

**OPPORTUNITY COUNCIL
A WASHINGTON NONPROFIT ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)**



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**OPPORTUNITY COUNCIL
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Opportunity Council
Bellingham, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Opportunity Council (a Washington nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Opportunity Council as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Opportunity Council's 2018 financial statements, and our report dated May 23, 2019 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020, on our consideration of Opportunity Council'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 Opportunity Council'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 Opportunity Council's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
August 18, 2020

OPPORTUNITY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

| ASSETS | 2019 | 2018 |
|--|---------------|---------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 2,171,287 | \$ 1,141,455 |
| Due from Granting Agencies | 3,385,973 | 2,773,517 |
| Other Receivables | 1,449,602 | 1,924,514 |
| Other Assets | 165,656 | 206,101 |
| Total Current Assets | 7,172,518 | 6,045,587 |
| PROPERTY AND EQUIPMENT, NET | 9,087,464 | 7,044,415 |
| OTHER ASSETS | | |
| Cash - Restricted | 334,393 | 137,775 |
| Cash - Board Designated Property Reserves | 9,508 | 9,508 |
| Cash - Contractually Obligated Property Reserves | 137,911 | 30,498 |
| Cash - Board Designated Operating Reserves | 350,000 | 300,000 |
| Cash - Capital Improvement Fund | 188,389 | 637,300 |
| Restricted for Revolving Loans | 89,074 | 102,480 |
| Other Long-Term Receivables | 1,541,149 | 1,518,373 |
| Home Loan Receivables | 2,681,364 | 2,688,468 |
| Total Other Assets | 5,331,788 | 5,424,402 |
| Total Assets | \$ 21,591,770 | \$ 18,514,404 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 1,809,155 | \$ 756,770 |
| Accrued Liabilities | 1,985,379 | 1,845,821 |
| Revolving Loans Payable | 89,074 | 102,480 |
| Deferred Revenue | 94,788 | 118,283 |
| Current Portion of Notes Payable | 89,481 | 73,194 |
| Total Current Liabilities | 4,067,877 | 2,896,548 |
| LONG-TERM LIABILITIES | | |
| Tenant Deposits | 130,820 | 91,587 |
| Due to Funding Agencies | 2,681,364 | 2,688,468 |
| Notes Payable, Net of Current Portion Above | 5,336,566 | 3,851,550 |
| Total Long-Term Liabilities | 8,148,750 | 6,631,605 |
| NET ASSETS | | |
| Without Restrictions: | | |
| Undesignated | 4,799,765 | 4,224,712 |
| Board Designated | 359,508 | 309,508 |
| Total Without Restrictions | 5,159,273 | 4,534,220 |
| With Restrictions | 4,215,870 | 4,452,031 |
| Total Net Assets | 9,375,143 | 8,986,251 |
| Total Liabilities and Net Assets | \$ 21,591,770 | \$ 18,514,404 |

See accompanying Notes to Consolidated Financial Statements.

OPPORTUNITY COUNCIL
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

| | Without Restrictions | With Restrictions | Totals | |
|--|-------------------------|----------------------|---------------------|---------------------|
| | | | 2019 | 2018 |
| REVENUES, GAINS, AND PUBLIC SUPPORT | | | | |
| Grants from Government Agencies and Other | \$ 24,219,406 | \$ - | \$ 24,219,406 | \$ 22,086,953 |
| Fees and Other Income | 10,102,673 | - | 10,102,673 | 8,814,557 |
| Contributions | 355,571 | 708,318 | 1,063,889 | 2,533,747 |
| In-Kind | 162,382 | - | 162,382 | 176,308 |
| Investment Income | 25,327 | - | 25,327 | 20,210 |
| Satisfaction of Donor Restrictions | 944,479 | (944,479) | - | - |
| Total Revenues, Gains, and Public Support | <u>35,809,838</u> | <u>(236,161)</u> | <u>35,573,677</u> | <u>33,631,775</u> |
| EXPENSES | | | | |
| Program Services | 30,800,867 | - | 30,800,867 | 26,274,173 |
| Other Supporting Services | 1,261,198 | - | 1,261,198 | 1,232,286 |
| Administration | 3,122,720 | - | 3,122,720 | 2,778,692 |
| Total Expenses | <u>35,184,785</u> | <u>-</u> | <u>35,184,785</u> | <u>30,285,151</u> |
| CHANGES IN NET ASSETS | 625,053 | (236,161) | 388,892 | 3,346,624 |
| Net Assets - Beginning of Year | <u>4,534,220</u> | <u>4,452,031</u> | <u>8,986,251</u> | <u>5,639,627</u> |
| NET ASSETS - END OF YEAR | <u>\$ 5,159,273</u> | <u>\$ 4,215,870</u> | <u>\$ 9,375,143</u> | <u>\$ 8,986,251</u> |

See accompanying Notes to Consolidated Financial Statements.

OPPORTUNITY COUNCIL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

| | Early Learning and Family Services | Weatherization and Home Repair Services | Energy Policy | Housing Services | Housing Enterprise | Community Services | Energy Assistance | Total Program Services |
|----------------------------------|--|---|-------------------|---------------------|-----------------------|-----------------------|----------------------|------------------------------|
| DIRECT EXPENSES | | | | | | | | |
| Salaries and Wages | \$ 4,885,175 | \$ 457,151 | \$ 93,087 | \$ 2,274,406 | \$ 652,185 | \$ 917,745 | \$ 478,506 | \$ 9,758,255 |
| Payroll Taxes and Benefits | 1,457,273 | 136,369 | 27,768 | 677,231 | 194,571 | 239,182 | 142,744 | 2,875,138 |
| Specific Assistance | 297,453 | 74,343 | - | 3,007,768 | 198,804 | 109,480 | 3,328,788 | 7,016,636 |
| Professional/Contract Services | 2,785,947 | 3,088,248 | 244,655 | 76,275 | 2,048,054 | 67,753 | 146,779 | 8,457,711 |
| Supplies | 334,717 | 30,525 | 145 | 46,655 | 33,104 | 37,753 | 14,544 | 497,443 |
| In-Kind | 162,382 | - | - | - | - | - | - | 162,382 |
| Occupancy | 179,698 | - | 1,528 | 386,397 | 4,189 | 9,723 | 3,692 | 585,227 |
| Depreciation | - | - | - | 3,054 | 2,258 | - | - | 5,312 |
| Travel/Vehicle Expense | 178,660 | 21,156 | 25,047 | 35,806 | 38,110 | 21,014 | 5,262 | 325,055 |
| Pass-Through Grants | - | - | - | 242,061 | 202,101 | 31,184 | - | 475,346 |
| Other | 53,297 | 5,263 | 956 | 4,049 | 60,131 | 3,185 | 250 | 127,131 |
| Telephone | 65,398 | 4,662 | 714 | 24,357 | 9,141 | 12,355 | 9,777 | 126,404 |
| Minor Equipment | 50,011 | 7,723 | 2,439 | 15,240 | 20,182 | 3,727 | 6,343 | 105,665 |
| Repairs | 5,621 | 870 | - | 44,222 | 10,979 | 4,469 | 2,126 | 68,287 |
| Interest | - | - | - | 10,766 | - | - | - | 10,766 |
| Insurance | 6,359 | 3,565 | 37 | 22,368 | 2,093 | 139 | - | 34,561 |
| Printing and Copying | 22,494 | 3,882 | - | 3,526 | 809 | 2,006 | 6,064 | 38,781 |
| Postage | 4,232 | 1,283 | - | 1,200 | 1,342 | 1,447 | 6,634 | 16,138 |
| Business Taxes | 836 | - | - | 3,157 | 2,545 | - | - | 6,538 |
| Advertising | 1,127 | 120 | - | 426 | 450 | 3,508 | - | 5,631 |
| Training | 47,845 | 11,481 | 1,044 | 23,851 | 14,923 | 2,511 | 805 | 102,460 |
| Bad Debts | - | - | - | - | - | - | - | - |
| Total Functional Expenses | \$ 10,538,525 | \$ 3,846,641 | \$ 397,420 | \$ 6,902,815 | \$ 3,495,971 | \$ 1,467,181 | \$ 4,152,314 | \$ 30,800,867 |

See accompanying Notes to Consolidated Financial Statements.

