

**RAINIER VALLEY COMMUNITY DEVELOPMENT FUND**

Financial Statements  
December 31, 2023 and 2022

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Matt Smith, CPA  
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Andrew Van Ness, CPA



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rainier Valley Community Development Fund  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of Rainier Valley Community Development Fund (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainier Valley Community Development Fund as of December 31, 2023 and 2022, and the changes in its net assets and its 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. 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 Rainier Valley Community Development Fund 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 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 Rainier Valley Community Development Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Amanda O'Rourke, CPA  
Matt Smith, CPA  
Claire Chow, CPA  
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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rainier Valley Community Development Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainier Valley Community Development Fund'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.

*Greenwood Ohlund*

Seattle, Washington  
May 1, 2024

**RAINIER VALLEY COMMUNITY DEVELOPMENT FUND**

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 6,414,764	\$ 10,369,151
Current portion of loan interest receivable	246,498	134,671
Current portion of loans receivable	6,558,569	5,119,843
Prepaid expenses and other	52,274	60,409
Total current assets	13,272,105	15,684,074
Loan Interest Receivable, net of current portion	344,039	397,700
Loans Receivable, net of current portion, net of allowance for credit losses of \$2,080,337 and \$1,705,698 respectively	15,972,650	14,832,240
Construction in Progress	1,542,334	-
Total assets	\$ 31,131,128	\$ 30,914,014
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 49,951	\$ 29,279
Grants received in advance	57,788	326,421
Notes payable	404,670	1,000,000
Total current liabilities	512,409	1,355,700
Notes Payable, net of current portion	1,874,381	513,500
Total liabilities	2,386,790	1,869,200
Net Assets without Donor Restrictions	28,744,338	29,044,814
Total liabilities and net assets	\$ 31,131,128	\$ 30,914,014

*See accompanying notes to financial statements.*

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenue		
Loan interest	\$ 1,100,032	\$ 1,079,609
Loan fees	63,990	64,715
Grants	290,633	236,229
Other income	96,762	42,526
	<hr/>	<hr/>
Total revenue	1,551,417	1,423,079
Expenses		
Program services	1,479,095	1,090,933
Management and general	372,798	395,033
	<hr/>	<hr/>
Total expenses	1,851,893	1,485,966
	<hr/>	<hr/>
<b>Change in net assets without donor restrictions</b>	<b>(300,476)</b>	<b>(62,887)</b>
Net Assets without Donor Restrictions, beginning of year	29,044,814	29,107,701
	<hr/>	<hr/>
Net Assets without Donor Restrictions, end of year	<u>\$ 28,744,338</u>	<u>\$ 29,044,814</u>

*See accompanying notes to financial statements.*

**RAINIER VALLEY COMMUNITY DEVELOPMENT FUND**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries, taxes, and benefits	\$ 406,553	\$ 89,988	\$ 496,541	\$ 337,089	\$ 124,950	\$ 462,039
Grant program costs	468,375	27,115	495,490	323,250	15,311	338,561
Credit loss expense	377,244	-	377,244	274,031	-	274,031
Professional fees	-	203,246	203,246	-	214,727	214,727
Interest	94,589	-	94,589	39,062	-	39,062
Contractor services	32,896	7,281	40,177	19,729	7,313	27,042
Occupancy	25,929	5,739	31,668	21,475	7,960	29,435
Insurance	19,051	4,217	23,268	13,231	4,905	18,136
Depreciation and amortization	22,219	-	22,219	15,724	-	15,724
Communications	-	17,784	17,784	-	7,079	7,079
Dues and sponsorships	15,593	-	15,593	15,100	-	15,100
Travel and conferences	-	11,605	11,605	-	5,727	5,727
Office equipment and supplies	6,687	1,480	8,167	5,215	1,933	7,148
Software licensing fees	6,646	1,471	8,117	8,189	3,035	11,224
Other	3,313	733	4,046	5,342	1,977	7,319
Community meetings	-	2,139	2,139	-	116	116
Advertising and marketing	-	-	-	13,496	-	13,496
<b>Total expenses</b>	<b>\$ 1,479,095</b>	<b>\$ 372,798</b>	<b>\$ 1,851,893</b>	<b>\$ 1,090,933</b>	<b>\$ 395,033</b>	<b>\$ 1,485,966</b>

