

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022



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, 2023 and 2022, and the related consolidated 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

Subsequent Events

As discussed in Note 7 to the consolidated financial statements, on April 23, 2024, the Organization entered into a Secured Promissory Note with The First Firstenberg Foundation in the amount of \$3,500,000. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

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.

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 29 through 31 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, 2023.
- The Consolidated Statements of Unrestricted Revenue and Functional Expenses on pages 32 through 36 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, 2023 and 2022.

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 August 1, 2024, 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 2023.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
August 1, 2024

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
<u>ASSETS</u>	2023	2022
Current assets:		
Cash and cash equivalents	\$ 8,357,916	\$ 2,163,498
Accounts receivable	747,880	1,014,870
Grants receivable	889,449	1,485,913
Prepaid expenses	15,604	13,544
	10,010,849	4,677,825
Restricted deposits:		
Housing projects reserve	248,461	241,346
Tenant trust - security deposits	29,484	23,814
	277,945	265,160
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	30,662	8,973
	2,434,701	2,413,012
Accumulated depreciation	(324,806)	(265,464)
	2,109,895	2,147,548
Land	230,000	230,000
Operating lease, right of use asset: office space, net	33,979	116,471
	2,373,874	2,494,019
Accrued interest receivable	471,491	317,938
Loans receivable	2,759,613	2,759,613
	5,604,978	5,571,570
Other assets:		
Lease deposits	1,529	1,529
Pre-acquisition costs	7,000	-
	8,529	1,529
	\$ 15,902,301	\$ 10,516,084

Continued on page 5.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

	December 31,	
	2023	2022
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 471,081	\$ 693,659
Accounts payable - Housing Authority of the City of Vancouver	246,302	278,827
Rent received in advance	-	3,041
Tenant security deposits payable	29,484	23,814
Notes payable - current portion - City of Vancouver	<u>13,205</u>	<u>9,744</u>
	760,072	1,009,085
Non-current liabilities:		
Operating lease liability	53,134	138,580
Notes payable - City of Vancouver	<u>1,684,856</u>	<u>1,690,256</u>
	<u>1,737,990</u>	<u>1,828,836</u>
 Total liabilities	 2,498,062	 2,837,921
Net assets:		
Net assets without donor restrictions	4,400,851	3,723,746
Net assets with donor restrictions	<u>9,003,388</u>	<u>3,954,417</u>
	<u>13,404,239</u>	<u>7,678,163</u>
	<u>\$ 15,902,301</u>	<u>\$ 10,516,084</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

	Years ended December 31,	
	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
PROGRAM REVENUE		
Support:		
Contributions	\$ 494,874	\$ 405,477
Grants	12,199,251	16,590,028
Special events	142,675	93,500
Developer fee income	260,000	300,158
Interest income	46	199
Other Income	156,296	1,742
Total support revenue	13,253,142	17,391,104
Net rental revenue	259,358	239,551
Interest revenue on loans receivable	153,497	145,844
Net assets released from donor restrictions:		
Restrictions satisfied by payments	405,950	630,481
Total revenue	14,071,947	18,406,980
PROGRAM SERVICES		
Operating expenses:		
Planning/Coordination/Permanent housing	838,545	994,705
Coordinated assessment/Diversion/Housing relief fund	10,512,180	15,689,811
Supporting Service:		
Management & General	1,739,345	1,453,079
Fundraising	304,772	196,376
Total expenses	13,394,842	18,333,971
Increase in net assets without donor restrictions	677,105	73,009
Beginning net assets without donor restrictions	3,723,746	3,650,737
Total ending net assets without donor restrictions	\$ 4,400,851	\$ 3,723,746

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 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.

