

Opportunity Council

Consolidated Financial Statements and
Supplementary Information with
Independent Auditor's Report

Year Ended December 31, 2021
(with Summarized Comparative Totals
for Year Ended December 31, 2020)



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

Opportunity Council

Contents

Independent Auditor's Report	1-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6-7
Consolidated Statement of Cash Flows	8-9
Notes to Consolidated Financial Statements	10-24
Appendix I: Affiliates	25-26
Supplementary Information	
Schedule of Expenditures of State Awards	28
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 <i>Government Auditing Standards</i>	29-30
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	31-33
Schedule of Audit Findings and Questioned Costs	34-35
Schedule of Expenditures of Federal Awards	36-40
Notes to Schedule of Expenditures of Federal Awards	41-42



INDEPENDENT AUDITORS' REPORT

Board of Directors
Opportunity Council
Bellingham, Washington

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Opportunity Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Opportunity Council's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Opportunity Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter – Prior-Period Summarized Comparative Information

We have previously audited the Opportunity Council's 2020 financial statements, and our report dated May 25, 2021 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, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary 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 consolidated 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. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of state awards and the schedule of expenditures of federal awards are 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 June 29, 2022, 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
June 29, 2022

Opportunity Council
Consolidated Statement of Financial Position
Year-Ended December 31, 2021
(with Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents - unrestricted	\$ 2,206,376	\$ 3,299,220
Due from granting agencies	8,192,923	3,964,639
Other current receivables	1,163,993	1,067,695
Other current assets	384,209	337,318
Total current assets	11,947,501	8,668,872
Property and equipment, net	11,883,440	10,193,667
Other assets		
Reserved funds		
Board-designated reserves	409,508	409,508
Contractually obligated property reserves	169,572	210,247
Total reserved funds	579,080	619,755
Funds held for others	338,421	332,343
Funds held for others in escrow	-	2,630,828
Home loan receivable	2,553,396	2,548,424
Other long-term receivables	1,564,266	1,564,266
Total other assets	5,035,163	7,695,616
Total assets	\$ 28,866,104	\$ 26,558,155
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,177,371	\$ 1,161,046
Accrued liabilities	2,183,647	2,113,603
Revolving loans payable	148,365	95,412
Deferred revenue	4,038,374	2,913,091
Due to affiliate	251,972	166,972
Current portion of notes payable	132,138	128,589
Total current liabilities	7,931,867	6,578,713
Long-term liabilities		
Tenant deposits	155,556	143,812
Due to funding agencies	2,553,396	2,548,424
Notes payable, net of current portion and unamortized debt issuance costs	6,125,293	5,567,145
Total long-term liabilities	8,834,245	8,259,381
Net assets		
Without donor restrictions		
Net investment in property and equipment	5,626,009	4,497,933
Undesignated	276,843	2,069,002
Board-designated	409,508	409,508
Total without donor restrictions	6,312,360	6,976,443
With donor restrictions	5,787,632	4,743,618
Total net assets	12,099,992	11,720,061
Total liabilities and net assets	\$ 28,866,104	\$ 26,558,155

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Activities
Year Ended December 31, 2021
(with Comparative Totals for the Year Ended December 31, 2020)

	2021			2020 Total
	Without Donor Restriction	With Donor Restriction	Total	
Revenue, gains, and public support				
Grants from government agencies	\$ 45,872,132	\$ 908,355	\$ 46,780,487	\$ 29,310,691
Grants from private organizations	3,727,584	-	3,727,584	2,927,399
Fee-for-service contracts	3,629,024	-	3,629,024	5,417,761
Contributions	1,424,586	752,494	2,177,080	3,366,431
In-kind	190,923	-	190,923	221,485
Investment income	2	-	2	23,588
Satisfaction of donor restrictions	616,835	(616,835)	-	-
Total revenues, gains, and public support	<u>55,461,086</u>	<u>1,044,014</u>	<u>56,505,100</u>	<u>41,267,355</u>
Expenses				
Program services	50,774,838	-	50,774,838	33,734,194
Management and general	4,056,170	-	4,056,170	3,567,970
Other supporting services	1,190,818	-	1,190,818	1,563,841
Fundraising	103,343	-	103,343	56,432
Total expenses	<u>56,125,169</u>	<u>-</u>	<u>56,125,169</u>	<u>38,922,437</u>
Change in net assets	(664,083)	1,044,014	379,931	2,344,918
Net assets - beginning of year	<u>6,976,443</u>	<u>4,743,618</u>	<u>11,720,061</u>	<u>9,375,143</u>
Net assets - end of year	<u>\$ 6,312,360</u>	<u>\$ 5,787,632</u>	<u>\$ 12,099,992</u>	<u>\$ 11,720,061</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(with Comparative Totals for the Year Ended December 31,2020)