*See accompanying notes to financial statements.*

## RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

### STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from loan interest, fees, and other	\$ 1,202,618	\$ 1,231,327
Cash received from grants	22,000	62,650
Cash paid for salaries, taxes, and benefits	(496,541)	(462,039)
Loan advances	(4,960,968)	(4,936,002)
Loan repayments	1,543,437	10,518,365
Cash paid for interest	(94,589)	(39,062)
Cash paid to other vendors	(393,561)	(726,797)
	(3,177,604)	5,648,442
Net cash flows from operating activities		
Cash Flows from Investing Activity		
Purchases of property and equipment	(1,542,334)	-
Cash Flows from Financing Activity		
Proceeds from notes payable	1,400,000	1,000,000
Principal repayments of notes payable	(634,449)	(1,000,000)
	765,551	-
Net cash flows from financing activities		
	<b>(3,954,387)</b>	<b>5,648,442</b>
<b>Net change in cash and cash equivalents</b>		
Cash and Cash Equivalents, beginning of year	10,369,151	4,720,709
Cash and Cash Equivalents, end of year	\$ 6,414,764	\$ 10,369,151
Cash Flows from Operating Activities		
Change in net assets	\$ (300,476)	\$ (62,887)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Credit loss expense	377,244	274,031
Loans forgiven through grants	461,151	-
Changes in operating assets and liabilities		
Loan interest receivable	(58,166)	44,477
Loans receivable	(3,417,531)	5,582,363
Prepaid expenses	8,135	(19,041)
Accounts payable and accrued expenses	20,672	3,078
Grants received in advance	(268,633)	(173,579)
	(3,177,604)	5,648,442
Net cash flows from operating activities	\$ (3,177,604)	\$ 5,648,442

*See accompanying notes to financial statements.*



# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

Rainier Valley Community Development Fund (Rainier Valley CDF) is a nonprofit community development organization that was established to serve as a catalyst for economic development that promotes the diversity and livability of the Rainier Valley area of southeast Seattle, Washington.

The primary sponsors of Rainier Valley CDF are the Rainier Valley community, the City of Seattle (the City), Sound Transit, and King County (collectively, the Sponsors). The Sponsors committed to establish a \$50,000,000 fund (the Community Development Fund) to be used to mitigate the effects of the Rail Project on the Rainier Valley and to support long-term community development and transit-oriented development projects in the Rainier Valley. All original grant funds have been disbursed, and Rainier Valley CDF now focuses on assisting businesses and supporting development in the geographic boundaries within the Rainier Valley area under the revolving loan fund and other underserved south Seattle areas under several loan programs, and providing loan capital to entrepreneurs, nonprofits, and community organizations that generally do not have access to traditional financing.

Rainier Valley CDF's revolving loan fund is managed under a trust agreement with the City that restricts the use of the funds to community development activities within a certain geographic area. If Rainier Valley CDF fails to meet the performance criteria under the trust agreement, the City may terminate the trust agreement with Rainier Valley CDF and could appoint an alternate trustee.

Rainier Valley CDF is certified as a Community Development Financial Institution (CDFI) by the Community Development Financial Institution Fund, which is a program of the United States Treasury Department. Management expects that this certification will give Rainier Valley CDF access to additional grant and loan funds.

#### *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### *Financial Statement Presentation*

Rainier Valley CDF reports 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. Rainier Valley CDF has no net assets with donor restrictions, so this class of net assets is not shown on the financial statements.

#### *Cash and Cash Equivalents*

Cash and cash equivalents represent cash in checking and savings accounts. Rainier Valley CDF has cash balances in excess of federally insured limits. Rainier Valley CDF does not believe it is exposed to any significant credit risk.

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

### *Loans Receivable*

Rainier Valley CDF's loans receivable are stated at their outstanding principal balances, less an allowance for credit losses. Rainier Valley CDF's loans receivable are generally collateralized by security positions on real and personal property, and personal guarantees by the business owners. Rainier Valley CDF attempts to maintain collateral that has a value at a level equal to or in excess of the related loan receivable balance.

Loans receivable are considered past due after ten days from the borrower's missed payment. A loan is placed on non-accrual status when it is specifically determined to be impaired and when, in the opinion of management, there is an indication that the borrower may be unable to make payments as they become due. Interest income is generally not recognized on impaired loans. Interest payments received on such loans are applied as a reduction of the loan principal balance. Loans are placed back into accrual status after management has reviewed appropriate documents and has received approval by its loan committee.

The allowances for loan losses are maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio when considering the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined after considering collateral values. An increase to the allowance also increases the provision for loan losses, which is charged to expense. The allowance is reduced by loans charged off and increased by recoveries.

