
Olympic Community Action Programs

Consolidated Financial Statements

**For the Year Ended December 31, 2022
With Comparative Totals for 2021**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Financial Statements	8
SUPPLEMENTAL INFORMATION	
Consolidating Statement of Financial Position.....	22
Consolidating Statement of Activities and Changes in net Assets	23
Consolidating Statement of Functional Expenses.....	24
ADDITIONAL REPORTS AND SCHEDULES	
Schedule of Expenditures of Federal Awards.....	25
Notes to Schedule of Expenditures of Federal Awards	29
Schedule of Expenditures of State Awards.....	30
Summary Schedule of Prior Audit Findings.....	32
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Independent Auditor's Report on Compliance for Each Major Federal Program and And on Internal Control Over Compliance Required by the Uniform Guidance.....	35
Schedule of Findings and Questioned Costs.....	38

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Olympic Community Action Programs
Port Townsend, WA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Olympic Community Action Programs (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2022, and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated 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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary information on pages 22 to 24 and page 30 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 19, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

April 19, 2023

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022 <i>(With Comparative Totals for 2021)</i>	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,457,443	\$ 1,400,521
Accounts Receivable	21,197	24,070
Grants Receivable	1,395,913	1,194,016
Inventory	-	5,315
Prepaid Expenses & Other Assets	23,808	16,846
Total Current Assets	<u>3,898,361</u>	<u>2,640,768</u>
Property & Equipment		
Property & Equipment, Net	<u>15,316,965</u>	<u>8,668,388</u>
Other Assets		
Contributed Land & Facilities Use Receivable	106,666	123,226
Right of Use Asset	1,254,081	-
Administration & Monitoring Fee	226,064	226,064
Investments	246,132	296,691
Total Other Assets	<u>1,832,943</u>	<u>645,981</u>
Total Assets	\$ <u>21,048,269</u>	\$ <u>11,955,137</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Cash Overdraft	\$ 1,076	\$ -
Accounts Payable	815,527	1,345,118
Accrued Expenses	619,006	539,157
Other Liabilities	95,286	94,440
Deferred Revenue	2,931	191,366
Current Portion of Long-Term Debt	22,812	58,504
Current Portion of Operation Lease Liability	285,843	-
Total Current Liabilities	<u>1,842,481</u>	<u>2,228,585</u>
Long Term Liabilities		
Notes Payable, Net of Current Portion	12,080,067	5,362,172
Less Loan Fees, Net	(65,213)	(72,193)
Operation Lease Liability, Net of Current Portion	968,238	-
Total Long Term Liabilities	<u>12,983,092</u>	<u>5,289,979</u>
Net Assets		
Without Donor Restrictions	3,548,043	1,480,323
With Donor Restrictions	2,674,653	2,956,250
Total Net Assets	<u>6,222,696</u>	<u>4,436,573</u>
Total Liabilities and Net Assets	\$ <u>21,048,269</u>	\$ <u>11,955,137</u>

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2022 <i>(With Comparative Totals for 2021)</i>	2022	2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
Support & Revenue				
Grants	\$ 13,408,608	\$ -	\$ 13,408,608	\$ 10,937,757
Contributions	1,435,399	-	1,435,399	1,172,964
Inkind Contributions	682,386	-	682,386	932,868
Rental Income	317,075	-	317,075	335,588
Fee Revenue	12,040	-	12,040	45,804
Other Income	51,947	-	51,947	4,480
Gain on Sale of Assets	150,436	-	150,436	-
Investment Income (Loss)	4,330	(15,870)	(11,540)	10,280
Net Assets Released From Restrictions	265,727	(265,727)	-	-
Total Support & Revenue	16,327,948	(281,597)	16,046,351	13,439,741
Expenses				
Program Services:				
Long-Term Care	191,889	-	191,889	700,746
Early Childhood	3,018,661	-	3,018,661	2,723,986
Housing	5,706,459	-	5,706,459	3,988,515
Community Support	4,098,868	-	4,098,868	4,230,940
	13,015,877	-	13,015,877	11,644,187
Management & General Expenses	1,244,351	-	1,244,351	1,222,246
Total Expenses	14,260,228	-	14,260,228	12,866,433
Change in Net Assets	2,067,720	(281,597)	1,786,123	573,308
NET ASSETS, BEGINNING OF YEAR	1,480,323	2,956,250	4,436,573	3,863,265
NET ASSETS, END OF YEAR	\$ 3,548,043	\$ 2,674,653	\$ 6,222,696	\$ 4,436,573