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

	Years ended December 31,	
	2023	2022
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	\$ 5,454,921	\$ 449,291
Block grants	-	3,659,614
Net assets released from donor restrictions	(405,950)	(630,481)
Increase in net assets with donor restrictions	5,048,971	3,478,424
Beginning net assets with donor restriction	3,954,417	475,993
Total ending net assets with donor restriction	\$ 9,003,388	\$ 3,954,417
TOTAL NET ASSETS:		
Beginning net assets	\$ 7,678,163	\$ 4,126,730
Net change	5,726,076	3,551,433
Total ending net assets	\$ 13,404,239	\$ 7,678,163

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, 2023

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>Total Expenses</u>
	<u>Planning/ Coordination/ Permanent Housing</u>	<u>Coordinated Assessment/ Diversion/ Housing Relief Fund</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
Accounting	\$ 1,965	\$ -	\$ 1,965	\$ 74,956	\$ -	\$ 74,956	\$ 76,921
Advertising	5,590	-	5,590	5,102	860	5,962	11,552
Bank & credit card fees	293	101	394	1,451	5,267	6,718	7,112
Client assistance	270	7,647,975	7,648,245	-	-	-	7,648,245
Contracted staff	136,972	338,341	475,313	1,106,040	106,900	1,212,940	1,688,253
Data hosting	-	141,199	141,199	-	-	-	141,199
Depreciation	57,399	-	57,399	1,942	-	1,942	59,341
Donations	-	-	-	500	-	500	500
Dues/subscriptions	1,000	3,570	4,570	11,944	5,193	17,137	21,707
In-kind	3,500	-	3,500	428	10,370	10,798	14,298
Insurance	13,438	-	13,438	34,130	-	34,130	47,568
Interest	1,302	-	1,302	-	-	-	1,302
Legal & professional	20,753	-	20,753	35,660	-	35,660	56,413
Maintenance/ repairs	35,112	-	35,112	-	-	-	35,112
Office expense	15,666	47,405	63,071	29,420	19,421	48,841	111,912
Payroll taxes and fringe benefits	87,877	648,985	736,862	133,415	49,841	183,256	920,118
Printing	441	3,491	3,932	1,662	10,066	11,728	15,660
Recognition luncheon	-	88	88	6,688	100	6,788	6,876
Rent/occupancy	42,119	59,533	101,652	6,463	-	6,463	108,115
Salaries & wages	281,609	1,566,128	1,847,737	277,634	94,540	372,174	2,219,911
Security	117,055	-	117,055	-	-	-	117,055
Telephone/Internet	10,290	41,676	51,966	69	438	507	52,473
Travel & lodging	5,894	13,688	19,582	11,841	1,776	13,617	33,199
Total	<u>\$ 838,545</u>	<u>\$ 10,512,180</u>	<u>\$ 11,350,725</u>	<u>\$ 1,739,345</u>	<u>\$ 304,772</u>	<u>\$ 2,044,117</u>	<u>\$ 13,394,842</u>

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

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - (CONTINUED)

Year Ended December 31, 2022

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>Total Expenses</u>
	<u>Planning/ Coordination/ Permanent Housing</u>	<u>Coordinated Assessment/ Diversion/ Housing Relief Fund</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
Accounting	\$ 2,640	\$ -	\$ 2,640	\$ 88,065	\$ -	\$ 88,065	\$ 90,705
Advertising	-	-	-	5,589	494	6,083	6,083
Bad debt	544	-	544	-	-	-	544
Bank & credit card fees	911	59	970	3,402	1,107	4,509	5,479
Client assistance	-	11,265,986	11,265,986	14	-	14	11,266,000
Contracted staff	184,462	841,573	1,026,035	848,442	66,353	914,795	1,940,830
Data hosting	-	141,767	141,767	-	-	-	141,767
Depreciation	57,879	-	57,879	1,942	-	1,942	59,821
Development consultant fees	204,000	-	204,000	-	-	-	204,000
Donations	20,000	-	20,000	700	-	700	20,700
Dues/subscriptions	833	1,458	2,291	12,735	3,033	15,768	18,059
In-kind	-	-	-	-	894	894	894
Insurance	5,743	-	5,743	28,769	-	28,769	34,512
Legal & professional	18,938	-	18,938	30,000	-	30,000	48,938
Maintenance/ repairs	16,362	2,653	19,015	-	-	-	19,015
Office expense	83,786	115,657	199,443	23,842	15,452	39,294	238,737
Payroll taxes and fringe benefits	93,128	746,063	839,191	74,244	34,532	108,776	947,967
Printing	259	58	317	828	1,382	2,210	2,527
Recognition luncheon	-	60	60	7,827	298	8,125	8,185
Rent/occupancy	42,095	58,154	100,249	22,784	-	22,784	123,033
Salaries & wages	255,142	1,757,647	2,012,789	275,236	72,303	347,539	2,360,328
Shelter support	-	688,856	688,856	-	-	-	688,856
Telephone/Internet	3,815	40,817	44,632	10,309	-	10,309	54,941
Travel & lodging	4,168	29,003	33,171	18,351	528	18,879	52,050
Total	<u>\$ 994,705</u>	<u>\$ 15,689,811</u>	<u>\$ 16,684,516</u>	<u>\$ 1,453,079</u>	<u>\$ 196,376</u>	<u>\$ 1,649,455</u>	<u>\$ 18,333,971</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

