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.

CONTENTS

BOARD CHAIR AND PRESIDENT'S LETTER

Another year of pandemic concerns kept us working from home for almost the entire year. Right before the end of our 30th year, we moved to a hybrid work plan setting up in-office and working from home agreements for everyone. All the staff are spending some time at our office giving us the opportunity to be together again. Our meetings continue to be virtual and similar to many companies, Zoom has become a standard venue.

In starting our 31st year, it is enjoyable to look back over the last year to review our successes:

- First Republic Bank became a member
- Increased pool commitments from Cathay Bank, Cashmere Valley Bank, First Sound Bank, Heritage Bank, KeyBank, Kitsap Bank, North Cascades Bank, and Pacific Premier Bank.
- Lending activity across Washington state and increased activity in Early Learning facilities financing.
- Successfully completed the annual audit with Moss Adams.
- Confirmed new Board of Directors and a change to the executive committee members.

When First Republic Bank joined the WCRA, they became the 34th participating member of our organization. The bank has its only Washington state branch in Bellevue.

The WCRA has only two means of capitalizing funds for lending, a loan sale or portfolio growth. A loan sale would reduce the revenue to the organization at a time when our operating costs are increasing. Growing the portfolio to supply the WCRA higher interest revenue requires the continued support of our member banks. During this year, that member support supplied a total increase exceeding $13.3 million in pool funds. Pool adequacy benefits the citizens of the State, allowing the WCRA to continue financing affordable rental housing (including projects for special needs and farmworker populations) and our economic lending programs' development transactions including early learning facilities.

During our 2022 year, the WCRA approved 16 applications totaling $16.11 million and closed 8 loans of over $9.29 million. The activity will provide 216 units of affordable rental housing along with over 20.7 thousand square feet of economic development transactions. The loans on the economic development properties have an expected total match funding of $3.7 million from the Department of Commerce in support of Early Learning facilities financing program. This program is a partnership between the WCRA and Enterprise Community Partners with a goal to increase the number of early learning facilities across Washington state. Our contract was amended this year to a total of over $12 million for grants and loans.

Moss Adams completed our annual audit and once again, no issues were raised. This year the audit was performed virtually, a testament to the records we keep and the meticulous work of our staff.

The Board of Directors grew to 14 members this year with the addition of Mr. Brett L. A. Manning from the Federal Home Loan Bank of Des Moines. We also approved a new board representative from Washington Trust, Mr. Kris Hollingshead, who will take over the position formerly held by Mr. George Hernandez. When Mr. Michael Dotson resigned as vice chair, we were delighted that Mr. Robert "Bob" Powers from JP Morgan Chase chose to step into the position from his position as Treasurer. Our new Treasurer is Ms. Kim Etherton from Umpqua Bank, a board member since 2020.

The WCRA is fortunate to have a very skilled Board of Directors, loan committee, and criticized credit advisory committee to support and guide us each year. Their support is essential to our continued high standards of operating.

We will move forward into our 31st year with anticipation of great things to come.

Susan M. Duren

Christine Roveda

2022 BOARD OF DIRECTORS

Christine Roveda,
Wells Fargo Bank
Chair

Bob Powers,
JPMorgan Chase
Vice Chair

Jay Coleman,
KeyBank
Secretary

Kim Etherton,
Umpqua Bank
Treasurer

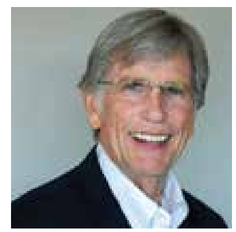
Susan M. Duren,
WCRA President

Tim Grant,
Washington Federal

Renae White,
Columbia Bank

Dustin Koons,
Banner Bank

Kris Hollingshead,
Washington
Trust Bank



Mike Gilmore,
Yakima
Federal Savings
& Loan Association

Steve Walker,
Washington State
Housing Finance
Commission

Jonathan Clarke,
Enterprise Community
Loan Fund

Emily Grossman,
Washington State
Department of
Commerce

Brett L.A. Manning,
Federal Home Loan
Bank of Des Moines

Scott J. Borth,
Perkins Coie
Counsel to the Board of Directors

2022 WCRA MEMBERSHIP

- 1st Security Bank of Washington
- 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 Fed Bank
- First Financial Northwest Bank
- First Republic 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 Crest Savings Bank
- 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

2022 LOAN COMMITTEE

Lauren Jassny, The Commerce Bank of Washington
Chair

Kasi Perkins,
Ally Bank

Karen Roche,
Banner Bank

Jack Chambers,
Columbia Bank

Shawn Cozakos,
HomeStreet Bank

Abby Chiu,
JPMorgan Chase

Alex Tkachuk,
KeyBank

Fred Holubik,
Kitsap Bank

Frank Zaremba,
Pacific Premier Bank

Victoria Quinn,
Umpqua Bank

Amy Mandell,
Wells Fargo Bank

Susan Duren,
WCRA

Dulcie Claassen,
WCRA

FEATURED PROJECTS

FEATURED PROJECT

DENISE LOUIE EDUCATION CENTER

Through the Economic Development program, WCRA funded Denise Louie Education Center (DLEC), a 6,479 square foot childcare facility in Seattle's Beacon Hill neighborhood. Funding partners include the Washington State Department of Commerce WELL funds and the City of Seattle.