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 (With Comparative Totals for 2021)							2022	2021
	Long-Term Care	Early Childhood	Housing	Community Support	Total Program Services	Management and General	Total	Total
Salaries & Wages	\$ 138,264	\$ 1,423,834	\$ 1,127,584	\$ 719,337	\$ 3,409,019	\$ 449,684	\$ 3,858,703	\$ 3,993,439
Payroll Taxes	16,249	157,011	152,075	94,442	419,777	45,399	465,176	499,857
Fringe Benefits	30,091	395,554	273,396	204,728	903,769	104,390	1,008,159	1,037,181
Total Payroll Costs	184,604	1,976,399	1,553,055	1,018,507	4,732,565	599,473	5,332,038	5,530,477
General & Operating Costs								
Direct Payments & Costs	2,032	536,120	3,347,740	1,933,946	5,819,838	84,597	5,904,435	4,463,235
Inkind Expenses	-	105,793	5,000	593,468	704,261	-	704,261	936,538
Occupancy	-	205,479	487,739	187,366	880,584	198,638	1,079,222	750,207
Supplies	-	44,154	35,407	67,358	146,919	56,850	203,769	249,295
Travel & Transportation	1,206	24,373	8,988	62,225	96,792	11,927	108,719	91,527
Communications	688	52,887	27,112	42,386	123,073	58,690	181,763	132,409
Interest Expense	-	-	-	-	-	68,771	68,771	82,546
Professional Services	900	18,623	54,505	29,854	103,882	75,618	179,500	143,673
Staff & Volunteer Develop.	1,345	51,156	6,671	11,654	70,826	21,823	92,649	80,510
Insurance	995	14,455	31,907	22,097	69,454	31,958	101,412	88,199
Minor Equipment	-	(58,470)	5,009	84,885	31,424	(64,430)	(33,006)	36,217
Printing & Publications	119	4,715	2,679	2,039	9,552	2,470	12,022	15,116
Miscellaneous	-	84	(36,216)	683	(35,449)	63,459	28,010	14,004
Equipment Lease & Maint.	-	42	42,071	1,329	43,442	5,199	48,641	21,359
Business Taxes & Licenses	-	-	40	654	694	197	891	1,492
Total General & Operating Costs	7,285	999,411	4,018,652	3,039,944	8,065,292	615,767	8,681,059	7,106,327
Depreciation Expense	-	42,851	134,752	40,417	218,020	29,111	247,131	229,629
Total Expenses	\$ 191,889	\$ 3,018,661	\$ 5,706,459	\$ 4,098,868	\$ 13,015,877	\$ 1,244,351	\$ 14,260,228	\$ 12,866,433

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022 (With Comparative Totals for 2021)	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,786,123	\$ 573,308
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	247,131	229,629
Amortization of Loan Fees	6,980	-
Inkind Contributed Use of Facilities	16,560	10,671
Gain on Sale of Assets	(150,436)	-
Investment Loss (Income)	11,540	(10,280)
Change in Assets and Liabilities		
Accounts & Grants Receivable & Other Receivables	(199,024)	1,379
Inventory	5,315	-
Prepaid Expenses & Other Assets	(6,962)	(5,531)
Cash Overdraft	1,076	-
Accounts Payable & Accrued Expenses	(449,742)	774,636
Deferred Revenue	(188,435)	129,958
Other Liabilities	846	5,828
Total Adjustments and Charges	(705,151)	1,136,290
Net Cash Provided (Used) by Operating Activities	1,080,972	1,709,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	40,000	50,209
Proceeds from Sale of Assets	5,779	-
Purchase of Investments	(981)	(115,295)
Purchase of Administration and Monitoring Fee	-	(226,064)
Purchases of Property & Equipment	(8,395,825)	(3,502,792)
Net Cash Used by Investing Activities	(8,351,027)	(3,793,942)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Loan Fees	-	(65,273)
Proceeds from Long-Term Debt	8,347,719	2,902,468
Repayment of Long-Term Debt	(20,742)	(214,156)
Net Cash Provided (Used) by Financing Activities	8,326,977	2,623,039
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,056,922	538,695
BEGINNING CASH AND CASH EQUIVALENTS	1,400,521	861,826
ENDING CASH AND CASH EQUIVALENTS	\$ 2,457,443	\$ 1,400,521
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash Paid During the Fiscal Years for Interest	\$ 68,771	\$ 82,546
NONCASH TRANSACTIONS:		
Loans Paid Off With Sale of Property	\$ 1,639,459	\$ -

The accompanying notes are an integral part of these financial statements.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

General:

Olympic Community Action Programs (Olycap) is a nonprofit Washington Corporation, which serves as a Community Action Agency in conformity with the Economic Opportunity Act of 1964, and the Community Services Act of 1974. Olympic Community Action Programs' principal operation is the administration of government and community funded programs directed towards economic betterment of low-income, elderly, minority, and disadvantaged community members of Clallam and Jefferson Counties.

South Seven Senior Village (the Village) was incorporated in the State of Washington on June 13, 2003, as a nonprofit corporation and owns and operates the Village located in Port Hadlock. The Village began operations in April 2006 and provides low-income housing to the elderly. Olympic Community Action Programs has a majority voting interest in South Seven Senior Village and all interagency accounts and transactions have been eliminated in the consolidation.

During 2020, the 7th Hendricks GP LLC (the LLC) was formed in the State of Washington. Olycap owns 100% of the LLC and is a disregarded entity for tax purposes. The purpose of the LLC is to develop and operate real property to serve low income households. There will be 43 housing units. Approximate cost of construction is \$14.3 million. Management expects the LLC will be completed in 2023. All interagency accounts and transactions have been eliminated in the consolidation.

The summary of significant accounting policies of Olympic Community Action Programs and its affiliate, South Seven Senior Village and 7th Hendricks GP LLC, collectively the Organization, is presented to assist in understanding the Organization's financial statements. The consolidated financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the consolidated financial statements.

Basis of accounting:

The Organization maintains its financial records on the accrual basis of accounting. Revenues on all grants are recognized (accrued) when qualifying expenditures under the grant are made. Grant funds are accounted for as with donor restrictions or without donor restrictions as provided in the particular terms of the respective grant contracts. However, if the restrictions on grant funds are met in the same year the funds are awarded, it is the Organization's policy to report the grant funds as without donor restrictions on the statement of activities and changes in net assets.