	Years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 5,726,076	\$ 3,551,433
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	(2,954)	12,359
Depreciation expense	59,341	59,821
Changes in certain assets and liabilities:		
Accounts receivable	266,990	142,414
Grants receivable	596,464	569,158
Prepaid expenses	(2,060)	5,026
Accrued interest receivable	(153,553)	(145,844)
Accounts payable	(222,578)	224,643
Accounts payable - Housing Authority of the City of Vancouver	(32,525)	2,006
Rent received in advance	(3,041)	2,634
Tenant security deposits payable	<u>5,670</u>	<u>(1,134)</u>
Net cash provided by operating activities	6,237,830	762,902
Cash flows from investing activities:		
Payments for pre-acquisition costs	(7,000)	-
Purchase of Equipment	<u>(21,688)</u>	<u>-</u>
Net cash used by investing activities	(28,688)	-
Cash flows from financing activities:		
Payments for notes payable - City of Vancouver	(1,939)	-
Payments from notes payable - Community Foundation for Southwest Washington	<u>-</u>	<u>(500,000)</u>
Net cash used by financing activities	<u>\$ (1,939)</u>	<u>\$ (500,000)</u>
Net increase in cash, cash equivalents and restricted cash	\$ 6,207,203	\$ 262,902
Cash, cash equivalents and restricted cash, beginning of year	<u>2,428,658</u>	<u>2,165,756</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 8,635,861</u>	<u>\$ 2,428,658</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>2023</u>	<u>2022</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,302	\$ -
Supplemental schedule of noncash investing/financing activities:		
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 one-day event offers people without homes services 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. The Elwood Apartments GP LLC is the General Partner in The Elwood LLLP, a Washington limited liability limited partnership. On February 1, 2020, the Partnership Agreement was amended to 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, profits 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. The Meridian GP LLC is the General Partner in The Meridian LLLP, a Washington limited liability limited partnership. 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, profits 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. Accordingly, 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, 2023, 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
A WASHINGTON NOT-FOR-PROFIT CORPORATION

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 term 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, Chicago Community Foundation, Washington State Department of Commerce, City of Vancouver Washington, and United States Department of Housing and Urban Development. During the years ended December 31, 2023 and 2022, 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 \$6,677,735 and \$10,684,466, respectively, were passed through from Clark County Washington and Washington State Department of Commerce. Also see Note 12. 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, 2023 and 2022, advertising expenses were \$11,552 and \$6,083, respectively.

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

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 and grants receivable when they are determined to be uncollectible. At December 31, 2023 and 2022, the Organization considered all remaining accounts receivable to be fully collectible. Accordingly, there were no allowance for doubtful accounts and grants.

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 they are 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, 2023 and 2022, in-kind donations from VHA totaled \$231,383 and \$273,648, 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 consolidated 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>December 31,</u>
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,357,916	\$ 2,163,498
Housing projects reserve	248,461	241,346
Tenant trust - security deposits	29,484	23,814
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ 8,635,861	\$ 2,428,658

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.

Subsequent Events

Management of the Organization has evaluated events and transactions occurring after December 31, 2023 through August 1, 2024, 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 other than those disclosed under Note 7.

