in Note 9.

The loans originated by the Association are secured by a first deed of trust on the subject property of each loan. Loans are collateralized by real property or other security located within the state of Washington. No allowance is recorded for loans held for investment – WSHFC and loans held for investment – Reserve. Based on the WSHFC Agreement, the Association has no liability under the Agreement for the payment of loans, and the loans are without recourse or warranty to the Association.

Credit quality indicator: The Association classifies lower quality loans as substandard, doubtful, or loss. A loan is considered substandard if it is inadequately protected by the current net worth and pay capacity of the borrower or of any collateral pledged. Substandard assets include those characterized by the distinct possibility that the Association will sustain some loss if the deficiencies are not corrected. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions, and values. Loans classified as loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

When the Association classifies problem loans as either substandard or doubtful, it may establish a specific allowance to address the risk specifically or the Association may allow the loss to be addressed in the general allowance. General allowances represent loss allowances that have been established to recognize the inherent risk associated with lending activities, but that, unlike specific allowances, have not been specifically allocated to particular problem assets. Assets that do not currently expose the Association to sufficient risk to warrant classification as substandard or doubtful but possess identified weaknesses are designated as either watch or special mention assets. At September 30, 2020 and 2019, the Association had no loans classified as doubtful or substandard.

NOTE 4 / LOANS HELD FOR INVESTMENT (CONTINUED)

INTERNALLY ASSIGNED GRADE BY TYPE OF LOANS

CREDIT RISK PROFILE BY INTERNALLY ASSIGNED GRADE

REAL ESTATE

September 30, 2020	NON-TAX-CREDIT	TAX-CREDIT	TOTAL
MEMBER INSTITUTION LOANS			
GRADE			
PASS	$45,935,752	$49,332,278	$95,268,030
WATCH	$913,112	-	$913,112
SPECIAL MENTION	$361,733	-	$361,733
	$47,210,597	**$49,332,278**	**$96,542,875**
RESERVE LOANS			
GRADE			
PASS	$37,680	-	$37,680
WSHFC LOANS[1]			
GRADE			
PASS	$5,035,318	-	$5,035,318
WATCH	$267,980	-	$267,980
SPECIAL MENTION	$361,733	-	$361,733
	$5,665,031	**-**	**$5,665,031**
	$52,913,308	**$49,332,278**	**$102,245,586**

(1) Based on the WSHFC Agreement, the Association has no liability under the Agreement for the payment of loans, and the loans are without recourse or warranty to the Association.

NOTE 4 / LOANS HELD FOR INVESTMENT (CONTINUED)

REAL ESTATE

September 30, 2019	NON-TAX-CREDIT	TAX-CREDIT	TOTAL
MEMBER INSTITUTION LOANS			
GRADE			
PASS	$44,439,658	$45,295,590	$89,735,248
WATCH	-	$343,069	$343,069
SPECIAL MENTION	$359,181	$730,877	$1,090,058
	$44,798,839	**$46,369,536**	**$91,168,375**
RESERVE LOANS			
GRADE			
PASS	$41,685	-	$ 41,685
WSHFC LOANS[2]			
GRADE			
PASS	$5,020,483	-	$5,020,483
WATCH	$647,203	-	$647,203
	$5,667,686	**-**	**$5,667,686**
	$50,508,210	**$46,369,536**	**$96,877,746**

(2) Based on the WSHFC Agreement, the Association has no liability under the Agreement for the payment of loans, and the loans are without recourse or warranty to the Association.

There were no impaired loans, troubled debt restructured loans, or nonaccrual loans at September 30, 2020 and 2019.

There were no loans past due more than 90 days and still accruing interest at September 30, 2020 and 2019.

There were no loans past due 30 to 90 days at September 30, 2020 and 2019.

