

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council for the Homeless
Vancouver, WA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Council for the Homeless (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statements of financial position of Council for the Homeless as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Council for the Homeless and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

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 within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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.

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional information includes:

- The Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards on pages 31 through 35 is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the consolidated financial statements for the year ended December 31, 2022.
- The Consolidated Statements of Unrestricted Revenue and Functional Expenses on pages 36 through 40 are presented for the purpose of additional analysis and is not a required part of the consolidated financial statements for the years ended December 31, 2022 and 2021.

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 audits 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 September 28, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Organization's 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 applicable to 2022.

Loveridge Hunt + Co., PLLC

Bellevue, Washington
September 28, 2023

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2022</u>	<u>2021</u>
		(Restated)
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,163,498	\$ 1,944,062
Accounts receivable	1,014,870	1,157,284
Grants receivable	1,485,913	2,055,071
Prepaid expenses	<u>13,544</u>	<u>18,570</u>
	4,677,825	5,174,987
Restricted deposits:		
Housing projects reserve	241,346	196,746
Tenant trust - security deposits	<u>23,814</u>	<u>24,948</u>
	265,160	221,694
Non-current assets:		
Property and equipment, at cost:		
Building (rental property)	2,315,179	2,315,179
Leasehold improvements	75,000	75,000
Furniture	13,860	13,860
Office equipment	<u>8,973</u>	<u>8,973</u>
	2,413,012	2,413,012
Accumulated depreciation	<u>(265,464)</u>	<u>(205,643)</u>
	2,147,548	2,207,369
Land	230,000	230,000
Operating lease, right of use asset: office space, net	<u>116,471</u>	<u>198,544</u>
	2,494,019	2,635,913
Accrued interest receivable	317,938	172,094
Loans receivable	<u>2,759,613</u>	<u>2,759,613</u>
	5,571,570	5,567,620
Other assets:		
Lease deposits	<u>1,529</u>	<u>1,529</u>
	<u>1,529</u>	<u>1,529</u>
	<u>\$ 10,516,084</u>	<u>\$ 10,965,830</u>

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COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

	December 31,	
	<u>2022</u>	<u>2021</u> (Restated)
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 693,659	\$ 469,016
Accounts payable - Housing Authority of the City of Vancouver	278,827	276,821
Rent received in advance	3,041	407
Tenant security deposits payable	23,814	24,948
Notes payable - current portion - City of Vancouver	<u>9,744</u>	<u>6,593</u>
	1,009,085	777,785
Non-current liabilities:		
Operating lease liability	138,580	208,294
Notes payable - City of Vancouver	1,690,256	1,693,407
Notes payable - Community Foundation for Southwest Washington	-	500,000
Notes payable - Clark County	<u>-</u>	<u>3,659,614</u>
	<u>1,828,836</u>	<u>6,061,315</u>
 Total liabilities	 2,837,921	 6,839,100
Net assets:		
Net assets without donor restrictions	3,723,746	3,650,737
Net assets with donor restrictions	<u>3,954,417</u>	<u>475,993</u>
	<u>7,678,163</u>	<u>4,126,730</u>
	<u>\$ 10,516,084</u>	<u>\$ 10,965,830</u>

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

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u> (Restated)
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
PROGRAM REVENUE		
Support:		
Contributions	\$ 405,477	\$ 509,698
Grants	16,590,028	17,049,320
Special Events	93,500	82,172
Developer fee income	300,158	731,223
Interest income	199	174
SBA payroll protection plan loan forgiveness	-	263,777
Other Income	<u>1,742</u>	<u>19,405</u>
Total support revenue	17,391,104	18,655,769
Net rental revenue	239,551	236,543
Interest revenue on loans receivable	145,844	172,094
Net assets released from donor restrictions:		
Restrictions satisfied by payments	<u>630,481</u>	<u>932,005</u>
Total revenue	18,406,980	19,996,411
PROGRAM SERVICES		
Operating expenses:		
Planning/Coordination/Data	994,705	1,009,365
Coordinated assessment/Diversion/Housing Relief Fund	15,689,811	16,668,434
Supporting Service:		
Management & General	1,453,079	608,419
Fund-Raising	<u>196,376</u>	<u>145,044</u>
Total expenses	<u>18,333,971</u>	<u>18,431,262</u>
Increase in net assets without donor restrictions	73,009	1,565,149
Beginning net assets without donor restrictions	<u>3,650,737</u>	<u>2,085,588</u>
Total ending net assets without donor restrictions	<u>\$ 3,723,746</u>	<u>\$ 3,650,737</u>

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COUNCIL FOR THE HOMELESS
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CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
		(Restated)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	\$ 449,291	\$ 508,898
Block grants	3,659,614	-
Net assets released from donor restrictions	<u>(630,481)</u>	<u>(932,005)</u>
Increase (decrease) in net assets with donor restrictions	3,478,424	(423,107)
Beginning net assets with donor restriction	<u>475,993</u>	<u>899,100</u>
Total ending net assets with donor restriction	<u>\$ 3,954,417</u>	<u>\$ 475,993</u>
TOTAL NET ASSETS:		
Beginning net assets	\$ 4,126,730	\$ 2,984,688
Net change	<u>3,551,433</u>	<u>1,142,042</u>
Total ending net assets	<u>\$ 7,678,163</u>	<u>\$ 4,126,730</u>

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

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2022					
	PROGRAM SERVICES			SUPPORTING SERVICES		
	Planning/ Coordination/ Permanent Housing	Coordinated Assessment/ Diversion/ Housing Relief Fund	Total Program Services	Management and General	Fundraising	Total Support Services
						Total Expenses
Accounting	\$ 2,640	\$ -	\$ 2,640	\$ 88,065	\$ -	\$ 88,065
Advertising	-	-	-	5,589	494	6,083
Bad debt	544	-	544	-	-	-
Bank & credit card fees	911	59	970	3,402	1,107	4,509
Client assistance	-	11,265,986	11,265,986	14	-	14
Contracted staff	184,462	841,573	1,026,035	277,194	66,353	343,547
Data hosting	-	141,767	141,767	-	-	-
Depreciation	57,879	-	57,879	1,942	-	1,942
Development consultant fees	204,000	-	204,000	-	-	-
Donations	20,000	-	20,000	700	-	700
Dues/subscriptions	833	1,458	2,291	12,735	3,033	15,768
In-kind	-	-	-	-	894	894
Insurance	5,743	-	5,743	28,769	-	28,769
Legal & professional	18,938	-	18,938	30,000	-	30,000
Maintenance/ repairs	16,362	2,653	19,015	-	-	-
Office expense	83,786	115,657	199,443	595,090	15,452	610,542
Payroll taxes and fringe benefits	93,128	746,063	839,191	74,244	34,532	108,776
Printing	259	58	317	828	1,382	2,210
Recognition luncheon	-	60	60	7,827	298	8,125
Rent/occupancy	42,095	58,154	100,249	22,784	-	22,784
Salaries & wages	255,142	1,757,647	2,012,789	275,236	72,303	347,539
Shelter support	-	688,856	688,856	-	-	-
Telephone/Internet	3,815	40,817	44,632	10,309	-	10,309
Travel & lodging	4,168	29,003	33,171	18,351	528	18,879
Total	\$ 994,705	\$ 15,689,811	\$ 16,684,516	\$ 1,453,079	\$ 196,376	\$ 1,649,455
						\$ 18,333,971