Basis of presentation:

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restriction Net Assets — Net assets that are not subject to donor-imposed stipulations.

With Donor Restriction Net Assets — Net assets subject to donor imposed restrictions that may or will be met whether by actions of the Organization and/or the passage of time. (Note 7)

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals:

The financial information includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Liquidity and Availability:

The Organization has \$3,852,280 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$2,456,367 and receivables of \$1,395,913 as of December 31, 2022. The Organization has \$2,618,607 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$1,400,521 and receivables of \$1,219,465 as of December 31, 2021. Of the financial assets, there was \$876,268 and \$1,095,411 that is restricted for certain programs. See note 7. The rest of the financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Organization has ongoing grants and contracts that will reimburse the Organization allowable expenditures for that grant or contract. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization also has investments of \$246,132 and \$296,691, as of December 31, 2022 and 2021, respectively, that the Organization can draw on to help pay for expenditures. See note 4.

Allocation of Indirect Costs:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Payroll and related costs are allocated based on time spent on each function. Other expenses have been allocated among program and supporting service classifications on the basis of estimates made by the Organization's management based on the benefits derived. The Organization allocates expenses to the following programs:

Long-Term Care - The goal of the Long-Term Care programs is to provide services that enable elderly and disabled individuals to continue to live in their homes if they so choose and to prevent premature placement in a more institutionalized setting such as a nursing home.

Early Childhood - The goal of the Early Childhood programs is to provide opportunities for the healthy growth and development of children, parent education, and family support services for families of children enrolled in the program.

Housing - The goal of the Housing program is to provide a continuum of housing opportunities and to maintain affordable and safe housing.

Community Support - The goal of the Community Support program is to provide a broad range of services and support programs to address food and nutrition, health care, dental services and emergency needs of low-income residents and to support the local communities through the operation of community centers and provisions of volunteer resources.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions. These affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Cash and cash equivalents:

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable:

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Management determined valuation allowance of approximately \$7,746 at December 31, 2022 and 2021, respectively. Accounts are considered past due if not collected within 90 days. The Organization does not charge interest on past due accounts. As of December 31, 2022, all accounts receivable are current. Bad debts incurred during the years ended December 31, 2022 and 2021, were \$0 and \$4,114, respectively.

Promises to give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until any conditions are substantially met. All promises to give are due within one year.

Leases:

The Organization recognizes and measures its leases in accordance with FASB ASC 842, leases. The Organization is a lessee in several noncancellable operating leases, for office space and office equipment. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses the U.S. Treasury Bill risk free rate with a term equivalent to the lease term. The implicit rate of the leases were not readily determinable and accordingly, the Organization used the U.S. Treasury Bill risk free rate based on the information available at the commencement date for the Organization lease. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments). Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonable certain to exercise. We recognize lease cost associated with the short-term leases on a straight-line basis over the lease term.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and equipment:

Property and equipment are recorded at cost or, if acquired as a donation, at the estimated fair value at the date donated. Depreciation is computed utilizing the straight-line method and the following estimated useful lives:

Buildings	5-50 years
Equipment and furnishings	5 years
Vehicles	5 years
Leasehold improvements	shorter of remaining useful life, or lease term

The Organization capitalizes new assets and expenditures that extend the productive life of an asset costing over \$5,000. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in income.

Deferred revenue:

Deferred revenue is recognized for program (grant) advances received by The Organization that are in excess of current grant expenditures. Such amounts are restricted funds and as such can only be maintained and used in accordance with the respective grant contracts.

Recognizing Revenue from Contracts with Customers:

The Financial Accounting Standards Board guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Organization follows these principles.

Upon receipt of an advance from grants and contracts from their funding sources, the Organization recognizes deferred revenue in the amount of the advance for its performance obligation to perform services in the future. At December 31, 2022 and 2021, the Organization has recorded deferred revenue of \$2,931 and \$191,366, respectively, which the Organization expects to recognize as revenue in the following year, when it performs those services and, therefore, satisfies its performance obligation to the funding sources.

The balances of receivables and deferred revenue from grants and contracts are as follows as of December 31, 2022 and 2021:

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

	2022	2021
Accounts Receivable	\$ 21,197	\$ 3,431
Grants Receivable	\$1,395,913	\$1,194,016
Deferred Revenue	\$ 2,931	\$ 191,366

Recognition of contribution revenue:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions support. Absent explicit donor stipulations about how those long-lived assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

If the restrictions on restricted contributions are met in the same year the gift is received, it is The Organization's policy to report the contribution as without donor restrictions on the statement of activities and changes in net assets.

Indirect Expenses:

Management and general expenses are allocated to programs based on a negotiated provisional federal indirect cost rate agreement. Any necessary adjustments based on the final approved rate are recorded in the year the adjustments become known. No such adjustments were realized in the years ended December 31, 2022 and 2021.

Advertising Costs:

The costs of advertising are expensed as incurred.