NOTE 5 / NOTES PAYABLE / MEMBER INSTITUTIONS

Member institutions commit to Pool 1 and have the option to also commit to Pool 2 or Pool 3. Each pool is defined by its own Credit and Security Agreement. Funding for loans originated by the Association has been provided by member institutions under a revolving line of credit as specified in the Agreement for Pool 1. As of September 30, 2020 and 2019, the maximum limit on the line of credit was $105,175,000 and $85,575,000, respectively. The outstanding amounts were $68,583,705 (of which $56,026,905 was revolving and $12,556,800 was nonrevolving) and $67,482,751 (of which $54,319,186 was revolving and $13,163,565 was nonrevolving) as of September 30, 2020 and 2019, respectively, and $0 was approved to be funded for loan commitments (Note 8) as of September 30, 2020. As stated in the Agreement, the terms of the Association's borrowings from member institutions are substantially the same as the terms of the loans the Association will originate. The member institutions receive an assignment of collateral of the specific loans equal to their respective equity percentage interest in each specific note payable. A nominal interest rate spread is retained by the Association to cover operating expenses.

The rate of interest on notes payable to member institutions on amounts borrowed prior to September 15, 1997, was determined based on the applicable rate, at the time the loan was funded, of U.S. government securities with a term consistent with the term of the underlying note payable plus .75%. The rate of interest on amounts borrowed after September 15, 1997, and before March 20, 2020, is determined based on the applicable rate, at the time the loan is funded, on U.S. government securities with a term consistent with the term of the underlying note payable plus a minimum of 1.0%. The rate of interest on amounts borrowed after March 20, 2020, is determined based on the applicable rate, at the time the loan is funded, on U.S. government securities with a term consistent with the term of the underlying note payable plus a minimum of 1.1%.

Effective September 15, 1997, the Association entered into a revolving line of credit, as specified in the Agreement for Pool 2, from certain member institutions to provide additional funds for new loans and loan commitments to maintain lending capacity. As of September 30, 2020 and 2019, the maximum limit on the line of credit was $26,312,000. The outstanding amounts were $22,677,735 (of which $20,168,449 was revolving and $2,509,286 was nonrevolving) and $18,538,440 (of which $15,842,556 was revolving and $2,695,884 was nonrevolving) as of September 30, 2020 and 2019, respectively, and $434,918 was approved to be funded for loan commitments (Note 8) on the line of credit as of September 30, 2020. Similar to the revolving line of credit above, the member institutions receive an assignment of collateral of the specific loans equal to their respective equity percentage interest in each specific note payable. The interest rate on notes payable to member institutions for the revolving line of credit is a minimum of 1% over the applicable rate on U.S. government securities. A nominal interest rate spread is retained by the Association to cover operating expenses.

Effective May 15, 2001, the Association entered into a line of credit, as specified in the Agreement for Pool 3, from certain member institutions for the purpose of economic development lending. As of September 30, 2020 and 2019, the maximum limit on the line of credit was $12,775,000 and $11,025,000, respectively. As of September 30, 2020 and 2019, the outstanding amounts were $3,379,483 (of which $3,374,185 was revolving and $5,298 was nonrevolving) and $3,447,845 (of which $3,453,300 was revolving and $5,455 was nonrevolving), respectively, and $4,798,147 was approved to be funded for loan commitments (Note 8) on the line of credit as of September 30, 2020. Similar to the revolving lines of credit above, the member institutions receive an assignment of collateral of the specific loans equal to their respective equity percentage interest in each specific note payable. The interest rate on notes payable to member institutions for the revolving line of credit is a minimum of 1.50% over the applicable rate on U.S. government securities. A nominal interest rate spread is retained by the Association to cover operating expenses.

NOTE 5 / NOTES PAYABLE / MEMBER INSTITUTIONS (CONTINUED)

Future minimum payments of notes payable – member institutions as of September 30, are as follows:

2021	$2,912,469
2022	$4,681,438
2023	$9,270,687
2024	$3,246,726
2025	$3,393,872
Thereafter	$71,135,731
	$94,640,923

Notes payable: member institutions, at September 30, 2020, bear interest at rates ranging from 3.63% to 7.63%. The notes are payable in monthly installments, including principal and interest.