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COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - (CONTINUED)

	Year Ended December 31, 2021 (Restated)					
	PROGRAM SERVICES			SUPPORTING SERVICES		
	Planning/ Coordination/ Permanent Housing	Coordinated Assessment/ Diversion/ Housing Relief Fund	Total Program Services	Management and General	Fundraising	Total Support Services Expenses
Accounting	\$ 6,899	\$ -	\$ 6,899	\$ 66,966	\$ -	\$ 66,966
Advertising	2,415	-	2,415	6,938	62	7,000
Bad debt	14,544	-	14,544	-	-	-
Bank & credit card fees	70	375	445	4,390	2,389	6,779
Client assistance	2,278	12,941,856	12,944,134	-	-	-
Contracted staff	122,338	919,048	1,041,386	210,955	39,033	249,988
Data hosting	-	92,088	92,088	-	-	-
Depreciation	57,879	-	57,879	1,942	-	1,942
Development consultant fees	230,000	-	230,000	-	-	-
Dues/subscriptions	3,898	1,054	4,952	2,394	335	2,729
Insurance	3,826	-	3,826	29,886	-	29,886
Legal & professional	17,925	-	17,925	17,500	-	17,500
Maintenance/ repairs	20,722	20,000	40,722	26,497	-	26,497
Office expense	170,592	53,318	223,910	59,742	16,917	76,659
Payroll taxes and fringe benefits	73,928	632,279	706,207	49,098	29,639	78,737
Postage	2,349	-	2,349	-	-	-
Printing	191	-	191	392	506	898
Recognition luncheon	175	-	175	6,720	-	6,720
Rent/occupancy	36,077	56,590	92,667	15,999	-	15,999
Salaries & wages	240,467	1,378,902	1,619,369	97,576	56,159	153,735
Shelter support	-	544,962	544,962	-	-	-
Telephone/Internet	2,753	27,025	29,778	10,727	-	10,727
Travel & lodging	39	937	976	697	4	701
Total	<u>\$ 1,009,365</u>	<u>\$ 16,668,434</u>	<u>\$ 17,677,799</u>	<u>\$ 608,419</u>	<u>\$ 145,044</u>	<u>\$ 753,463</u>
						<u>\$ 18,431,262</u>

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

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
		(Restated)
Cash flows from operating activities:		
Change in net assets	\$ 3,551,433	\$ 1,142,042
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Reclass notes payable into net assets with donor restrictions	(3,659,614)	-
Amortization of right of use asset	12,359	9,750
Depreciation expense	59,821	59,821
Bad debt expense	-	14,544
SBA payroll protection plan loan forgiveness	-	(263,777)
Changes in certain assets and liabilities:		
Accounts receivable	142,414	(535,568)
Grants receivable	569,158	(379,911)
Prepaid expenses	5,026	5,068
Accrued interest receivable	(145,844)	(172,094)
Lease deposit	-	400
Accounts payable	224,643	289,629
Accounts payable - Housing Authority of the City of Vancouver	2,006	82,666
Accrued interest payable	-	(34,723)
Rent received in advance	2,634	(975)
Tenant security deposits payable	<u>(1,134)</u>	<u>(3,402)</u>
Net cash provided by operating activities	762,902	213,470
Cash flows from investing activities:		
Loan receivable	-	(994,219)
Cash flows from financing activities:		
Proceeds from notes payable - City of Vancouver	-	85,000
Net proceeds from notes payable - Community Foundation for Southwest Washington	-	500,000
Payments from notes payable - Community Foundation for Southwest Washington	(500,000)	-
Proceeds from notes payable - Clark County	<u>-</u>	<u>859,614</u>
Net cash provided (used) by financing activities	\$ <u>(500,000)</u>	\$ <u>1,444,614</u>

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COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
		(Restated)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 262,902	\$ 663,865
Cash, cash equivalents and restricted cash, beginning of year	<u>2,165,756</u>	<u>1,501,891</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,428,658</u>	<u>\$ 2,165,756</u>
Supplemental schedule of noncash investing/financing activities:		
Assign land, construction in progress, accrued interest payable and notes payable due to Community Foundation for Southwest Washington and Housing Authority of the City of Vancouver to The Meridian Vancouver LLLP	\$ -	\$ 700,173
Reclass notes payable into net assets with donor restrictions	\$ 3,659,614	\$ -

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

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

The Council for the Homeless (the Organization) is a Washington not-for-profit corporation that was established in 1989 through an intergovernmental agreement between the City of Vancouver (COV), Clark County, and the Housing Authority of the City of Vancouver (VHA). The Organization is made up of the Council for the Homeless (the Council) and Housing Initiative LLC (the LLC).

The Council provides leadership, advocacy and coordination to create long-term solutions to homelessness, resulting in housing stability and a more livable community. The Council operates various programs to accomplish their vision and mission:

Inspiring Community Conversations and Action

The Council acts as the collaborative application for the Clark County/City of Vancouver Continuum of Care (CoC). In this role, the Council serves as the lead for the Clark County Homeless Action Plan, and facilitates and coordinates numerous committees and workgroups. This includes the CoC Steering Committee, which is the governance body of the CoC and the Coalition of Service Providers for the Homeless comprised of leaders from over 70 community programs. The Council also leads local policy efforts to prevent and end homelessness and increase affordable housing.

Bridging Short-Term Needs and Systemic Change through Effective Coordination

The Council works to ensure that responses to people without homes are well coordinated and driven by community needs. The Council operates the following programs to support this direction and their program expenses were included as part of Coordinated Assessment/Diversion/Housing Relief Fund in the accompanying Consolidated Statements of Functional Expenses.

Housing Solutions Center (HSC): The HSC is a one-stop access point for all publicly funded emergency shelter, homelessness prevention and housing programs for people who are homeless in Clark County. At the HSC, we determine the best-fit program for someone's needs and connect them to that partnering agency's program. We also help connect people to other forms of assistance they might need such as employment training or health insurance.

Winter Hospitality Overflow Shelter (WHO): WHO provides safe shelter during the winter months to families and individuals experiencing homelessness. WHO guests are offered a warm place to sleep, a hot shower, a meal, and the welcome and warmth of a caring community working to address the most basic of human needs.

Diversion: Staff works with families and individuals experiencing homelessness or at-risk of homelessness to regain or maintain stable housing through coaching, assistance with navigating the housing market, and by connections through community partners and services. These services are provided at the Housing Solutions Center and through a partnership with local schools.

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES - (CONTINUED)

Bridging Short-Term Needs and Systemic Change through Effective Coordination - (Continued)

Homeless Management Information System (HMIS): The Council takes the lead in data collection through a web-enabled Homeless Management Information System which links homeless programs and gathers long-term unduplicated information. To supplement this data, the Council directs a biennial "point-in-time" survey of people who are homeless or at-risk.

Project Homeless Connect: The annual Project Homeless Connect event offers people without homes services provided on one day in a centralized location. The purpose is to engage the community in the effort to provide services, link service providers together, and to give people without homes an opportunity to access important resources like medical, dental, vision, legal, housing, etc.

Housing Initiative LLC

On March 23, 2016, Housing Initiative LLC (the LLC) was formed to increase and preserve the community's supply of affordable housing including, but not limited to, by working with government entities, the private sector, nonprofits, foundations, and other community stakeholders to create policies, funding, and partnerships necessary to finance, develop, own, and manage affordable housing. The Council is a sole member of the LLC. The LLC expenses were included as part of Planning/Coordination/Permanent Housing in the accompanying Consolidated Statements of Functional Expenses.