	2021						
	Early Learning and Family Services	Weatherization and Home Repair Services	Energy Policy	Housing Services	Housing Enterprise	Community Services	Energy Assistance
Expenses							
Salaries and wages	\$ 5,856,894	\$ 594,009	\$ 97,470	\$ 4,137,398	\$ 736,357	\$ 726,411	\$ 602,558
Payroll taxes and benefits	1,908,758	193,830	31,801	1,349,964	240,262	227,639	196,591
Total payroll expenses	<u>7,765,652</u>	<u>787,839</u>	<u>129,271</u>	<u>5,487,362</u>	<u>976,619</u>	<u>954,050</u>	<u>799,149</u>
Specific assistance	946,582	23,241	-	19,291,540	100,907	63,047	5,351,189
Professional and contract services	908,945	2,010,194	352,870	424,590	319,744	102,509	378,038
Occupancy	182,127	-	3,698	758,562	11,275	1,753	(2,768)
Pass-through grants	-	-	-	479,394	140,447	35,138	-
Supplies	356,415	10,544	692	148,618	20,525	26,815	15,708
Depreciation	(5,733)	-	-	12,624	2,257	-	-
Minor equipment	211,246	9,076	337	55,323	53,494	229	5,088
Other	88,938	9,847	2,158	14,928	70,880	2,511	771
Repairs and maintenance	4,959	523	-	161,348	7,882	-	-
Communications	86,879	5,850	746	67,342	13,729	10,243	11,902
Travel and vehicle expense	59,449	977	6,663	2,240	6,409	5,360	512
In-kind	190,923	-	-	-	-	-	-
Interest	-	-	-	22,160	-	-	-
Insurance	8,375	5,498	-	35,086	1,240	338	-
Training	41,356	5,853	-	24,134	8,447	4,948	2,377
Printing and copying	20,690	41	-	410	104	1,407	6,238
Postage	2,389	2,049	-	1,061	716	1,319	15,905
Business taxes	144	-	-	6,023	7,800	-	-
Advertising	2,677	-	21	1,270	-	302	4,270
Total expenses	<u>\$ 10,872,013</u>	<u>\$ 2,871,532</u>	<u>\$ 496,456</u>	<u>\$ 26,994,015</u>	<u>\$ 1,742,475</u>	<u>\$ 1,209,969</u>	<u>\$ 6,588,379</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2021
(with Comparative Totals for the Year Ended December 31,2020)

	2021					2020 Total
	Total Program Services	Administration	Other Supporting Services	Fundraising	Total	
Expenses						
Salaries and wages	\$ 12,751,097	\$ 2,107,755	\$ 169,736	\$ 67,917	\$ 15,096,505	\$ 13,259,753
Payroll taxes and benefits	4,148,845	687,240	55,378	22,159	4,913,622	4,247,047
Total payroll expenses	16,899,942	2,794,995	225,114	90,076	20,010,127	17,506,800
Specific assistance	25,776,506	2,539	-	-	25,779,045	12,431,200
Professional and contract services	4,496,890	328,519	16,481	-	4,841,890	4,302,755
Occupancy	954,647	84,627	284,226	-	1,323,500	1,055,700
Pass-through grants	654,979	-	-	-	654,979	609,055
Supplies	579,317	77,459	40,338	8,294	705,408	602,476
Depreciation	9,148	271,401	248,343	-	528,892	426,031
Minor equipment	334,793	82,867	4,105	2,780	424,545	317,100
Other	190,033	202,488	5,528	1,046	399,095	269,723
Repairs and maintenance	174,712	10,989	172,610	-	358,311	267,606
Communications	196,691	15,018	35,635	600	247,944	225,396
Travel and vehicle expense	81,610	72,588	(27)	-	154,171	191,599
In-kind	190,923	-	-	-	190,923	221,485
Interest	22,160	-	118,228	-	140,388	144,349
Insurance	50,537	91,417	24,169	-	166,123	124,069
Training	87,115	8,029	-	-	95,144	88,719
Printing and copying	28,890	6,186	53	547	35,676	50,769
Postage	23,439	6,833	23	-	30,295	37,382
Business taxes	13,967	-	15,992	-	29,959	31,430
Advertising	8,540	215	-	-	8,755	18,793
Total expenses	\$ 50,774,839	\$ 4,056,170	\$ 1,190,818	\$ 103,343	\$ 56,125,170	\$ 38,922,437