NOTE 2: CONTRIBUTED LAND AND FACILITIES USE RECEIVABLES

In May 2002, the Organization received a use of land contribution from the Community United Methodist Church in the form of a seventy-five year lease at \$1 a year for the use of the land on which the Village was developed. Development began on the Village in 2004 and was completed in 2005. The value of the contribution, through the terms of the agreement, is recorded at the estimated present value and shown as a receivable and with donor restrictions net asset. The discount rate used to calculate the present value at December 31, 2022 and 2021, was 4%.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Buildings and improvements	\$ 5,861,248
Furniture and equipment	669,502
Vehicles	<u>397,495</u>
	6,928,245
Less: accumulated depreciation	<u>(3,500,389)</u>
	3,427,856
Construction in progress	11,481,245
Land	<u>407,864</u>
Net Property and Equipment	<u>\$ 15,316,965</u>

Accumulated depreciation as of December 31, 2021, was \$3,663,596.

NOTE 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS

During 2016, the Organization received donations that were deposited into the Seattle Foundation. The donations and investment income is donor restricted for senior services for 10 years. The Organization also has an investment account with Edward Jones for people to donate investments to the Organization. This investment account will be used for the LLC. The fair market value for the years ended December 31, 2022 and 2021 was \$246,132 and \$296,691, respectively. Investment income for 2022 was the following:

Dividends, Realized & Unrealized Gains (Losses)	\$ (9,832)
Fees	<u>(1,708)</u>
Total Investment Income (Loss)	<u>\$ (11,540)</u>

Investment income for 2021 was \$10,280.

Fair Value Measurements provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

Seattle Foundation: The fair value of the Organization's interest in the fund is based on a percentage interest in the funds fair value as represented by the fund's management.

Money Market: The investments are reported at fair value based on quoted prices in active markets for identical assets.

Common Stock: Valued at stock price per shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 with comparative totals for 2021:

Assets at Fair Value as of December 31, 2022					2021
	Level 1	Level 2	Level 3	Total	Total
Seattle Foundation	\$ -	\$ 94,650	\$ -	\$ 94,650	\$ 150,521
Money Market	142,815	-	-	142,815	140,546
Common Stock	8,667	-	-	8,667	5,624
	<u>\$ 151,482</u>	<u>\$ 94,650</u>	<u>\$ -</u>	<u>\$ 246,132</u>	<u>\$ 296,691</u>

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5: IN-KIND CONTRIBUTIONS

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of the Organization's programs. The value of this contributed time is not included in the accompanying consolidated financial statements as it does not meet the criteria for contributed services in accordance with GAAP. Management has estimated the fair value of these services at \$250,257 and \$261,191 for the years ended December 31, 2022 and 2021, respectively. Inkind revenue and expenses was the following:

Professional Fees	\$ 97,253
Food	504,928
Transportation	39,480
Rent	62,283
Change in Inventory	(5,405)
Change in Contributed Land Use	<u>(16,153)</u>
Inkind Revenue	682,386
Change in Inventory	5,405
Change in Present Value of Rent	317
Change in Contributed Land Use	<u>16,153</u>
Inkind Expenses	<u><u>\$ 704,261</u></u>

Inkind revenue and expenses as of December 31, 2021, was \$932,868 and \$936,538, respectively.

NOTE 6: NOTES PAYABLE & DEBT ISSUANCE COSTS

Long-term debt at December 31, 2022, is as follows:

Mortgage payable to Washington Department of Commerce, due June 2045, interest at 0%, annual payments of \$19,328, secured by Northwest Passage land and building. This loan was funded with Federal HOME program funds and is subject to a covenant that if the property is sold, refinanced, or not used as required by contract, the lender is entitled to the unpaid principal balance, and prorated appreciated value of property as defined in the contract.

\$ 496,841

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 6: NOTES PAYABLE & DEBT ISSUANCE COSTS (Continued)

Rehabilitation loan payable to Washington Department of Commerce, due June 2045, interest at 0%, annual payments of \$1,531, secured by Northwest Passage land and building. This loan was funded with Federal HOME program funds and is subject to the same loan covenant as the mortgage payable to Washington Department of Commerce.

27,891

Rehabilitation loan payable to Washington Department of Commerce, due June 2046, interest at 1%, annual payments of \$11,073 including interest, secured by Pfeiffer land and apartments. This loan is subject to the same loan covenant as the mortgage payable to Washington Department of Commerce. No payments are required currently.

314,888

Term loan payable to City of Port Angeles, due March 27, 2011, interest free loan for one year from execution of loan, at which time interest shall accrue at the rate of 3% per annum on the unpaid balance. The loan has been extended to April 1, 2025.

13,073

In October 2021, the Organization obtained a loan from Department of Commerce for \$11,250,186. As of December 31, 2022, the Organization has drawn \$11,250,186. The loan and interest is due December 31, 2062. The interest rate is 1%. If the property is sold, refinanced, or not used as required by contract, the lender is entitled to the unpaid principal balance, and prorated appreciated value of of property. The loan is secured by the property.

11,250,186

Total 12,102,879

Less current portion (22,812)

Total Long-Term Debt **\$ 12,080,067**

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 6: NOTES PAYABLE & DEBT ISSUANCE COSTS (Continued)

Future minimum payments regarding loans payable are as follows:

Years Ending December 31	
2023	\$ 22,812
2024	22,906
2025	23,003
2026	23,102
2027	19,688
Thereafter	11,991,368
Total	\$ <u>12,102,879</u>

Total long-term debt as of December 31, 2021, was \$5,420,676.