The Pacific

On December 3, 2018, The Pacific LLC was formed by the LLC to acquire, construct, own, and operate The Pacific Apartments, an 18-unit housing complex located in Vancouver, Washington to serve low income households. The LLC is the sole member of The Pacific LLC. The Pacific Apartments obtained the certificate of occupancy on March 23, 2020. The operating agreement provides the term of this Company to be perpetual, unless earlier dissolved.

The Elwood

On February 6, 2019, The Elwood Apartments GP LLC was formed by the LLC to acquire, construct, own, and operate The Elwood Apartments, a 46-unit housing complex in Vancouver, Washington to serve low income households. The LLC is the sole member of The Elwood Apartments GP LLC. On February 1, 2020, The Elwood Apartments GP LLC entered into the First Amended and Restated Limited Partnership Agreement (the Partnership Agreement) of The Elwood LLLP, a Washington limited liability limited partnership, as the General Partner. The partners also include the Housing Authority of the City of Vancouver, a public body corporate and politic of the State of Washington (the Withdrawing Limited Partner and Special General Partner) and Hunt Capital Partners Tax Credit Fund 26, LP, a Delaware limited partnership (the Investor Limited Partner). Pursuant to the Partnership Agreement, profit and Losses are allocated 99.99% to the Investor Limited Partner, 0.005% to Special General Partner, and 0.005% to the General Partner.

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES - (CONTINUED)

Housing Initiative LLC - (Continued)

The Elwood - (Continued)

The purpose of the Partnership is to acquire, hold, invest in, construct, develop, improve, maintain, operate, lease, sell, and mortgage The Elwood Apartments. The Partnership Agreement provides the term of this partnership to be perpetual, unless earlier dissolved.

The Meridian

On January 14, 2020, The Meridian GP LLC was formed by the LLC to operate the Meridian Vancouver LLLP. The LLC is the sole member of The Meridian GP LLC. On April 29, 2021, the Partnership agreement was amended for HCP-ILP, LLC, a Nevada Limited Liability Company (the Limited Partner) to enter as the Limited Partner and for the withdrawal of the Housing Authority of the City of Vancouver ("VHA") as the Limited Partner. VHA retained a role as the Special General Partner. Pursuant to the Partnership Agreement, profit and Losses are allocated 99.99% to the Limited Partner, 0.005% to Special General Partner, and 0.005% to the General Partner. The purpose of the Partnership is to acquire, hold, invest in, construct, develop, improve, maintain, operate, lease, sell, and mortgage The Meridian Apartments. The partnership agreement provides the term of this partnership to be perpetual, unless earlier dissolved.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accrual method of accounting is used for financial statement purposes.

Principles of Consolidation

The accompanying consolidated financial statements of the Organization include accounts of Council for the Homeless (the Council) and Housing Initiative LLC (the LLC); the Council is a sole member of the LLC; the LLC is a sole member of The Pacific LLC, The Elwood Apartments GP LLC, and The Meridian GP LLC. All inter-company transactions and accounts have been eliminated in the consolidation.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Federal Income Taxes

The Council is exempt from federal income taxes as an entity described in Section 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for federal income taxes in these financial statements and no federal income taxes were paid. In addition, the Council has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income earned.

The Council is the sole member of the LLC; therefore, the LLC is a disregarded entity for federal income tax purposes.

Tax Positions

Accounting principles generally accepted in the United States of America require an entity's management to evaluate tax positions taken by the entity and to recognize a tax liability if the entity has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. For non-profit organizations this would result from engaging in activities that are not exempt from income taxation under the Internal Revenue Code.

Management does not believe the Organization has engaged in any transaction or activity that is not exempt from income taxation and/or that would result in income taxation and has therefore concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of an income tax liability or other disclosure in the consolidated financial statements or the accompanying notes.

The Organization files information returns in the United States and the state of Washington. Generally, the Organization's returns remain open for three years for federal tax examination. There are currently no examinations in progress.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fixed Assets and Depreciation

Property and equipment costing more than \$5,000 with an expected useful life greater than one year is capitalized at cost when purchased or at estimated fair value at the time of donation. Depreciation is calculated on the straight-line basis over the estimated useful lives that range from forty years for building, five to seven years for furniture, machinery and equipment, and three years for software. Leasehold improvements are depreciated over the life of the lease.

Should an asset be donated to the Organization, it is reported as net assets without donor restrictions unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Concentration of Revenue and revenue recognition

A major portion of the Organization's annual operating budget comes from annual grants and contributions received from the Clark County Washington, City of Vancouver Washington, Housing Authority of the City of Vancouver, Washington State Department of Commerce and Department of Housing and Urban Development. During the years ended December 31, 2022 and 2021, the funds received from Eviction Rent Assistance Program (ERAP), T-RAP Rent Assistance Program (T-RAP) and TERA Rent Assistance Program (TERA) in the amount of \$9,080,556 and \$1,982,743, respectively, were passed through from Clark County Washington and Washington State Department of Commerce. Also see Note 13. The contributions are received through intergovernmental agreements to assist the Organization in carrying out its mission. Revenue from grants is recognized in the period designated by the grantor as the associated costs are incurred.

Rental Revenue

Rental revenue is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are operating leases. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges, which are recognized as performance obligations are satisfied.

Deferred Development Consultant Revenue

Deferred development consultant revenue is recognized as performance obligations are satisfied.

Advertising

Advertising costs are expensed as they are incurred. For the years ended December 31, 2022 and 2021, advertising expenses were \$6,083 and \$9,415, respectively.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction period expires or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. When restrictions imposed on contributions received are met in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. Conditional contributions received are accounted as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome. Unconditional contributions with no purpose or time restricted are recognized as revenue without donor restrictions.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Accounts and Grants Receivable

Accounts receivable are stated at an amount management expects to collect from outstanding balances for fees and grant amounts earned but not yet received as of the consolidated financial statement date. The Organization writes off individual accounts receivable when they are determined to be uncollectible. At December 31, 2022 and 2021, the Organization considered all remaining accounts receivable to be fully collectible. Accordingly, there were no allowance for doubtful accounts.

Loans Receivable

Loans receivable are due from related entities owning low-income, multifamily housing. The loans receivable are to be paid from cash flow. Also see Note 7.

Donations In-Kind

Donations in-kind are recorded as revenue in the year received. The in-kind donations were provided by Housing Authority of the City of Vancouver (VHA) for information technology, human resource and payroll services. For the years ended December 31, 2022 and 2021, in-kind donations from VHA totaled \$273,648 and \$133,058, respectively.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, all highly liquid investments available for current use with an initial maturity of three months or less are deemed to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Cash and cash equivalents	\$ 2,163,498	\$ 1,944,062
Housing projects reserve	241,346	196,746
Tenant trust - security deposits	<u>23,814</u>	<u>24,948</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ <u>2,428,658</u>	\$ <u>2,165,756</u>

Change in Accounting Principle

Effective December 31, 2022, the Organization retrospectively adopted ASU 2016-02 (Leases Topic 842) and the provisions of ASC 842. ASC 842 requires that for leases greater than 12-months in lease terms, be presented on the balance sheets as Right-of-Use Assets and Lease Liabilities. See Note 3 for additional information.

