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# **Olympic Community Action Programs**

**Consolidated Financial Statements**

**For the Year Ended December 31, 2019  
With Comparative Totals for 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Olympic Community Action Programs (Organization), which comprise the consolidated statement of financial position as of December 31, 2019, 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2019, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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 20-22 and 26 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 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 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 May 5, 2020 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

May 5, 2020

# Olympic Community Action Programs

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2019 <i>(With Comparative Totals for 2018)</i>	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 371,618	\$ 519,117
Accounts Receivable	24,952	15,321
Grants Receivable	664,839	643,236
Inventory	8,223	7,852
Prepaid Expenses & Other Assets	1,085	1,408
<b>Total Current Assets</b>	<b>1,070,717</b>	<b>1,186,934</b>
<b>Property &amp; Equipment</b>		
Property & Equipment, Net	<b>5,448,169</b>	<b>5,426,537</b>
<b>Other Assets</b>		
Contributed Land & Facilities Use Receivable	157,689	183,075
Investments	242,592	240,683
<b>Total Other Assets</b>	<b>400,281</b>	<b>423,758</b>
<b>Total Assets</b>	<b>\$ 6,919,167</b>	<b>\$ 7,037,229</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 482,123	\$ 541,606
Accrued Expenses	495,009	417,562
Other Liabilities	93,309	121,436
Deferred Revenue	986	522
Current Portion of Long-Term Debt	1,047,490	1,079,228
<b>Total Current Liabilities</b>	<b>2,118,917</b>	<b>2,160,354</b>
<b>Long Term Liabilities</b>		
Notes Payable, Net of Current Portion	1,662,203	1,557,319
Less Loan Fees, Net	(8,927)	-
<b>Total Long Term Liabilities</b>	<b>1,653,276</b>	<b>1,557,319</b>
<b>Net Assets</b>		
Without Donor Restrictions	186,371	356,402
With Donor Restrictions	2,960,603	2,963,154
<b>Total Net Assets</b>	<b>3,146,974</b>	<b>3,319,556</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,919,167</b>	<b>\$ 7,037,229</b>

*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, 2019 <i>(With Comparative Totals for 2018)</i>	2019		2018	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>Support &amp; Revenue</b>				
Grants	\$ 6,885,449	\$ -	\$ 6,885,449	\$ 6,503,679
Contributions	383,484	219,303	602,787	652,005
Inkind Contributions	471,108	-	471,108	357,823
Rental Income	398,787	-	398,787	358,074
Fee Revenue	98,838	-	98,838	158,426
Other Income	10,735	-	10,735	9,343
Investment Income (Loss)	1,380	20,407	21,787	(7,924)
Gain (Loss) on Disposal of Assets	1,100	-	1,100	(45,704)
Net Assets Released From Restrictions	242,261	(242,261)	-	-
<b>Total Support &amp; Revenue</b>	<b>8,493,142</b>	<b>(2,551)</b>	<b>8,490,591</b>	<b>7,985,722</b>
<b>Expenses</b>				
Program Services:				
Long-Term Care	726,823	-	726,823	791,645
Early Childhood	2,663,454	-	2,663,454	2,692,671
Housing	1,691,904	-	1,691,904	1,239,758
Community Support	2,402,601	-	2,402,601	2,152,426
	7,484,782	-	7,484,782	6,876,500
Management & General Expenses	1,178,391	-	1,178,391	1,226,880
Fundraising	-	-	-	500
<b>Total Expenses</b>	<b>8,663,173</b>	<b>-</b>	<b>8,663,173</b>	<b>8,103,880</b>
<b>Change in Net Assets</b>	<b>(170,031)</b>	<b>(2,551)</b>	<b>(172,582)</b>	<b>(118,158)</b>
NET ASSETS, BEGINNING OF YEAR	356,402	2,963,154	3,319,556	3,437,714
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 186,371</b>	<b>\$ 2,960,603</b>	<b>\$ 3,146,974</b>	<b>\$ 3,319,556</b>