Debt Issuance Costs

The Organization classifies debt issuance costs as a reduction to underlying loan obligations and recognizes interest expense on these costs over the life of the underlying loans. The Organization recognized \$6,980 and \$0 in interest expense for these costs in the years ended December 31, 2022 and 2021, respectively. Composition of debt issuance costs is the following:

Debt Issuance Costs	\$ 65,213
Less: Interest Recognized	<u>-</u>
Net Debt Issuance Costs	\$ <u>65,213</u>

NOTE 7: WITH DONOR RESTRICTION NET ASSETS

With donor restriction net assets consisted of the following at December 31, 2022:

Haines Street Cottages	\$ 356,151
South Seven Senior Housing	1,240,917
Contributed Land Use (Note 2)	106,666
Senior Services (Note 4)	94,651
Program Services	<u>876,268</u>
With Donor Restriction Net Assets	\$ <u>2,674,653</u>

With donor restriction net assets as of December 31, 2021, were \$2,956,250.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 7: WITH DONOR RESTRICTION NET ASSETS (Continued)

Haines Street Cottages – The Organization was awarded a State of Washington Department of Commerce grant in 1996 totaling \$567,426 to be used for the acquisition and renovation of low-income apartments in Port Townsend. Acquisition and renovation costs of \$470,461 were capitalized during 1996, and renovation costs capitalized during the year ended December 31, 1997 totaled \$109,200, for a final cost of \$579,661. The grant includes covenants that limit the use of the project to households at or below 50% of the Jefferson County median income for a period of 50 years. If the property is sold, refinanced, or its use changes prior to the end of the 50 year grant period, the grant plus shared appreciation shall be due and payable within 30 days. Haines Street Cottages are currently used as part of the Organization's Emergency Shelter Program and thus its units are not regularly held out for lease. Management believes that no refund to the State will be required.

Thus, the grant has been recorded as with with donor restriction net assets and is being released from restriction ratably over the 50 year term of the grant and loan agreement, which will end in 2047.

South Seven Senior Housing – The Organization entered into several agreements to develop a 15 unit senior low-income housing facility, as described below. If the property is sold, refinanced, or its use changes prior to the end of the retention period, an amount equal to the full amount of the direct subsidies must be repaid. Management believes that no refunds will be required. Thus, the subsidies have been recorded as with donor restriction net assets and are being released from restriction ratably over the 40 years, which will end in years ranging from 2042 to 2047.

Net assets released from donor restrictions during 2022 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

Time Restrictions on Long-Lived Assets	\$ 62,871
Program Services	<u>202,856</u>
	<u><u>\$ 265,727</u></u>

Net assets released from donor restrictions during 2021 by incurring expenses satisfying the restricted purposes or by the passage of time was \$1,029,133.

NOTE 8: CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 9: FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Organization manages deposit concentration risk by placing cash and savings accounts with financial institutions believed to be creditworthy. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

The Organization receives revenue from federal, state, county and municipal governments. For the years ended December 31, 2022 and 2021, over 86% and 81%, respectively, of total support and revenues came from government grants. It is reasonably possible that in the near term some programs could cease, which would cause a severe impact on the Organization. However, the Organization does not expect that the support from any of the government grants will be lost in the near term.

NOTE 10: LEASE COMMITMENTS

The Organization has obligations as a lessee for office space and other office equipment with initial noncancelable terms in excess of one year. The Organization classified these leases as operating leases. These leases generally contain renewal options for periods ranging from one to two years. Because the Organization is reasonably certain to exercise these renewal options, the optional periods are included in determining the lease term, and associated payments under these renewal options are included in the lease payments. The Organization's leases do not include restrictive financial or other covenants. Payments due under the lease contracts include fixed payments.

The components of lease cost for the year ended December 31, 2022, are as follows:

Operating Lease Cost	\$237,617
Short Term Lease Cost	<u>53,614</u>
Total Lease Cost	<u>\$291,231</u>

Other information related to leases as of December 31, 2022, was as follows:

Supplemental cash flow information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flow from Operating Leases	\$237,617
ROU Assets Obtained in Exchange for Lease Obligations:	
Operating Leases	\$399,595
Reductions to ROU Assets Resulting from Reductions to Lease Obligations:	
Operating Leases	\$211,357

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 10: LEASE COMMITMENTS (Continued)

Remaining lease term:
Operating Leases 6 months to 9 years

Discounted rate:
Operating Leases 1.56% to 2.87%

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

Maturities of lease liabilities under noncancellable operating leases as of December 31, 2022, are as follows:

2023	\$ 313,382
2024	300,282
2025	256,065
2026	172,075
2027	129,503
Thereafter	<u>163,240</u>
Total Undiscounted Lease Payments	1,334,547
Less Imputed Interest	<u>(80,466)</u>
Total Lease Liabilities	<u><u>\$ 1,254,081</u></u>

NOTE 11: EMPLOYEE BENEFITS

The Organization has a Simplified Employee Pension Plan (SEP) for all eligible non-bargaining unit employees. An eligible employee is one who meets an earnings test in the current year and worked at least one hour in two of the previous five years. Employees are 100% vested in their accounts at all times. Contributions are determined by the Board of Directors. Contributions for the years ended December 31, 2022 and 2021, amounted to \$97,540 and \$97,795, respectively.

