
Olympic Community Action Programs

Consolidated Financial Statements

**For the Year Ended December 31, 2021
With Comparative Totals for 2020**

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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, 2021, 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, 2021, 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 page 28 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 May 25, 2022 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 25, 2022

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021 <i>(With Comparative Totals for 2020)</i>	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,400,521	\$ 861,826
Accounts Receivable	24,070	22,451
Grants Receivable	1,194,016	1,197,014
Inventory	5,315	5,315
Prepaid Expenses & Other Assets	16,846	11,315
Total Current Assets	2,640,768	2,097,921
Property & Equipment		
Property & Equipment, Net	8,668,388	5,395,225
Other Assets		
Contributed Land & Facilities Use Receivable	123,226	133,897
Administration & Monitoring Fee	226,064	-
Investments	296,691	221,325
Total Other Assets	645,981	355,222
Total Assets	\$ 11,955,137	\$ 7,848,368
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,345,118	\$ 539,682
Accrued Expenses	539,157	569,957
Other Liabilities	94,440	88,612
Deferred Revenue	191,366	61,408
Current Portion of Long-Term Debt	58,504	231,227
Total Current Liabilities	2,228,585	1,490,886
Long Term Liabilities		
Notes Payable, Net of Current Portion	5,362,172	2,501,137
Less Loan Fees, Net	(72,193)	(6,920)
Total Long Term Liabilities	5,289,979	2,494,217
Net Assets		
Without Donor Restrictions	1,480,323	657,501
With Donor Restrictions	2,956,250	3,205,764
Total Net Assets	4,436,573	3,863,265
Total Liabilities and Net Assets	\$ 11,955,137	\$ 7,848,368

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, 2021 <i>(With Comparative Totals for 2020)</i>	2021		2020	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
Support & Revenue				
Grants	\$ 10,937,757	\$ -	\$ 10,937,757	\$ 9,163,548
Contributions	397,588	775,376	1,172,964	1,204,262
Inkind Contributions	932,868	-	932,868	635,631
Rental Income	335,588	-	335,588	349,767
Fee Revenue	45,804	-	45,804	108,520
Other Income	4,480	-	4,480	8,170
Investment Income (Loss)	6,037	4,243	10,280	16,789
Net Assets Released From Restrictions	1,029,133	(1,029,133)	-	-
Total Support & Revenue	13,689,255	(249,514)	13,439,741	11,486,687
Expenses				
Program Services:				
Long-Term Care	700,746	-	700,746	797,704
Early Childhood	2,723,986	-	2,723,986	2,747,853
Housing	3,988,515	-	3,988,515	2,916,333
Community Support	4,230,940	-	4,230,940	3,071,094
	11,644,187	-	11,644,187	9,532,984
Management & General Expenses	1,222,246	-	1,222,246	1,237,412
Total Expenses	12,866,433	-	12,866,433	10,770,396
Change in Net Assets	822,822	(249,514)	573,308	716,291
NET ASSETS, BEGINNING OF YEAR	657,501	3,205,764	3,863,265	3,146,974
NET ASSETS, END OF YEAR	\$ 1,480,323	\$ 2,956,250	\$ 4,436,573	\$ 3,863,265