NOTE 6 / LOANS PAYABLE / WSHFC

Funding for loans originated by the Association have been provided by the Commission under a revolving line of credit as specified in the WSHFC Agreement. The maximum limit on the line of credit is $11,500,000. As of September 30, 2020 and 2019, the outstanding amounts were $5,734,125 and $5,720,678, respectively, and no funds were approved to be funded for loan commitments (Note 8) as of September 30, 2020. A nominal interest rate spread is retained by the Association to cover operating expenses. The interest rate on the loans charged by the Commission for the revolving line of credit is 2%, consistent with the terms of the WSHFC Agreement.

Future minimum payments of loans payable – WSHFC as of September 30, are as follows:

2021	$536,736
2022	$271,642
2023	$929,502
2024	$781,865
2025	$236,309
Thereafter	$2,978,071
	$5,734,125

NOTE 7 / CONTRIBUTIONS FROM MEMBER INSTITUTIONS

Contributions from member institutions were made by the Association's member institutions to cover initial operating expenses. Initial contributions from member institutions were determined to cover the first two years of operating expenses. The first installment was paid prior to September 30, 1992, and the second installment of approximately $57,000 was paid during 1993. In addition, members who join the Association subsequent to the original formation are assessed a one-time contribution. During the year ended September 30, 2020 and 2019, $2,500 and $0 in new member assessments were collected.

Members are admitted for a two-year term and are automatically renewed for subsequent two-year terms unless a member resigns. Resignations are only accepted during the month of January, following completion of the member's current two-year term, and will be effective on the first day of February. New members may join on the first day of any month throughout the year. The Board of Directors may require additional contributions of members in future years. If members do not make any required contribution within 60 days of when it becomes payable, the Board of Directors may terminate their memberships.

NOTE 8 / COMMITMENTS

The principal balance related to loan commitments to borrowers and member institutions at September 30, 2020, was $5,233,065, all of which was related to affordable housing projects and economic development projects. Commitments to extend credit generally have fixed expiration dates. Because a portion of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Prior to extending commitments, the Association evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the borrower. Loans are collateralized by real property or other security located within the state of Washington.

Contractual future minimum rental payments for the Association's office lease as of September 30, are as follows:

2021	$103,775
2022	$34,000
	$137,775

Rental expense for the years ended September 30, 2020 and 2019, was $108,485 and $106,288, respectively, and is included in office expenses on the consolidated statements of activities.

The Association's office lease expires in January 2022.

NOTE 8 / COMMITMENTS (CONTINUED)

Contractual future minimum rental payments for the Association's copier lease as of September 30, 2020, are as follows:

2021	$2,640
2022	$2,640
2023	$2,640
2024	$1,320
	$9,240

Rental expense for the years ended September 30, 2020 and 2019, was $2,560 and $2,631, respectively, and is included in office expenses on the consolidated statements of activities.

The Association's copier lease expires in March 2024.

NOTE 9 / RELATED PARTY TRANSACTIONS

All cash and cash equivalents of the Association are on deposit with member institutions. The Association holds interest-bearing deposits with member institutions. Total related party interest-bearing deposits at September 30, 2020 and 2019, were $2,288,278 and $2,251,097, respectively.

During the year ended September 30, 2020, no loans were sold. During the year ended September 30, 2019, eight loans with a principal balance of $7,645,944 were sold at the unpaid principal balance, plus $100 per loan and a premium (if applicable), to various related parties. Unamortized net deferred fees on these eight loans of $83,041 were recognized in income at the date of sale. Proceeds on the sale of loans totaled $7,781,721 and a gain on sale of $166,151 was recognized during the year ended September 30, 2019.

NOTE 10 / EMPLOYEE SAVINGS PLAN

The Association has a voluntary contribution 403(b) savings plan for all employees. For the years ended September 30, 2020 and 2019, no contributions were made by the Association to the plan.