The adoption of ASC 842 increased both Assets and Liabilities on the balance sheets by \$198,544 and \$208,294, respectively, for the year ended December 31, 2021. The change resulted in additional expense of \$9,750 recorded for the year ended December 31, 2021, decreasing net asset without donor restrictions by the same amount.

Subsequent Event

Management of the Organization has evaluated events and transactions occurring after December 31, 2022 through September 28, 2023, the date the consolidated financial statements were available for issuance, for recognition or disclosure in the consolidated financial statements. There were no events and transactions that required recognition and disclosure in the consolidated financial statements.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - OPERATING LEASES

Commercial Leases - VHA

The Organization has two month-to-month lease agreements for two suites with the Housing Authority of the City of Vancouver (VHA), located at 2500 Main Street, Vancouver.

The First Lease Agreement

Prior to June 30, 2020, the monthly base rent for a suite was \$377. Beginning July 1, 2020, the base rent increased to \$1,529 per month and increases 3% annually beginning July 1, 2021. The office lease agreement has three successive lease renewal options of one year each starting July 1, 2020.

The Second Lease Agreement

During 2021, the Council entered an office lease agreement to lease another suite for a monthly base rent of \$377 beginning January 1, 2021 with three successive lease renewal options of one year each. Beginning January 1, 2022, the monthly base rent is \$1,000 and increases 3% annually beginning January 1, 2023.

Commercial Lease - Share

The Organization has entered into a lease agreement with Share Inc. On January 22, 2020, the Council renewed the lease for the term beginning January 1, 2020 with a five-year commitment. There will be no penalty on either party if the lease is cancelled, if the canceling party provides a ninety day notice of intent to cancel. The rent increases 4% annually beginning January 1, 2021. For calendar years 2022 and 2021, the monthly rent for the building and use of four offices was \$3,458 and \$3,370, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS WITH THE ELWOOD AND THE MERIDIAN

Loans Receivable

See Note 7.

Commitments

See Note 11.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - RELATED PARTY TRANSACTIONS WITH THE ELWOOD AND THE MERIDIAN - (CONTINUED)

Development Fees

The Elwood

In February 2020, the LLC entered into a development agreement with The Elwood LLLP as a developer. The Elwood LLLP agreed to pay in the aggregate amount of \$875,000 for a development fee. The fee was paid from capital contributions and cash flow, as defined in the Partnership Agreement. The entire balance should be earned upon issuance of certificates of occupancy for all building in the Elwood Apartments. \$675,000 of the fee shall be paid within 3 years from the date of the development agreement. The remaining balance of \$77,925 shall be payable by the earlier of 15 years following the date of completion, December 31, 2036 or the date of liquidation of the Elwood LLLP. The outstanding balance bears no interest. As of December 31, 2022 and 2021, the development fee of \$875,000 was fully earned. As of December 31, 2021, the development fee receivable totaled \$752,925, which was included in accounts receivable in the accompanying consolidated statements of financial position. During 2022, the developer fee was received in full.

In February 2020, the LLC entered into a development consultant agreement with VHA which provides for a development consultant fee of \$260,000 for The Elwood Apartments. As of December 31, 2022 and 2021, \$260,000 and \$160,000 were earned, respectively. As of December 31, 2021, the developer fee payable totaled \$62,691. During 2022, the developer fee was paid in full.

The Meridian

In April 2021, the LLC entered into a development agreement with The Meridian Vancouver LLLP as a developer. The Meridian Vancouver LLLP agrees to pay in the aggregate amount of \$900,000 for a development fee. The fee is paid from capital contributions and cash flow, as defined in the Partnership Agreement. The entire balance should be earned upon issuance of certificates of occupancy for all building in The Meridian Apartments. \$751,145 of the fee shall be paid within 3 years from the date of the development agreement. The remaining balance of \$148,855 shall be payable by the earlier of 15 years following the date of completion, December 31, 2037 or the date of liquidation of The Meridian Vancouver LLLP. The outstanding balance bears no interest. As of December 31, 2022 and 2021, \$900,000 and \$599,842 were earned, respectively. As of December 31, 2022 and 2021, the development fee receivable totaled \$700,000 and \$399,842, which was included as accounts receivable in the accompanying consolidated statements of financial position.

In June 2019, the LLC entered into a development consultant agreement with VHA which provides for a development consultant fee of \$260,000 for The Meridian Apartments. As of December 31, 2022 and 2021, \$234,000 and \$130,000 were earned respectively. As of December 31, 2022 and 2021, the developer fee payable totaled \$195,000 and \$91,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022 and 2021, net assets with donor restrictions are the following:

	<u>2022</u>	<u>2021</u>
Winter Hospitality Overflow	155,483	\$ 107,772
Good Deed with Beads	-	1,147
Coordinated Outreach	31,719	150,532
Building Changes - FACE	-	29,117
Housing Relief Fund	-	21,331
VPS Families Fund	6,943	5,892
ESD Family Stability	55,532	7,043
HMIS Foundation	-	23,947
Molina Health Care	-	4,382
Emergency Response Funds	13,076	64,830
Kaiser Mentorship	2,050	10,000
SWACH ECI Investment	20,000	-
KTTF Evergreen/Camas	10,000	-
HSSP ESD	-	50,000
Block Grant	<u>3,659,614</u>	<u>-</u>
Total	<u>\$ 3,954,417</u>	<u>\$ 475,993</u>

The Pacific

In March 2022, the LLC and Clark County agreed to convert the original loan of \$1,800,000 to a block grant and Clark County agrees to record documents rescinding the promissory note and deed of trust associated with the original loan. All other terms and conditions of the original contract, as amended, remain the same. The grant has a compliance and affordability period ending in 2049. Also see Note 7.

The Elwood

In March 2022, the LLC and Clark County agreed to convert the original loan of \$1,000,000 to a block grant. All other terms and conditions of the original contract, as amended, remain the same. The grant has a compliance and affordability period ending in 2050. Also see Note 7.

The Meridian

In March 2022, the LLC and Clark County agreed to convert the original loan of \$859,614 to a block grant. All other terms and conditions of the original contract, as amended, remain the same. The grant has a compliance and affordability period ending in 2053. Also see Note 7.

NOTE 6 - FAIR VALUE MEASUREMENT

The Organization's financial instruments consist of cash, accounts receivable and accounts payable. The recorded values of these instruments approximate their fair values based on their short-term nature.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES PAYABLE (IN ORDER OF LIEN PRIORITY) AND LOANS RECEIVABLE

As of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Community Foundation for Southwest Washington		
Non-Current	\$ -	\$ 500,000
City of Vancouver, Washington		
Current	9,744	6,593
Non-Current	1,690,256	1,693,407
Clark County, Washington		
Non-Current	<u>-</u>	<u>3,659,614</u>
Total	<u>\$ 1,700,000</u>	<u>\$ 5,859,614</u>

Community Foundation for Southwest Washington (CFSWWA)

Council for the Homeless

During 2021, the Council entered into a promissory note agreement in the amount of \$500,000 with CFSWWA, and the purpose of this loan was to assist the Council in disbursing rental assistance payments to Clark County landlords. The loan bears no interest, and matures on February 28, 2023 with a balloon payment. During 2022, the note payable was paid in full.