OPPORTUNITY COUNCIL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

| | Other Supporting Services | Administration | Total | |
|--------------------------------|---------------------------------|---------------------|----------------------|----------------------|
| | | | 2019 | 2018 |
| DIRECT EXPENSES | | | | |
| Salaries and Wages | \$ 143,528 | \$ 1,876,043 | \$ 11,777,826 | \$ 10,437,636 |
| Payroll Taxes and Benefits | 42,812 | 559,673 | 3,477,623 | 3,015,896 |
| Specific Assistance | - | 558 | 7,017,194 | 8,027,532 |
| Professional/Contract Services | 19,163 | 265,444 | 8,742,318 | 5,107,695 |
| Supplies | 73,298 | 72,297 | 643,038 | 574,188 |
| In-Kind | - | - | 162,382 | 176,308 |
| Occupancy | 291,536 | 3,815 | 880,578 | 806,135 |
| Depreciation | 304,366 | 55,404 | 365,082 | 305,425 |
| Travel/Vehicle Expense | 76,817 | 38,902 | 440,774 | 383,407 |
| Pass-Through Grants | - | - | 475,346 | 417,404 |
| Other | 3,796 | 63,116 | 194,043 | 190,922 |
| Telephone | 36,608 | 25,648 | 188,660 | 169,392 |
| Minor Equipment | 12,213 | 47,404 | 165,282 | 123,526 |
| Repairs | 98,825 | 4,580 | 171,692 | 135,827 |
| Interest | 123,080 | - | 133,846 | 117,104 |
| Insurance | 21,028 | 53,448 | 109,037 | 99,037 |
| Printing and Copying | - | 12,876 | 51,657 | 51,910 |
| Postage | - | 7,672 | 23,810 | 26,170 |
| Business Taxes | 14,063 | 6,122 | 26,723 | 19,068 |
| Advertising | 65 | 4,168 | 9,864 | 15,690 |
| Training | - | 25,420 | 127,880 | 84,879 |
| Bad Debts | - | 130 | 130 | - |
| Total Functional Expenses | <u>\$ 1,261,198</u> | <u>\$ 3,122,720</u> | <u>\$ 35,184,785</u> | <u>\$ 30,285,151</u> |

See accompanying Notes to Consolidated Financial Statements.

OPPORTUNITY COUNCIL
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

| | 2019 | 2018 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 388,892 | \$ 3,346,624 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 365,082 | 305,425 |
| Donated Securities | (11,727) | - |
| Amortization of Prepaid Loan Fees | 1,610 | 671 |
| Create Housing Asset sale | - | (300) |
| Donated Equipment/Assets | - | (586,500) |
| Loss on Disposition of Assets | (1,801) | (23,797) |
| (Increase) Decrease in in Operating Assets: | | |
| Due from Granting Agencies | (612,456) | (358,496) |
| Other Receivables | 474,912 | (2,437,268) |
| Long-Term Receivables | (22,776) | - |
| Other Assets | 40,445 | (41,285) |
| Decrease (Increase) in Operating Liabilities: | | |
| Accounts Payable | 1,052,385 | (247,237) |
| Accrued Liabilities | 139,558 | 598,731 |
| Deferred Revenue | (23,495) | 98,159 |
| Net Cash Provided by Operating Activities | 1,790,629 | 654,727 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (2,414,933) | (390,960) |
| Prepayment of Loan Fees | - | (40,260) |
| Proceeds from Sale of Property and Equipment | 8,603 | 24,096 |
| Proceeds from Sale of Investments | 11,727 | - |
| Increase in Tenant Deposits | 39,233 | 10,682 |
| Net Cash Used by Investing Activities | (2,355,370) | (396,442) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in Revolving Loans Payable | (13,406) | 40,527 |
| Proceeds from Notes Payable | 1,586,726 | 680,667 |
| Payments on Notes Payable | (87,033) | (99,063) |
| Net Cash Provided by Financing Activities | 1,486,287 | 622,131 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 921,546 | 880,416 |
| Cash and Cash Equivalents - Beginning of Year | 2,359,016 | 1,478,600 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 3,280,562 | \$ 2,359,016 |

See accompanying Notes to Consolidated Financial Statements.

OPPORTUNITY COUNCIL
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

| | 2019 | 2018 |
|--|--------------|--------------|
| SUMMARY OF CASH | | |
| Unrestricted Cash | \$ 2,171,287 | \$ 1,141,455 |
| Cash - Restricted | 334,393 | 137,775 |
| Cash - Board Designated Property Reserves | 9,508 | 9,508 |
| Cash - Contractually Obligated Property Reserves | 137,911 | 30,498 |
| Cash - Board Designated Operating Reserves | 350,000 | 300,000 |
| Cash - Capital Improvement Fund | 188,389 | 637,300 |
| Cash - Restricted for Revolving Loans | 89,074 | 102,480 |
| Total Cash and Cash Equivalents | \$ 3,280,562 | \$ 2,359,016 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest | \$ 133,846 | \$ 117,104 |
| Changes in Home Loan Receivable and Amounts Due to Funding Agencies | \$ 7,104 | \$ 126,334 |
| Donated Property | \$ - | \$ 586,500 |
| Refinance of Mortgage Payable: | | |
| New Note Payable with WECU | \$ - | \$ 3,000,000 |
| Wells Fargo Note Payable Paid in Full | - | (2,319,332) |
| Total | \$ - | \$ 680,668 |

See accompanying Notes to Consolidated Financial Statements.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Opportunity Council (the Council) is a nonprofit corporation incorporated in the state of Washington on November 5, 1965. Opportunity Council functions as a Community Action Agency in conformity with the Economic Opportunity Act of 1964 and the Community Services Act of 1974. Principal operations of the Council consist of administration of government and community-funded programs directed toward economic betterment of low income, minority, and disadvantaged persons. The Council's major program activities include early learning and family services, community services and referrals, and energy and home repair services. As the community action agency serving Whatcom, San Juan, and Island counties of Washington State, the Council primarily provides services and programs in these three counties. The Council also has contracts to deliver some select services regionally, including Skagit, Snohomish, and other counties in Washington State, and provides program training and support throughout the country.

In 2006, the Council formed a separate state corporation, CreateHousing, LLC, for the purpose of providing certain management and other services to a separate LLC in which CreateHousing, LLC is a noncontrolling member. Through August 18, 2020, the Council has entered into similar arrangements with twenty-four LLCs and four LPs in which CreateHousing, LLC has a noncontrolling interest. CreateHousing, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

In 2016, the Council formed a separate state corporation, 22 North Manager LLC, for the purpose of providing certain management and other services to a separate LLC in which 22 North Manager LLC is the General Partner. 22 North Manager, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

In 2017, the Council formed a separate state corporation, Friday Harbor Housing I, LLC, for the purpose of the acquisition, ownership, and operation of an existing apartment complex, Harbor View apartments, in Friday Harbor, Washington. Due to unforeseen circumstances, Friday Harbor Housing I, LLC did not become a part of the ownership structure of Harbor View apartments when that transaction closed in June, 2019. At this time there is no planned activity for Friday Harbor Housing I, LLC.

In 2018, the Council formed a separate state corporation, Opportunity Housing Ferndale, LLC, for the purpose of providing certain management and other services to a separate LLC in which Opportunity Housing Ferndale, LLC is a non-controlling member. Opportunity Housing Ferndale is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Purpose (Continued)

In 2018, the Council formed a separate state corporation, Opportunity Housing Pullman, LLC, in anticipation of providing certain management and other services to a separate LLC in which Opportunity Housing Pullman, LLC would be a noncontrolling member. The transaction involving Opportunity Housing Pullman, LLC and an outside entity was not concluded. Opportunity Housing Pullman, LLC has been administratively dissolved.

In 2018, the Council formed a separate state corporation, OC Housing Partners I, LLC, for the purpose of providing certain management and other services to a separate LLC in which OC Housing Partners I, LLC is a non-controlling member. OC Housing Partners I, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

In 2019, the Council formed a separate state corporation, CreateHousing Riverview, LLC, for the purpose of providing certain management and other services to a separate LLC in which CreateHousing Riverview, LLC is a noncontrolling member. CreateHousing Riverview, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

In 2019, the Council formed a separate state corporation, CreateHousing Ravenswood LLC, for the purpose of providing certain management and other services to a separate LLC in which CreateHousing Ravenswood LLC is a noncontrolling member. CreateHousing Ravenswood LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

In 2019, the Council formed a separate state corporation, CreateHousing Vantage II, LLC, for the purpose of providing certain management and other services to a separate LLC in which CreateHousing Vantage II, LLC is a noncontrolling member. CreateHousing Vantage II, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

In 2020, the Council formed a separate state corporation, CreateHousing Holly Ridge, LLC, for the purpose of providing certain management and other services to a separate LLC in which CreateHousing Holly Ridge, LLC is a noncontrolling member. CreateHousing Holly Ridge, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Purpose (Continued)

In 2020, the Council formed a separate state corporation, CreateHousing Manor Way, LLC, for the purpose of providing certain management and other services to a separate LLC in which CreateHousing Manor Way, LLC is a non-controlling member. CreateHousing Manor Way, LLC is a single member LLC with the sole member being Opportunity Council and is therefore consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated.

Basis of Presentation

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

Without Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Council or the passage of time total \$3,867,240 and \$4,103,401 as of December 31, 2019 and 2018, respectively. Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council, but permit the Council to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes total \$348,630 as of both December 31, 2019 and 2018, in the form of land that must be used for a specific purpose.