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

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 (With Comparative Totals for 2020)							2021	2020
	Long-Term Care	Early Childhood	Housing	Community Support	Total Program Services	Management and General	Total	Total
Salaries & Wages	\$ 474,654	\$ 1,206,081	\$ 1,087,140	\$ 709,292	\$ 3,477,167	\$ 516,272	\$ 3,993,439	\$ 3,840,101
Payroll Taxes	57,721	137,189	159,335	92,331	446,576	53,281	499,857	452,757
Fringe Benefits	134,419	383,999	162,853	197,604	878,875	158,306	1,037,181	1,044,926
Total Payroll Costs	666,794	1,727,269	1,409,328	999,227	4,802,618	727,859	5,530,477	5,337,784
General & Operating Costs								
Direct Payments & Costs	6,415	616,161	1,842,341	1,942,334	4,407,251	55,984	4,463,235	3,304,385
Inkind Expenses	-	31,484	-	905,054	936,538	-	936,538	654,175
Occupancy	-	114,546	433,270	89,730	637,546	112,661	750,207	461,121
Supplies	218	51,904	49,136	104,805	206,063	43,232	249,295	227,244
Travel & Transportation	7,849	19,313	11,332	45,914	84,408	7,119	91,527	72,356
Communications	2,479	37,926	24,149	36,326	100,880	31,529	132,409	125,762
Interest Expense	-	-	-	-	-	82,546	82,546	89,643
Professional Services	2,527	25,567	28,210	17,355	73,659	70,014	143,673	128,499
Staff & Volunteer Develop.	11,196	32,998	6,785	9,192	60,171	20,339	80,510	55,750
Insurance	2,797	11,661	28,496	18,533	61,487	26,712	88,199	73,944
Minor Equipment	163	15,479	8,506	10,200	34,348	1,869	36,217	(17,820)
Printing & Publications	212	5,218	4,821	3,499	13,750	1,366	15,116	14,336
Miscellaneous	-	-	12,651	133	12,784	1,220	14,004	5,229
Equipment Lease & Maint.	-	71	8,930	6,544	15,545	5,814	21,359	10,772
Business Taxes & Licenses	96	-	585	801	1,482	10	1,492	28,705
Total General & Operating Costs	33,952	962,328	2,459,212	3,190,420	6,645,912	460,415	7,106,327	5,234,101
Depreciation Expense	-	34,389	119,975	41,293	195,657	33,972	229,629	198,511
Total Expenses	\$ 700,746	\$ 2,723,986	\$ 3,988,515	\$ 4,230,940	\$ 11,644,187	\$ 1,222,246	\$ 12,866,433	\$ 10,770,396

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

Olympic Community Action Programs

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2021 (With Comparative Totals for 2020)	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 573,308	\$ 716,291
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	229,629	198,511
Amortization of Loan Fees	-	8,927
Inkind Contributed Use of Facilities	10,671	23,792
Investment Loss (Income)	(10,280)	(16,789)
Change in Assets and Liabilities		
Accounts & Grants Receivable & Other Receivables	1,379	(529,674)
Inventory	-	2,908
Prepaid Expenses & Other Assets	(5,531)	(10,230)
Accounts Payable & Accrued Expenses	774,636	132,507
Deferred Revenue	129,958	60,422
Other Liabilities	5,828	(4,697)
	1,136,290	(134,323)
Net Cash Provided (Used) by Operating Activities	1,709,598	581,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	50,209	38,054
Purchase of Investments	(115,295)	-
Purchase of Administration and Monitoring Fee	(226,064)	-
Purchases of Property & Equipment	(3,502,792)	(145,565)
	(3,793,942)	(107,511)
Net Cash Used by Investing Activities	(3,793,942)	(107,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Loan Fees	(65,273)	(6,920)
Proceeds from Long-Term Debt	2,902,468	1,193,916
Repayment of Long-Term Debt	(214,156)	(1,171,245)
	2,623,039	15,751
Net Cash Provided (Used) by Financing Activities	2,623,039	15,751
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	538,695	490,208
BEGINNING CASH AND CASH EQUIVALENTS	861,826	371,618
ENDING CASH AND CASH EQUIVALENTS	\$ 1,400,521	\$ 861,826
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash Paid During the Fiscal Years for Interest	\$ 82,546	\$ 80,716

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

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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. 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, 2021

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, 2020, from which the summarized information was derived.

Liquidity and Availability:

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 \$1,218,086 as of December 31, 2021. The Organization has \$2,081,291 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 \$861,826 and receivables of \$1,219,465 as of December 31, 2020. Of the financial assets, there was \$1,095,411 and \$1,170,410 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 \$296,691 and \$221,325, as of December 31, 2021 and 2020, 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, 2021

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, 2021 and 2020, 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, 2021, all accounts receivable are current. Bad debts incurred during the years ended December 31, 2021 and 2020, were \$4,114 and \$0, 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.

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.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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

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, 2021 and 2020, the Organization has recorded deferred revenue of \$191,366 and \$61,408, 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, 2021 and 2020:

	2021	2020
Accounts Receivable	\$ 3,431	\$ 22,451
Grants Receivable	\$1,194,016	\$1,197,014
Deferred Revenue	\$ 191,366	\$ 61,408

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.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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

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, 2021 and 2020.

Advertising Costs:

The costs of advertising are expensed as incurred.

Collective Bargaining:

For the years ended December 31, 2021 and 2020, 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.