Housing Authority of the City of Vancouver (VHA)

The Pacific

During 2017, the LLC entered into a promissory note agreement in the amount of \$500,000 with VHA to acquire land and construct The Pacific Apartments. The note bears interest at a fixed rate of 1% per annum for 50 years. Annual payments of \$12,756 are due beginning June 15, 2019 with the final payment due on June 15, 2068. The note is secured by a deed of trust and security agreement. On October 18, 2018, the LLC assigned all of its rights, obligations and liabilities under the loan documents with VHA to The Pacific LLC pursuant to the Assignment, Assumption and Consent Agreement. As of December 31, 2022 and 2021, no loan proceeds had been disbursed.

The Meridian

On November 11, 2019, the LLC entered into a promissory note agreement in the amount of \$300,000 with VHA for the construction of The Meridian Apartments. The note bears 0% interest. Pursuant to Vancouver Housing Authority Promissory Note Amendment dated December 22, 2020, the full payment of the note was due at the closing of the Meridian construction and/or permanent financing, but no later than June 30, 2021. During 2020, loan proceeds totaling \$300,000 had been disbursed. During 2021, the note was assigned to The Meridian Vancouver LLLP.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES PAYABLE (IN ORDER OF LIEN PRIORITY) AND LOANS RECEIVABLE - (CONTINUED)

City of Vancouver, Washington (COV)

The Pacific

During 2017, the LLC entered into a promissory note agreement in the amount of \$250,000 with COV to acquire land and construct The Pacific Apartments. \$125,000 is provided in the form of a forgivable loan at 0% interest. The loan shall be forgiven on December 1, 2042 provided the designated Affordable Housing Fund units remain affordable to people with income at or below 50% AMI throughout the loan period. The remaining \$125,000 is provided in the form of a loan at a fixed interest rate of 1% with repayment over 20 years beginning December 1, 2023. The loan will be fully amortized over 50 years. Annual payments of \$3,189 will be due starting December 1, 2023 and continuing through December 1, 2042. At the end of 20 years, the terms of the remaining balance will be negotiated. The note is secured by a deed of trust and security agreement. As of December 31, 2022 and 2021, the note payable totaled \$250,000 each year.

On July 15, 2019, the LLC entered into a promissory note agreement in the amount of \$600,000 with COV to acquire land and construct The Pacific Apartments. \$300,000 is provided in the form of a forgivable loan at 0% interest. The loan shall be forgiven on December 1, 2040 provided the 17 Affordable Housing Fund units remain affordable to households earning up to 50% AMI throughout the loan period. The remaining \$300,000 is provided in the form of a loan at a fixed interest rate of 1% with repayment over 50 years beginning December 1, 2024. The loan will be fully amortized over 50 years. Annual payments of \$7,654 will be due starting December 1, 2024 and continuing through December 1, 2073. The note is secured by a deed of trust and security agreement. As of December 31, 2022 and 2021, the note payable totaled \$600,000 each year.

The Elwood

The LLC entered into an agreement with the City of Vancouver, Washington ("the City Agreement") on February 6, 2020 whereby the City agreed to loan \$850,000 to the LLC ("the City Loan"). \$425,000 is provided in the form of a forgivable loan at 0% interest. The loan shall be forgiven on December 1, 2041 provided the designated Affordable Housing Fund units remain affordable to people with income at or below 50% AMI throughout the affordability period as defined in the City Agreement. The remaining \$425,000 is provided in the form of a loan at a fixed interest rate of 1% with annual payments of \$10,842.91 commencing on December 1, 2021 and continuing through December 1, 2070. The loan was payable solely from cash flow from the LLC loan to The Elwood LLLP as defined in the Partnership agreement of the Elwood LLLP. As of December 31, 2022 and 2021, the notes payable due to City of Vancouver totaled \$850,000 each year. Also see Note 7- Clark County below.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES PAYABLE (IN ORDER OF LIEN PRIORITY) AND LOANS RECEIVABLE - (CONTINUED)

Clark County

The Pacific

On December 7, 2018, The Pacific LLC entered into a promissory note in the amount of \$1,800,000 with Clark County. The note bears interest at a fixed rate of 1% per annum on the unpaid balance for 50 years. Interest shall accrue only in 2024 to 2049 until paid, with a balloon payment owing in 2049. As of December 31, 2021, the note payable totaled \$1,800,000. During March 2022, the note was converted to a block grant with no expectation of repayment provided the 30-year affordability period is maintained. Also see Note 5.

The Elwood

In order to provide a portion of the funding for the development of The Elwood Apartments, the LLC entered into a contract with Clark County ("the County Contract") on December 28, 2018. The County Contract provided for a loan of \$1,000,000 at 0% interest beginning January 1, 2021 from the County to the LLC that might be forgiven on December 1, 2050 ("County Loan"), if the Elwood Apartments remained at least 50% of the units for homeless person throughout the affordability period as described in the County Contract. As of December 31, 2021, the notes payable due to Clark County totaled \$850,000. During March 2022, the note was converted to a block grant with no expectation of repayment provided the 30-year affordability period is maintained. Also see Note 5.

On February 1, 2020, the LLC ("the Lender") entered into a subordinate sponsor loan agreement with The Elwood LLLP ("the Borrower") whereby the Lender agreed to lend the proceeds of the County loan and the City loans to the Borrower in the form of two subordinate sponsor loans - Tranche A and Tranche B. Tranche A provides for a loan from the Lender to the Borrower in the maximum amount of \$850,000, with interest accrued on the unpaid balance at the rate of 4.0% per annum, compounded annually, payable from cash flow (as defined in the Partnership agreement of The Elwood LLLP), with a maturity date of January 1, 2075. Tranche B, in the maximum amount of \$1,000,000, has the same terms and conditions as Tranche A. The notes are secured by a deed of trust, assignment of rents and leases, security agreement and fixture filing. As of December 31, 2022, the loans receivable and interest receivable due from The Elwood LLLP totaled \$1,850,000 and \$208,347, respectively. As of December 31, 2021, the loans receivable and interest receivable due from The Elwood LLLP totaled \$1,850,000 and \$129,180, respectively.

The Meridian

During 2019, the LLC received a recoverable block grant from Clark County in the original amount of \$650,000 which increased to \$859,614 during 2020. The grant is to be used to ensure The Meridian Apartments was completed in a timely manner so that the Certificate of Occupancy was issued no later than August 31, 2022. The certificates of occupancy were issued in June 2022. The recoverable grant has an affordability provision compliance period of 30 years from January 1, 2023. As of December 31, 2021, the recoverable grant was presented as notes payable totaled \$859,614. Also see Note 5.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES PAYABLE (IN ORDER OF LIEN PRIORITY) AND LOANS RECEIVABLE - (CONTINUED)

Clark County - (Continued)

The Meridian - (Continued)

During 2021, the LLC ("the Lender") entered into a subordinate sponsor loan agreement with The Meridian Vancouver LLLP ("the Borrower") whereby the Lender agreed to lend the proceeds of the County award from Clark County, Washington and the Rotary award from Vancouver Metro Sunset Rotary in the amount of \$859,613 and \$50,000, respectively. The subordinate sponsor loan provides in the maximum amount of \$909,613, with interest accrued on the unpaid balance at the rate of 7% per annum, starting from the first disbursed date. The loan matures on May 31, 2072 and is payable from cash flow (as defined in the Partnership agreement of The Meridian Vancouver LLLP). The loan is secured by a deed of trust, assignment of rents and leases, security agreement and fixture filing. As of December 31, 2022, the loan receivable and interest receivable due from The Meridian Vancouver LLLP totaled \$909,613 and \$109,591, respectively. As of December 31, 2021, the loan receivable and interest receivable due from The Meridian Vancouver LLLP totaled \$909,613 and \$42,914, respectively.