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

## Olympic Community Action Programs

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019 (With Comparative Totals for 2018)	2019		2018					
	Long-Term Care	Early Childhood	Housing	Community Support	Total Program Services	Management and General	Total	Total
Salaries & Wages	\$ 484,598	\$ 1,148,901	\$ 499,754	\$ 589,436	\$ 2,722,689	\$ 537,455	\$ 3,260,144	\$ 2,912,882
Payroll Taxes	58,253	129,954	63,356	73,266	324,829	55,543	380,372	364,719
Fringe Benefits	145,792	401,082	96,467	159,938	803,279	139,154	942,433	850,849
<b>Total Payroll Costs</b>	<b>688,643</b>	<b>1,679,937</b>	<b>659,577</b>	<b>822,640</b>	<b>3,850,797</b>	<b>732,152</b>	<b>4,582,949</b>	<b>4,128,450</b>
General & Operating Costs								
Direct Payments & Costs	5,369	525,753	520,189	962,622	2,013,933	15,786	2,029,719	2,146,067
Inkind Expenses	-	122,514	-	364,843	487,357	475	487,832	406,962
Occupancy	(661)	84,503	159,110	88,759	331,711	82,490	414,201	395,192
Supplies	933	35,768	12,334	24,026	73,061	38,787	111,848	104,021
Travel & Transportation	9,128	41,919	13,833	60,763	125,643	19,081	144,724	121,363
Payback to HUD	-	-	140,472	-	140,472	-	140,472	-
Communications	3,193	28,449	14,316	26,200	72,158	38,669	110,827	114,134
Interest Expense	-	-	6,043	-	6,043	77,805	83,848	86,190
Professional Services	2,870	36,442	10,503	19,367	69,182	81,722	150,904	148,077
Staff & Volunteer Develop.	12,237	45,135	7,504	5,485	70,361	17,810	88,171	84,600
Insurance	2,862	11,460	11,583	11,688	37,593	26,287	63,880	67,607
Minor Equipment	420	13,480	4,596	(9,225)	9,271	2,863	12,134	47,897
Printing & Publications	431	9,961	3,136	5,644	19,172	(870)	18,302	18,524
Miscellaneous	169	-	7,309	3,635	11,113	1,536	12,649	20,403
Equipment Lease & Maint.	-	652	661	7,469	8,782	6,148	14,930	14,782
Business Taxes & Licenses	1,229	-	50	452	1,731	340	2,071	3,058
<b>Total General &amp; Operating Costs</b>	<b>38,180</b>	<b>956,036</b>	<b>911,639</b>	<b>1,571,728</b>	<b>3,477,583</b>	<b>408,929</b>	<b>3,886,512</b>	<b>3,778,877</b>
Depreciation Expense	-	27,481	120,688	8,233	156,402	37,310	193,712	196,553
<b>Total Expenses</b>	<b>\$ 726,823</b>	<b>\$ 2,663,454</b>	<b>\$ 1,691,904</b>	<b>\$ 2,402,601</b>	<b>\$ 7,484,782</b>	<b>\$ 1,178,391</b>	<b>\$ 8,663,173</b>	<b>\$ 8,103,880</b>

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

# Olympic Community Action Programs

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2019 (With Comparative Totals for 2018)	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (172,582)	\$ (118,158)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	193,712	196,553
Amortization of Loan Fees	1,121	-
Inkind Contributed Use of Facilities	25,386	54,305
Stock Donations	(15,502)	-
Investment Loss (Income)	(21,787)	7,924
Loss (Gain) on Disposal of Assets	(1,100)	45,704
Change in Assets and Liabilities		
Accounts & Grants Receivable & Other Receivables	(31,234)	(213,591)
Inventory	(371)	(1,410)
Prepaid Expenses & Other Assets	323	(1,216)
Accounts Payable & Accrued Expenses	17,964	122,786
Deferred Revenue	464	(6,350)
Other Liabilities	(28,127)	(3,750)
Total Adjustments and Charges	140,849	200,955
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(31,733)</b>	<b>82,797</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Change in Investments	35,380	19,243
Proceeds from sale of Equipment	1,100	1,259
Purchases of Property & Equipment	(215,344)	-
<b>Net Cash Used by Investing Activities</b>	<b>(178,864)</b>	<b>20,502</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Loan Fees	(1,500)	-
Proceeds from Long-Term Debt	130,976	-
Repayment of Long-Term Debt	(66,378)	(80,147)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>63,098</b>	<b>(80,147)</b>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,499)	23,152
BEGINNING CASH AND CASH EQUIVALENTS	519,117	495,965
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 371,618</b>	<b>\$ 519,117</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:</b>		
Cash Paid During the Fiscal Years for Interest	\$ 82,727	\$ 86,190

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

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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### **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.