DLEC was established as a nonprofit in 1978 to address the critical need for childcare within the International District of Seattle. Their first project was to create the International District Child Care Center, which was later renamed the Denise Louie Education Center in honor of a Chinese-American activist who played a vital role in the creation of the original center. Today, DLEC has five locations throughout King County, with a sixth location planned to open in 2023.

The mission of DLEC is to promote school and life readiness by providing multicultural early learning services to children and families. Their focus is on supporting low-income and immigrant communities with accessible, affordable childcare. Ms. Loan, whose child is enrolled at DLEC, said, "My family and I were homeless at the time when my daughter enrolled at Denise Louie Education Center. As a limited English speaker, they help me navigate resources available for my family that I would not have known about otherwise, especially due to the language barrier. Today, we have a place we call home, and my daughter is ready for Kindergarten this fall. I highly recommend Denise Louie Education Center!"

DLEC offers childcare and preschool programs for toddlers through children five years of age. They participate in the Early Head Start Program, which is federally funded and offers free early learning childcare for children from low-income families. DLEC also runs a home visiting program, where multilingual teachers provide parents with educational activities, nutrition information, and mental health support services from the comfort of their own home. In addition, DLEC has partnered with the Seattle Public Library to create the Play and Learn Program, a weekly class filled with songs, stories, and other activities for families with young children. In 2021, DLEC was able to serve over 1,100 low-income children and families.

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 effectively create new childcare and preschool centers at scale to meet our families' needs. WCRA, Enterprise Community Partners, 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 WELL 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.
- Centers in mixed-use developments in both rural and urban locations.

In 2022, WCRA funded two early learning centers through the WELL fund, creating 74 new childcare slots, a majority of which support low income families.

FEATURED PROJECT

MEADOW POINT

“THIS HAS BEEN A GREAT OPPORTUNITY. WITHOUT THIS OPPORTUNITY, QUALIFYING FOR A TWO-BEDROOM UNIT AS A DISABLED VETERAN, I PROBABLY WOULDN’T HAVE BEEN ABLE TO GET CUSTODY OF MY SON. THE NEIGHBORS ARE INCREDIBLE, AND THE KIDS CONGREGATE AROUND MY HOME TO PLAY WITH MY SON. MY SON HAS FINALLY FOUND A HOME THAT HE FEELS SAFE IN. WE FEEL COMPLETELY BLESSED TO HAVE THIS OPPORTUNITY.”

—Jeffery Pedde, Meadow Point Resident

Meadow Point is a newly constructed 46-unit affordable housing project located in Omak. The borrower sponsor is the Housing Authority of Okanogan County (HAOC). Funding partners include the Washington State Department of Commerce Housing Trust Fund, the Rural Community Assistance Corporation, and a tax credit investor.

HAOC formed in 1993 to assist limited income families in Okanogan County obtain housing. They offer affordable housing and subsidies that include additional support for veterans. HAOC has acquired multifamily and senior housing, as well as single family homes that serve individuals with disabilities. Their mission is to assist the residents of the county to acquire and retain affordable housing while strengthening the community by removing barriers, empowering dignity, and building trust.

Meadow Point’s 46 units are located within nine one-and two-story buildings. The units are a mix of flats and townhomes, with one, two, and three bedroom options. All units have modern features and include new appliances and extra storage. There is a community building for the residents that includes a meeting hall and kitchen. The grounds feature ample parking and a large playground area. Meadow Point gives preference to formerly homeless households.

FEATURED PROJECT

COLUMBIA HEIGHTS

Columbia Heights is a newly constructed 69-unit affordable housing complex located in Vancouver, Washington. It was completed and opened in August of 2022. WCRA, along with the City of Vancouver, Clark County, Washington State Housing Trust Fund, PeaceHealth Hospital, and a tax credit investor provided financing for this project, which helps meet the need for affordable, family-sized housing in Southwest Washington.

The 69 units are in five three-story buildings, and include a mix of one, two, and three-bedroom homes. Each energy efficient unit offers quartz countertops, large windows, spacious closets, and fresh air filtration. All apartments are rented at 30% - 50% of AMI. Additionally, 14 of the units are reserved for large households and 14 of the units are reserved for families with a disabled member. On the grounds, there is a community room for residents that features a kitchen and computer center. Additional shared amenities include a bicycle storage area, laundry room, and playground area with adjacent walking paths and courtyard seating. A Manager and a Resident Services Coordinator are located onsite to provide resident support.