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, 2021 and 2020, 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 \$123,226 and \$133,897, respectively, at December 31, 2021 and 2020, net of a present value discount of \$4,608 and \$7,095.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

NOTE 3: PROPERTY AND EQUIPMENT (Continued)

Buildings and improvements	\$ 7,054,942
Furniture and equipment	599,976
Vehicles	<u>397,495</u>
	8,052,413
Less: accumulated depreciation	<u>(3,663,596)</u>
	4,388,817
Construction in progress	3,433,999
Land	<u>845,572</u>
Net Property and Equipment	\$ <u>8,668,388</u>

Accumulated depreciation as of December 31, 2020, was \$3,433,967.

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, 2021 and 2020 was \$296,691 and \$221,325, respectively. Investment income for 2021 was the following:

Dividends, Realized & Unrealized Gains (Losses)	\$ 12,604
Fees	<u>(2,324)</u>
Total Investment Income (Loss)	\$ <u>10,280</u>

Investment income for 2020 was \$16,789.

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.
- C. Inputs other than quoted prices that are observable for the asset or liability.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

NOTE 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, 2021.

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, 2021 with comparative totals for 2020:

Assets at Fair Value as of December 31, 2021					2020
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Total</u>
Seattle Foundation	\$ -	\$ 150,521	\$ -	\$ 150,521	\$ 186,278
Money Market	140,546	-	-	140,546	32,748
Common Stock	<u>5,624</u>	<u>-</u>	<u>-</u>	<u>5,624</u>	<u>2,299</u>
	<u>\$ 146,170</u>	<u>\$ 150,521</u>	<u>\$ -</u>	<u>\$ 296,691</u>	<u>\$ 221,325</u>

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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 \$261,191 and \$288,487 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6: NOTES PAYABLE & DEBT ISSUANCE COSTS

Long-term debt at December 31, 2021, is as follows:

During 2020, the Organization refinanced loans through First Federal Savings and Loan Association for \$693,184. The loan is due July 2030. Monthly payments including interest is \$4,090 with one final payment of \$518,743. Interest is index plus 3.01 points with a minimum interest rate of 5% (currently 5%). Loan is secured by property and rents located in Jefferson County, and inventory, chattel paper, accounts and equipment. \$ 673,121

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, 2021

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. 13,073

During 2020, the Organization refinanced loans through First Federal Savings and Loan Association for \$326,181. The loan is due July 2030. Monthly payments including interest is \$1,925 with one final payment of \$244,097. Interest is index plus 3.01 points with a minimum interest rate of 5% (currently 5%). Loan is secured by property and rents located in Jefferson County, and inventory, chattel paper, accounts and equipment. 317,243

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. 675,151

In October 2021, the Organization obtained a loan from Department of Commerce for \$11,702,828. As of December 31, 2021, the Organization has drawn \$2,902,468. The loan and interest is due December 31, 2062. The interest rate is 1% beginning January 1, 2022. 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. The loan is secured by the property. 2,902,468

Total 5,420,676

Less current portion (58,504)

Total Long-Term Debt \$ 5,362,172

Future minimum payments regarding loans payable are as follows:

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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

Years Ending December 31	
2022	\$ 58,504
2023	60,961
2024	62,934
2025	65,001
2026	63,652
Thereafter	<u>5,109,624</u>
Total	\$ <u><u>5,420,676</u></u>

Total long-term debt as of December 31, 2020, was \$2,732,364.

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 \$0 and \$8,927 in interest expense for these costs in the years ended December 31, 2021 and 2020, respectively. Composition of debt issuance costs is the following:

Debt Issuance Costs	\$ 82,241
Less: Interest Recognized	<u>(10,048)</u>
Net Debt Issuance Costs	\$ <u><u>72,193</u></u>

NOTE 7: WITH DONOR RESTRICTION NET ASSETS

With donor restriction net assets consisted of the following at December 31, 2021:

Haines Street Cottages	\$ 292,222
South Seven Senior Housing	1,294,870
Contributed Land Use (Note 2)	123,226
Senior Services (Note 4)	150,521
Program Services	<u>1,095,411</u>
With Donor Restriction Net Assets	\$ <u><u>2,956,250</u></u>

With donor restriction net assets as of December 31, 2020, were \$3,205,764.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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 2021 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

Time Restrictions on Long-Lived Assets	\$ 138,758
Program Services	<u>890,375</u>
	<u>\$ 1,029,133</u>

Net assets released from donor restrictions during 2020 by incurring expenses satisfying the restricted purposes or by the passage of time was \$476,105.