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

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

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

In 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. The lease agreement was pre-terminated and the unit was vacated in September 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 2023 and 2022, the monthly rent for the building and use of four offices was \$3,549 and \$3,458, respectively.

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

Loans Receivable

See Note 7.

Guranties

See Note 11.

COUNCIL FOR THE HOMELESS
A WASHINGTON NOT-FOR-PROFIT CORPORATION
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, 2023 and 2022, the development fee of \$875,000 was fully earned.

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. The fee was fully earned in 2022. As of December 31, 2022, the development consultant fee payable totaled \$62,691. During 2023, the development consultant 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. The development fee was fully earned in 2022. As of December 31, 2023 and 2022, the development fee receivable totaled \$500,000 and \$700,000, respectively, which was included as accounts receivable in the 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. The fee was fully earned in 2022. As of December 31, 2023 and 2022, the developer fee payable totaled \$130,000 and \$195,000, respectively.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 and 2022, net assets with donor restrictions are the following:

	<u>2023</u>	<u>2022</u>
Winter Hospitality Overflow	\$ 142,099	\$ 155,483
Housing First Campaign	53,658	-
Mercy Housing ACI	5,000	-
Coordinated Outreach	17,692	31,719
VPS Families Fund	4,502	6,943
ESD Family Stability	25,927	55,532
BGSD Family Stability	438	-
Day 1 Families Fund Admin	499,505	-
Day 1 Families Fund Program	4,499,985	-
Emergency Response Funds	-	13,076
Kaiser Mentorship	2,050	2,050
Keys to the Future	92,918	-
SWACH ECI Investment	-	20,000
KTTF Evergreen/Camas	-	10,000
Block Grant	<u>3,659,614</u>	<u>3,659,614</u>
Total	<u>\$ 9,003,388</u>	<u>\$ 3,954,417</u>

Day 1 Families Fund

In November 2023, the Organization has been awarded a \$5,000,000 competitive grant from the Bezos Day 1 Families Fund. The five-year grant was from the JPB fund, a donor advised fund of the Northern Trust Charitable Giving Program, a program of The Chicago Community Foundation. As stipulated under the terms of the grant, the Organization will use the grant to pursue solutions to family homelessness through eligible activities such as diversion, street outreach, low barrier shelters, rehousing and connection to services over the five years grant.

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 of 30 years 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 of 30 years ending in 2050. Also see Note 7.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS - (CONTINUED)

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 of 30 years ending in 2053. Also see Note 7.

NOTE 6 - FAIR VALUE MEASUREMENT

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

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

As of December 31, 2023 and 2022, the notes payable of the Organization are presented as follows:

	2023	2022
City of Vancouver, Washington		
Current	\$ 13,205	\$ 9,744
Non-Current	1,684,856	1,690,256
Total	\$ 1,698,061	\$ 1,700,000

City of Vancouver, Washington (COV)

The Pacific

In 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% Average Median Income (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, 2023 and 2022, the note payable totaled \$248,061 and \$250,000, respectively.

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, AND SUBSEQUENT EVENTS - (CONTINUED)

The Pacific - (Continued)

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, 2023 and 2022, 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 \$10,843 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, 2023 and 2022, the notes payable due to City of Vancouver totaled \$850,000 each year. Also see Note 7 - Clark County below.

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. 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.

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, AND SUBSEQUENT EVENTS - (CONTINUED)

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. In 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, 2023, the loans receivable and interest receivable due from The Elwood LLLP totaled \$1,850,000 and \$290,681, respectively. As of December 31, 2022, the loans receivable and interest receivable due from The Elwood LLLP totaled \$1,850,000 and \$208,347, respectively.