The borrower sponsor is Mercy Housing Northwest (MHNW), a nonprofit that provides affordable housing and social services to residents of Washington state, Idaho, and Oregon. They currently operate 55 properties which serve over 6,700 families and seniors. MHNW believes that lack of financial resources should not determine whether someone can access high quality and safe, affordable housing. They also provide onsite resident services that focus on five key program areas—housing stability, health and wellness, community engagement, education, and financial well-being.

CAPITAL PLUS!
FEATURED PROPERTY

FISHBAY COTTAGES

The FishBay Cottages project was funded through the Capital Plus! Program, a partnership between the Washington State Housing Finance Commission and WCRA. FishBay Cottages consists of six two-bedroom, one-bath homes located on Lopez Island. All homes are reserved for families with incomes between 60-80% of AMI.

The borrower is Housing Lopez, Inc. (HLI), a nonprofit founded in 2018 to address the lack of affordable housing available in the San Juan Islands. Their mission is to create rental housing that is affordable to persons and families working on Lopez Island. HLI is an all-volunteer organization, consisting of local community members with expertise in housing development, affordable housing finance, construction, and rental housing management. HLI estimates that over 40% of Lopez Island residents struggle to maintain decent, safe, and affordable places to live. This severe shortage of affordable housing options has negatively impacted essential workers such as teachers, fire fighters, EMTs, and nurses who are unable to live and work on the Island.

The six cottages are modular homes, designed to be sustainable and energy efficient. Each home features front deck entry along with an entrance through a mud room with washer and dryer. All other major appliances are also included in the homes. The interior of the cottages feature an open concept living, dining, and kitchen area. Each cottage includes an individual yard with native plants and flowers, and an attached storage unit. The property features lighted pathways leading to each unit. FishBay Cottages are located within walking distance to the Lopez Village town center, with easy access to its many amenities.

CAPITAL PLUS!

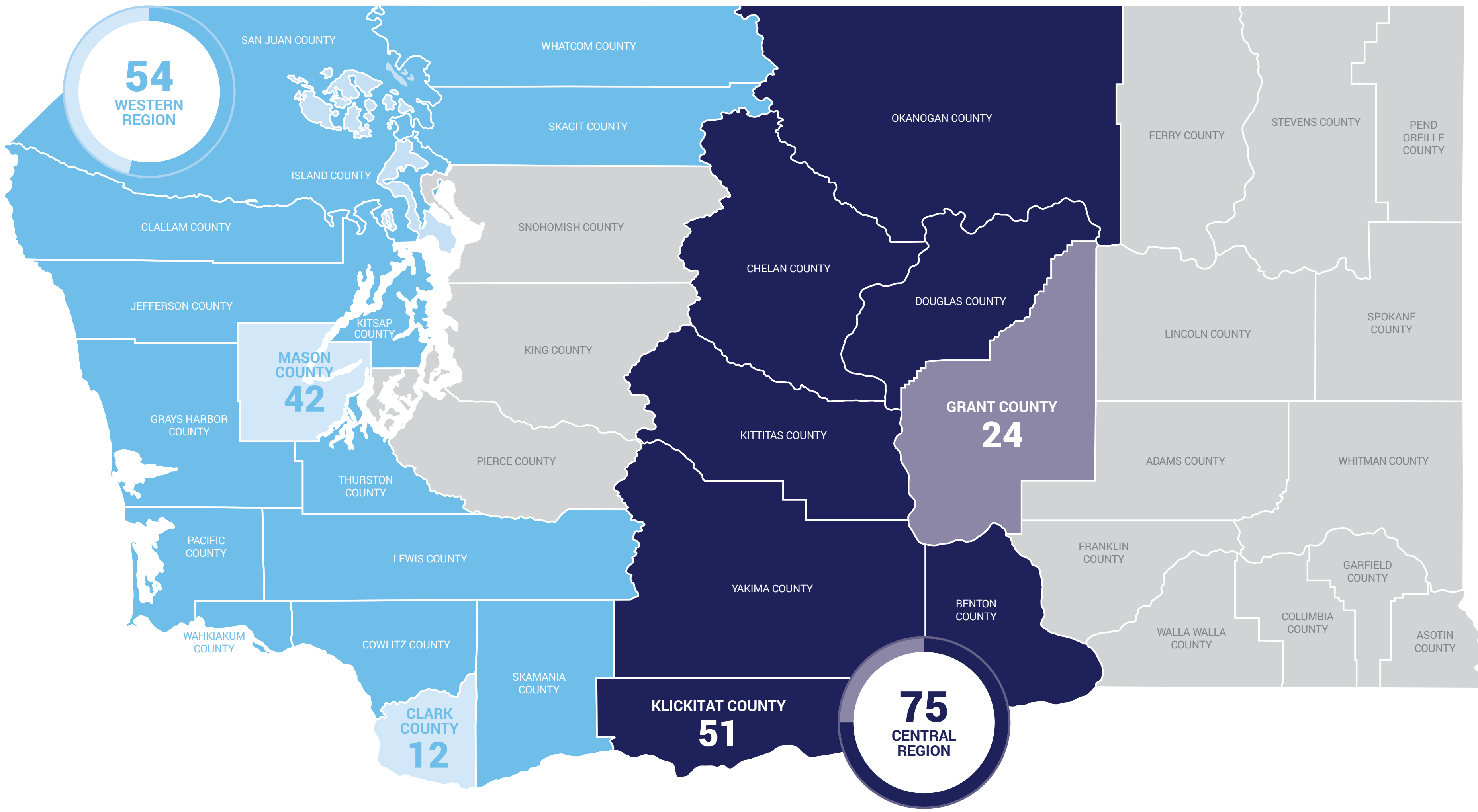
Capital Plus! is a $11.5 million loan fund for Washington nonprofits that need to finance housing, capital facilities owned and operated by the nonprofit, and/or equipment purchase or capital leases.