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(with Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 379,931	\$ 2,344,918
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	528,892	426,031
Amortization of debt issuance costs	1,610	1,611
Loss on disposition of property and equipment	-	6,502
(Increase) decrease in current assets:		
Due from granting agencies	(4,228,284)	(578,666)
Other current receivables	(96,298)	381,907
Other current assets	(46,891)	(171,662)
Increase (decrease) in current liabilities:		
Accounts payable	16,320	(648,109)
Accrued liabilities	70,044	128,224
Deferred revenue	1,125,283	2,818,303
Due to affiliate	85,000	166,972
	(2,164,393)	4,876,031
Cash flows from investing activities		
Purchase of property and equipment	(2,218,661)	(1,538,736)
Funds held for others in escrow	2,630,828	(2,630,828)
Interest earned on other long-term receivables	-	(23,117)
Increase in tenant deposits	11,744	12,992
	423,911	(4,179,689)
Cash flows from financing activities		
Increase in revolving loans payable	52,953	6,338
Proceeds from notes payable	688,676	369,009
Payments on notes payable	(128,589)	(100,933)
	613,040	274,414
Net increase (decrease) in cash and cash equivalents	(1,127,441)	970,756
Cash and cash equivalents - beginning of year	4,251,318	3,280,562
Cash and cash equivalents - end of year	\$ 3,123,877	\$ 4,251,318

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Cash Flows (Continued)
Year Ended December 31, 2021
(with Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Summary of cash and cash equivalents		
Cash and cash equivalents - unrestricted	\$ 2,206,376	\$ 3,299,220
Reserved funds		
Board-designated reserves	409,508	409,508
Contractually obligated property reserves	169,572	210,247
Funds held for others	338,421	332,343
Total cash and cash equivalents	\$ 3,123,877	\$ 4,251,318
 Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 140,050	\$ 143,110
Change in home loan receivables and amounts due to funding agencies	\$ (4,972)	\$ 132,940

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

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 accordance 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, weatherization and home repair services, and housing and energy assistance. 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 specific programming in Skagit and Snohomish counties and provides specialized services throughout Washington as well as in other states in the Pacific Northwest.

The Council has formed a number of separate state limited liability corporations (LLCs) for the purpose of providing certain management and other services to separate entities in which the LLCs are either a noncontrolling member or general partner. The sole member of these LLCs is Opportunity Council, therefore, they are consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated. All active LLCs are outlined in the list below:

<u>Name</u>	<u>Year of Formation</u>
CreateHousing, LLC	2006
22 North Manager, LLC	2016
Friday Harbor Housing I, LLC	2017
Opportunity Housing Ferndale, LLC	2018
OC Housing Partners I, LLC	2018
OCHP Pullman, LLC	2018
CreateHousing Riverview LLC	2019
CreateHousing Ravenswood, LLC	2019
CreateHousing Vantage II, LLC	2019
CreateHousing Holly Ridge, LLC	2020
CreateHousing Manor Way, LLC	2020
CreateHousing Four Corners, LLC	2020
OCHP Springtree, LLC	2020
OCHP Blackbird, LLC	2021
OCHP Sunshine Park, LLC	2021
OCHP Meeker, LLC	2021
OCHP Logan Park, LLC	2021
OCHP Solera, LLC	2021
OCHP Covey Run, LLC	2021
OCHP East Park MT, LLC	2021
OCHP Texas I, LLC	2021

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Basis of accounting: The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

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:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Council or the passage of time totaled \$5,296,179 and \$4,394,988 as of December 31, 2021 and 2020, respectively. Net assets subject to donor-imposed restrictions that stipulate they be maintained in perpetuity 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 totaled \$348,630 as of December 31, 2021 and 2020, in the form of land that must be used for a specific purpose.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expiration 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. Contributions that are restricted by donors are reported as increases in net assets without donor restriction if the restrictions expire in the reporting period in which the contributions are recognized.

The Council reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. 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 accordance 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.