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, 2021

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, 2021 and 2020, over 81% and 80%, 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

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.

2022	\$ 198,618
2023	149,973
2024	107,918
2025	107,918
2026	<u>91,388</u>
	<u>\$ 655,815</u>

Total rent expense for the years ended December 31, 2021 and 2020, was \$195,437 and \$168,726, respectively.

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, 2021 and 2020, amounted to \$97,795 and \$96,722, respectively.

NOTE 12: SUBSEQUENT EVENTS

No events have occurred through May 25, 2022 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, 2021.

OLYMPIC COMMUNITY ACTION PROGRAMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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 2018. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2021, 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.

Olympic Community Action Programs

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of December 2021

	Olympic Community Action Programs	South Seven Senior Village	7th & Hendricks	Eliminating Entries	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,301,948	\$ 98,573	\$ -	\$ -	\$ 1,400,521
Accounts Receivable	43,314	3,431	-	(22,675)	24,070
Grants Receivable	1,194,016	-	-	-	1,194,016
Inventory	5,315	-	-	-	5,315
Prepaid Expenses & Other Assets	16,846	-	-	-	16,846
Total Current Assets	2,561,439	102,004	-	(22,675)	2,640,768
Property & Equipment					
Property & Equipment, Net	3,428,754	1,805,635	3,433,999	-	8,668,388
Other Assets					
Contributed Land & Facilities Use Receivable	16,153	107,073	-	-	123,226
Administration & Monitoring Fee	-	-	226,064	-	226,064
Investments	196,256	-	100,435	-	296,691
Total Other Assets	212,409	107,073	326,499	-	645,981
Total Assets	\$ 6,202,602	\$ 2,014,712	\$ 3,760,498	\$ (22,675)	\$ 11,955,137
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts Payable	\$ 535,263	\$ 26,566	\$ 805,964	\$ (22,675)	\$ 1,345,118
Accrued Expenses	539,157	-	-	-	539,157
Other Liabilities	89,795	4,645	-	-	94,440
Deferred Revenue	190,859	507	-	-	191,366
Current Portion of Long-Term Debt	58,504	-	-	-	58,504
Total Current Liabilities	1,413,578	31,718	805,964	(22,675)	2,228,585
Long Term Liabilities					
Notes Payable, Net of Current Portion	2,459,704	-	2,902,468	-	5,362,172
Less Loan Fees, Net	(6,980)	-	(65,213)	-	(72,193)
Total Long Term Liabilities	2,452,724	-	2,837,255	-	5,289,979
Net Assets					
Without Donor Restrictions (Deficit)	781,993	581,051	117,279	-	1,480,323
With Donor Restrictions	1,554,307	1,401,943	-	-	2,956,250
Total Net Assets	2,336,300	1,982,994	117,279	-	4,436,573
Total Liabilities and Net Assets	\$ 6,202,602	\$ 2,014,712	\$ 3,760,498	\$ (22,675)	\$ 11,955,137

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, 2021

	Olympic Community Action Programs	South Seven Senior Village	7th & Hendricks	Eliminating Entries	Grand Total
Support & Revenue					
Grants	\$ 10,987,757	\$ -	\$ -	\$ (50,000)	\$ 10,937,757
Contributions	1,049,678	-	123,286	-	1,172,964
Inkind Contributions	928,257	4,611	-	-	932,868
Rental Income	218,209	117,379	-	-	335,588
Fee Revenue	45,804	-	-	-	45,804
Other Income	55,913	1,005	-	(52,438)	4,480
Investment Income (Loss)	9,798	-	482	-	10,280
Total Support & Revenue	<u>13,295,416</u>	<u>122,995</u>	<u>123,768</u>	<u>(102,438)</u>	<u>13,439,741</u>
Expenses					
Program Services	11,515,268	174,433	51,756	(97,270)	11,644,187
Management & General Expenses	1,215,757	11,657	-	(5,168)	1,222,246
Total Expenses	<u>12,731,025</u>	<u>186,090</u>	<u>51,756</u>	<u>(102,438)</u>	<u>12,866,433</u>
Change in Net Assets	564,391	(63,095)	72,012	-	573,308
NET ASSETS, BEGINNING OF YEAR	1,789,468	2,046,089	27,708	-	3,863,265
Transfer	(17,559)	-	17,559	-	-
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 2,336,300</u>	<u>\$ 1,982,994</u>	<u>\$ 117,279</u>	<u>\$ -</u>	<u>\$ 4,436,573</u>