The program assists nonprofit organizations that would otherwise not have access to favorable financing. Washington nonprofits that serve or provide community services with consideration to lower income persons or persons with special needs or serve a unique or special purpose in the community, are eligible to apply for financing.

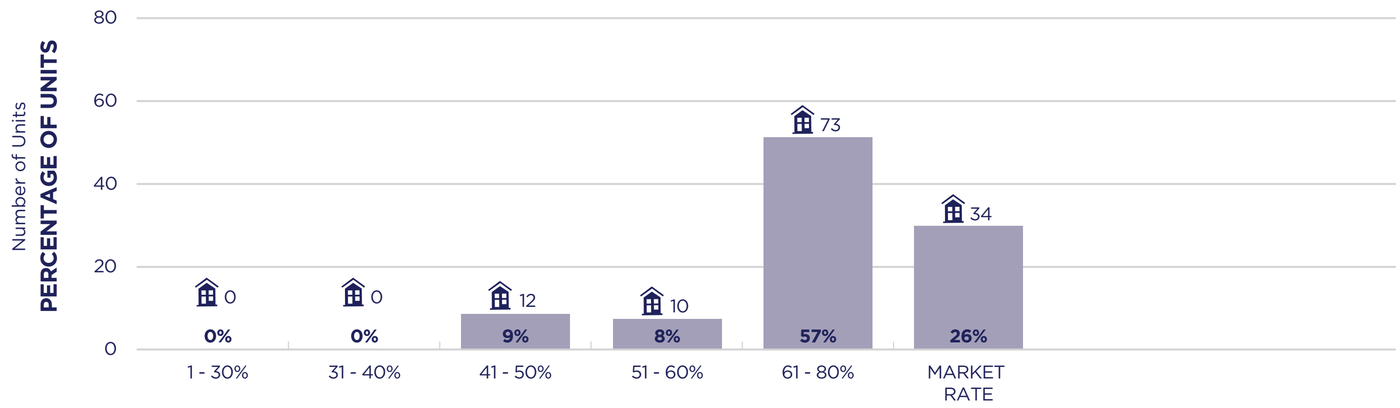
Loans may be in any amount up to a maximum of $1,500,000 with terms up to 10 years. The program is a partnership of the Washington Community Reinvestment Association and the Washington State Housing Finance Commission.

The Capital Plus! program has received national recognition by the National Council of State Housing Agencies. During the 2018 annual State Housing Finance Agencies conference, Capital Plus! was declared the winner of the Special Needs Housing category, which recognizes programs that best provide affordable housing and services for persons with special needs.

APPROVED AND FUNDED UNITS BY COUNTY AND LOANS BY REGION / FY 2022



UNITS BY INCOME SERVED / % OF AMI / FY 2022



LOANS / FY 2022

FUNDED

Amount
$10,133,440

Number of Units
129

Sq. Ft. Economic Development
14,505

APPROVED

Amount
$6,716,513

Number of Units
87

Sq. Ft. Economic Development
6,252

REPORT OF INDEPENDENT AUDITORS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Washington Community Reinvestment Association and Subsidiary, which comprise the consolidated statements of financial condition as of September 30, 2022 and 2021, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Washington Community Reinvestment Association and Subsidiary as of September 30, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Washington Community Reinvestment Association and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 Washington Community Reinvestment Association and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Washington Community Reinvestment Association and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Community Reinvestment Association and Subsidiary'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.