Washington Statement Department of Commerce

The Meridian

During 2021, the Organization entered into a contract with Washington State Department of Commerce ("DOC") ("the DOC Contract") to provide a portion of the funding for the development of The Meridian Apartments. The DOC Contract provided for funding from the Housing Trust Fund ("HTF") of \$1,500,000 at 1% interest beginning May 28, 2022 for 40 years. A lump sum payment of \$2,099,958 for the loan principal and accrued interest was due and payable on the maturity date. In April 2021, the note was assigned to The Meridian Vancouver LLLP.

SBA Payroll Protection Plan Loan

On May 1, 2020, the Organization was granted a forgivable loan (the "Loan") from Lewis and Clark Bank in the aggregate amount of \$263,777, pursuant to the Payroll Protection Program (the "PPP"), under Division A, Title I of the CARES Act, what was enacted March 27, 2020. The Loan, which was evidenced by a Promissory Note dated May 1, 2020, bears interest at 1.00% per annum, payable monthly, commencing on December 5, 2020. The term of the Loan was for two years. In March 2021, the loan was forgiven in full.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES PAYABLE (IN ORDER OF LIEN PRIORITY) AND LOANS RECEIVABLE - (CONTINUED)

As of December 31, 2022 and 2021, it is not practicable to make estimate of fair value for the notes payable.

The following schedule outlines principal amounts due on the notes:

<u>Year</u>	<u>Amount</u>
2023	\$ 9,744
2024	14,467
2025	14,584
2026	14,702
2027	14,819
2028 and later years	<u>1,631,684</u>
	<u>\$ 1,700,000</u>

NOTE 8 - PROPERTY MANAGEMENT FEE

During 2019, The Pacific LLC entered into a management agreement with Quantum Residential LLC (Quantum) for a management fee of 7.5% of all rents, laundry, vending and other residential income collected. Effective February 1, 2022, The Pacific LLC switched the property management company to VHA for a management fee of 6% of the gross collections as defined in the property management agreement. During 2022 and 2021, the property management fees were charged and paid \$12,380 and \$17,925, respectively.

NOTE 9 - HOUSING PROJECTS RESERVE

During 2020, the Organization funded a separate housing projects reserve account with the funding from Clark County and PeaceHealth for the development of The Pacific Apartments. As of December 31, 2022 and 2021, the account totaled \$241,346 and \$196,746, respectively.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources. The Organization's financial assets available within one year of the consolidated statements of financial position for general expenditure are as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Cash and cash equivalents	\$ 2,163,498	\$ 1,944,062
Accounts receivable	1,014,870	1,157,284
Grants receivable	<u>1,485,913</u>	<u>2,055,071</u>
	<u>\$ 4,664,281</u>	<u>\$ 5,156,417</u>

NOTE 11 - COMMITMENTS

Access Architecture

The Meridian

On June 21, 2018, the LLC signed a separate agreement with Access Architecture in the amount of \$221,105. The services to be provided were architectural services to develop The Meridian Apartments. Either the owner or the architect might terminate the agreement at any time where all costs incurred up to the date of the termination would be due to the architect. As of December 31, 2021, the total costs incurred \$81,625, all of which were financed by VHA and included in the note payable - Housing Authority of the City of Vancouver in the consolidated statements of financial position. As of December 31, 2021, there was no payable to Access Architecture. In April 2021, all of the LLC's right, title, interest and obligation with Access Architecture were assigned to The Meridian Vancouver LLLP pursuant to the Assignment Agreement (Architecture Agreement).

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - COMMITMENTS - (CONTINUED)

Otak, Inc.

The Meridian

During 2019, the LLC signed two agreements with Otak, Inc. in the total amount of \$221,280 for City Pre-application supports and civil engineering services for The Meridian Apartments. Either party may terminate the agreements where costs incurred up to the date of the termination will be due. As of December 31, 2021, the total cost incurred \$189,457, and all of which were financed by VHA and included in the notes payable - Housing Authority of the City of Vancouver in the consolidated statements of financial position. As of December 31, 2021, there was no payable to Otak, Inc. In April 2021, all of the LLC's right, title, interest and obligation with Otak, Inc. were assigned to The Meridian Vancouver LLLP pursuant to the Assignment Agreement (Engineer Agreement).

Earth Engineers. Inc.

The Meridian

On April 23, 2019, the LLC signed an agreement with Earth Engineers Inc. in the amount of \$19,688. The services to be provided were subsurface investigations for determination of the soil and rock conditions at the site of The Meridian Apartments. Either party might terminate the agreement costs incurred up to the date of the termination would be due. As of December 31, 2021, the total cost incurred and paid was \$11,144. During 2022, there was no cost incurred or paid.

NOTE 12 - GUARANTIES

The Elwood

Comprehensive Guaranty

In accordance with the first amended and restated limited partnership agreement of The Elwood LLLP, The Elwood Apartments GP LLC, as a general partner, provides an unconditional guaranty to (a) complete the construction of the Elwood Apartments on or before December 31, 2021, (b) insure the full funding of the loans, (c) assure the Elwood Apartments satisfies the minimum set-aside test and rent restriction test on or before December 31, 2021 and (d) is obligated to fund the development deficits as defined in the development agreement dated February 1, 2020 between the LLC and the Elwood LLLP. In January 2021, the construction of The Elwood Apartments was completed.

In addition, The Elwood Apartments GP LLC provides a Housing Tax Credit Compliance Guaranty to limited partner for covering any obligation in the event that any amount is owed due a housing tax credit shortfall or housing tax credit disallowance event as defined in the partnership agreement.

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GUARANTIES - (CONTINUED)

Operating Deficit Guaranty

In accordance with the first amended and restated limited partnership agreement of The Elwood LLLP, The Elwood Apartments GP LLC has agreed to provide funds up to \$120,000 to the Partnership to cover the shortfall of the operating reserve during the operating deficit period as defined in the partnership agreement.

The Meridian

Comprehensive Guaranty

In accordance with the first amended and restated limited partnership agreement of The Meridian Vancouver LLLP dated April 29, 2021, The Meridian GP LLC, as a general partner, provides an unconditional guaranty to (a) complete the construction of The Meridian Apartments on or before December 31, 2022, (b) insure the full funding of the loans, (c) assure the Meridian Apartments satisfies the minimum set-aside test and rent restriction test on or before December 31, 2022 and (d) is obligated to fund the development deficits as defined in the partnership agreement. In September 2022, the construction of The Meridian Apartments was completed.

In addition, The Meridian GP LLC provides a Housing Tax Credit Compliance Guaranty to limited partners for covering any obligation in the event that any amount is owed due a housing tax credit shortfall or housing tax credit disallowance event as defined in the partnership agreement.

Operating Deficit Guaranty

In accordance with the first amended and restated limited partnership agreement of The Meridian Vancouver LLLP dated April 29, 2021, the Meridian GP LLC has agreed to provide funds up to \$133,000 to the Partnership to cover the shortfall of the operating reserve during the operating deficit period as defined in the partnership agreement.