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

Olympic Community Action Programs

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Olympic Community Action Programs	South Seven Senior Village	7th & Hendricks	Eliminating Entries	Total
Salaries & Wages	\$ 3,992,580	\$ 30,502	\$ -	\$ (29,643)	\$ 3,993,439
Payroll Taxes	499,515	3,556	-	(3,214)	499,857
Fringe Benefits	1,036,934	3,429	-	(3,182)	1,037,181
Total Payroll Costs	5,529,029	37,487	-	(36,039)	5,530,477
General & Operating Costs					
Direct Payments & Costs	4,463,235	-	-	-	4,463,235
Inkind Expenses	936,538	-	-	-	936,538
Occupancy	683,493	68,646	827	(2,759)	750,207
Supplies	248,789	450	144	(88)	249,295
Travel & Transportation	91,527	178	-	(178)	91,527
Communications	131,993	1,102	350	(1,036)	132,409
Interest Expense	82,546	-	-	-	82,546
Professional Services	137,184	11,657	50,000	(55,168)	143,673
Staff & Volunteer Develop.	80,510	125	-	(125)	80,510
Insurance	87,787	7,381	-	(6,969)	88,199
Minor Equipment	36,217	-	-	-	36,217
Printing & Publications	14,852	264	-	-	15,116
Miscellaneous	7,815	6,265	-	(76)	14,004
Equipment Lease & Maint.	21,359	-	-	-	21,359
Business Taxes & Licenses	1,057	-	435	-	1,492
Total General & Operating Costs	7,024,902	96,068	51,756	(66,399)	7,106,327
Depreciation Expense	177,094	52,535	-	-	229,629
Total Expenses	\$ 12,731,025	\$ 186,090	\$ 51,756	\$ (102,438)	\$ 12,866,433

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, 2021

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	
<u>Department of Health and Human Services</u>						
Head Start	93.600	10CH010956-02-01	\$ -	\$ 1,287,832	\$ 1,287,832	\$ -
Head Start	93.600	10CH010956-03-01	-	989,872	989,872	-
Head Start	93.600	10HE00092301C5	-	31,404	31,404	-
Covid Head Start	93.600	10CH01095602C3	-	7,815	7,815	-
			<u>-</u>	<u>2,316,923</u>	<u>2,316,923</u>	<u>-</u>
Passed through Department of Commerce:						
Community Services Block Grant	93.569	F20-32101-020	124,026	-	124,026	-
Community Services Block Grant	93.569	F21-32101-020	22,148	-	22,148	-
Covid Community Services Block Grant	93.569	F20-3210C-020	77,816	-	77,816	-
			<u>223,990</u>	<u>-</u>	<u>223,990</u>	<u>-</u>
Community Workfirst Programs						
	93.558	S20-32710-027	116,645	-	116,645	-
			<u>116,645</u>	<u>-</u>	<u>116,645</u>	<u>-</u>
Low Income Home Energy Assistance - Weatherization						
Covid Low Income Home Energy Assistance - Weatherization	93.568	F19-53101-405	153,492	-	153,492	-
Low Income Home Energy Assistance - Weatherization	93.568	F20-5310C-405	30,247	-	30,247	-
Low Income Home Energy Assistance - Weatherization ARP	93.568	F21-5310C-405	62,464	-	62,464	-
Low Income Home Energy Assistance - Energy Assistance	93.568	F20-32606-057	304,244	-	304,244	-
Low Income Home Energy Assistance - Energy Assistance	93.568	F21-32606-057	403,986	-	403,986	-
Covid Low Income Home Energy Assistance - Energy Assistance	93.568	F20-3260C-057	300,243	-	300,243	-
Low Income Home Energy Assistance - ARP	93.568	F21-3260A-057	434,295	-	434,295	-
Low Income Home Energy Assistance - LIHWAP	93.568	F21-32607-057	14,681	-	14,681	-
			<u>1,703,652</u>	<u>-</u>	<u>1,703,652</u>	<u>-</u>
Passed through Olympic Area Agency on Aging:						
Nutrition Services Incentive Program	93.053	555-61-01-21	11,915	-	11,915	-
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	93.044	555-52-01-2020-2022	2,617	-	2,617	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	555-61-01-21	72,769	-	72,769	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	555-64-01-21	204,527	-	204,527	-
Subtotal Cluster			<u>291,828</u>	<u>-</u>	<u>291,828</u>	<u>-</u>
Total Department of Health and Human Services			<u>2,336,115</u>	<u>2,316,923</u>	<u>4,653,038</u>	<u>-</u>
<u>Department of Energy</u>						
Passed through Department of Commerce:						
BPA Weatherization	81.999	F19-53104-405	41,740	-	41,740	-
BPA Weatherization	81.999	F21-53104-405	8,479	-	8,479	-
Weatherization Assistance for Low income Persons	81.042	F21-53103-405	71,492	-	71,492	-
Total Department of Energy			<u>121,711</u>	<u>-</u>	<u>121,711</u>	<u>-</u>
<u>Corporation for National and Community Service</u>						
Retired and Senior Volunteer Program	94.002	20SRPWA007	-	70,493	70,493	-
Total Corporation for National and Community Development			<u>-</u>	<u>70,493</u>	<u>70,493</u>	<u>-</u>
<u>Department of Veterans Affairs</u>						
Passed through Opportunity Council						
Supportive Services for Veteran Families	64.033	19-WA-079-1	227,668	-	227,668	-
Total Department of Veterans Affairs			<u>227,668</u>	<u>-</u>	<u>227,668</u>	<u>-</u>
<u>Department of Agriculture</u>						
Community Facilities Loans and Grants *	10.766		-	686,640	686,640	-
Passed through Olympic Area Agency on Aging:						
Senior Farmers Market	10.576	555-67-01-21	3,069	-	3,069	-