Revenues are reported as increases in net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Council reports gifts of land, buildings, and equipment as support without restrictions unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates

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.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements Adopted

During the year, the Council adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help nonprofit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB Accounting Standards Codification Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending December 31, 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the consolidated financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), *Effective Dates for Certain Entities*. The amendments in this Update defer, for one year, the required effective date of Topic 606 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Topic 606. As the Council had not issued their consolidated financial statements as of the date of this ASU, they elected to defer and adopt the guidance for Topic 606 for annual reporting periods beginning after December 15, 2019.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash represents tenant deposits held in separate accounts in accordance with the related lease agreements, City of Bellingham-restricted cash for capital reserves, and cash on hand from the revolving home loan programs to be redistributed to low-income homeowners.

Home Loans Receivable and Due to Funding Agencies

As discussed further in Note 6, the Council records loans to homeowners and offsetting liabilities to funding agencies at the face amount of the loans.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Amounts due from granting agencies and other receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements. There was no valuation allowance at December 31, 2019 and 2018. Receivables are considered past due if not collected within 90 days. The Council does not charge interest on past due receivables. As of December 31, 2019, all receivables are current.

Property and Equipment

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

| | |
|---------------------------|---|
| Buildings | 5 to 50 Years |
| Equipment and Furnishings | 5 Years |
| Vehicles | 5 Years |
| Leasehold Improvements | Shorter of Remaining Useful Life, or Lease Term |

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

Other Assets

Other assets include inventory and prepaid expenses. Inventory consists of weatherization materials and is stated at the lower of weighted average cost or net realizable value.

Deferred Revenue

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

Government Grants and Contracts

A portion of the Council's revenue is derived from cost reimbursable federal, state, and county grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Deferred revenue totaled \$94,788 and \$118,283 at December 31, 2019 and 2018, respectively. Amounts remaining under conditional grants from government agencies totaled approximately \$20,477,000.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts (Continued)

Revenue is earned when eligible expenditures or service units, as defined in each grant, are made. Revenue recognized from cost reimbursable federal, state, and county grants totaled \$24,219,406 for the year ended December 31, 2019. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Council will record such disallowance at the time the final assessment is made.

Grants from governmental sources and private grant awards represented approximately 68% and 66% of total revenue and support for the years ended December 31, 2019 and 2018, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services, general and administrative and fundraising categories based on the benefits derived. Rent, equipment rental and maintenance, and telephone expenses are allocated based on time and effort, and depreciation is allocated based on salary amounts for various departments.

Other supporting services in the consolidated statement of functional expenses include expenses incurred in connection with the commercial activities of the Council and third-party contract administration.

Advertising Costs

The costs of advertising are expensed as incurred.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the 2019 presentation. Those reclassifications had no significant effect on net assets or changes in net assets.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 2,249,891 | \$ 1,979,891 |
| Land Improvements | 32,085 | 32,085 |
| Buildings | 8,800,050 | 7,259,187 |
| Vehicles | 1,161,880 | 1,040,798 |
| Equipment and Furnishings | 1,067,384 | 754,930 |
| Leasehold Improvements | 172,468 | 172,468 |
| Construction in Process | 171,625 | 31,701 |
| Total | <u>13,655,383</u> | <u>11,271,060</u> |
| Less: Accumulated Depreciation | <u>(4,567,919)</u> | <u>(4,226,645)</u> |
| Total Property and Equipment | <u>\$ 9,087,464</u> | <u>\$ 7,044,415</u> |

NOTE 3 RESERVED FUNDS

Reserved funds held at December 31, 2019 and 2018 consist of the following:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Facilities Reserve | \$ 3,105 | \$ 3,105 |
| Dorothy Place Future Funds | 6,403 | 6,403 |
| Total Board Designated Property Reserves | <u>9,508</u> | <u>9,508</u> |
| Operating Reserve | 350,000 | 300,000 |
| Dorothy Place Capital Reserves | 15,306 | 15,306 |
| Cornwall Capital Reserves | 22,692 | 15,192 |
| Harbor View Reserves | 99,913 | - |
| Capital Improvement Fund | 188,389 | 637,300 |
| Total Reserved Funds | <u>\$ 685,808</u> | <u>\$ 977,306</u> |

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 4 LIQUIDITY DISCLOSURE

The Council strives to maintain liquid financial assets sufficient to cover all general expenditures as they come due. Financial assets in excess of daily cash requirements are held in readily liquid short-term investments through bank sweep accounts, savings, money-market accounts, and other short-term investments.

The following table reflects Council's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of contractual restrictions or internal board designations. All board-designated funds can be made available to meet short-term operating cash needs if necessary. During the years ended December 31, 2019 and 2018, the organization was able to meet its cash needs without utilizing designated reserves.

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 3,280,562 | \$ 2,359,016 |
| Accounts Receivable | 4,835,575 | 4,698,031 |
| Total Financial Assets | <u>8,116,137</u> | <u>7,057,047</u> |
| Contractually Restricted Funds | (749,767) | (908,053) |
| Donor Restricted Funds | (1,550,651) | (2,290,748) |
| Board Designated Operating Reserve Funds | (350,000) | (300,000) |
| Board Designated Property Reserves | <u>(9,508)</u> | <u>(9,508)</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 5,456,211</u> | <u>\$ 3,548,738</u> |

NOTE 5 IN-KIND CONTRIBUTIONS

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of the Council's programs. The value of this contributed time is not included in the accompanying consolidated financial statements as it does not meet the criteria for contributed services in accordance with accounting principles generally accepted in the United States of America. Management has estimated the fair value of these services at \$839,474 and \$816,362 for the years ended December 31, 2019 and 2018, respectively.

Following is a summary of in-kind contributions that have been recognized in the consolidated financial statements for the years ended December 31:

| | 2019 | 2018 |
|--------------|-------------------|-------------------|
| Rental Space | <u>\$ 146,591</u> | <u>\$ 175,309</u> |

The Council also received noncash contributions of securities totaling \$11,727 and \$3,658 during the years ended December 31, 2019 and 2018, respectively. The Council also received noncash contributions of land and building totaling \$586,500 during the year ended December 31, 2018. The noncash contributions are included in contributions on the consolidated statements of activities.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 HOME LOANS RECEIVABLE AND DUE TO FUNDING AGENCIES

The Council periodically receives proceeds under certain agreements with the State and other agencies that require repayment in a future period. The proceeds are then used primarily to make zero interest home rehabilitation loans to low-income homeowners. These transactions are presented as loans receivable and associated liabilities to the funding agencies in the accompanying consolidated financial statements. New loans issued totaled \$202,741 and \$106,898 for 2019 and 2018, respectively, and repayments on existing loans totaled \$92,417 and \$104,386 in 2019 and 2018, respectively.

The loans are secured by deeds of trust on the homeowners' residences. The loans require repayment when the subject property is sold or when the use is changed from single-family residential use. Certain loans are forgiven if certain criteria are met by the eligible participants, under varying terms up to 28 years. Loans totaling \$117,428 and \$128,845 were forgiven during 2019 and 2018, respectively. Since the loans are secured, management has not established an allowance for uncollectible accounts. As the loans are collected, the underlying agreements with the funding agency require the proceeds to be re-loaned for other eligible projects, or returned to the funding agencies. The Council charges an administrative fee on certain loans in the revolving loan fund.

Total loans outstanding and related payables to funding agencies at December 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|-----------------------------------|--------------|--------------|
| State of Washington: | | |
| Home Program 1994 | \$ 7,183 | \$ 7,183 |
| Home Program 1995 | 60,485 | 60,485 |
| Home Program 1996 | 31,542 | 31,542 |
| Home Program 1997 | 31,482 | 31,482 |
| Home Program 1998 | 57,710 | 57,710 |
| Home Program 1999 | 163,649 | 176,649 |
| Home Program 2000 | 77,883 | 77,883 |
| Home Program 2001 | 138,336 | 138,336 |
| Home Program 2002 | 133,614 | 133,614 |
| Home Program 2003 | 78,045 | 78,045 |
| Home Program 2006 | 131,966 | 145,708 |
| Home Program 2007 | 185,454 | 191,529 |
| Home Program 2008 | 35,603 | 44,625 |
| Home Ownership Retention Program | 166,138 | 166,138 |
| Mobile Home Replacement Program | 89,756 | 91,551 |
| Matchmaker | 24,093 | 24,093 |
| Housing Trust Fund 1997 | 63,767 | 63,767 |
| Housing Trust Fund 1999 | 59,726 | 59,726 |
| Housing Trust Fund Revolving Fund | 211,270 | 211,270 |
| Rural Housing Assistance Program | 43,480 | 43,480 |
| Subtotal | 1,791,182 | 1,834,816 |
| Whatcom County | 653,972 | 584,174 |
| City of Bellingham | 236,210 | 269,478 |
| Total | \$ 2,681,364 | \$ 2,688,468 |

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 HOME LOANS RECEIVABLE AND DUE TO FUNDING AGENCIES (CONTINUED)

In addition, there are \$89,074 and \$102,480 of funds on hand for redistribution at December 31, 2019 and 2018, respectively, presented as a revolving loan payable and as reserved for revolving loans in the consolidated statement of financial position.