Moss Adams LLP

Everett, Washington
November 16, 2022

Washington Community Reinvestment Association and Subsidiary

Consolidated Statements of Financial Position

ASSETS	September 30, 2022	September 30, 2021
CASH AND CASH EQUIVALENTS	$2,118,812	$1,946,834
INTEREST-BEARING DEPOSITS	$2,304,966	$2,298,807
INTEREST RECEIVABLE	$502,386	$492,859
ACCOUNTS RECEIVABLE AND PREPAID EXPENSES	$155,855	$129,723
LOANS HELD FOR INVESTMENT / MEMBER INSTITUTIONS, NET	$103,869,099	$99,630,519
LOANS HELD FOR INVESTMENT / WSHFC, NET	$4,778,119	$5,612,460
LOANS HELD FOR INVESTMENT / RESERVE	$29,238	$33,532
RESTRICTED CASH	$6,229,343	$2,982,825
AGENT LOANS RECEIVABLE	$2,751,867	$3,155,337
EQUIPMENT, NET	$9,724	$11,828
TOTAL ASSETS	**$122,749,409**	**$116,294,724**

LIABILITIES AND NET ASSETS	September 30, 2022	September 30, 2021
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$248,019	$264,700
INTEREST PAYABLE	$406,984	$402,475
DEFERRED RENT PAYABLE	$46,655	$2,000
LOANS PAYABLE / WSHFC	$4,915,797	$5,612,289
NOTES PAYABLE / MEMBER INSTITUTIONS	$102,438,586	$98,415,229
GRANT FUNDS PAYABLE	$8,981,211	$6,138,162
TOTAL LIABILITIES	$117,037,252	$110,834,855
NET ASSETS WITHOUT DONOR RESTRICTIONS	$5,712,157	$5,459,869
TOTAL	**$122,749,409**	**$116,294,724**

Washington Community Reinvestment Association and Subsidiary

Consolidated Statements of Activities

REVENUES

	September 30, 2022	September 30, 2021
INTEREST INCOME	$5,764,571	$5,661,155
AGENT FEE INCOME	$124,483	$119,345
LOAN FEES	$161,772	$79,178
CONTRIBUTIONS AND GRANTS	$ 2,500	$15,259
CONSTRUCTION LOAN REVIEW REVENUE	$400,080	$351,184
OTHER REVENUE	$17,438	-
TOTAL REVENUES	**$ 6,470,844**	**$6,226,121**

EXPENSES

	September 30, 2022	September 30, 2021
INTEREST EXPENSE	$4,513,463	$4,464,337
SALARIES AND RELATED EXPENSES	$865,505	$819,450
PROFESSIONAL FEES	$491,823	$431,802
PROVISION FOR LOAN LOSSES	-	$109,678
OFFICE EXPENSES	$146,993	$142,607
OTHER EXPENSES	$190,772	$ 116,811
CONTRIBUTIONS AND GRANTS	$10,000	$10,000
TOTAL EXPENSES	**$ 6,218,556**	**$6,094,685**

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$252,288	$131,436
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	$5,459,869	$5,328,433
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	$5,712,157	$5,459,869

Washington Community Reinvestment Association and Subsidiary

Consolidated Statements of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

CASH RECEIVED FROM	September 30, 2022	September 30, 2021
LOAN FEES	$40,398	$82,184
AGENT FEE INCOME	$256,381	$171,482
INTEREST	$5,755,044	$5,651,359
CONTRIBUTIONS AND GRANTS	$2,500	$15,259
FUNDS RECEIVED UNDER WELL PROGRAM (NOTE 12)	$3,150,000	$1,000,000
GRANTS DISBURSED UNDER WELL PROGRAM (NOTE 12)	($306,951)	($1,113,538)
AGENT LOANS FUNDED UNDER WELL PROGRAM, NET OF PAYMENTS COLLECTED (NOTE 12)	$403,470	($2,403,842)
CONSTRUCTION LOAN REVIEW REVENUE	$394,506	$312,978
	$9,695,348	**$3,715,882**

CASH PAID TO	September 30, 2022	September 30, 2021
EMPLOYEES	($916,197)	($923,988)
VENDORS	($689,272)	($664,526)
PREPAYMENT FEES	($111,211)	($32,503)
INTEREST	($4,509,473)	($4,458,669)
	($6,226,153)	**($6,079,686)**
NET CASH FROM OPERATING ACTIVITIES	$3,469,195	($2,363,804)

Washington Community Reinvestment Association and Subsidiary

Consolidated Statements of Cash Flows **(CONTINUED)**

CASH FLOWS FROM INVESTING ACTIVITIES

	September 30, 2022	September 30, 2021
ORIGINATION OF LOANS HELD FOR INVESTMENT	($8,996,878)	($10,322,877)
LOAN PRINCIPAL COLLECTED ON LOANS HELD FOR INVESTMENT FROM MEMBER INSTITUTIONS AND WSHFC	$5,630,059	$6,443,016
PURCHASE OF EQUIPMENT, NET OF DISPOSALS	($4,586)	($13,106)
NET CHANGE IN INTEREST-BEARING DEPOSITS	($6,159)	($9,968)
NET CASH FROM INVESTING ACTIVITIES	($3,377,564)	($3,902,935)