NOTE 12: SUBSEQUENT EVENTS

No events have occurred through April 19, 2023 which is the date the financial statements were available to be issued based on client facts and circumstances, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 13: UNCERTAIN TAX POSITIONS

The Organization is a non-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization has limited unrelated business income that is subject to tax and whose liability is not material to the financial statements. Therefore, no provision for income taxes has been made in these financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2022, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

NOTE 14: COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact income. Also because of government mandates, which is expected to be temporary, could have a negative impact on operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No 2016-02, Leases (Topic 842). As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022, (a) a lease liability of \$1,065,843, which represents the present value of the remaining lease payments of \$1,150,764, discounted using the Organization's incremental borrowing rate of 1.56% to 2.87%, and (b) a right-of-use asset of \$1,065,843, which represents the lease liability.

Olympic Community Action Programs
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of December 2022					
	Olympic Community Action Programs	South Seven Senior Village	7th & Hendricks	Eliminating Entries	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,790,917	\$ 103,902	\$ 562,624	\$ -	\$ 2,457,443
Accounts Receivable	46,131	11,608	-	(36,542)	21,197
Grants Receivable	1,395,913	-	-	-	1,395,913
Inventory	-	-	-	-	-
Prepaid Expenses & Other Assets	23,808	-	-	-	23,808
Total Current Assets	3,256,769	115,510	562,624	(36,542)	3,898,361
Property & Equipment					
Property & Equipment, Net	2,082,619	1,753,101	11,481,245	-	15,316,965
Other Assets					
Contributed Land & Facilities Use Receivable	-	106,666	-	-	106,666
Right of Use Asset	1,254,081	-	-	-	1,254,081
Administration & Monitoring Fee	-	-	226,064	-	226,064
Investments	94,650	-	151,482	-	246,132
Total Other Assets	1,348,731	106,666	377,546	-	1,832,943
Total Assets	\$ 6,688,119	\$ 1,975,277	\$ 12,421,415	\$ (36,542)	\$ 21,048,269
LIABILITIES AND NET ASSETS					
Current Liabilities					
Cash Overdraft	\$ -	\$ 1,076	\$ -	\$ -	\$ 1,076
Accounts Payable	465,556	36,709	349,804	(36,542)	815,527
Accrued Expenses	619,006	-	-	-	619,006
Other Liabilities	89,795	5,491	-	-	95,286
Deferred Revenue	2,424	507	-	-	2,931
Current Portion of Notes Payable	22,812	-	-	-	22,812
Current Portion of Operation Lease Liability	285,843	-	-	-	285,843
Total Current Liabilities	1,485,436	43,783	349,804	(36,542)	1,842,481
Long Term Liabilities					
Notes Payable, Net of Current Portion	829,881	-	11,250,186	-	12,080,067
Less Loan Fees, Net	-	-	(65,213)	-	(65,213)
Operation Lease Liability, Net of Current Portion	968,238	-	-	-	968,238
Total Long Term Liabilities	1,798,119	-	11,184,973	-	12,983,092
Net Assets					
Without Donor Restrictions (Deficit)	2,077,494	583,911	886,638	-	3,548,043
With Donor Restrictions	1,327,070	1,347,583	-	-	2,674,653
Total Net Assets	3,404,564	1,931,494	886,638	-	6,222,696
Total Liabilities and Net Assets	\$ 6,688,119	\$ 1,975,277	\$ 12,421,415	\$ (36,542)	\$ 21,048,269

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2022

	Olympic Community Action Programs	South Seven Senior Village	7th & Hendricks	Eliminating Entries	Grand Total
Support & Revenue					
Grants	\$ 12,056,245	\$ -	\$ 1,352,363	\$ -	\$ 13,408,608
Contributions	1,435,399	-	-	-	1,435,399
Inkind Contributions	677,793	4,593	-	-	682,386
Rental Income	199,307	117,768	-	-	317,075
Development Fee	200,000	-	-	(200,000)	-
Fee Revenue	12,040	-	-	-	12,040
Other Income	103,459	924	-	(52,436)	51,947
Gain on Sale of Assets	150,436	-	-	-	150,436
Investment Income (Loss)	(15,870)	-	4,330	-	(11,540)
Total Support & Revenue	14,818,809	123,285	1,356,693	(252,436)	16,046,351
Expenses					
Program Services	12,900,511	160,803	200,030	(245,467)	13,015,877
Management & General Expenses	1,237,338	13,982	-	(6,969)	1,244,351
Total Expenses	14,137,849	174,785	200,030	(252,436)	14,260,228
Change in Net Assets	680,960	(51,500)	1,156,663	-	1,786,123
NET ASSETS, BEGINNING OF YEAR	2,336,300	1,982,994	117,279	-	4,436,573
Transfer	387,304	-	(387,304)	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 3,404,564	\$ 1,931,494	\$ 886,638	\$ -	\$ 6,222,696