NOTE 7 CONCENTRATION OF CREDIT RISK

The Council receives a substantial amount of support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may affect the Council's ability to continue its operation.

The Council, at times, has cash deposits that exceed the insured limit by the U.S. Federal Deposit Insurance Corporation. There are no grant funds at risk and there was no loss for the year.

NOTE 8 NET ASSETS WITH RESTRICTIONS

Net assets with restrictions are available for the following purposes at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Early Learning and Family Services | \$ 152,680 | \$ 130,057 |
| Community Services | 129,191 | 208,635 |
| Energy and Home Repairs Services | 38,044 | 36,777 |
| Island County Programs | 26,311 | 41,822 |
| Homeless Programs | 41,061 | 28,993 |
| Volunteer Programs | 8,942 | 13,667 |
| Capital Projects | 1,140,733 | 1,817,108 |
| Restricted Real Estate | 586,500 | - |
| Administrative Activities | 13,688 | 13,688 |
| Forgivable Restricted Loan Balances - Depreciable Property | <u>1,730,090</u> | <u>1,812,654</u> |
| Total Net Assets Subject to Purpose and Time Restrictions | 3,867,240 | 4,103,401 |
| Forgivable Restricted Loan Balances - Land | <u>348,630</u> | <u>348,630</u> |
| Total Net Assets with Restrictions | <u>\$ 4,215,870</u> | <u>\$ 4,452,031</u> |

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows for the years ended December 31:

| | <u>2019</u> | <u>2018</u> |
|----------------------|-------------------|---------------------|
| Purpose Restrictions | \$ 275,416 | \$ 866,449 |
| Time Restrictions | <u>669,063</u> | <u>215,264</u> |
| Total | <u>\$ 944,479</u> | <u>\$ 1,081,713</u> |

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 LEASE COMMITMENTS

The Council leases equipment and facilities from various parties under operating leases with varying terms. These leases require monthly payments ranging from \$50 to \$8,386, plus all costs of maintenance, utilities, and taxes. During 2019, the Council had a net increase of two residential master leases (seven added and five ended). Monthly payments for leases increased from \$725 to \$1,050 and for the leases added ranged from \$750 to \$1,250 per month.

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

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2020 | \$ 288,454 |
| 2021 | 209,095 |
| 2022 | 176,335 |
| 2023 | 151,446 |
| 2024 | 151,179 |
| Thereafter | <u>367,468</u> |
| Total | <u>\$ 1,343,977</u> |

The Council has operating leases for meal sites for its congregate meal program as well as off-site storage space and retail space. The total rent paid including the aforementioned long-term leases, was \$1,036,369 and \$859,384 for the years ended December 31, 2019 and 2018, respectively.

NOTE 10 CONTINGENCIES

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

Property and equipment acquired in conjunction with grant programs are recorded as net assets without restrictions in the accompanying consolidated financial statements. Grantors have, in many cases, placed restrictions on the Council's disposition of such assets. These restrictions may include a requirement that the Council obtains express approval for the sale or disposition of the asset, or that the grantor may require that any proceeds from the sale of such assets be returned to the granting agency. At the granting agency's option, the Council may be permitted to apply the proceeds from the sale of a program asset toward other program expenditures or may demand repayment. A significant portion of the Council's equipment is subject to such restrictions.

OPPORTUNITY COUNCIL
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 11 NOTES PAYABLE

Notes payable consisted of the following as of December 31:

| <u>Description</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|
| Vehicle Loans | | |
| Note payable to Toyota Financial Services with monthly installments of \$259, including 0% interest, to mature in 2020, secured by purchased vehicle. | \$ 2,590 | \$ 5,699 |
| Real Estate Loans | | |
| Mortgage payable to bank in monthly installments of \$14,629.29 including interest at 4.25%, maturing July 2028, secured by land and building located at 1111 Cornwall Avenue. | 2,606,519 | 2,671,298 |
| Mortgage payable to bank in monthly installments of \$4,625.49 including interest at 4.25%, maturing July 2028, secured by land and building located at 1421 Cornwall Avenue. | 289,613 | 296,811 |
| Harbor View Apartments | | |
| Three notes originating from the acquisition of Harbor View Apartments. | | |
| Housing Trust Fund loan, 1% stated interest rate, with interest accrual beginning 1/1/2020; principal and interest due annually on 50-year amortization schedule beginning 3/31/2021, due in full 3/31/2050, total authorized loan amount of \$1,100,000 | 42,316 | - |
| USDA loan, 3.5% stated interest rate, 50 year amortization schedule, final payment due 06/26/2049 | 1,284,322 | - |
| ORFH loan, 3.5% stated interest rate, 30 year amortization, final payment due 06/26/2049 | 248,142 | - |
| Dorothy Place Apartments | | |
| Two notes originating from federal funds, and payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, 20 year covenant to restricted use expiring December 2018. Due in full upon sale, change of use, or on February 1, 2047. | 579,226 | 579,227 |
| Note payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, due in full upon sale, change of use, or on February 1, 2047. | 100,000 | 100,000 |
| Note originating from federal funds, payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, due in full upon sale, change of use, or on February 1, 2047. | 25,000 | 25,000 |

OPPORTUNITY COUNCIL
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NOTE 11 NOTES PAYABLE (CONTINUED)

| <u>Description</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Partnership House Apartments | | |
| Note originating from federal funds, payable to City of Bellingham, accruing interest at 4% compounded annually. Secured by real property and improvements, due and payable upon the sale, transfer, or change of use of the related property. | \$ 145,000 | \$ 145,000 |
| Accrued interest on the City of Bellingham note above. | 137,444 | 137,444 |
| Note originating from federal funds, payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, due in full upon sale, change of use, or on October 1, 2047. | 3,854 | 3,854 |
| Total | <u>5,464,026</u> | <u>3,964,333</u> |
| Prepaid Loan Fee | | |
| Loan fees associated with the two mortgage notes above originally totaled \$40,260. These are being amortized over the 25 year life of the related mortgage notes. | <u>(37,979)</u> | <u>(39,589)</u> |
| Total | <u>\$ 5,426,047</u> | <u>\$ 3,924,744</u> |

Future minimum payments regarding loans payable are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2020 | \$ 89,481 |
| 2021 | 107,516 |
| 2022 | 119,413 |
| 2023 | 98,029 |
| 2024 | 102,058 |
| Thereafter | 4,947,529 |
| Total | <u>\$ 5,464,026</u> |

NOTE 12 FEDERAL INCOME TAX AND UNCERTAIN TAX POSITIONS

The Council is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Council files income tax returns in the U.S. federal jurisdiction. As of December 31, 2019, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

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NOTE 13 AFFILIATES

Opportunity Council, through solely owned LLC entities, manages 31 LLCs and 5 LPs. According to the terms of the management agreements for these entities, Opportunity Council is to receive the following:

- Annual administrative management fees ranging from \$5,000 - \$10,000.
- Profit and losses from operations and low-income tax credits are allocated 99% - 99.99% to the non-managing member/partner, 0.005% - 0.5% to the administrative member/partner, and 0.005% - 0.5% to the managing member/partner.

The total amount of revenue generated by Opportunity Council affiliates was \$1,055,588 and \$989,718 for the years ended December 31, 2019 and 2018, respectively. While the Council has an economic interest in these affiliate organizations, it does not have a controlling interest. Therefore, the operations of the affiliates are not consolidated in the financial statements of the Council.

Affiliates managed under CreateHousing, LLC

Wingate Limited Liability Company – The Council is affiliated with Wingate Limited Liability Company (Wingate, LLC).

Wingate, LLC was formed on April 17, 1997, to develop and operate a 228-unit low-income apartment complex known as Regency Park Apartments in Whatcom County, Washington. The managing member is Evan Hunden. The nonmanaging member is Edison Capital Housing Investments. On December 1, 2006, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Wingate LLC with a 0.05% interest as the administrative member.

Double X Associates Limited Partnership – The Council is also affiliated with Double X Associates Limited Partnership (Double X Associates, LP).

Double X Associates, LP was formed on March 29, 1995, to develop and operate a 51-unit low-income apartment complex known as Terrace Manor in Douglas County, Washington. The general partner is Double X Development Company, Inc. The limited partner is Edison Capital Housing Investments. On November 1, 2009, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Double X Associates LP with a 0.5% interest as the administrative general partner.

Westfair Limited Liability Company – The Council is also affiliated with Westfair Limited Liability Company (Westfair, LLC).