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.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Due from granting agencies and other current receivables: Amounts due from granting agencies and other receivables are recorded at their net realizable value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for doubtful accounts. Management of the Council bases its estimate of doubtful accounts on several factors. These factors include the Council’s prior experience collecting receivables, the aging of the receivables at year-end, and management’s appraisal of current economic conditions. Based on the above factors, management considers all receivables to be fully collectible, therefore, has not made any allowance for uncollectibility.

Receivables are considered past due if not collected within 90 days. The Council does not charge interest on past due receivables.

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 economic 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 add to productive capacity or extend the productive life of an asset costing \$5,000 or more. Maintenance and repairs are charged to expense as incurred. When items of property and 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 net change in net assets.

Funds held for others: Funds held for others consist of restricted cash representing tenant deposits held in separate accounts in accordance with the related lease agreements, cash on hand from the revolving home loan programs to be re-loaned to low-income homeowners, and cash held in agency for Foothills Food Bank.

	2021	2020
Funds held for:		
Tenant deposits	\$ 155,556	\$ 143,812
Revolving loans payable	148,365	95,412
Foothills Food Bank	34,500	93,119
Total funds held for others	\$ 338,421	\$ 332,343

Home loans receivable and due to funding agencies: As discussed further in Note 5, 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
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 1 – Summary of Significant Accounting Policies – (Continued)

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

Grants from government agencies and private organizations: A substantial portion of the Council's revenue is derived from governmental and private grant awards that are intended to support specific programs or projects. Grants from governmental sources represented approximately 83% and 71% of total revenues, gains, and public support for the years ended December 31, 2021 and 2020, respectively. Grants from private sources represented approximately 7% of total revenues, gains, and public support for each of the years ended December 31, 2021 and 2020. The Council recognizes grant revenue as eligible expenditures are incurred in accordance with applicable grant or contract provisions. Cash received in excess of grant expenditures is accounted for as deferred revenue, and expenses incurred which are not yet reimbursed are accounted for as due from granting agencies on the consolidated statement of financial position. Amounts remaining under conditional grants totaled approximately \$52,922,000 as of December 31, 2021.

Fee-for-service contracts: Revenue from fee-for-service contracts is recognized at either (a) the point in time when services are provided or (a) the fee value can be reasonably determined. The amount of revenue recognized is determined based on the fees mutually agreed upon within the fee-for-service contract. Services provided are specific to the program or project to which the contract relates. For fixed-fee contracts, revenue is typically billed monthly and recorded in the month in which services are rendered.

Contributions: The Council recognizes donor contributions upon the earlier of receipt or when unconditionally promised. Contributions received are recorded as donor-restricted support depending on the existence and/or nature of donor restrictions.

Donated goods and services: Donation of supplies, equipment, and other goods are recorded at fair value on the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated.

Allocation of functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs are allocated between programs, other supporting services, administration, and fundraising based on the relative benefits received.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on time and effort include certain occupancy, depreciation, repairs and maintenance, and communication costs.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Other supporting services: 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.

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. Therefore, the Council is exempt from federal income tax. The Council files income tax returns in the U.S. federal jurisdiction. As of December 31, 2021, tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

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 accordance 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, 2020, from which the summarized information was derived.

Note 2 – Liquidity and Availability

Financial assets available for general expenditures consist of the following within one year of December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 3,123,877	\$ 4,251,318
Due from granting agencies	8,192,923	3,964,639
Other current receivables	1,163,993	1,067,695
Total financial assets	<u>12,480,793</u>	<u>9,283,652</u>
Less amounts not available to be used within one year:		
Reserved funds	(579,080)	(619,755)
Fund held for others	(338,421)	(332,343)
Net assets with donor restrictions	<u>(1,552,949)</u>	<u>(1,475,158)</u>
Financial assets not available to be used within one year	<u>(2,470,450)</u>	<u>(2,427,256)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,010,343</u>	<u>\$ 6,856,396</u>

The Council has certain contractual restrictions or internal board designations in which use of cash has been restricted as well as certain donor-restricted assets limited to use (further discussed in Note 4), which are not available for general expenditure within one year in the normal course of operations. Board-designated funds totaled \$409,508 each as of December 31, 2021 and 2020, and can be made available to meet short-term operating cash needs, if necessary.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 2 – Liquidity and Availability – (Continued)

The Council strives to maintain liquid financial assets sufficient to cover all general expenditures as they come due. During the years ended December 31, 2021 and 2020, the Council was able to meet its cash needs without utilizing designated reserves. 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.