CASH FLOWS FROM FINANCING ACTIVITIES

	September 30, 2022	September 30, 2021
PROCEEDS FROM NOTES PAYABLE FROM MEMBER INSTITUTIONS AND WSHFC RELATED TO LOANS HELD FOR INVESTMENT	8,996,878	$9,381,400
PRINCIPAL REPAYMENTS ON NOTES PAYABLE FROM MEMBER INSTITUTIONS AND INSTITUTIONS AND LOANS PAYABLE TO WSHFC RELATED TO LOANS HELD FOR INVESTMENT	($5,670,013)	($5,728,930)
NET CASH FROM FINANCING ACTIVITIES	$3,326,865	$3,652,470
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	$3,418,496	($2,614,269)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
BEGINNING OF YEAR	$4,929,659	$7,543,928
END OF YEAR	$8,348,155	$4,929,659

Washington Community Reinvestment Association and Subsidiary

Consolidated Statements of Cash Flows **(CONTINUED)**

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

	September 30, 2022	September 30, 2021
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$252,288	$131,436
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION	$6,690	$9,034
PROVISION FOR LOAN LOSSES	-	$109,678
CHANGE IN OPERATING ASSETS AND LIABILITIES		
INTEREST RECEIVABLE	($9,527)	($10,052)
ACCOUNTS RECEIVABLE AND PREPAID EXPENSES	($26,132)	($31,320)
DEFERRED LOAN FEES	($33,126)	($21,125)
AGENT LOANS RECEIVABLE (NOTE 12)	$403,470	($2,403,842)
GRANT FUNDS PAYABLE (NOTE 12)	$2,843,049	($113,538)
ACCOUNTS PAYABLE, ACCRUED LIABILITIES, AND DEFERRED REVENUE	($16,681)	($34,828)
INTEREST PAYABLE	$4,509	$5,753
DEFERRED RENT PAYABLE	$44,655	($5,000)
NET CASH FROM OPERATING ACTIVITIES	$3,469,195	($2,363,804)

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH REPORTED WITHIN STATEMENT OF FINANCIAL POSITION

	September 30, 2022	September 30, 2021
CASH AND CASH EQUIVALENTS	$2,118,812	$1,946,834
RESTRICTED CASH	$6,229,343	$2,982,825
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS	$8,348,155	$4,929,659

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 nonprofit entities in obtaining permanent financing for multifamily projects through tax-exempt bonds issued by State approved entities to be held by the Association's members. The Association provides these entities access to its member institutions, assists in document preparation, as well as provides servicing of the bonds with the Association collecting a fee for its assistance. The Association does not underwrite the bonds or hold the bonds.

Effective May 28, 2002, the Association entered into a contract with the State of Washington Department of Commerce (Commerce) for the purpose of providing construction loan review and ongoing project evaluation for the Housing Trust Fund, which is a 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 July 1, 2021, The Association entered into a new contract with Commerce covering the same services as the previous contract and expanded to cover the National Housing Trust Fund program.

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, 2022. 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, net" in the consolidated statements of financial condition.

On October 2, 2012, the Association entered into a servicing agreement with WSHFC, to provide loan servicing functions on behalf of WSHFC. The Association earns a servicing fee.

Effective March 2022, the Association entered into a contract with the Department of Commerce to provide technical assistance to applicants of the Washington Early Learning Loan Fund (WELL Fund). WCRA manages this program on behalf of the Department of Commerce in concert with Enterprise Community Partners, an unrelated third party. The contract provides $300,000 in funds to reimburse administrative costs incurred in providing services to WELL Fund, and specifies income earned for administrative services will be allocated between WCRA (44.71%) and Enterprise Community Partners (55.29%).

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.

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.

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, 2022 or 2021.

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.

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.

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. At September 30, 2022 and 2021, the amount of funds held for customers in escrow was $15,761,339 and $14,974,393, 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.

N**et 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, 2022 and 2021, 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.

Revenue Recognition
In 2021, the Company implemented Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP.

The majority of the Association's revenues come from interest income and other sources, including loans and investments, that are outside the scope of ASC 606.

The Association's revenues that are within the scope of ASC 606 are presented within fee income, contributions and grants, and construction loan review revenue on the consolidated statements of activities and are recognized as revenue as the Association satisfies its obligation to the customer. Revenues within the scope of ASC 606 were not material.

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 at September 30, 2022 or 2021. 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, 2022 and 2021, 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 16, 2022, which is the date the consolidated financial statements are available to be issued, and no subsequent events occurred requiring accrual or disclosure.