The summary of significant accounting policies of Olympic Community Action Programs and its affiliate, South Seven Senior Village, 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)

#### **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 financial statements for the year ended December 31, 2018, from which the summarized information was derived.

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

#### **Liquidity and Availability:**

The Organization has \$1,061,409 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 \$371,618 and receivables of \$689,791 as of December 31, 2019. The Organization has \$1,177,674 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 \$519,117 and receivables of \$658,557 as of December 31, 2018. Of the financial assets, there was \$812,741 and \$706,887 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 \$242,592 and \$240,683, as of December 31, 2019 and 2018, respectively, that the Organization can draw on to help pay for expenditures. See note 4.

Olympic Community Action Program is currently working with a bank in refinancing and consolidation of four loans that will mature in 2019. These loans have been extended. This is expected to be completed by summer 2020. See note 6.

#### **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, 2019

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### **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 \$7,946 at December 31, 2019 and 2018, 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, 2019, all accounts receivable are current. Bad debts incurred during the years ended December 31, 2019 and 2018, were \$4,588 and \$5,146, 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.

#### **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.

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

#### **Recognizing Revenue from Contracts with Customers:**

The Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The standard will be effective for annual periods beginning after December 15, 2018. The 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. The guidance will initially be applied retrospectively. There was no changes in receivables and deferred revenue for 2019 and 2018.

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, 2019 and 2018, the Organization has recorded deferred revenue of \$986 and \$522, 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, 2019 and 2018:

	2019	2018
Accounts Receivable	\$ 24,952	\$ 15,321
Grants Receivable	\$664,839	\$643,236
Deferred Revenue	\$ 986	\$ 522

#### **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, 2019 and 2018.

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

#### **Advertising Costs:**

The costs of advertising are expensed as incurred.

#### **Collective Bargaining:**

For the years ended December 31, 2019 and 2018, approximately 20% and 20%, respectively, of the Organization's employees were covered under a collective bargaining agreement with the Office and Professional Employees International Union Local 8.

#### **Concentration of Credit Risk:**

The Organization receives revenue from federal, state, county and municipal governments. For the years ended December 31, 2019 and 2018, over 81% 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 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, 2019 and 2018, was 4%.

The Organization has entered into several lease agreements with various entities that contain rates lower than the fair market value of the leased spaces. The difference between the fair market value and the actual lease expense paid for the entire lease period is recorded at the estimated present value and shown as a receivable and temporarily restricted net asset. The carrying value of land and facilities use receivables associated with these leases totaled \$157,689 and \$183,075, respectively, at December 31, 2019 and 2018, net of a present value discount of \$9,599 and \$10,709.

### **NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2019:

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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### **NOTE 3: PROPERTY AND EQUIPMENT (Continued)**

Buildings and improvements	\$ 6,884,475
Furniture and equipment	538,353
Vehicles	<u>279,020</u>
	7,701,848
Less: accumulated depreciation	<u>(3,235,457)</u>
	4,466,391
Construction in progress	136,206
Land	<u>845,572</u>
<b>Net Property and Equipment</b>	<b>\$ <u>5,448,169</u></b>

Accumulated depreciation as of December 31, 2018, was \$3,060,004.

### **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. The investments in Edward Jones are then sold as soon as possible. The fair market value for the years ended December 31, 2019 and 2018 was \$242,592 and \$240,683, respectively. Investment income for 2019 was the following:

Dividends, Realized & Unrealized Gains (Losses)	\$ 24,650
Fees	<u>(2,863)</u>
<b>Total Investment Income (Loss)</b>	<b>\$ <u>21,787</u></b>

Investment loss for 2018 was \$(7,924).

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.