### *Credit Quality and Allowance for Current Expected Credit Losses*

Rainier Valley CDF's loan risk rating system looks at actual operations and repayment performance, strength of collateral (especially loan to value), strength of repayment capacity (current ratios, debt coverage ratios, etc.), management capacity (if a business incentive loan) or development team capacity (if a real estate loan), and reasonable and supportable forecasts. Loan approvals are made based upon the amount of inherent credit risk specific to the transaction and are reviewed for appropriateness by Rainier Valley CDF's loan committee. Loans are monitored by loan officers and the loan committee for deterioration in a borrower's financial condition, which would impact the ability of the borrower to perform under the contract. Risk ratings are adjusted as necessary.

Loans are rated by risk into the following categories (Credit Quality Indicators):

Acceptable (risk rating of 1 to 3) – These loans range from minimal credit risk to lower than average, but still acceptable, credit risk. Loans with a risk rating of 1, 2, and 3 have minimum allowances of 3%, 5%, and 10%, respectively.

Watch List (risk rating of 4) – Watch List loans usually require more than normal management attention. Loans that qualify for the Watch List may involve borrowers with adverse financial trends, higher debt/equity ratios, or weaker liquidity positions, but not to the degree of being considered a Doubtful or Loss loan (see below), where risk of loss may be apparent. Additionally, loans are placed on the Watch List if they are regularly on the 30-day past due list. Loans with a risk rating of 4 have a minimum allowance of 25%.

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

Doubtful or Loss (risk rating of 5 to 6) – Loans are classified as Doubtful or Loss loans when the borrower’s primary source of repayment capacity is impaired to the point that the borrower’s payments do not cover principal payments on a reasonable amortization rate, a voluntary liquidation plan has been negotiated, or the loan is more than 60 days past due. Loans with a risk rating of 5 and 6 have minimum allowances from 50% to 100%.

Loans are charged against the allowance for credit losses when the ability to collect is not reasonably assured. The allowance represents an amount, which, in management’s judgment, will be adequate to absorb losses from loans over their lifetimes. Because of inherent uncertainties in estimating an allowance for credit losses, it is at least reasonably possible that the estimates will change in the near term. There were no loans written off against the allowance in 2023 or 2022.

When Rainier Valley CDF forecloses on a loan, the collateral assumed is recorded at the lower of the outstanding loan balance (plus unpaid interest, late fees, and other foreclosure costs) or the fair value of the collateral assumed. If the fair value of the collateral assumed is less than the outstanding loan balance, a loss is recognized. There were no loan foreclosures in 2023 or 2022.

Rainier Valley CDF’s loan impairment indicators include restructuring requests and modifications, deteriorated collateral margins, financial statements of entities reflecting deteriorating trends, and Rainier Valley CDF’s ability (or lack of ability) to receive financial information from borrowers.

Management periodically reviews its loan portfolio to determine if any loans are impaired. Impaired loans, if any, are adjusted to estimated net realized value through the loan loss reserve.

### *Capitalization Policy and Construction in Progress*

Rainier Valley CDF capitalizes purchases of property and equipment with an original cost of more than \$1,000 and a useful life of at least one year. Property and equipment is recognized at cost, if purchased, or at fair value on the date of donation, if donated. Depreciation is computed using the straight-line method over the useful lives of the assets.

Construction in progress at December 31, 2023, consists of a condominium in Seattle, Washington, that will be used as Rainier Valley CDF’s office headquarters. The property is currently undergoing renovations, which management anticipates will be completed in late 2024. As of December 31, 2023, Rainier Valley CDF does not have any outstanding commitments or contingencies related to this project.

### *Revenue Recognition – Loan Interest/Fees*

Interest on loans is recognized when earned over the loan term. Interest on non-accruing or past due loans is not recognized. Loan fees are recognized as revenue when the loans are closed. At December 31, 2023, three loans totaling \$1,850,000 were on non-accrual status and no interest was recognized thereafter. At December 31, 2022, two loans totaling \$1,820,000 were on non-accrual status and no interest was recognized thereafter. At December 31, 2021, one loan totaling \$1,760,000 was on non-accrual status and no interest was recognized thereafter.

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

### *Grant Revenue and Grants Received in Advance*

Grants are recorded when unconditionally awarded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional grants are recognized as revenue when the related conditions are met. Grants received in advance of conditions met are deferred and recognized as grants received in advance (a liability). Grants with donor restrictions (including those that had previously been conditional contributions) are recognized as increases in net assets without donor restrictions when the restrictions are met within the same reporting period.