NOTE 3 /
LOANS HELD FOR INVESTMENT

	September 30, 2022	September 30, 2021
REAL ESTATE		
NONTAX-CREDIT LOANS	$59,457,992	$52,423,989
TAX-CREDIT LOANS	$45,286,168	$48,119,876
TOTAL MEMBER INSTITUTION LOANS	$104,744,160	$100,543,865
RESERVE LOANS	$29,238	$33,532
WSHFC LOANS	$4,718,868	$5,548,050
TOTAL REAL ESTATE	$109,492,266	$106,125,447
LESS		
ALLOWANCE FOR LOAN LOSSES	($488,788)	($488,788)
DEFERRED LOAN FEES, NET	($327,022)	($360,148)
TOTAL	$108,676,456	$105,276,511
LOANS HELD FOR INVESTMENT / MEMBER INSTITUTIONS, NET	$103,869,099	$99,630,519
LOANS HELD FOR INVESTMENT / WSHFC, NET	$4,778,119	$5,612,460
LOANS HELD FOR INVESTMENT / RESERVE	$29,238	$33,532
TOTAL	**$108,676,456**	**$105,276,511**

NOTE 3 / LOANS HELD FOR INVESTMENT (CONTINUED)

CHANGES IN THE ALLOWANCE FOR LOAN LOSSES FOR THE YEARS ENDED SEPTEMBER 30 WERE AS FOLLOWS:

REAL ESTATE

	NONTAX-CREDIT	TAX-CREDIT	UNALLOCATED	2022
ALLOWANCE FOR LOAN LOSSES, BEGINNING OF YEAR	$366,883	$121,905	-	$488,788
PROVISION FOR LOAN LOSSES	-	-	-	-
ALLOWANCE FOR LOAN LOSSES, END OF YEAR	$366,883	$121,905	-	$488,788
				2021
ALLOWANCE FOR LOAN LOSSES, BEGINNING OF YEAR	$260,474	$118,636	-	$379,110
PROVISION FOR LOAN LOSSES	$106,409	$3,269	-	$109,678
ALLOWANCE FOR LOAN LOSSES, END OF YEAR	$366,883	$121,905	-	$488,788

NOTE 3 / LOANS HELD FOR INVESTMENT

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, 2022 and 2021, the Association had no loans classified as doubtful, substandard or special mention.

NOTE 3 /
LOANS HELD FOR INVESTMENT **(CONTINUED)**

THE FOLLOWING TABLES REPRESENT THE INTERNALLY ASSIGNED GRADE BY TYPE OF LOANS / September 30, 2022

REAL ESTATE

MEMBER INSTITUTION LOANS	NONTAX-CREDIT	TAX-CREDIT	TOTAL
GRADE			
PASS	$54,922,037	$ 41,621,241	$96,543,278
WATCH	$4,535,955	$3,664,927	$8,200,882
	$59,457,992	**$45,286,168**	**$104,744,160**
RESERVE LOANS	NONTAX-CREDIT	TAX-CREDIT	TOTAL
GRADE			
PASS	$29,238	-	$29,238
WSHFC LOANS (1)	NONTAX-CREDIT	TAX-CREDIT	TOTAL
GRADE			
PASS	$4,373,203	-	$4,373,203
WATCH	$345,665	-	$345,665
	$4,718,868	**-**	**$4,718,868**
	$64,206,098	**$45,286,168**	**$109,492,266**

***(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 3 /
LOANS HELD FOR INVESTMENT **(CONTINUED)**

CREDIT RISK PROFILE BY INTERNALLY ASSIGNED GRADE BY TYPE OF LOANS / September 30, 2021

REAL ESTATE

MEMBER INSTITUTION LOANS	NONTAX-CREDIT	TAX-CREDIT	TOTAL
GRADE			
PASS	$47,194,250	$47,905,818	$95,100,068
WATCH	$5,229,739	$214,058	$5,443,797
	$52,423,989	**$48,119,876**	**$100,543,865**
RESERVE LOANS	NONTAX-CREDIT	TAX-CREDIT	TOTAL
GRADE			
PASS	$33,532	-	$33,532
WSHFC LOANS (1)	NONTAX-CREDIT	TAX-CREDIT	TOTAL
GRADE			
PASS	$5,194,191	-	$5,194,191
WATCH	$353,859	-	$353,859
	$5,548,050	**-**	**$5,548,050**
	$58,005,571	**$48,119,876**	**$106,125,447**

***(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.*

There were no impaired loans, troubled debt restructured loans, or nonaccrual loans at September 30, 2022 and 2021.

There were no loans past due more than 90 days and still accruing interest at September 30, 2022 and 2021.

There were no loans past due 30 to 90 days at September 30, 2022 and 2021.

NOTE 4 / EQUIPMENT

A SUMMARY OF EQUIPMENT	September 30, 2022	September 30, 2021
EQUIPMENT	$61,458	$61,521
LESS ACCUMULATED DEPRECIATION	($51,734)	($49,693)
	$9,724	**$11,828**

Depreciation expense for the years ended September 30, 2022 and 2021, was $6,690 and $9,034, respectively.