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

### **NOTE 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

**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.
- 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, 2019.

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, 2019 with comparative totals for 2018:

Assets at Fair Value as of December 31, 2019					
	Level 1	Level 2	Level 3	Total	2018 Total
Seattle Foundation	\$ -	\$ 207,068	\$ -	\$ 207,068	\$ 222,162
Money Market	32,632	-	-	32,632	-
Common Stock	2,892	-	-	2,892	18,521
	\$ 35,524	\$ 207,068	\$ -	\$ 242,592	\$ 240,683

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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### **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 \$333,893 and \$242,603 for the years ended December 31, 2019 and 2018, respectively.

### **NOTE 6: NOTES PAYABLE & DEBT ISSUANCE COSTS**

Long-term debt at December 31, 2019, is as follows:

Mortgage payable to First Federal Savings and Loan Association of Port Angeles, due January 2019, interest at 5%, monthly payments of \$2,934 including interest, secured by land and improvements. \$ 359,823

Mortgage payable to First Federal Savings and Loan Association of Port Angeles, due January 2019, interest at 7%, monthly payments of \$872 including interest, secured by Northwest Passage land and apartment buildings, assignments of rents, and security agreement. 107,193

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

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

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

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.	19,052
Term loan payable to First Federal Savings and Loan Association of Port Angeles, due on demand or January 2019, at the discretion of the bank, interest at 5%, monthly principal and interest of \$2,299. Secured by Port Townsend Office Complex.	283,195
Term loan payable to First Federal Savings and Loan Association of Port Angeles, due on demand or January 2019, at the discretion of the bank, interest at 5%, monthly principal and interest of \$2,153. Secured by receivables and Port Townsend Office Complex.	262,639
Term loan payable to USDA Rural Housing, due December 22, 2049, interest at 4.5%, monthly principal and interest of \$3,600. Secured by Port Townsend Office Complex.	698,647
Term loan payable to Impact Capital, due on the earlier of the close of financing from the first available financing or March 1, 2022, interest at 0%, no monthly payments required. Secured by property.	85,012
Term loan payable to Impact Capital, due on the earlier of the close of financing from the first available financing or December 31, 2020, monthly interest payments only at 5.7%. Secured by property.	<u>54,512</u>
Total	2,709,693
Less current portion	<u>(1,047,490)</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 1,662,203</u></b>

Future minimum payments regarding loans payable are as follows:

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

Years Ending December 31	
2020	\$ 1,047,490
2021	35,279
2022	35,947
2023	36,645
2024	37,372
Thereafter	1,516,960
<b>Total</b>	<b>\$ <u>2,709,693</u></b>

Total long-term debt as of December 31, 2018, was \$2,636,547.

Olycap is in the process of refinancing approximately \$1,000,000 of long-term debt that is held by First Federal Bank. These loans were set to expire at the end of January 2019. Currently, First Federal has granted an extension while work to restructure the debt is concluded. This is expected to be completed during the summer of 2020. Currently, this involves loan consolidation from four loans to two and elimination of cross collateralization of debt on Olycap properties. The loan to value ratio on this debt for Olycap is at 62% based on real estate appraisals concluded in November 2018.

The new loans are anticipated to be 10 year commercial loans, an improvement over the previous 5 year term.

The two loans from Impact Capital are for the low income tax credit project on 7<sup>th</sup> and Hendricks. These loans are for predevelopment costs. Olycap did not get approved for the tax credits and will reapply in 2020. Therefore, the project is currently been put on hold. Also see note 3 for construction in progress.

#### 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 \$1,121 and \$0 in interest expense for these costs in the years ended December 31, 2019 and 2018, respectively. Composition of debt issuance costs is the following:

Debt Issuance Costs	\$ 10,048
Less: Interest Recognized	<u>(1,121)</u>
<b>Net Debt Issuance Costs</b>	<b>\$ <u>8,927</u></b>

### NOTE 7: WITH DONOR RESTRICTION NET ASSETS

With donor restriction net assets consisted of the following at December 31, 2019:

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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### **NOTE 7: WITH DONOR RESTRICTION NET ASSETS (Continued)**

Haines Street Cottages	\$ 312,081
South Seven Senior Housing	1,471,024
Contributed Land Use (Note 2)	157,689
Senior Services (Note 4)	207,068
Program Services	<u>812,741</u>
<b>With Donor Restriction Net Assets</b>	<b><u>\$ 2,960,603</u></b>

With donor restriction net assets as of December 31, 2018, were \$2,963,154.