Westfair, LLC was formed on April 17, 1997 to develop and operate a 48-unit low-income apartment complex known as Cedar Ridge in King County, Washington. The managing member is Evan Hunden. The non-managing member is Edison Capital Housing Investments. On November 1, 2009, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Westfair, LLC with a 0.05% interest as the administrative member.

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NOTE 13 AFFILIATES (CONTINUED)

Park Place Limited Liability Company – The Council is also affiliated with Park Place Limited Liability Company (Park Place, LLC).

Park Place, LLC was formed on April 17, 1997, to develop and operate a 51-unit low-income apartment complex known as Park Place in King County, Washington. The managing member is Evan Hunden. The non-managing member is Edison Capital Housing Investments. On November 1, 2009, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Park Place, LLC with a 0.05% interest as the administrative member.

Admiralty Heights Associates Limited Partnership – The Council is also affiliated with Admiralty Heights Associates, LP.

Admiralty Heights Associates, LP was formed on March 30, 1995, to develop and operate a 51-unit low income apartment complex known as Kent Manor in King County, Washington. The general partner is Admiralty Equities Development Company. The limited partner is Edison Capital Housing Investments. On October 1, 2009, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Admiralty Heights Associates, LP with a 0.5% interest as the administrative general partner.

Block 24, Limited Liability Company – The Council is also affiliated with Block 24, LLC.

Block 24, LLC was formed on November 13, 2009, to develop and operate a 253-unit low income apartment complex known as Discovery Heights in King County, Washington. The managing member is Discovery Heights, LLC. The investor member is Discovery Heights Housing, LLC. On December 1, 2010, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Block 24, LLC with a 0.01% interest as the administrative managing member.

Willow Tree Grove I, LLC – The Council is also affiliated with Willow Tree Grove I, LLC.

Willow Tree Grove I, LLC was formed on April 29, 2010, to develop and operate a 181-unit low income apartment complex known as Willow Tree Grove in Snohomish County, Washington. The managing member is Willow Tree Manager, LLC. The investor member is Transamerica Life Insurance Company and special member is Transamerica Affordable Housing, Inc. On August 1, 2011, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Willow Tree Grove I, LLC with a .005% interest as the administrative managing member.

District, LLC – The Council is also affiliated with District, LLC.

District, LLC was formed on July 18, 2012, to develop and operate a 228-unit low income apartment complex known as District in Snohomish County, Washington. The managing member is District Manager, LLC. The investor member is Wincopin Circle, LLLP. On May 31, 2013, CreateHousing, LLC, a Washington Limited Liability company, was admitted to District, LLC with a 0.005% interest as the administrative managing member.

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NOTE 13 AFFILIATES (CONTINUED)

Speedway, LLC – The Council is also affiliated with Speedway, LLC.

Speedway, LLC was formed on July 27, 2012, to develop and operate a 201-unit low income apartment complex known as Vantage in Snohomish County, Washington. The managing member is Speedway Management, LLC. The investor member is Garnet LIHTC Fund XXXVI, LLC. On December 1, 2013, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Speedway, LLC with a 0.005% interest as the administrative managing member.

Park 16, LLC – The Council is also affiliated with Park 16, LLC.

Park 16, LLC was formed on October 12, 2012, to develop and operate a 293-unit low income apartment complex known as Park 16 in King County, Washington. The managing member is Park 16 Manager, LLC. The investor member is BF Park 16, LLC. On December 1, 2013, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Park 16, LLC with a 0.005% interest as the administrative managing member.

Kitts Corner, LLC – The Council is also affiliated with Kitts Corner, LLC.

Kitts Corner, LLC was formed on September 27, 2012, to develop and operate a 216-unit low income apartment complex known as Kitts Corner in King County, Washington. The managing member is Kitts Corner Manager, LLC. The investor member is Boston Financial Institutional Tax Credits XLI Limited Partnership. On September 12, 2014, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Kitts Corner, LLC with a 0.005% interest as the administrative managing member.

High Point 320, LLC – The Council is also affiliated with High Point 320, LLC.

High Point 320, LLC was formed on July 19, 2013, to develop and operate a 300-unit low income apartment complex known as High Point in King County, Washington. The managing member is High Point Manager, LLC. The investor member is BFMM Tax Credits Fund IV Limited Partnership. On September 11, 2014, CreateHousing, LLC, a Washington Limited Liability company, was admitted to High Point 320, LLC with a 0.005% interest as the administrative managing member.

Axis Apartments, LLC – The Council is also affiliated with Axis Apartments, LLC.

Axis Apartments, LLC was formed on May 1, 2013, to develop and operate a 280-unit low income apartment complex known as Axis Apartments in Snohomish County, Washington. The managing member is Axis Manager, LLC. The investor member is BF Axis Apartments, LLC. On October 15, 2014, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Axis Apartments, LLC with a 0.005% interest as the administrative managing member.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 13 AFFILIATES (CONTINUED)

Grandview Apartments, LLC – The Council is also affiliated with Grandview Apartments, LLC.

Grandview Apartments, LLC was formed on December 31, 2013, to develop and operate a 257-unit low income apartment complex known as Grandview Apartments in King County, Washington. The managing member is GrandView Manager, LLC. The investor member is Garnet LIHTC Fund XLIV, LLC. On September 1, 2014, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Grandview Apartments, LLC with a 0.005% interest as the administrative managing member.

Scriber Creek, LLC – The Council is also affiliated with Scriber Creek, LLC.

Scriber Creek, LLC was formed on May 30, 2014 to develop and operate a 276-unit low income apartment complex known as Scriber Creek Apartments in Snohomish County, Washington. The managing member is Scriber Creek Manager, LLC. The investor member is Wincopin Circle LLLP. On March 2, 2015, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Scriber Creek, LLC with a 0.005% interest as the administrative managing member.

Promenade Apartments, LLC – The Council is also affiliated with Promenade Apartments, LLC.

Promenade Apartments, LLC was formed on January 30, 2014 to develop and operate a 294-unit low income apartment complex known as Promenade Apartments in King County, Washington. The managing member is Promenade Manager, LLC. The investor member is Wincopin Circle LLLP. On February 24, 2016, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Promenade Apartments, LLC with a 0.005% interest as the administrative managing member.

Gateway, LLC – The Council is also affiliated with Gateway, LLC

Gateway, LLC was formed on January 29, 2015 to develop and operate a 177 unit low income apartment complex known as Gateway Apartments in Snohomish County, Washington. The managing member is Gateway Manager, LLC. The investor member is Boston Financial Institutional Tax Credits XLIII Limited Partnership. On December 1, 2015, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Gateway, LLC with a 0.005% interest as the administrative managing member.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 13 AFFILIATES (CONTINUED)

Madison Way Apartments, LLC – The Council is also affiliated with Madison Way Apartments, LLC

Madison Way Apartments, LLC was formed to develop and operate a 180 unit low income apartment complex known as Madison Way Apartments in Snohomish County, Washington. The managing member is Madison Management, LLC. The investor member is PNC Real Estate Tax Credit Capital Institutional Fund 61, Limited Partnership. On May 1, 2016, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Madison Way Apartments, LLC with a 0.005% interest as the administrative managing member.

Kingsgate, LLC – The Council is also affiliated with Kingsgate, LLC

Kingsgate, LLC was formed on July 1, 2001 to develop and operate a 290 unit low income apartment complex known as Springfield Meadows Apartments in Clark County, Washington. The managing member is Kingsgate Manager, LLC. Springfield Investor LLC is a Special Member. On November 15, 2016, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Kingsgate, LLC with a 0.005% interest as the administrative managing member.

Puget Park, LLC – The Council is also affiliated with Puget Park, LLC

Puget Park, LLC was formed on March 31, 2016 to develop and operate a 256 unit low income apartment complex known as Puget Park Apartments in Snohomish County, Washington. The managing member is Puget Park Manager, LLC. The Investor Member is BF Puget Park, LLC. On December 1, 2016, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Puget Park, LLC with a 0.005% interest as the administrative managing member.

Valley View I Limited Partnership – The Council is also affiliated with Valley View I Limited Partnership

Valley View I Limited Partnership was formed on December 1, 2004 to develop and operate a 476 unit low income apartment complex known as Creston Point in King County, Washington. The managing member is Valley View Partners, LLC. The Investor Member is Sunamerica Housing Fund 1279. On April 27, 2017, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Valley View I Limited Partnership with a 0.005% interest as the administrative general partner.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 13 AFFILIATES (CONTINUED)

Mill Pointe Limited Partnership – The Council is also affiliated with Mill Pointe Limited Partnership

Mill Point Limited Partnership was formed on January 12, 1999 to develop and operate a 193 unit low income apartment complex known as Mill Pointe Apartments in Snohomish County, Washington. The general partner is Mill Pointe DevCo, LLC. The Limited Partner is Mill Pointe Investor, LLC. On May 25, 2017 CreateHousing, LLC, a Washington Limited Liability company, was admitted to Mill Pointe L.P., with a 0.005% interest as the administrative general partner.