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs attributable to more than one program or supporting function, including salaries and benefits, grant program costs, occupancy, professional fees, contractor services, and insurance, have been allocated among the programs and supporting services benefited based on estimates of time and effort.

### *Recent Accounting Pronouncements*

Beginning January 1, 2023, Rainier Valley CDF adopted provisions of the Financial Accounting Standards Board Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which establishes a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. The new standard requires the measurement of the allowance for credit losses to be based on management's best estimate of current expected credit losses (CECL) inherent in the relevant financial assets over their expected lifetimes. Prior to the adoption of this standard, the allowance for credit losses was determined using management's estimate of probable incurred losses.

Rainier Valley CDF adopted this standard using a modified retrospective approach, which did not impact net assets as of January 1, 2023.

### *Federal Income Taxes*

Rainier Valley CDF has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

### *Subsequent Events*

Management of Rainier Valley CDF has evaluated subsequent events through the date these financial statements were available to be issued, which was May 1, 2024.

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

### Note 2 – Liquidity and Availability of Resources

Rainier Valley CDF strives to maintain liquid financial assets sufficient to cover six months of general expenditures.

The following table reflects Rainier Valley CDF’s financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual commitments.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 6,414,764	\$ 10,369,151
Loan interest receivable	590,537	532,371
Loans receivable	22,531,219	19,952,083
	29,536,520	30,853,605
Amounts not available for general use within one year:		
Loan interest receivable, net of current portion	(344,039)	(397,700)
Loans receivable, net of current portion	(15,972,650)	(14,832,240)
Unfunded loan commitments	(2,858,357)	(2,754,475)
	\$ 10,361,474	\$ 12,869,190

### Note 3 – Loans Receivable

At December 31, 2023 and 2022, loans to one borrower and its affiliates (through three separate loans) made up 36% and 29% of loans outstanding, respectively. At December 31, 2023 and 2022, outstanding separate loans were as large as \$4,700,000 and \$7,450,000, respectively. At December 31, 2023, loans yielded interest rates from 0.00% to 7.75%. At December 31, 2022, loans yielded interest rates from 0.0% to 6.5%. Loans yielding an interest rate of 0.0% incur an annual loan fee of 5.0% of the loan balance.

The following tables represent the approximate number of loans by category at December 31, 2023:

	Number of Loans	Balance	Percentage of Total
Real Estate			
Affordable housing	6	\$ 8,022,948	33%
Commercial real estate	14	8,946,385	36%
Community facilities	3	1,849,012	7%
Operations			
Small businesses	73	5,793,211	24%
Totals	96	24,611,556	100%
Allowance for Credit Losses		(2,080,337)	
		\$ 22,531,219	

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

The following tables represent the approximate number of loans by category at December 31, 2022:

	Number of Loans	Balance	Percentage of Total
Real Estate			
Affordable housing	6	\$ 7,956,785	37%
Commercial real estate	14	6,845,309	32%
Community facilities	3	1,961,511	9%
Operations			
Small businesses	91	4,894,176	23%
Totals	114	21,657,781	100%
Allowance for Credit Losses		(1,705,698)	
		\$ 19,952,083	

Loan balances are included in the statements of financial position as follows at December 31:

	2023	2022
Current portion	\$ 6,558,569	\$ 5,119,843
Long-term portion, net of allowance	15,972,650	14,832,240
	\$ 22,531,219	\$ 19,952,083

Future principal payments to be received on loans receivable are as follows for the years ending December 31:

2024	\$ 6,558,569
2025	1,703,008
2026	2,904,802
2027	5,490,417
2028	1,102,003
Thereafter	6,852,757
	\$ 24,611,556

Activity in the allowance for credit losses is as follows for the years ending December 31:

	2023	2022
Allowance for Credit Losses, beginning of year	\$ 1,705,698	\$ 1,436,915
Loans charged off against allowance	465,980	338,264
Loan recoveries collected	(468,585)	(343,512)
Credit loss expense	377,244	274,031
Allowance for Credit Losses, end of year	\$ 2,080,337	\$ 1,705,698

# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

The loan loss reserve is considered a general reserve and is derived based on risk ratings (as described in Note 1) as follows at December 31:

	2023		2022	
	Loans Receivable	Allowance for Credit Losses	Loans Receivable	Allowance for Credit Losses
Acceptable	\$ 22,483,420	\$ 1,536,733	\$ 19,609,199	\$ 1,173,209
Watch list	2,128,136	543,604	2,048,582	532,489
	\$ 24,611,556	\$ 2,080,337	\$ 21,657,781	\$ 1,705,698

There were no specific allowances for credit losses based on an analysis of individual loans at December 31, 2023 or 2022.