The Meridian

In 2019, the LLC received a recoverable block grant from Clark County in the original amount of \$650,000 which increased to \$859,614 in 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. Also see Note 5.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES PAYABLE (IN ORDER OF LIEN PRIORITY) AND LOANS RECEIVABLE, AND SUBSEQUENT EVENTS - (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, 2023, the loan receivable and interest receivable due from The Meridian Vancouver LLLP totaled \$909,613 and \$180,810, respectively. 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, 2023 and 2022, 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>
2024	\$ 13,205
2025	13,337
2026	13,471
2027	13,606
2028	13,742
2029 and later years	<u>1,630,700</u>
	<u>\$ 1,698,061</u>

The First Firstenberg Foundation

Subsequent to year end, on April 23, 2024, the Organization entered into a Secured Promissory Note with The First Firstenberg Foundation in the amount of \$3,500,000. Commencing on May 23, 2024 and subsequent payments on the first day of each quarter thereafter, the Organization shall pay annual interest of 5% on the principal balance of the note only. The Organization shall pay the remaining balance of principal and interest on or before May 23, 2029.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - PROPERTY MANAGEMENT FEE

In 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 2023 and 2022, the property management fees charged and paid totaled \$16,028 and \$12,380, respectively.

NOTE 9 - HOUSING PROJECTS RESERVE

In 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, 2023 and 2022, the account totaled \$248,461 and \$241,346, respectively.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, 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:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 8,357,916	\$ 2,163,498
Accounts receivable	747,880	1,014,870
Grants receivable	889,449	1,485,913
	\$ 9,995,245	\$ 4,664,281

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - GUARANTIES

The Elwood

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.

COUNCIL FOR THE HOMELESS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GRANT AGREEMENTS

ARP

In 2021, the Organization entered into four 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, 2023 and 2022, the revenue recognized from ARP totaled \$666,671 and \$851,746, respectively.

T-RAP And TERA

In 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 October 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, 2023 and 2022, the revenue recognized from T-RAP and TERA totaled \$390,511 and \$10,684,466, respectively.

ERAP

During 2023, the Organization entered into grant agreements/contracts with Clark County and Washington State Department of Commerce. The agreements provided for a maximum of \$6,567,619 under the Eviction Rent Assistance Program 2.0 (ERAP 2.0) for the period from January 1, 2023 through June 30, 2023. For the year ended December 31, 2023, the revenue recognized from ERAP totaled \$6,287,224.

NOTE 13 - 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, 2023 and 2022, rental assistance received from VHA and tenant-based voucher units totaled \$122,428 and \$88,305, respectively.

COUNCIL FOR THE HOMELESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

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			
Pass-through assistance:			
COVID-19 Eviction Rent Assistance Program - T- RAP Rent Assistance program 2.0, Clark County, Washington #2021-TRAP2-03	21.023	\$ 154,870	\$ -
Coronavirus State and Local Fiscal Recovery Funds Program, Clark County, Washington #2023- ERAP2-01	21.027	<u>6,287,224</u>	<u>-</u>
Total federal expenditures from U.S. Dept. of the Treasury		6,442,094	-
U.S Dept. of Housing and Urban Development			
Direct assistance:			
Continuum of Care Program			
#WA0191L0T082114			
#WA0191L0T082215			
#WA0523L0T082100			
#WA0564L0T082200	14.267	151,032	-
Continuum of Care Program			
#WA0521D0T082100	14.267	25,659	-
Pass-through assistance:			
Community Development Block Grants, City of Vancouver, Washington			
Dynamic Diversion			
#2022 CDBG-CV PRJ100452-CFTH			
#2023 CDBG-2022 PROJ100800			
Motel Vouchers			
#2022 CDBG-CV-PRJ100452-Council for the Homeless - Motel Vouchers	14.218	\$ 203,685	\$ -

Continued on page 30.

COUNCIL FOR THE HOMELESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Federal Grantor/Pass-Through or Cluster Title/Pass-Through Grantor/ Pass-Through Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Community Development Block Grants, City of Vancouver, Washington HOME Investment Partnership American Rescue Plan Program #2023HOMEARP-PRJ100692	14.239	\$ <u>25,213</u>	\$ <u>-</u>
Total federal expenditures from U.S Dept. of Housing and Urban Development		<u>405,589</u>	<u>-</u>
Department of Education CBO Grant to Support Student Learning Recovery and Acceleration, Department of Commerce, Washington #131232	84.425U	<u>92,593</u>	\$ <u>-</u>
Total federal expenditures from Department of Education	84.425U	<u>92,593</u>	\$ <u>-</u>
Total federal expenditures		<u>\$ 6,940,276</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, 2023. 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, 2023