**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 2019 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

Time Restrictions on Long-Lived Assets	\$ 93,312
Program Services	<u>148,949</u>
	<b><u>\$ 242,261</u></b>

Net assets released from donor restrictions during 2018 by incurring expenses satisfying the restricted purposes or by the passage of time was \$289,510.

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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### **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.

### **NOTE 9: LEASE COMMITMENTS**

**Operating Leases** - The Organization leases the Armory Square in Port Angeles. In addition, the Organization leases building space at various sites. Many of those leases are on a month-to-month or an annual renewal basis. The Organization also leases various equipment and vehicles that are classified as operating leases.

The following is a schedule of future minimum rental payments under the above operating leases.

2020	\$ 116,844
2021	99,118
2022	93,718
2023	90,618
2024	<u>85,518</u>
	<b><u>\$ 485,816</u></b>

Total rent expense for the years ended December 31, 2019 and 2018, was \$148,366 and \$151,314, respectively.

### **NOTE 10: EMPLOYEE BENEFITS AND COMPENSATED ABSENCES**

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, 2019 and 2018, amounted to \$84,624 and \$77,564, respectively.

### **NOTE 11: SUBSEQUENT EVENTS**

Olycap is in the process of refinancing approximately \$1,000,000 of long-term debt that is held by First Federal Bank. These loans were set to expire at the end of January 2019. Currently, First Federal has granted an extension while work to restructure the debt is concluded.

No events have occurred through May 5, 2020 except as noted above, 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, 2019.

# OLYMPIC COMMUNITY ACTION PROGRAMS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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### **NOTE 12: 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 2016. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2019, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

# Olympic Community Action Programs

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

**As of December 2019**

	<u>Olympic Community Action Programs</u>	<u>South Seven Senior Village</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 278,687	\$ 92,931	\$ -	\$ 371,618
Accounts Receivable	50,964	5,754	(31,766)	24,952
Grants Receivable	664,839	-	-	664,839
Inventory	8,223	-	-	8,223
Prepaid Expenses & Other Assets	1,085	-	-	1,085
<b>Total Current Assets</b>	<u><b>1,003,798</b></u>	<u><b>98,685</b></u>	<u><b>(31,766)</b></u>	<u><b>1,070,717</b></u>
<b>Property &amp; Equipment</b>				
Property & Equipment, Net	<u><b>3,537,465</b></u>	<u><b>1,910,704</b></u>	<u>-</u>	<u><b>5,448,169</b></u>
<b>Other Assets</b>				
Contributed Land & Facilities Use Receivable	49,855	107,834	-	157,689
Investments	242,592	-	-	242,592
<b>Total Other Assets</b>	<u><b>292,447</b></u>	<u><b>107,834</b></u>	<u>-</u>	<u><b>400,281</b></u>
<b>Total Assets</b>	<u><b>\$ 4,833,710</b></u>	<u><b>\$ 2,117,223</b></u>	<u><b>\$ (31,766)</b></u>	<u><b>\$ 6,919,167</b></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 479,179	\$ 34,710	\$ (31,766)	\$ 482,123
Accrued Expenses	495,009	-	-	495,009
Other Liabilities	88,318	4,991	-	93,309
Deferred Revenue	479	507	-	986
Current Portion of Long-Term Debt	1,047,490	-	-	1,047,490
<b>Total Current Liabilities</b>	<u><b>2,110,475</b></u>	<u><b>40,208</b></u>	<u><b>(31,766)</b></u>	<u><b>2,118,917</b></u>
<b>Long Term Liabilities</b>				
Notes Payable, Net of Current Portion	1,662,203	-	-	1,662,203
Less Loan Fees, Net	(8,927)	-	-	(8,927)
<b>Total Long Term Liabilities</b>	<u><b>1,653,276</b></u>	<u>-</u>	<u>-</u>	<u><b>1,653,276</b></u>
<b>Net Assets</b>				
Without Donor Restrictions	(311,786)	498,157	-	186,371
With Donor Restrictions	1,381,745	1,578,858	-	2,960,603
<b>Total Net Assets</b>	<u><b>1,069,959</b></u>	<u><b>2,077,015</b></u>	<u>-</u>	<u><b>3,146,974</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 4,833,710</b></u>	<u><b>\$ 2,117,223</b></u>	<u><b>\$ (31,766)</b></u>	<u><b>\$ 6,919,167</b></u>