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Land	\$ 2,249,891	\$ 2,249,891
Land improvements	32,085	32,085
Buildings	10,565,175	8,813,770
Vehicles	1,271,170	1,216,625
Equipment and furnishings	1,175,123	1,095,980
Leasehold improvements	462,038	462,038
Construction in process	1,612,392	1,278,822
Total	<u>17,367,874</u>	<u>15,149,211</u>
Less: Accumulated depreciation	<u>(5,484,434)</u>	<u>(4,955,544)</u>
Total property and equipment	<u>\$ 11,883,440</u>	<u>\$ 10,193,667</u>

Depreciation expense totaled \$528,892 and \$426,031 for the years ended December 31, 2021 and 2020, respectively.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 4 – Reserved Funds

Reserved funds held consist of the following at December 31:

	2021	2020
Board-designated reserves		
Property reserves		
Dorothy Place future funds	\$ 6,403	\$ 6,403
Other	3,105	3,105
Total board-designated property reserves	9,508	9,508
Operating reserves	400,000	400,000
Total board-designated reserves	409,508	409,508
Contractually obligated property reserves		
Harbor View reserves	97,085	135,757
Dorothy Place capital reserves	3,965	13,468
Cornwall capital reserves	37,692	30,192
G Street reserves	15,524	15,524
Evergreen House reserves	15,306	15,306
Total contractually obligated property reserves	169,572	210,247
Total reserved funds	\$ 579,080	\$ 619,755

Note 5 – 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 statement of financial position. New loans issued totaled \$247,047 and \$65,951 as of December 31, 2021 and 2020, respectively, and repayments on existing loans totaled \$139,009 and \$52,629 as of December 31, 2021 and 2020, 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 \$103,065 and \$142,763 were forgiven during the years ended December 31, 2021 and 2020, 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.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 5 – Home Loans Receivable and Due to Funding Agencies – (Continued)

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

	2021	2020
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	126,847	138,680
Home Program 2000	77,883	77,883
Home Program 2001	121,397	138,336
Home Program 2002	113,359	133,614
Home Program 2003	58,417	78,045
Home Program 2006	131,966	131,966
Home Program 2007	185,454	185,454
Home Program 2008	35,603	35,603
Home Ownership Retention Program	166,138	166,138
Mobile Home Replacement Program	82,579	87,960
Matchmaker	24,093	24,093
Housing Trust Fund 1997	63,767	63,767
Housing Trust Fund 1999	52,950	52,950
Housing Trust Fund Revolving Fund	185,523	185,523
Rural Housing Assistance Program	23,929	36,223
Subtotal	1,638,307	1,724,637
Whatcom County	752,873	700,327
Skagit County	22,854	-
City of Bellingham	139,362	123,460
Total	\$ 2,553,396	\$ 2,548,424

In addition, there are \$148,365 and \$95,412 of funds on hand for redistribution at December 31, 2021 and 2020, respectively, presented as a revolving loan payable and reserved for as funds held for others in the consolidated statement of financial position.

Note 6 – Line-of-Credit

The Council established a revolving line-of-credit with a bank for up to \$1,000,000 which expires on June 25, 2022. Interest is payable monthly at the Wall Street Journal Published prime rate plus 0% with a rate floor of 4.25% (resulting in a rate of 3.25% at December 31, 2021). At December 31, 2021, there were no outstanding borrowings.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 7 – Notes Payable

Notes payable consists of the following as of December 31:

	2021	2020
Real estate loans		
Mortgage payable to bank in monthly installments of \$14,629, including interest at 4.25%, maturing July 2028, secured by land and building located at 1111 Cornwall Avenue.	\$ 2,472,458	\$ 2,541,095
Mortgage payable to bank in monthly installments of \$1,625, including interest at 4.25%, maturing July 2028, secured by land and building located at 1421 Cornwall Avenue.	274,690	282,344
Harbor View Apartments		
Three notes originating from the acquisition of Harbor View Apartments.		
USDA loan, 3.5% stated interest rate, 50-year amortization schedule, final payment due June 2049.	1,242,206	1,262,537
Housing Trust Fund loan, 1% stated interest rate with interest accrual beginning January 1, 2020; principal and interest due annually on 50-year amortization schedule beginning March 2021, due in full March 2050, total authorized loan amount of \$1,100,000.	1,071,936	411,324
ORFH loan, 3.5% stated interest rate, 30-year amortization schedule, final payment due June 2049.	240,375	244,278
Dorothy Place Apartments		
Two notes originating from federal funds and 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.	579,226	579,226
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
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 7 – Notes Payable – (Continued)