Heatherwood I, LLC – The Council is also affiliated with Heatherwood I, LLC

Heatherwood I, LLC was formed on May 24, 2002 to develop and operate a 266 unit low income apartment complex known as Heatherwood Apartments in Snohomish County, Washington. The managing member is Heatherwood Manager, LLC. MMA Heatherwood, LLC is a Special Member. On December 1, 2017, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Heatherwood 1, LLC with a 0.005% interest as the administrative managing member.

Seasons I, LLC – The Council is also affiliated with Seasons I, LLC

Seasons I, LLC was formed on April 27, 2006 to develop and operate a 332 unit low income apartment complex known as The Seasons in King County, Washington. The managing member is The Seasons Managing Member, LLC. SCDC, LLC is a Special Investor Member and ORC Tax Credit Fund 24, LLC is a Company Investor Member. On September 22, 2017, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Seasons 1, LLC with a 0.001% interest as the administrative managing member.

Waterview Crossing, LLC – The Council is also affiliated with Waterview Crossing, LLC

Waterview Crossing, LLC was formed on December 9, 2015 to develop and operate a 326 unit low income apartment complex known as Waterview Crossing in King County, Washington. The managing member is Waterview Manager, LLC. The Investor Member is BF Waterview Crossing, LLC. On August 1, 2017, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Waterview Crossing, LLC with a 0.005% interest as the administrative managing member.

Watermark 320, LLC – The Council is also affiliated with Watermark 320, LLC

Watermark 320, LLC was formed on September 19, 2016 to develop and operate a 221 unit low income apartment complex known as Watermark Apartments in King County, Washington. The managing member is Watermark Manager, LLC. The Investor Member is LIHTC Fund 53, LLC. On December 1, 2017, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Watermark, LLC with a 0.005% interest as the administrative managing member.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 13 AFFILIATES (CONTINUED)

Redmond Ridge, LLC – The Council is also affiliated with Redmond Ridge, LLC

Redmond Ridge, LLC was formed on October 10, 2017 to develop and operate a 109 unit low income apartment complex known as Redmond Ridge Apartments in King County, Washington. The managing member is Redmond Ridge Manager, LLC. The Investor Member is PNC Bank, N.A. On October 10, 2017, CreateHousing, LLC, a Washington Limited Liability company, was admitted to Puget Park, LLC with a 0.005% interest as the administrative managing member.

Panorama Apartments, LLC – The Council is also affiliated with Panorama Apartments, LLC

Panorama Apartments, LLC was formed on February 9, 2017 to develop and operate a 192-unit apartment complex known as Panorama Apartments in King County, Washington. The managing member is Panorama Manager, LLC. The Investor Member is Panorama Apartments Investor, LLC. On May 10, 2018, CreateHousing, LLC a Washington Limited Liability company, was admitted to Panorama Apartments, LLC with a 0.005% interest as the administrative managing member.

Manor Way Apartments, LLC – The Council is also affiliated with Manor Way Apartments, LLC

Manor Way Apartments, LLC was formed on September 21, 2017 to develop and operate a 205-unit apartment complex known as Manor Apartments in Snohomish County, Washington. The managing member is Manor Way Manager, LLC. The Investor Member is Manor Way Apartments Investor, LLC. On November 1, 2018, CreateHousing, LLC a Washington Limited Liability company, was admitted to Manor Way Apartments, LLC with a 0.005% interest as the administrative managing member. On July 1, 2020, CreateHousing, LLC withdrew as the administrative managing member and transferred its ownership interest to CreateHousing Manor Way, LLC. Opportunity Council is the sole member of CreateHousing Manor Way, LLC.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 13 AFFILIATES (CONTINUED)

OTHER AFFILIATES (not under CreateHousing, LLC)

22 North Development LLC – The Council is also affiliated with 22 North Development, LLC. Accounts receivable on the December 31, 2019 and 2018 statement of financial position include a balance due of \$31,196 and \$617,325 from 22 North Development, LLC, for costs related to the 22 North project.

22 North Development LLC was formed on August 16, 2016 to develop and operate a 40 unit low income apartment complex known as 22 North in Whatcom County, Washington. The managing member is 22 North Manager, LLC, a wholly-owned subsidiary of the Council. The Investor Member is Wincopin Circle, LLC. 22 North Manager LLC holds a 0.01% interest in 22 North Development LLC and Wincopin Circle, LLC holds a 99.99% interest. As sponsor of the 22 North project, Opportunity Council has entered into a Guaranty Agreement with the Investor Member of 22 North Development LLC, guaranteeing the performance of 22 North Manager, LLC of all of its duties and obligations under the Operating Agreement of 22 North Development LLC.

Beacon @ Ferndale, LLC – The Council is also affiliated with Opportunity Housing Ferndale, LLC

Beacon @ Ferndale, LLC was formed on January 1, 2018 to acquire and operate Beacon Manor Apartments, located in Whatcom County, Washington. The managing member of Beacon @ Ferndale, LLC is George Kenneth Alameda, Trustee of the George Kenneth Alameda Exempt Trust. The other members of Beacon @ Ferndale, LLC are the Lawrence G. Alameda Non-Exempt Trust, the George Kenneth Alameda Non-Exempt Trust, the Linda M. Frank Non-Exempt Trust, and the Lawrence G. Alameda Exempt Trust, collectively the “Alameda Family Trusts”. Opportunity Housing Ferndale, LLC has a 0.05% interest in Beacon @ Ferndale, LLC and is the administrative managing member.

Teal Pointe Wishrock Limited Partnership – The Council is also affiliated with Teal Pointe Wishrock Limited Partnership.

Teal Pointe Wishrock Limited Partnership was formed on October 1, 2018 to acquire, own, and operate Teal Pointe Apartments, a 120-unit affordable housing complex in Clark County, WA. The Administrative General Partner is OC Housing Partners I, LLC, a wholly-owned subsidiary of the Council. The Managing General Partner and Limited Partner are Teal Pointe Wishrock, LLC. OC Housing Partners I, LLC holds a 0.01% interest in Teal Pointe Wishrock LP and the balance is held by Teal Pointe Wishrock, LLC.

Riverview I, LLC – The Council is also affiliated with Riverview I, LLC.

Riverview I, LLC was formed on September 14, 2017 to develop and operate a 203-unit apartment complex in Everett, WA known as Riverview Apartments. The Managing Member is Riverview Manager, LLC and the Investor Member is Riverview Investor, LLC. On March 1, 2019, CreateHousing Riverview LLC, a Washington Limited Liability Corporation and a wholly-owned subsidiary of the Council was admitted to Riverview I, LLC with a 0.005% interest as the administrative managing member.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 13 AFFILIATES (CONTINUED)

Ravenswood Apartments, LLC – The Council is also affiliated with Ravenswood Apartments, LLC.

Ravenswood Apartments, LLC was formed on January 25, 2018 to develop and operate a 292-unit apartment complex in Snohomish County, WA known as Ravenswood Apartments. The Managing Member is Ravenswood Manager, LLC and the Investor Member is Ravenswood Investor, LLC. On December 1, 2019, CreateHousing Ravenswood, LLC, a Washington Limited Liability Corporation and a wholly-owned subsidiary of the Council was admitted to Ravenswood Apartments, LLC with a 0.005% interest as the administrative managing member.

Speedway II, LLC – The Council is also affiliated with Speedway II, LLC.

Speedway II, LLC was formed on January 7, 2019 to develop and operate a 176-unit apartment complex in Snohomish County, WA known as Vantage II Apartments. The Managing Member is Speedway II Management, LLC and the Investor Member is Garnet LIHTC Fund XX, LLC. On December 1, 2019, CreateHousing Vantage II, LLC, a Washington Limited Liability Corporation and a wholly-owned subsidiary of the Council was admitted to Speedway II, LLC with a 0.005% interest as the administrative managing member.

Holly Ridge, LLC – The Council is also affiliated with Holly Ridge, LLC

Holly Ridge, LLC was formed on November 2, 2018 to develop and operate a 121-unit apartment complex in Snohomish County, WA known as Holly Ridge Apartments. The Managing Member is Holly Ridge Management, LLC and the Investor Member is Holly Ridge Investor, LLC. On April 28, 2020, CreateHousing Holly Ridge, LLC, a Washington Limited Liability Corporation and a wholly-owned subsidiary of the Council was admitted to Holly Ridge, LLC with a 0.005% interest as the administrative managing member

Manor Way Apartments, LLC – The Council is also affiliated with Manor Way Apartments, LLC

Manor Way Apartments, LLC was formed on September 21, 2017 to develop and operate a 205-unit apartment complex known as Manor Apartments in Snohomish County, Washington. The managing member is Manor Way Manager, LLC. The Investor Member as of July 1, 2020 is BF FRE 2018, LP. On November 1, 2018, CreateHousing, LLC a Washington Limited Liability company, was admitted to Manor Way Apartments, LLC with a 0.005% interest as the administrative managing member. On July 1, 2020, CreateHousing, LLC withdrew as the administrative managing member and transferred its ownership interest to CreateHousing Manor Way, LLC. Opportunity Council is the sole member of CreateHousing Manor Way, LLC.

OPPORTUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

NOTE 14 EMPLOYEE BENEFITS

The Council sponsors a 403(b) qualified defined contribution retirement plan (the Plan). All employees are eligible to participate in the Plan and may contribute up to 20% of their annual compensation up to Internal Revenue Service limits. After one year of employment, the Council also contributes an amount equal to 5% of the compensation of all eligible employees to the Plan. The Council recorded retirement plan expense of \$460,748 and \$414,937 for the years ended December 31, 2019 and 2018, respectively.

NOTE 15 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Council, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to loss of revenue in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2019.

Subsequent to year-end, the Council applied for and was granted a loan through the Paycheck Protection Program with a principal balance of \$1,500,000. The loan incurs interest at 1% with principal payments due beginning in November 2020 through May 2022, however up to the full balance of the loan may be forgiven if the proceeds are used for qualifying expenses. The loan may reviewed by the Small Business Administration for borrower eligibility, loan amounts and use of proceeds and loan forgiveness amounts for six years from the date the loan is either forgiven or repaid in full.

On July 9, 2020, Opportunity Council entered into a contract with HB Hansen for major renovations at Harbor View Apartments, a property owned by Opportunity Council and operated under an agreement with the United States Department of Agriculture (USDA). Funding for this contract is being provided by a loan from the State of Washington's Housing Trust Fund and a grant from the Federal Home Loan Bank of Des Moines.

Except for the creation of CreateHousing Holly Ridge, LLC and CreateHousing Manor Way, LLC in 2020 as identified in Note 1 and 13, and the transfer of an interest in Manor Way Apartments, LLC between CreateHousing, LLC and CreateHousing Manor Way, LLC, as identified in Note 13 and the other events noted above, no events have occurred through August 18, 2020, which is the date the consolidated financial statements were available to be issued based on client facts and circumstances, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2019.

**OPPORTUNITY COUNCIL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2019**

| <u>Pass-Through Grantor/Program Title</u> | <u>Pass-Through Grantor's Number</u> | <u>State Expenditures</u> |
|--|--------------------------------------|---------------------------|
| Passed-Through Department of Early Learning | | |
| ECEAP | 16-1117-03 | \$ 1,047,534 |
| ECEAP | 20-1092 | <u>1,034,660</u> |
| Total Department of Early Learning | | <u>2,082,194</u> |
| Passed-Through Washington State Department of Commerce | | |
| FCS Community Behavioral Health Rental Assistance Pilot (CRBRA) | 18-46123-004 | 83,837 |
| FCS Community Behavioral Health Rental Assistance Pilot (CRBRA) | 20-46123-012 | 39,589 |
| Consolidated Homeless Grant | 17-46108-25 | 27,942 |
| Consolidated Homeless Grant | 20-46108-25 | 34,662 |
| Asset Building | S18-32010-009 | 11,018 |
| Asset Building | S20-32010-009 | 8,820 |
| HRLP | S19-92402-424 | 14,477 |
| Matchmaker Program | S17-92401-424 | 329,807 |
| Matchmaker Program | S19-92401-424 | 356,798 |
| Lead Remediation Program | S18-92403-424 | 10,505 |
| Complete Census Count | 19-21303-007 | 17,536 |
| Complete Census Count | 201911010 | 6,227 |
| EWRRRC DOC Capital Funds | 19-96619-018 | 121,250 |
| EWRRRC Building Communities Fund | 18-96602-019 | 485,000 |
| Community Energy Challenge | 133787-G003886 | 669,711 |
| Community Energy Challenge | 137243 G004132 | 80,255 |
| Recovery House State Capital Funds | 18-96617-222 | 7,995 |
| Community Services Block Grant | S18-32101-222 | 35,357 |
| Community Services Block Grant | S20-32101-222 | <u>19,315</u> |
| Total Washington State Department of Commerce | | <u>2,360,099</u> |
| Passed-Through State of Washington Office of Insurance Commissioner | | |
| SHIBA Volunteer Program | C202108 | <u>4,605</u> |
| Total State of Washington Office of Insurance Commissioner | | <u>4,605</u> |
| Total State Awards | | <u>\$ 4,446,897</u> |



INDEPENDENT AUDITORS' 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

Board of Directors
Opportunity Council
Bellingham, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opportunity Council, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opportunity Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
August 18, 2020



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

Board of Directors
Opportunity Council
Bellingham, Washington

Report on Compliance for Each Major Federal Program

We have audited Opportunity Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Opportunity Council's major federal programs for the year ended December 31, 2019. Opportunity Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Opportunity Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Opportunity Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Opportunity Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Opportunity Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Opportunity Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Opportunity Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Bellevue, Washington
August 18, 2020

**OPPORTUNITY COUNCIL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued

Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified _____ Yes X No
- Significant Deficiency(ies) Identified that is not Considered to be a Material Weakness _____ Yes X None Reported
- 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? _____ Yes X None Reported

Type of Auditors' Report Issued on Compliance for the Major Federal Programs

Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?

_____ Yes X No

Major Programs

Federal Grant Programs

CFDA Number

Department of Housing and Urban Development
Community Development Block Grant
Home Investment Partnerships Program

14.228
14.239

The Dollar Threshold used to Distinguish Between Type A and Type B Programs:

\$ 750,000

Auditee Qualified as Low-Risk Auditee?