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, 2021

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		
Passed through Department of Commerce:						
Food Assistance - CSFP	10.565	K2773	15,893	-	15,893	-
Food Assistance - CSFP Commodities **	10.565	K2773	19,348	-	19,348	19,348
Emergency Food Assistance Program Administrative Costs	10.568	K2773	121,677	-	121,677	-
Emergency Food Assistance Program Administrative Costs	10.568	K2773	38,744	-	38,744	20,362
Emergency Food Assistance Program Food Commodities **	10.569	K2773	534,014	-	534,014	534,014
Subtotal Cluster			729,676	-	729,676	573,724
Food Assistance - TMP Commodities **	10.178	K2773	38,152	-	38,152	38,152
			38,152	-	38,152	38,152
Passed through Superintendent of Public Instruction:						
USDA - Child	10.558	18-03-0042	77,024	-	77,024	-
			77,024	-	77,024	-
Passed through Within Reach:						
State Admin Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1912-64581-12	6,140	-	6,140	-
			6,140	-	6,140	-
Total Department of Agriculture			854,061	686,640	1,540,701	611,876
Department of Housing and Urban Development						
Supportive Housing Program - Continuum of Care	14.267	WA0322LOT12005	-	33,900	33,900	-
Supportive Housing Program - Continuum of Care	14.267	WA0322LOT11904	-	62,824	62,824	-
Supportive Housing Program - Continuum of Care	14.267	WA0432YOTO12001	-	13,544	13,544	-
Supportive Housing Program - Continuum of Care	14.267	WA0439YOTO12001	-	34,202	34,202	-
			-	144,470	144,470	-
Pass through Department of Commerce:						
Supportive Housing Program - Continuum of Care	14.267	22-46306-010	2,616	-	2,616	-
			2,616	144,470	147,086	-
YHDP Youth Solutions	14.276	WA0439Y0T011700	-	115,368	115,368	-
YHDP New Hope	14.276	WA0432Y0T011700	-	19,711	19,711	-
			-	135,079	135,079	-
Pass through Department of Commerce:						
YHDP Housing Assistance Unit	14.276	20-46306-010	6,390	-	6,390	-
			6,390	135,079	141,469	-
Covid Emergency Solutions	14.231	20-4613C-111		110,611	110,611	-
Passed through Jefferson County:						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-62210-007	61,415	-	61,415	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	21-62210-007	1,606	-	1,606	-
Covid Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-114	13,582	-	13,582	-
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			610,341	390,160	1,000,501	-
Department of Treasury						
Cares Funding	21.019	21-4614C-212	-	1,920	1,920	-
Cares Funding	21.019	21-4614C-114	-	199,225	199,225	-
Passed through Washington State Dept. of Agriculture:						
Cares Funding	21.019	K2732	16,316	-	16,316	-
	21.019	K3375	131,960	-	131,960	-
			148,276	201,145	349,421	-