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022					
	Olympic Community Action Programs	South Seven Senior Village	7th & Hendricks	Eliminating Entries	Total
Salaries & Wages	\$ 3,858,528	\$ 29,819	\$ -	\$ (29,644)	\$ 3,858,703
Payroll Taxes	464,278	4,112	-	(3,214)	465,176
Fringe Benefits	1,006,462	4,879	-	(3,182)	1,008,159
Total Payroll Costs	5,329,268	38,810	-	(36,040)	5,332,038
General & Operating Costs					
Direct Payments & Costs	5,904,435	-	-	-	5,904,435
Inkind Expenses	699,261	5,000	-	-	704,261
Occupancy	1,029,590	53,651	-	(4,019)	1,079,222
Supplies	201,826	2,273	-	(330)	203,769
Travel & Transportation	108,719	-	-	-	108,719
Communications	181,763	-	-	-	181,763
Interest Expense	68,771	-	-	-	68,771
Professional Services	170,596	13,982	200,000	(205,078)	179,500
Staff & Volunteer Develop.	92,649	-	-	-	92,649
Insurance	99,847	8,534	-	(6,969)	101,412
Minor Equipment	(33,006)	-	-	-	(33,006)
Printing & Publications	12,023	-	-	-	12,023
Miscellaneous	27,980	-	30	-	28,010
Equipment Lease & Maint.	48,640	-	-	-	48,640
Business Taxes & Licenses	891	-	-	-	891
Total General & Operating Costs	8,613,985	83,440	200,030	(216,396)	8,681,059
Depreciation Expense	194,596	52,535	-	-	247,131
Total Expenses	\$ 14,137,849	\$ 174,785	\$ 200,030	\$ (252,436)	\$ 14,260,228

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022						
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures		Total	Subrecipients
			From Pass-Through Awards	From Direct Awards		
<u>Department of Health and Human Services</u>						
Head Start	93.600	10CH010956-04-00	\$ -	\$ 971,056	\$ 971,056	\$ -
Head Start	93.600	10CH010956-03-01	-	1,341,354	1,341,354	-
ARP Head Start	93.600	10HE00092301-01/C6	-	119,097	119,097	-
Covid Head Start	93.600	10HE00092301-00/C5	-	11,937	11,937	-
			-	2,443,444	2,443,444	-
Passed through Department of Commerce:						
Community Services Block Grant	93.569	F22-32101-020	55,197	-	55,197	-
Community Services Block Grant	93.569	F21-32101-020	167,788	-	167,788	-
Covid Community Services Block Grant	93.569	F20-3210C-020	43,043	-	43,043	-
			266,028	-	266,028	-
Community Workfirst Programs						
	93.558	S22-32710-027	148,150	-	148,150	-
			148,150	-	148,150	-
Low Income Home Energy Assistance - Weatherization						
Covid Low Income Home Energy Assistance - Weatherization	93.568	F19-53101-405	29,989	-	29,989	-
Low Income Home Energy Assistance - Weatherization ARP	93.568	F21-5310C-405	129,136	-	129,136	-
Low Income Home Energy Assistance - Energy Assistance	93.568	F21-32606-057	141,088	-	141,088	-
Low Income Home Energy Assistance - ARP	93.568	F21-3260A-057	622,112	-	622,112	-
Low Income Home Energy Assistance - LIHWAP	93.568	F21-32607-057	931,581	-	931,581	-
			148,103	-	148,103	-
			2,002,009	-	2,002,009	-
Passed through Olympic Area Agency on Aging:						
Nutrition Services Incentive Program	93.053	555-61-01-21	32,729	-	32,729	-

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022						
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures		Total	Subrecipients
			From Pass-Through Awards	From Direct Awards		
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	555-61-01-21	49,021	-	49,021	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	555-64-01-21	110,799	-	110,799	-
Subtotal Cluster			192,549	-	192,549	-
Total Department of Health and Human Services			2,608,736	2,443,444	5,052,180	-
<u>Department of Energy</u>						
Passed through Department of Commerce:						
BPA Weatherization	81.999	F21-53104-405	54,474	-	54,474	-
Weatherization Assistance for Low income Persons	81.042	F22-53103-405	45,787	-	45,787	-
Weatherization Assistance for Low income Persons	81.042	F21-53103-405	561	-	561	-
Total Department of Energy			100,822	-	100,822	-
<u>Corporation for National and Community Service</u>						
Retired and Senior Volunteer Program	94.002	20SRPWA007	-	60,741	60,741	-
Total Corporation for National and Community Development			-	60,741	60,741	-
<u>Department of Veterans Affairs</u>						
Passed through Opportunity Council						
Supportive Services for Veteran Families	64.033	19-WA-079SS	22,579	-	22,579	-
Supportive Services for Veteran Families	64.033	19-WA-079-1	134,629	-	134,629	-
Total Department of Veterans Affairs			157,208	-	157,208	-

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022						
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures		Total	Subrecipients
			From Pass-Through Awards	From Direct Awards		
<u>Department of Agriculture</u>						
Community Facilities Loans and Grants	10.766		-	675,151	675,151	-
Passed through Olympic Area Agency on Aging: Senior Farmers Market	10.576	555-67-01-21	4,124	-	4,124	-
Passed through Department of Commerce:						
Food Assistance - CSFP	10.565	K2773	22,989	-	22,989	-
Food Assistance - CSFP Commodities	10.565	K2773	81,627	-	81,627	81,627
Emergency Food Assistance Program Administrative Costs	10.568	K2773	96,321	-	96,321	-
Emergency Food Assistance Program Reach & Resiliency	10.568	K2773	9,919	-	9,919	-
Emergency Food Assistance Program Food Commodities	10.569	K2773	423,211	-	423,211	423,211
Subtotal Cluster			634,067	-	634,067	504,838
Passed through Superintendent of Public Instruction: USDA - Child	10.558	18-03-0042	65,025	-	65,025	-
			65,025	-	65,025	-
Total Department of Agriculture			703,216	675,151	1,378,367	504,838
<u>Department of Housing and Urban Development</u>						
Supportive Housing Program - Continuum of Care	14.267	WA0322LOT12005	-	58,856	58,856	-
Supportive Housing Program - Continuum of Care	14.267	WA0322LOT012106	-	10,040	10,040	-
Supportive Housing Program - Continuum of Care	14.267	WA0432YOTO12001	-	23,468	23,468	-
Supportive Housing Program - Continuum of Care	14.267	WA0502Y0T012100	-	7,542	7,542	-
Supportive Housing Program - Continuum of Care	14.267	WA0498Y0T012100	-	29,887	29,887	-
Supportive Housing Program - Continuum of Care	14.267	WA0439YOTO12001	-	62,833	62,833	-
			-	192,626	192,626	-