	<u>Council for the Homeless</u>	<u>Housing Initiative LLC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Assets:				
Cash and cash equivalents	\$ 7,348,120	\$ 1,009,796	\$ -	\$ 8,357,916
Accounts receivable	213,457	534,423	-	747,880
Grants receivable	889,449	-	-	889,449
Loans receivable	-	2,759,613	-	2,759,613
Prepaid expenses	15,604	-	-	15,604
Housing projects reserve	-	248,461	-	248,461
Tenant trust - security deposits	-	29,484	-	29,484
Accrued Interest Receivable	-	471,491	-	471,491
Property and equipment, net	1,843	2,338,052	-	2,339,895
Operating lease, right of use asset:				
office space, net	33,979	-	-	33,979
Lease deposits	1,529	-	-	1,529
Miscellaneous asset	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
 Total assets	 <u>\$ 8,510,981</u>	 <u>\$ 7,391,320</u>	 <u>\$ -</u>	 <u>\$15,902,301</u>
 Liabilities and net assets:				
Accounts payable	\$ 326,535	\$ 144,546	\$ -	\$ 471,081
Accounts payable - VHA	78,102	168,200	-	246,302
Tenant security deposits payable	-	29,484	-	29,484
Operating lease liability	53,134	-	-	53,134
Notes payable - COV	-	1,698,061	-	1,698,061
 Total liabilities	 457,771	 2,040,291	 -	 2,498,062
 Net assets				
Net assets without donor restrictions	2,709,399	1,691,452	-	4,400,851
Net assets with donor restrictions	<u>5,343,811</u>	<u>3,659,577</u>	<u>-</u>	<u>9,003,388</u>
 Total net assets	 <u>8,053,210</u>	 <u>5,351,029</u>	 <u>-</u>	 <u>13,404,239</u>
 Total liabilities and net assets	 <u>\$ 8,510,981</u>	 <u>\$ 7,391,320</u>	 <u>\$ -</u>	 <u>\$15,902,301</u>

COUNCIL FOR THE HOMELESS
CONSOLIDATED STATEMENT OF UNRESTRICTED REVENUE AND FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	<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	\$ 494,874	\$ -	\$ -	\$ 494,874
Grants	12,145,196	54,055	-	12,199,251
Special Events	142,675	-	-	142,675
Developer fee income	-	260,000	-	260,000
Interest income	46	-	-	46
Other Income	<u>153,750</u>	<u>2,546</u>	<u>-</u>	<u>156,296</u>
Total unrestricted support	12,936,541	316,601	-	13,253,142
Net Rental Revenue	-	259,358	-	259,358
Interest revenue on loans receivable	-	153,497	-	153,497
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>405,950</u>	<u>-</u>	<u>-</u>	<u>405,950</u>
 Total unrestricted support and reclassifications	 13,342,491	 729,456	 -	 14,071,947
EXPENSES:				
Planning/Coordination/Permanent Housing	377,624	460,921	-	838,545
Coordinated assessment/Diversion/ Housing Relief Fund	10,512,180	-	-	10,512,180
Supporting services:				
Management & General	1,739,345	-	-	1,739,345
Fund-Raising	<u>304,772</u>	<u>-</u>	<u>-</u>	<u>304,772</u>
Total	<u>12,933,921</u>	<u>460,921</u>	<u>-</u>	<u>13,394,842</u>
 Change in net assets from operations	 <u>\$ 408,570</u>	 <u>\$ 268,535</u>	 <u>\$ -</u>	 <u>\$ 677,105</u>

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
Loan 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 deposit	<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
 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	<u>-</u>	<u>145,844</u>	<u>-</u>	<u>145,844</u>
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/Permanent Housing	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>



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, 2023, 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 August 1, 2024.

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 opinions 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, P&LLC

Bellevue, Washington
August 1, 2024



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, 2023. 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, 2023.

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
August 1, 2024

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2023

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (CONTINUED)

Year Ended December 31, 2023

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.