### Note 4 – Credit Quality and Allowance for Credit Losses

The following table shows the loan portfolio allocation by Rainier Valley CDF's internal risk ratings at December 31, 2023:

	Acceptable	Watch List	Total Loans
Real Estate			
Affordable housing	\$ 8,022,948	\$ -	\$ 8,022,948
Commercial real estate	7,189,119	1,757,266	8,946,385
Community facilities	1,849,012	-	1,849,012
Operations			
Small businesses	5,422,341	370,870	5,793,211
Totals	\$ 22,483,420	\$ 2,128,136	\$ 24,611,556

The following table shows the loan portfolio allocation by Rainier Valley CDF's internal risk ratings at December 31, 2022:

	Acceptable	Watch List	Total Loans
Real Estate			
Affordable housing	\$ 7,956,785	\$ -	\$ 7,956,785
Commercial real estate	5,088,043	1,757,266	6,845,309
Community facilities	1,961,511	-	1,961,511
Operations			
Small businesses	4,602,860	291,316	4,894,176
Totals	\$ 19,609,199	\$ 2,048,582	\$ 21,657,781

## RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

### NOTES TO FINANCIAL STATEMENTS

The following table shows an aging analysis of the loan portfolio by the time past due at December 31, 2023:

	<u>Current</u>	<u>31-60 Days Past Due</u>	<u>61+ Days Past Due</u>	<u>Total Loans</u>
Real Estate				
Affordable housing	\$ 8,022,573	\$ 375	\$ -	\$ 8,022,948
Commercial real estate	8,946,385	-	-	8,946,385
Community facilities	1,849,012	-	-	1,849,012
Operations				
Small businesses	<u>5,778,036</u>	<u>5,376</u>	<u>9,799</u>	<u>5,793,211</u>
Totals	<u>\$ 24,596,006</u>	<u>\$ 5,751</u>	<u>\$ 9,799</u>	<u>\$ 24,611,556</u>

The following table shows an aging analysis of the loan portfolio by the time past due at December 31, 2022:

	<u>Current</u>	<u>31-60 Days Past Due</u>	<u>61+ Days Past Due</u>	<u>Total Loans</u>
Real Estate				
Affordable housing	\$ 7,952,931	\$ 3,854	\$ -	\$ 7,956,785
Commercial real estate	6,845,309	-	-	6,845,309
Community facilities	1,961,511	-	-	1,961,511
Operations				
Small businesses	<u>4,887,598</u>	<u>6,578</u>	<u>-</u>	<u>4,894,176</u>
Totals	<u>\$ 21,647,349</u>	<u>\$ 10,432</u>	<u>\$ -</u>	<u>\$ 21,657,781</u>

#### **Note 5 – Loan Commitments**

At December 31, 2023, Rainier Valley CDF has outstanding loan commitments of \$2,858,357, subject to conditional performance requirements of the borrowers. Management has not recognized a liability for current expected credit losses related to these commitments, as the amount would not be material to these financial statements.

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# RAINIER VALLEY COMMUNITY DEVELOPMENT FUND

## NOTES TO FINANCIAL STATEMENTS

### Note 6 – Notes Payable

Notes payable consist of the following at December 31:

	2023	2022
Line of credit due to a bank with an adjustable interest rate (7.25% at December 31, 2023) and interest-only payments due monthly through September 2023. Unpaid interest and principal are due February 1, 2024. The line of credit is unsecured.	\$ 380,000	\$ 1,000,000
Note payable due to a bank with a fixed interest rate of 6.50%. Principal and interest payments of \$9,530 are due monthly through maturity on June 1, 2033. The note is secured by a condominium property in Seattle, Washington, and includes certain financial covenants. Rainier Valley CDF was in compliance with all covenants (or received bank waiver if not in compliance) at December 31, 2023.	1,385,551	-
Note payable to the U.S. Department of Treasury Community Development Financial Institutions Fund with an interest rate of 1.90%. Interest-only payments are due semi-annually through June 30, 2028. Thereafter, principal and interest payments are due semi-annually until maturity on July 2, 2031. The note is unsecured.	513,500	513,500
	2,279,051	1,513,500
Less: Current portion	(404,670)	(1,000,000)
	\$ 1,874,381	\$ 513,500

The following is a summary of scheduled principal maturities of all notes payable for the years ending December 31:

2024	\$ 404,670
2025	26,581
2026	28,361
2027	30,260
2028	117,632
Thereafter	1,671,547
	\$ 2,279,051