*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, 2019**

	<b>Olympic Community Action Programs</b>	<b>South Seven Senior Village</b>	<b>Eliminating Entires</b>	<b>Grand Total</b>
<b>Support &amp; Revenue</b>				
Grants	\$ 6,885,449	\$ -	\$ -	\$ 6,885,449
Contributions	602,787	-	-	602,787
Inkind Contributions	466,464	4,644	-	471,108
Rental Income	282,530	116,257	-	398,787
Fee Revenue	98,838	-	-	98,838
Other Income	89,898	1,376	(80,539)	10,735
Investment Income (Loss)	21,787	-	-	21,787
Gain on Disposal of Assets	1,100	-	-	1,100
Net Assets Released From Restrictions	-	-	-	-
<b>Total Support &amp; Revenue</b>	<b><u>8,448,853</u></b>	<b><u>122,277</u></b>	<b><u>-</u></b>	<b><u>8,490,591</u></b>
<b>Expenses</b>				
Program Services	7,301,467	247,878	(64,563)	7,484,782
Management & General Expenses	1,107,553	86,814	(15,976)	1,178,391
Fundraising Expenses	-	-	-	-
<b>Total Expenses</b>	<b><u>8,409,020</u></b>	<b><u>334,692</u></b>	<b><u>(80,539)</u></b>	<b><u>8,663,173</u></b>
<b>Change in Net Assets</b>	<b>39,833</b>	<b>(212,415)</b>	<b>-</b>	<b>(172,582)</b>
NET ASSETS, BEGINNING OF YEAR	<u>1,030,126</u>	<u>2,289,430</u>	<u>-</u>	<u>3,319,556</u>
NET ASSETS, END OF YEAR	<b><u>\$ 1,069,959</u></b>	<b><u>\$ 2,077,015</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,146,974</u></b>

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

# Olympic Community Action Programs

## CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

**Year Ended December 31, 2019**

	Olympic Community Action Programs	South Seven Senior Village	Eliminating Entries	Total
Salaries & Wages	\$ 3,260,144	\$ 49,451	\$ (49,451)	\$ 3,260,144
Payroll Taxes	380,372	5,186	(5,186)	380,372
Fringe Benefits	942,433	5,919	(5,919)	942,433
<b>Total Payroll Costs</b>	<b>4,582,949</b>	<b>60,556</b>	<b>(60,556)</b>	<b>4,582,949</b>
General & Operating Costs				
Direct Payments & Costs	2,029,719	-	-	2,029,719
Inkind Expenses	487,832	-	-	487,832
Occupancy	370,997	48,829	(5,625)	414,201
Supplies	106,227	7,630	(2,009)	111,848
Travel & Transportation	144,724	1,824	(1,824)	144,724
Payback to HUD	-	140,472	-	140,472
Communications	110,827	1,757	(1,757)	110,827
Interest Expense	83,848	-	-	83,848
Professional Services	145,704	10,158	(4,958)	150,904
Staff & Volunteer Develop.	88,171	1,159	(1,159)	88,171
Insurance	63,277	2,558	(1,955)	63,880
Minor Equipment	12,134	350	(350)	12,134
Printing & Publications	18,302	-	-	18,302
Miscellaneous	6,131	6,726	(208)	12,649
Equipment Lease & Maint.	14,930	128	(128)	14,930
Business Taxes & Licenses	2,071	10	(10)	2,071
<b>Total General &amp; Operating Costs</b>	<b>3,684,894</b>	<b>221,601</b>	<b>(19,983)</b>	<b>3,886,512</b>
Depreciation Expense	141,177	52,535	-	193,712
<b>Total Expenses</b>	<b>\$ 8,409,020</b>	<b>\$ 334,692</b>	<b>\$ (80,539)</b>	<b>\$ 8,663,173</b>