Assignment

On April 29, 2021, costs of land, construction in progress, accrued interest payable and notes payable due to CFSWWA and VHA were assigned to The Meridian Vancouver LLLP at closing of syndication of The Meridian Apartments.

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - GRANT AGREEMENTS

ARP

During 2021, the Organization entered into 4 grant agreements/contracts with Clark County. The grants provided for a maximum of \$2,574,226 under the American Rescue Plan (ARP) Program for the period from July 2021 through December 31, 2024. For the years ended December 31, 2022 and 2021, the revenue recognized from ARP totaled \$851,746 and \$133,321, respectively

T-RAP And TERA

During 2021, the Organization entered into two grant agreements/contracts with Clark County. The agreements provided for a maximum of \$5,226,016 under the T-RAP Rent Assistance Program for the period from March 2021 through September 2022, for a maximum of \$1,758,781 under TRAP 2.0 for the period from Oct 2021 through June 2023, and for a maximum of \$14,817,637 under the TERA Rent Assistance Program for the period from March 2021 through June 30, 2023. For the years ended December 31, 2022 and 2021, the revenue recognized from T-RAP and TERA totaled \$10,684,466 and \$10,969,478, respectively.

ERAP

During 2021, the Organization entered into grant agreements/contracts with Clark County and Washington State Department of Commerce. The agreements provided for a maximum of \$17,320,183 under the Eviction Rent Assistance Program (ERAP) for the period from August 2020 through June 30, 2021. For the year ended December 31, 2021, the revenue recognized from ERAP totaled \$1,982,743.

NOTE 14 - HOUSING ASSISTANCE PAYMENT CONTRACT

In April 2020, The Pacific LLC entered into a Housing Assistance Payment (HAP) contract with VHA for 8 project-based voucher units. Lower rental charges to tenants are covered by the Pacific LLC through rent subsidies provided by VHA. During the years ended December 31, 2022 and 2021, rental assistance received from VHA and tenant-based voucher units totaled \$88,305 and \$204,741, respectively.

COUNCIL FOR THE HOMELESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

<u>Federal Grantor/Pass-Through or Cluster Title/Pass-Through Grantor/ Pass-Through Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Dept. of the Treasury			
Pass-through assistance:			
COVID-19 Homeless Youth Outreach Program, Washington State Department of Commerce #20-46303-109	21.019	\$ 81,588	\$ -
COVID-19 Housing Solutions Center, Motel Vouchers, Target Prevention Through Diversion Program, Clark County #2021-CHG-03 & #2022-CHG-02 & 03	21.019	192,321	-
COVID-19 Eviction Rent Assistance Program - T-RAP Rent Assistance Program, Clark County, Washington #2021-TRAP-03	21.023	1,011,079	-
COVID-19 Eviction Rent Assistance Program - T-RAP Rent Assistance Program 2.0, Clark County, Washington #2021-TRAP2-03	21.023	1,603,910	-
COVID-19 Eviction Rent Assistance Program - TERA Rent Assistance Program, Clark County, Washington #2021-TERA-03 & #2021-TERA2-03	21.023	\$ 7,919,547	\$ -

Continued on page 32.

COUNCIL FOR THE HOMELESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (CONTINUED)
Year Ended December 31, 2022

Federal Grantor/Pass-Through or Cluster Title/Pass-Through Grantor/ Pass-Through Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Dept. of the Treasury - (Continued)			
Pass-through assistance:			
COVID-19 Homeless Outreach Clark County, Washington #2021-ARP-02	21.027	\$ 291,537	\$ -
COVID-19 Motel Vouchers - Emergency Shelter, Clark County, Washington #2021-ARP-03	21.027	330,460	-
COVID-19 Homeless Management Information System, Clark County, Washington #2021-ARP-13	21.027	138,208	-
COVID-19 ARPA Community Planning, Clark County, Washington #2021-ARP-15	21.027	<u>91,541</u>	<u>-</u>
Total federal expenditures from U.S. Dept. of the Treasury		\$ 11,660,191	\$ -

Continued on page 33.

COUNCIL FOR THE HOMELESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (CONTINUED)
Year Ended December 31, 2022

Federal Grantor/Pass-Through or Cluster Title/Pass-Through Grantor/ Pass-Through Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
U.S Dept. of Housing and Urban Development			
Direct assistance:			
Continuum of Care Program #WA0191LOT081912 #WA0465LOT081900 #WA0477LOT082000	14.267	\$ 122,665	\$ -
Continuum of Care Program #WA0521DOT082100	14.267	42,649	-
Pass-through assistance:			
Community Development Block Grants/COVID-19 Community Development Block Grant - Corona Virus (CDBG-CV) (CDBG-Entitlement Grants Cluster), City of Vancouver, Washington #2021 CDBG-CV PRJ100452-CFTH-Dynamic Diversion & #2022 CDBG-CV PRJ100452-CFTH- Dynamic Diversion	14.218	71,844	-
Consolidated Homeless Grant - Homeless Management Information System, Clark County, Washington #2021-CHG-02 & #2022-CHG-02	14.267	97,024	-
Consolidated Homeless Grant - Coordinated Homeless Outreach Clark County, Washington #2021-CHG-01	14.XXX	\$ 211,531	\$ -

COUNCIL FOR THE HOMELESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (CONTINUED)
Year Ended December 31, 2022

Federal Grantor/Pass-Through or Cluster Title/Pass-Through Grantor/ Pass-Through Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
U.S Dept. of Housing and Urban Development - (Continued)			
Emergency Solutions Grant Program - Homeless Management Information System Clark County, Washington #2020-ESG-CV10.3	14.231	\$ 53,465	\$ -
Moving to Work Demonstration Program, Housing Authority of the City of Vancouver	14.881	<u>127,440</u>	<u>-</u>
Total federal expenditures from U.S Dept. of Housing and Urban Development		<u>726,618</u>	<u>-</u>
U.S Dept. of Veterans Affairs			
Direct assistance: Supportive Services for Veteran Families #MOU TPI & CFTH for SSVF	64.033	<u>20,832</u>	<u>-</u>
Total federal expenditures		\$ <u><u>12,407,641</u></u>	\$ <u><u>-</u></u>

COUNCIL FOR THE HOMELESS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Council for the Homeless (the Organization) under programs of federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operation of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-122 and the Uniform Guidance.