The Association has an employer-funded 408(k) simplified employee pension plan for all eligible employees. The Association may make a contribution of up to 15% of each employee's total compensation, within certain limits. At September 30, 2020 and 2019, the Association accrued contribution expenses of $45,728 and $41,751, respectively. These amounts are generally paid out in the following fiscal year subject to Board approval.

NOTE 11 / LIQUIDITY AND AVAILABILITY

The Association has $4,332,562 of financial assets available within one year of the date of the consolidated statements of financial condition to meet cash needs for general expenditures consisting of cash and short-term investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures.

Restricted cash, as disclosed on the statement of financial position received under the Capital Agreement with Commerce or the grant agreement with Enterprise Community Partners is not available for general expenditures of the Association.

The Association has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet near-term, normal operating expenses.

The Association has a policy to invest cash consistent with the preservation of capital and minimization of investment risk. As part of its liquidity management, the Association invests cash in excess of daily requirements in short-term investments.

NOTE 12 / GRANT FUNDS PAYABLE / EARLY LEARNING LOAN FUND

Effective July 1, 2018, the Association entered into a Capital Agreement with Commerce for the administration of the Early Learning Facilities Revolving Fund to provide grants and loans to eligible organizations for the planning, minor repair, renovation, construction, and purchase of early learning facilities. Under the terms of the Capital Agreement, the total contract amount of $5,000,000 is to be distributed from Commerce to the Association in two tranches. The first tranche of $4,000,000 was distributed to the Association in September 2019. The second tranche of $1,000,000 will be distributed to the Association within 15 business days following the verification by Commerce that a minimum of 80% of the first tranche was obligated or loaned. The contract ends June 30, 2029. The Association is acting as an agent on behalf of Commerce; therefore, the funds received are presented as restricted cash and a grant funds payable. $190,000 of the total contract amount is appropriated for project administration costs for work directly related to a financed project, including expenses related to processing applications, managing contracts, processing payments, and providing direct technical assistance to finance projects. The restricted cash has been set aside in a bank account separate from the operating accounts of the Association. Interest credited to this bank account has been reflected as an increase in restricted cash and an increase in the grant funds payable. Loans funded are treated as a reduction of cash and an increase to agent loans receivable. Loan repayments including interest are returned to the restricted cash funds to be used for subsequent loans or grants in the program. The outstanding balance of loans totaled $115,216 and $0 as of September 30, 2020 and 2019, respectively.

Effective May 5, 2020, the Association entered into a grant agreement with Enterprise Community Partners, which awarded $2,250,735 by way of a grant from the Ballmer Group, to use for the implementation of the Washington Early Learning Loan Fund (WELL). Proceeds are to fund loans or grants directly or through a partner in alignment with the WELL Fund Memorandum of Understanding conditions to advance early learning facility production in Washington State. The Association is acting as an agent on behalf of Enterprise Community Partners; therefore, the funds received are presented as restricted cash and a grant funds payable. The restricted cash has been set aside in a bank account separate from the operating accounts of the Association. Interest credited to this bank account has been reflected as an increase in restricted cash and an increase in the grant funds payable. Loans funded are treated as a reduction of cash and an increase to agent loans receivable. Loan repayments including interest are returned to the restricted cash funds to be used for subsequent loans or grants in the program. The Association earns no fee for this service. The outstanding balance of loans totaled $636,279 and $0 as of September 30, 2020 and 2019, respectively.

NOTE 13 / PAYROLL PROTECTION PROGRAM LOAN

In May 2020, the Association was granted a loan under the Paycheck Protection Program offered by the SBA under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), section 7(a)(36) of the Small Business Act for $115,500. The loan is subject to partial or full forgiveness if the Association: uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. As of September 30, 2020, the Association has used all funds received for qualified payroll expenses and expects the loan to be forgiven.

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