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022						
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures		Total	Subrecipients
			From Pass-Through Awards	From Direct Awards		
Covid Emergency Solutions	14.231	20-4613C-111	-	303,544	303,544	-
Passed through Jefferson County:						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	21-62210-007	104,114	-	104,114	-
Covid Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-114	116,720	-	116,720	-
Passed through Department of Commerce:						
HOME Investment Partnership Program	14.239	5-94-418-I-A	524,732	-	524,732	-
Total Department of Housing and Urban Development			745,566	496,170	1,241,736	-
<u>Department of Treasury</u>						
Passed through Department of Commerce:						
Cares Funding	21.027	21-4619C-111	2,393,750	-	2,393,750	129,937
Cares Funding	21.027	22-46306-010	26,473	-	26,473	-
Cares Funding	21.027	23-46306-002	11,866	-	11,866	-
Passed through Washington State Dept. of Agriculture:						
Cares Funding	21.027	K3491	31,589	-	31,589	-
Cares Funding	21.027	K3491	32,338	-	32,338	-
Cares Funding	21.027	K3491	6,183	-	6,183	-
Cares Funding	21.027	K4066	102,527	-	102,527	-
Total Department of Treasury			2,604,726	-	2,604,726	129,937
Total Federal Awards			\$ 6,920,274	\$ 3,675,506	\$ 10,595,780	\$ 634,775

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

NOTE 1: BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Organization's financial statements. The Organization uses the accrual basis of accounting.

NOTE 2: DE-MINIMIS COST RATE

The Organization did not use the 10% de-minimis cost rate.

NOTE 3: FEDERAL EXPENDITURES FROM LOANS

	<u>Beginning Balance</u>	<u>Current Year Activity</u>	<u>Ending Balance</u>
USDA Loan	\$ 675,151	\$ (675,151)	\$ -
HOME Loan	<u>524,732</u>	<u>-</u>	<u>524,732</u>
Total	<u>\$1,199,883</u>	<u>\$ (675,151)</u>	<u>\$ 524,732</u>

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2022

Pass-Through Grantor/Program Title	Agency or Pass-through Number	Total
Passed through Department of Commerce:		
Matchmaker Program - Weatherization	S21-92401-405 \$	124,486
Community Services Block Grant	S23-32B902-220	36,339
Community Services Block Grant	S22-32101-220	47,158
Home Rehabilitation Revolving Loan Program	S21-92402-405	89,910
YHDP	22-46306-010	9,434
IYHP	23-46324-102	16,263
Pfeiffer House Multi Family Unit	21RC-94115-008	123,190
Consolidated Homeless Grant	22-46108-13	219,962
		<u>666,742</u>
Passed through Washington State Dept. of Children, Youth & Families:		
ECEAP	23-1045	371,067
ECEAP	22-1085	184,154
ECEAP Complex Needs New Projects	SWV0006029 00	53,996
ECEAP Concrete Goods	None	8,164
		<u>617,381</u>
Passed through Amerigroup:		
Amerigroup - Housing	None	63,483
Amerigroup - Employment	None	90,690
		<u>154,173</u>
Passed through Olympic Area Agency on Aging:		
Home Delivered Meals	555-64-01-21	110,799
Passed through Washington State Retired Senior Volunteer Program:		
Washington Association RSVP	None	25,644
Passed through Washington State Dept. of Agriculture:		
Emergency Food Assistance Program Admin Costs	K3491	38,794
Emergency Food Assistance Program Admin Costs Food Bank	K2732	45,665
		<u>84,459</u>
Passed through Kitsap County Human Services:		
HARPS	KC-134-20	109,232

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2022

Pass-Through Grantor/Program Title	Agency or Pass-through Number	Total
Passed through Department of Social & Health Services: GOSH	2212-42216	78,398
Passed through Jefferson County: Community Development Block Grant	22-62210-007	<u>102,866</u>
Passed through Washington State Dept. of Transportation: Washington State DOT - West End Job Lift	PTD0275	<u>47,248</u> <u>47,248</u>
Total State Awards		\$ <u><u>1,996,942</u></u>

The accompanying notes are an integral part of these financial statements.

Olympic Community Action Programs
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2022

No prior year findings.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
Olympic Community Action Programs
Port Townsend, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Olympic Community Action Programs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated April 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

April 19, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
Olympic Community Action Programs
Port Townsend, WA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Olympic Community Action Programs (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

April 19, 2023

Olympic Community Action Programs

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a): No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.568	Low Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Section II – Financial Statement Findings:

No matters were reported.

Section III – Federal Award Findings and Questioned Costs:

No matters were reported.