 X Yes _____ No

**OPPORTUNITY COUNCIL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**OPPORTUNITY COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Identification Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|--|---------------------------|--------------------------------|--|---------------------------------------|-------------------------|
| <u>Department of Health and Human Services</u> | | | | | |
| Head Start | 93.600 | 10CH018305 | | | \$ 1,576,216 |
| Head Start | 93.600 | 10CH010550 | | | <u>1,494,015</u> |
| | | | | | <u>3,070,231</u> |
| Passed Through the Washington State Department of Early Learning: | | | | | |
| Child Care and Development Block Grant | 93.575 | 0-110-201119-6110 | | | 83,345 |
| Child Care and Development Block Grant | 93.575 | 0-110-201120-6110 | | | 860,702 |
| Child Care and Development Block Grant | 93.575 | 16-1166-03 | | | 107,019 |
| Child Care and Development Block Grant | 93.575 | 20-1033 | | | 94,683 |
| | | | | | <u>1,145,749</u> |
| Department of Commerce: | | | | | |
| Community Services Block Grant | 93.569 | F18-32101-022 | | | 134,378 |
| Community Services Block Grant | 93.569 | F19-32101-022 | | | <u>177,290</u> |
| | | | | | <u>311,668</u> |
| Temporary Assistance for Needy Families | 93.558 | S20-32710-309 | | | 6,806 |
| Temporary Assistance for Needy Families | 93.558 | S19-32710-009 | | | 277,550 |
| Temporary Assistance for Needy Families | 93.558 | S20-32710-009 | | | 245,863 |
| | | | | | <u>530,219</u> |
| Low-Income Home Energy Assistance Program | 93.568 | 18-32606-078 | | | 23,255 |
| Low-Income Home Energy Assistance Program | 93.568 | 19-32606-078 | | | 2,210,718 |
| Low-Income Home Energy Assistance Program | 93.568 | F17-53101-424 | | | 554,723 |
| Low-Income Home Energy Assistance Program | 93.568 | F19-53101-424 | | | 103,949 |
| | | | | | <u>2,892,645</u> |
| Whatcom County: | | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 201706013-3 | | | 61,664 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 201706013-4 | | | 730 |
| | | | | | <u>62,394</u> |
| Total Department of Health and Human Services | | | | | <u>8,012,906</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**OPPORTUNITY COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Identification Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---------------------------|--------------------------------|--|---------------------------------------|-------------------------|
| <u>Centers for Medicare and Medicaid Services</u> | | | | | |
| Passed Through the Washington State Medical Assistance Program | 93.778 | K3896 | | | \$ 1,355 |
| | | | | | <u>1,355</u> |
| <u>Department of Energy</u> | | | | | |
| Passed Through the Washington State Department of Commerce: | | | | | |
| Bonneville Power Administration | 81.F17-53104-424 | F17-53104-424 | | | 98,670 |
| Bonneville Power Administration | 81.F17-53104-424 | F19-53104-424 | | | 29,412 |
| | | | | | <u>128,082</u> |
| Weatherization Assistance for Low Income Persons | 81.042 | F18-53103-705 | | | 341,673 |
| Weatherization Assistance for Low Income Persons | 81.042 | F18-53103-424 | | | 153,154 |
| Weatherization Assistance for Low Income Persons | 81.042 | F19-53103-424 | | | 125,827 |
| | | | | | <u>620,654</u> |
| Total Department of Energy | | | | | <u>748,736</u> |
| <u>Department of Agriculture</u> | | | | | |
| Child and Adult Care Food Program | 10.558 | SWV000724400 | | | 261,037 |
| Child and Adult Care Food Program | 10.558 | SWV000724400 | | | 78,503 |
| Child and Adult Care Food Program | 10.558 | 37-02-0118-18 | | | 134,432 |
| Child and Adult Care Food Program | 10.558 | 37-02-0118-19 | | | 68,695 |
| | | | | | <u>542,667</u> |
| Passed Through Washington State Department of Social and Health Services: | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1812-39173 | | | 48,122 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1912-63578 | | | 15,974 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1812-39172 | | | 22,748 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1912-63579 | | | 8,818 |
| | | | | | <u>95,662</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**OPPORTUNITY COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Identification Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---------------------------|--------------------------------|--|---------------------------------------|-------------------------|
| <u>Department of Agriculture (Continued)</u> | | | | | |
| Passed Through WithinReach: | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1613-75655-14 | | \$ | 24,475 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1613-75655-14 | | | 10,814 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1613-75655-13 | | | 14,618 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 1912-64581-13 | | | 5,454 |
| | | | | | <u>55,361</u> |
| Total Department of Agriculture | | | | | <u>693,690</u> |
| <u>Department of Housing and Urban Development</u> | | | | | |
| Supportive Housing Program | 14.235 | WA0299LOT011703 | | | 108,690 |
| Supportive Housing Program | 14.235 | WA0299LOT011804 | | | 88,884 |
| | | | | | <u>197,574</u> |
| Continuum of Care | 14.267 | WA03681LOT011701 | | | 56,000 |
| Continuum of Care | 14.267 | WA0368LOT011802 | | | 83,696 |
| Continuum of Care | 14.267 | WA0393LOT011700 | | | 55,067 |
| Continuum of Care | 14.267 | WA0393LOT011801 | | | 64,335 |
| Continuum of Care | 14.267 | WA0351LOT011702 | | | 169,197 |
| Continuum of Care | 14.267 | WA0229LOT011706 | | | 148,414 |
| Continuum of Care | 14.267 | WA0229LOT011807 | | | 99,090 |
| | | | | | <u>675,799</u> |
| Passed Through the Washington State Department of Commerce: | | | | | |
| Home Investment Partnerships Program | 14.239 | 18-42401-121 | | | 27,685 |
| Home Investment Partnerships Program - Loan | 14.239 | Loan 2018 balance | | | 1,219,248 |
| Home Investment Partnerships Program - Loan | 14.239 | Loan 2019 loans | | | - |
| | | | | | <u>1,246,933</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**OPPORTUNITY COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Identification Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---------------------------|--------------------------------|--|---------------------------------------|-------------------------|
| <u>Department of Housing and Urban Development (Continued)</u> | | | | | |
| Passed Through Whatcom County: | | | | | |
| Community Development Block Grant | 14.228 | 201801008 | | | \$ 241,228 |
| Community Development Block Grant | 14.228 | 201512022 | | | 562,247 |
| Community Development Block Grant | 14.228 | 201808019 | | | 88,258 |
| Community Development Block Grant | 14.228 | 201908017 | | | 57,779 |
| Community Development Block Grant -- Loan | 14.228 | Loan 2018 balance | | | 559,716 |
| Community Development Block Grant -- Loan | 14.228 | Loan 2019 loans | | | 106,071 |
| | | | | | <u>1,615,299</u> |
| Passed Through Skagit County: | | | | | |
| Community Development Block Grant Rural Rehab | 14.228 | C20180510/C20180511 | | | 1,861 |
| | | | | | <u>1,861</u> |
| Passed Through City of Bellingham: | | | | | |
| Home Investment Partnerships Program | 14.239 | 2017-0408 | | | 145,487 |
| Home Investment Partnerships Program - Loan | 14.239 | Loan 2018 balance | | | 683,080 |
| Home Investment Partnerships Program - Loan | 14.239 | Loan 2018 balance | | | 344,212 |
| Home Investment Partnerships Program - Loan | 14.239 | Loan 2018 balance | | | 502,000 |
| Home Investment Partnerships Program - Loan | 14.239 | Loan 2018 balance | | | 150,000 |
| | | | | | <u>1,824,779</u> |
| Community Development Block Grant | 14.218 | 2017-0377 | | | 33,478 |
| Community Development Block Grant | 14.218 | 2019-0370 | | | 48,622 |
| Community Development Block Grant -- Loan | 14.218 | Loan 2018 balance | | | 57,641 |
| Community Development Block Grant -- Loan | 14.218 | Loan 2018 balance | | | 794,833 |
| Community Development Block Grant -- Loan | 14.218 | Loan 2019 loans | | | - |
| | | | | | <u>934,574</u> |
| Passed Through Skagit County: | | | | | |
| Home Investment Partnership Program | 14.239 | C20180424 | | | 346,004 |
| | | | | | <u>346,004</u> |
| Total Department of Housing and Urban Development | | | | | <u>6,842,823</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**OPPORTUNITY COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Identification Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---------------------------|--------------------------------|--|---|-------------------------|
| <u>Corporation for National and Community Service</u> | | | | | |
| Volunteers in Service to America | 94.013 | 08VSPWA004 | | | \$ 13,121 |
| Volunteers in Service to America | 94.013 | 08VSPWA004 | | | 38,392 |
| Total Corporation for National and Community Service | | | | | <u>51,513</u> |
| <u>Department of Education</u> | | | | | |
| Race to the Top Fund | 84.395A | 14-1372 | | | <u>26,819</u> |
| Passed Through the Washington State Department of Commerce: | | | | | |
| Special Education - Grants for Infants and Families - Early Intervention Program | 84.181A | 18-1203 | | | 136,598 |
| Special Education - Grants for Infants and Families - Early Intervention Program | 84.181A | 20-1123 | | | 126,232 |
| | | | | | <u>262,830</u> |
| Total Department of Education | | | | | <u>289,649</u> |
| <u>Department of Veterans Affairs</u> | | | | | |
| Supportive Services for Veteran Families Program | 64.033 | 12-WA-079 | | See end of SEFA for subrecipient detail | 731,914 |
| Supportive Services for Veteran Families Program | 64.033 | 19-WA-079 | | See end of SEFA for subrecipient detail | 279,656 |
| Total for Department of Veterans Affairs | | | | | <u>1,011,570</u> |
| <u>Department of Homeland Security</u> | | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | LRO #894000-001 | | | 4,558 |
| Emergency Food and Shelter National Board Program | 97.024 | LRO #894000-001 | | | 3,000 |
| Total for Department of Homeland Security | | | | | <u>7,558</u> |
| Total Expenditures of Federal Awards | | | | | <u>\$ 17,659,800</u> |
| <u>Subrecipient Information</u> | | | | | |
| Supportive Services for Veteran Families Program | 64.033 | 12-WA-079 | 037991593 157877564 | \$ 79,546 76,819 <u>156,365</u> | <u>\$ 731,914</u> |
| Supportive Services for Veteran Families Program | 64.033 | 12-WA-079 | 037991593 157877564 | 31,829 40,480 <u>72,309</u> | <u>\$ 279,656</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**OPPORTUNITY COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Council under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of 2 CFR 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 operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COSTS

The Council negotiates an indirect cost rate with the United States Department of Health and Human Services. The accompanying Schedule of Expenditures of Federal Awards includes indirect costs, calculated at the Council's negotiated rate of 12% of modified total direct federal expenditures.

**OPPORTUNITY COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019**

NOTE 4 FEDERAL LOANS

The federal loan programs listed subsequently are administered directly by Opportunity Council, and balances and transactions relating to these programs are included in Opportunity Council's basic consolidated financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at December 31, 2019 consists of:

| | <u>CFDA Number</u> | <u>Amount Outstanding End of Year</u> | <u>Amount Outstanding Beginning of Year</u> |
|---|--------------------|---|---|
| U.S. Department of Housing and Urban Development | | | |
| Passed Through the Washington State Department of Commerce: | | | |
| Home Investment Partnership Program | 14.239 | \$ 1,177,409 | \$ 1,219,248 |
| Passed Through Whatcom County: | | | |
| Community Development Block Grant | 14.228 | 633,950 | 559,716 |
| Passed Through City of Bellingham: | | | |
| Home Investment Partnership Program | 14.239 | 683,080 | 683,080 |
| Home Investment Partnership Program | 14.239 | 344,212 | 344,212 |
| Home Investment Partnership Program | 14.239 | 502,000 | 502,000 |
| Home Investment Partnership Program | 14.239 | 150,000 | 150,000 |
| Home Investment Partnership Program | 14.218 | 32,642 | 57,641 |
| Home Investment Partnership Program | 14.218 | 794,833 | 794,833 |
| Total | | <u>\$ 4,318,126</u> | <u>\$ 4,310,730</u> |