*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, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures			Subrecipients
			From Pass-Through Awards	From Direct Awards	Total	
<b><u>Department of Health and Human Services</u></b>						
Head Start	93.600	10CHC210-05-00	\$ -	\$ 1,136,278	\$ 1,136,278	\$ -
Head Start	93.600	10CH010956-01-00	-	1,024,667	1,024,667	-
			-	2,160,945	2,160,945	-
Passed through Department of Commerce:						
Community Services Block Grant	93.569	F18-32100-020	161,940	-	161,940	-
			161,940	-	161,940	-
Community Workfirst Programs	93.558	S20-32710-027	53,492	-	53,492	-
Community Workfirst Programs	93.558	S19-32710-027	96,678	-	96,678	-
			150,170	-	150,170	-
Low Income Home Energy Assistance - Weatherization	93.568	F17-53101-405	142,980	-	142,980	-
Low Income Home Energy Assistance - Weatherization	93.568	F19-53101-405	25,983	-	25,983	-
Low Income Home Energy Assistance - Energy Assistance	93.568	F18-32606-057	51,160	-	51,160	-
Low Income Home Energy Assistance - Energy Assistance	93.568	F19-32606-057	731,990	-	731,990	-
			952,113	-	952,113	-
Passed through Olympic Area Agency on Aging:						
Nutrition Services Incentive Program	93.053	555-61-01-19	22,951	-	22,951	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	555-61-01-19	91,260	-	91,260	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	555-64-01-19	158,615	-	158,615	-
Subtotal Cluster			272,826	-	272,826	-
Chronic Disease Self-Management	93.043	18AAAWAT3PH	11,235	-	11,235	-
<b>Total Department of Health and Human Services</b>			<b>1,548,284</b>	<b>2,160,945</b>	<b>3,709,229</b>	<b>-</b>
<b><u>Department of Energy</u></b>						
Passed through Department of Commerce:						
Weatherization Assistance for Low income Persons	81.042	F19-53103-405	32,963	-	32,963	-
Weatherization Assistance for Low income Persons	81.042	F18-53103-405	65,534	-	65,534	-
<b>Total Department of Energy</b>			<b>98,497</b>	<b>-</b>	<b>98,497</b>	<b>-</b>
<b><u>Corporation for National and Community Service</u></b>						
Retired and Senior Volunteer Program	94.002	17SRPWA002	-	63,441	63,441	-
<b>Total Corporation for National and Community Development</b>			<b>-</b>	<b>63,441</b>	<b>63,441</b>	<b>-</b>
<b><u>Department of Veterans Affairs</u></b>						
Passed through Opportunity Council						
Supportive Services for Veteran Families	64.033	19-WA-079-1	111,375	-	111,375	-
<b>Total Department of Veterans Affairs</b>			<b>111,375</b>	<b>-</b>	<b>111,375</b>	<b>-</b>
<b><u>Department of Agriculture</u></b>						
Community Facilities Loans and Grants *	10.766		-	710,127	710,127	-
Passed through Department of Commerce:						
Emergency Food Assistance Program Administrative Costs	10.568	K2178	46,843	-	46,843	-
Emergency Food Assistance Program Administrative Costs	10.568	K2773	17,413	-	17,413	-
Emergency Food Assistance Program Food Commodities **	10.569	K2178	120,049	-	120,049	120,049
Emergency Food Assistance Program Food Commodities **	10.569	K2773	62,709	-	62,709	62,709
Subtotal Cluster			247,014	-	247,014	182,758
Food Assistance - TMP	10.178	K2178	8,611	-	8,611	-
Food Assistance - TMP Commodities **	10.178	K2178	101,651	-	101,651	101,651
			110,262	-	110,262	101,651