The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

ADDITIONAL INFORMATION

COUNCIL FOR THE HOMELESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2022

	<u>Council for the Homeless</u>	<u>Housing Initiative LLC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Assets:				
Cash and cash equivalents	\$ 1,365,274	\$ 798,224	\$ -	\$ 2,163,498
Accounts receivable	240,601	774,269	-	1,014,870
Grants receivable	1,485,913	-	-	1,485,913
Loans receivable	-	2,759,613	-	2,759,613
Prepaid expenses	13,544	-	-	13,544
Housing projects reserve	-	241,346	-	241,346
Tenant trust - security deposits	-	23,814	-	23,814
Accrued Interest Receivable	-	317,938	-	317,938
Property and equipment, net	3,786	2,373,762	-	2,377,548
Operating lease, right of use asset: office space, net	116,471	-	-	116,471
Lease deposits	<u>1,529</u>	<u>-</u>	<u>-</u>	<u>1,529</u>
Total assets	<u>\$ 3,227,118</u>	<u>\$ 7,288,966</u>	<u>\$ -</u>	<u>\$10,516,084</u>
Liabilities and net assets:				
Accounts payable	\$ 382,045	\$ 311,614	\$ -	\$ 693,659
Accounts payable - VHA	110,827	168,000	-	278,827
Rent received in advance	-	3,041	-	3,041
Tenant security deposits payable	-	23,814	-	23,814
Operating lease liability	138,580	-	-	138,580
Notes payable - COV	-	1,700,000	-	1,700,000
Note payable - CFSWWA	-	-	-	-
Notes payable - Clark County	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	631,452	2,206,469	-	2,837,921
Net assets				
Net assets without donor restrictions	2,300,830	1,422,916	-	3,723,746
Net assets with donor restrictions	<u>294,836</u>	<u>3,659,581</u>	<u>-</u>	<u>3,954,417</u>
Total net assets	<u>2,595,666</u>	<u>5,082,497</u>	<u>-</u>	<u>7,678,163</u>
Total liabilities and net assets	<u>\$ 3,227,118</u>	<u>\$ 7,288,966</u>	<u>\$ -</u>	<u>\$10,516,084</u>

COUNCIL FOR THE HOMELESS
CONSOLIDATED STATEMENT OF UNRESTRICTED REVENUE AND FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	<u>Council for the Homeless</u>	<u>Housing Initiative LLC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:				
Support:				
Contributions	\$ 405,477	\$ -	\$ -	\$ 405,477
Grants	16,590,028	-	-	16,590,028
Special Events	93,500	-	-	93,500
Developer fee income	-	300,158	-	300,158
Interest income	198	1	-	199
Other Income	<u>-</u>	<u>1,742</u>	<u>-</u>	<u>1,742</u>
Total unrestricted support	17,089,203	301,901	-	17,391,104
Net Rental Revenue	-	239,551	-	239,551
Interest revenue on loans receivable	-	145,844	-	145,844
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>630,481</u>	<u>-</u>	<u>-</u>	<u>630,481</u>
 Total unrestricted support and reclassifications	 17,719,684	 687,296	 -	 18,406,980
EXPENSES:				
Planning/Coordination/Data	402,961	591,744	-	994,705
Coordinated assessment/Diversion/ Housing Relief Fund	15,689,811	-	-	15,689,811
Supporting services:				
Management & General	1,453,079	-	-	1,453,079
Fund-Raising	<u>196,376</u>	<u>-</u>	<u>-</u>	<u>196,376</u>
Total	<u>17,742,227</u>	<u>591,744</u>	<u>-</u>	<u>18,333,971</u>
 Change in net assets from operations	 \$ <u>(22,543)</u>	 \$ <u>95,552</u>	 \$ <u>-</u>	 \$ <u>73,009</u>

COUNCIL FOR THE HOMELESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2021 (Restated)

	Council for the Homeless	Housing Initiative LLC	Eliminating Entries	Consolidated Total
Assets:				
Cash and cash equivalents	\$ 1,609,198	\$ 334,864	\$ -	\$ 1,944,062
Accounts receivable	-	1,157,284	-	1,157,284
Grants receivable	2,055,071	-	-	2,055,071
Loan receivable	-	2,759,613	-	2,759,613
Prepaid expenses	12,827	5,743	-	18,570
Housing projects reserve	-	196,746	-	196,746
Tenant trust - security deposits	-	24,948	-	24,948
Accrued interest receivable	-	172,094	-	172,094
Property and equipment, net	5,728	2,431,641	-	2,437,369
Operating lease, right of use asset: office space, net	198,544	-	-	198,544
Lease deposit	<u>1,529</u>	<u>-</u>	<u>-</u>	<u>1,529</u>
Total assets	<u>\$ 3,882,897</u>	<u>\$ 7,082,933</u>	<u>\$ -</u>	<u>\$10,965,830</u>
Liabilities and net assets:				
Accounts payable	\$ 302,907	\$ 166,109	\$ -	\$ 469,016
Accounts payable - VHA	72,297	204,524	-	276,821
Accrued interest payable	-	-	-	-
Rent received in advance	-	407	-	407
Tenant security deposits payable	-	24,948	-	24,948
Operating lease liability	208,294	-	-	208,294
Notes payable - COV	-	1,700,000	-	1,700,000
Note payable - CFSWWA	500,000	-	-	500,000
Note payable - VHA	-	-	-	-
Notes payable - Clark County	-	3,659,614	-	3,659,614
SBA PPP loan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	1,083,498	5,755,602	-	6,839,100
Net assets				
Net assets without donor restrictions	2,323,406	1,327,331	-	3,650,737
Net assets with donor restrictions	<u>475,993</u>	<u>-</u>	<u>-</u>	<u>475,993</u>
Total net assets	<u>2,799,399</u>	<u>1,327,331</u>	<u>-</u>	<u>4,126,730</u>
Total liabilities and net assets	<u>\$ 3,882,897</u>	<u>\$ 7,082,933</u>	<u>\$ -</u>	<u>\$10,965,830</u>

COUNCIL FOR THE HOMELESS
CONSOLIDATED STATEMENT OF UNRESTRICTED REVENUE AND FUNCTIONAL EXPENSES
For the year ended December 31, 2021 (Restated)

	<u>Council for the Homeless</u>	<u>Housing Initiative LLC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:				
Support:				
Contributions	\$ 509,698	\$ -	\$ -	\$ 509,698
Grants	16,974,090	75,230	-	17,049,320
Special Events	82,172	-	-	82,172
Developer fee income	-	731,223	-	731,223
Interest income	170	4	-	174
Other Income	<u>263,777</u>	<u>19,405</u>	<u>-</u>	<u>283,182</u>
Total unrestricted support	17,829,907	825,862	-	18,655,769
Net Rental Revenue	-	236,543	-	236,543
Interest revenue on loans receivable	<u>-</u>	<u>172,094</u>	<u>-</u>	<u>172,094</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>932,005</u>	<u>-</u>	<u>-</u>	<u>932,005</u>
 Total unrestricted support and reclassifications	18,761,912	1,234,499	-	19,996,411
EXPENSES:				
Planning/Coordination/Data	326,985	682,380	-	1,009,365
Coordinated assessment/Diversion/ Housing Relief Fund	16,668,434	-	-	16,668,434
Supporting services:				
Management & General	608,419	-	-	608,419
Fund-Raising	<u>145,044</u>	<u>-</u>	<u>-</u>	<u>145,044</u>
Total	<u>17,748,882</u>	<u>682,380</u>	<u>-</u>	<u>18,431,262</u>
 Change in net assets from operations	\$ <u>1,013,030</u>	\$ <u>552,119</u>	\$ <u>-</u>	\$ <u>1,565,149</u>



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Council for the Homeless
Vancouver, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Council for the Homeless (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 28, 2023.

Report on 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) as a basis for designing 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 Organization's 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.

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 - (CONTINUED)

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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
September 28, 2023



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Council for the Homeless
Vancouver, WA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Council for the Homeless' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2022. The Organization's major programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on the Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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.

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

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, 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 generally accepted auditing standards, *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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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

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 requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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, as defined above. 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.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
September 28, 2023

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses _____ Yes X No

Noncompliance material to financial statements
noted: _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses _____ Yes X 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 the
Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.023	Emergency Rental Assistance Program

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (CONTINUED)

Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS - (CONTINUED)

Dollar threshold used to distinguish between
Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee:

_____ Yes X No

SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS

No findings were noted.