NOTE 5 / NOTES PAYABLE – MEMBER INSTITUTIONS

Notes Payable

Member Institutions are comprised of three separate contractual pools, Pool 1, Pool 2, and Pool 3. 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, 2022 and 2021, the maximum limit on the line of credit was $114,475,000 and $108,675,000, respectively. The outstanding amounts were $68,853,762, (of which $57,820,814 was revolving and $11,032,948 was nonrevolving) and $68,802,309, (of which $56,867,349 was revolving and $11,934,960 was nonrevolving) as of September 30, 2022 and 2021, respectively, and $11,400,604 was approved to be funded for loan commitments (Note 8) as of September 30, 2022. 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, 2022 and 2021, the maximum limit on the line of credit was $31,762,000 and $27,412,000, respectively. The outstanding amounts were $24,653,996, (of which $22,339,634 was revolving and $2,314,362 was nonrevolving) and $22,644,758, (of which $20,288,076 was revolving and $2,416,682 was nonrevolving) as of September 30, 2022 and 2021, respectively, and $0 was approved to be funded for loan commitments (Note 8) on the line of credit as of September 30, 2022. 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, 2022 and 2021, the maximum limit on the line of credit was $15,800,000 and $13,900,000, respectively. As of September 30, 2022 and 2021, the outstanding amounts were $8,930,828 (of which $8,925,873 was revolving and $4,955 was nonrevolving) and $6,968,161 (of which $6,963,030 was revolving and $5,131 was nonrevolving), respectively, and $1,852,716 was approved to be funded for loan commitments (Note 8) on the line of credit as of September 30, 2022. 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.

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

2023	$9,849,568
2024	$5,220,473
2025	$3,628,220
2026	$3,217,905
2027	$3,343,601
Thereafter	$77,178,819
	$102,438,586

Notes payable – member institutions, at September 30, 2022, bear interest at rates ranging from 1.41% to 7.33%. 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, 2022 and 2021, the outstanding amounts were $4,915,797 and $5,612,289, respectively, and no funds were approved to be funded for loan commitments (Note 8) as of September 30, 2022. 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:

2023	$546,334
2024	$801,463
2025	$256,705
2026	$646,336
2027	$87,049
Thereafter	$2,577,910
	$4,915,797

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 was paid during 1993. In addition, members who join the Association subsequent to the original formation are assessed a one-time contribution. During each of the years ended September 30, 2022 and 2021, $2,500 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 unfunded loan commitments to borrowers and member institutions at September 30, 2022, was $13,253,320, 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:

2023	$117,106
2024	$120,215
2025	$123,324
2026	$126,433
Thereafter	$96,897
	$583,975

Rental expense for the years ended September 30, 2022 and 2021, was $115,765 and $108,343, respectively, and is included in office expenses on the consolidated statements of activities.

The Association's office lease expires in June 2027.

Contractual future minimum rental payments for the Association's copier lease as of September 30, 2022, are as follows:

2023	$4,096
2024	$2,048
	$6,144

Rental expense for the years ended September 30, 2022 and 2021, was $4,101 and $4,095, 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, 2022 and 2021, were $2,304,966 and $2,298,246, respectively.

NOTE 10 / EMPLOYEE SAVINGS PLAN

The Association has a voluntary contribution 403(b) savings plan for all employees. For the years ended September 30, 2022 and 2021, 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, 2022 and 2021, the Association accrued contribution expenses of $45,162 and $43,681, respectively. These amounts are generally paid out in the following fiscal year subject to Board approval.

NOTE 11 / LIQUIDITY AND AVAILABILITY

The Association has $4,423,778 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 (Note 12) or the grant agreement with Enterprise Community Partners (Note 12) 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 interestbearing deposits, 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 interest-bearing deposits.

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 was distributed to the Association in February 2021. Effective January 2022, the contract was amended to award an additional $7,150,000. The first tranche of $3,150,000 was distributed to the Association in February 2022. The second tranche of $2,000,000 will be distributed upon the obligation or lending of at least 80% of the first tranche. The third tranche of $2,000,000 will be distributed upon the obligation or lending of at least 80% of the second tranche. The contract was extended to June 30, 2033. Effective March 2022, the Association entered into a contract with the Department of Commerce to provide technical assistance to applicants of the Early Learning Fund Program. The funds allocated within the contract are split with Enterprise Community Partners (See Note 1). 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 original 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 $2,258,940 and $1,526,993 as of September 30, 2022 and 2021, respectively. As of September 30, 2022, $790,594 was approved to be funded under the program. During the years ended September 30, 2022 and 2021, $219,742 and $1,050,958 was awarded in the form of grants to eligible organizations, respectively. These funds are not required to be repaid, thus are reflected as a decrease in grant funds payable.

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 WELL Fund. 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 $492,927 and $1,628,344 as of September 30, 2022 and 2021, respectively. As of September 30, 2022, no amounts were approved to be funded under the program. During the years ended September 30, 2022 and 2021, $184,265 and $0 was awarded in the form of grants to eligible organizations, respectively.

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