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, 2019

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		
Food Assistance - CSFP	10.565	K2178	12,035	-	12,035	-
Food Assistance - CSFP	10.565	K2773	2,510	-	2,510	-
Food Assistance - CSFP Commodities **	10.565		17,291	-	17,291	17,291
			<u>31,836</u>	<u>-</u>	<u>31,836</u>	<u>17,291</u>
Passed through Within Reach:						
State Admin Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1712-15506-12	18,597	-	18,597	-
State Admin Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1613-75655-12	6,814	-	6,814	-
			<u>25,411</u>	<u>-</u>	<u>25,411</u>	<u>-</u>
<b>Total Department of Agriculture</b>			<b><u>414,523</u></b>	<b><u>710,127</u></b>	<b><u>1,124,650</u></b>	<b><u>301,700</u></b>
<b><u>Department of Housing and Urban Development</u></b>						
Supportive Housing Program - Continuum of Care	14.267	WA0322LOT11803	-	55,136	55,136	-
Supportive Housing Program - Continuum of Care	14.267	WA0322LOT11702	-	65,885	65,885	-
			<u>-</u>	<u>121,021</u>	<u>121,021</u>	<u>-</u>
YHDP Youth Solutions	14.276	WA0439Y0T011700	-	5,049	5,049	-
YHDP New Hope	14.276	WA0432Y0T011700	-	8,789	8,789	-
			<u>-</u>	<u>13,838</u>	<u>13,838</u>	<u>-</u>
Passed through Jefferson County:						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-62210-007	60,432	-	60,432	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	19-62210-007	64,208	-	64,208	-
Passed through Department of Commerce:						
HOME Investment Partnership Program *	14.239	5-94-418-I-A	544,420	-	544,420	-
<b>Total Department of Housing and Urban Development</b>			<b><u>669,060</u></b>	<b><u>134,859</u></b>	<b><u>803,919</u></b>	<b><u>-</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 2,841,739</u></b>	<b><u>\$ 3,069,372</u></b>	<b><u>\$ 5,911,111</u></b>	<b><u>\$ 301,700</u></b>

\* Loans

\*\* Noncash

*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, 2019

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### 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	\$ 710,127	\$ (11,480)	\$ 698,647
HOME Loan	<u>544,420</u>	<u>(19,688)</u>	<u>524,732</u>
Total	<u>\$1,285,209</u>	<u>\$ (31,168)</u>	<u>\$ 1,223,379</u>

# Olympic Community Action Programs

## SCHEDULE OF EXPENDITURES OF STATE AWARDS

**Year Ended December 31, 2019**

Pass-Through Grantor/Program Title	Agency or Pass-through Number	Total
Passed through Department of Commerce:		
Matchmaker Program - Weatherization	S19-92401-405	\$ 127,918
Consolidated Homeless Grant	17-46108-13	74,376
Consolidated Homeless Grant	20-46108-13	131,919
		334,213
Passed through Washington State Dept. of Children, Youth & Families:		
ECEAP	16-1114-06	351,056
ECEAP	20-1080	313,623
		664,679
Passed through Amerigroup:		
Amerigroup - Housing	None	6,257
Amerigroup - Employment	None	94
		6,351
Passed through Olympic Area Agency on Aging:		
Home Delivered Meals	555-64-01-19	26,821
Passed through Washington State Retired Senior Volunteer Program:		
Washington Association RSVP	018	24,946
Passed through Washington State Dept. of Transportation:		
Washington State DOT - West End Job Lift	UCB1464	69,576
Washington State DOT - West End Job Lift	PTD0049	18,771
		88,347
<b>Total State Awards</b>		<b>\$ 1,145,357</b>

*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, 2019**

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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, 2019, 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 May 5, 2020.

**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.

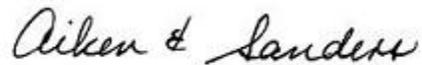
**Compliance and Other Matters**

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.



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

May 5, 2020

**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**

We have audited the Olympic Community Action Programs (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, 2019. 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.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Project's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Federal Program**

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, 2019.

**Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



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

May 5, 2020

# Olympic Community Action Programs

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

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### 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>
93.568	Low Income Home Energy Assistance Program
10.766	Community Facilities Loans and Grants

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

Auditee qualified as low-risk auditee: Yes

### Section II – Financial Statement Findings:

No matters were reported.

### Section III – Federal Award Findings and Questioned Costs:

No matters were reported.