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, 2021

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		
Passed through Department of Commerce: Cares Funding	21.027	21-4619C-111	408,798	-	408,798	-
Passed through Washington State Dept. of Agriculture: Cares Funding	21.027	K3491	56,705	-	56,705	32,875
			<u>465,503</u>	<u>-</u>	<u>465,503</u>	<u>32,875</u>
Passed through Department of Commerce: Cares Funding	21.023	21-4616C-111	577,832	-	577,832	1976
Community Assistance Project	21.999	None	18,050	-	18,050	-
Total Department of Treasury			<u>1,209,661</u>	<u>201,145</u>	<u>1,410,806</u>	<u>34,851</u>
Total Federal Awards			<u>\$ 5,359,557</u>	<u>\$ 3,665,361</u>	<u>\$ 9,024,918</u>	<u>\$ 646,727</u>

* 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, 2021

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	\$ 686,640	\$ (11,489)	\$ 675,151
HOME Loan	<u>524,732</u>	<u>-</u>	<u>524,732</u>
Total	<u>\$1,211,372</u>	<u>\$ (11,489)</u>	<u>\$ 1,199,883</u>

Olympic Community Action Programs

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2021

Pass-Through Grantor/Program Title	Agency or Pass-through Number	Total
Passed through Department of Commerce:		
Matchmaker Program - Weatherization	S19-92401-405	\$ 261,888
Matchmaker Program - Weatherization	S21-92401-405	63,763
Community Services Block Grant	S20-32101-220	33,470
Community Services Block Grant	S22-32101-220	242
Home Rehabilitation Revolving Loan Program	S21-92402-405	42,056
YHDP	22-46306-010	2,616
Consolidated Homeless Grant	20-46108-13	175,428
Consolidated Homeless Grant	22-46108-13	48,110
		<u>627,573</u>
Passed through Washington State Dept. of Children, Youth & Families:		
HS.EHS NOA for ARP Covid	10HE00923-01-01	7,629
ECEAP	21-1054	669,008
ECEAP Complex Needs	SWV0006029 00	61,000
ECEAP Complex Needs New Projects	SWV0006029 00	53,996
ECEAP Complex Needs Staff Renewal	SWV0006029 00	42,935
		<u>834,568</u>
Passed through Amerigroup:		
Amerigroup - Housing	None	30,911
Amerigroup - Employment	None	60,213
		<u>91,124</u>
Passed through Olympic Area Agency on Aging:		
Home Delivered Meals	555-64-01-21	216,772
Home Delivered Meals	555-64-01-20	213,440
		<u>430,212</u>
Passed through Washington State Retired Senior Volunteer Program:		
Washington Association RSVP	None	26,263
Passed through Washington State Dept. of Agriculture:		
Emergency Food Assistance Program Admin Costs	K3491	29,969
Emergency Food Assistance Program Admin Costs Food Bank	K2732	26,122
		<u>56,091</u>
Passed through Kitsap County Human Services:		
HARPS	KC-134-20	99,472

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, 2021

Pass-Through Grantor/Program Title	Agency or Pass-through Number	Total
Passed through Washington State Dept. of Transportation: Washington State DOT - West End Job Lift	PTD0049	107,686
		<u>107,686</u>
Total State Awards		\$ <u><u>2,272,989</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, 2021

Federal Award Findings and Questioned Costs:

2020-001 Preparation of the Schedule of Expenditures of Federal Awards

The Organization did not prepare a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) for 2020. There was one federal program that was left off the schedule for 2020.

This finding was corrected during the year ended December 31, 2021.

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, 2021, 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 25, 2022.

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 25, 2022

**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, 2021. 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, 2021.

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 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

May 25, 2022

Olympic Community Action Programs

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2021

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>
93.600	Head Start
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.