	2021	2020
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 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
	6,292,189	5,732,102
Less unamortized debt issuance costs	(34,758)	(36,368)
Less current portion of notes payable	(132,138)	(128,589)
	\$ 6,125,293	\$ 5,567,145

Scheduled future minimum annual principal payments regarding notes payable are as follows for the years ending December 31:

2022	\$ 132,138
2023	135,834
2024	139,681
2025	143,687
2026	147,858
Thereafter	5,592,991
	\$ 6,292,189

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 8 – Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Housing development	\$ 519,387	\$ 508,888
Early learning and family services	430,872	309,494
Community services	161,815	250,226
Community development projects	351,142	185,022
Administrative activities	83,561	133,756
Island County programs	67,211	46,005
Energy and home repairs services	35,545	35,309
Homeless programs	50,148	19,870
Volunteer programs	15,579	15,579
	<u>1,715,260</u>	<u>1,504,149</u>
Forgivable restricted loan balances - depreciable property	3,137,242	2,304,339
Restricted real estate	<u>586,500</u>	<u>586,500</u>
Total net assets subject to purpose and time restrictions	5,439,002	4,394,988
Forgivable restricted loan balances - land	<u>348,630</u>	<u>348,630</u>
Total net assets with donor restrictions	<u>\$ 5,787,632</u>	<u>\$ 4,743,618</u>

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

	<u>2021</u>	<u>2020</u>
Purpose restrictions	\$ 541,383	\$ 672,111
Time restrictions	75,452	82,563
Total	<u>\$ 616,835</u>	<u>\$ 754,674</u>

Note 9 – 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 \$562,158 and \$720,232 for the years ended December 31, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Rental space	<u>\$ 186,923</u>	<u>\$ 221,485</u>

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 9 – In-Kind Contributions – (Continued)

The Council also received noncash contributions of securities totaling \$11,321 and \$15,794 during the years ended December 31, 2021 and 2020, respectively. The noncash contributions are included in contributions on the consolidated statement of activities.

Note 10 – Lease Commitments

The Council leases equipment and facilities from various third parties under operating leases with varying terms and renewal options. These leases require monthly payments ranging from \$50 to \$9,488, plus all costs of maintenance, utilities, and taxes.

Future minimum lease payments under the above operating leases consist of the following for the years ending December 31:

2022	\$ 301,589
2023	229,138
2024	227,406
2025	181,772
2026	92,676
Thereafter	189,900
	<u>\$ 1,222,481</u>

The Council also 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, totaled \$806,000 and \$1,139,119 for the years ended December 31, 2021 and 2020, respectively.

During June 2022, the Council has entered into a five-year office lease agreement. the lease payments start at \$16,000 with annual 3% escalation clause thereafter.

Note 11 – Employee Benefits

The Council sponsors a 403(b) qualified defined contribution retirement plan (the Plan). All employees are eligible to participate in the Plan at time of hire and may contribute up to 100% 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's retirement plan contributions totaled \$600,003 and \$524,164 for the years ended December 31, 2021 and 2020, respectively.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 12 – Concentrations 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 maintains its cash in bank accounts that may exceed federally insured limits as times during the year. The Council has not experienced any losses in these account, and managements does not believe it is exposed to any significant credit risk.

Note 13 – 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 donor 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.

Note 14 – Affiliates

The Council, through solely owned limited liability companies, manages 40 LLCs and 8 LP. According to the terms of the management agreements for these entities, the 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 or partner, 0.005 – 0.5% to the administrative member or partner, and 0.005 – 0.5% to the managing member or partner.

The total amount of revenue generated by the Council affiliates totaled \$1,680,370 and \$1,632,022 for the years ended December 31, 2021 and 2020, respectively, and included in fee for service revenue on the statement of activities. 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.

See Appendix I for a list of affiliates.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 14 – Affiliates – (Continued)

During 2020, an affiliate, Springtree Associates, LP (the Partnership), purchased Springtree Apartments in Portland, Oregon and launched a rehabilitation project. The Council was awarded two grants from the State of Oregon Housing and Community Services Department for \$5,000,000 and \$166,972. These funds are restricted for eligible costs related to the acquisition and rehabilitation of Springtree Apartments. The grants were conveyed to the Partnership in a lump sum loan totaling \$5,166,972 of which \$5,000,000 was received by the Council and disbursed to escrow as of December 31, 2020. As of December 31, 2020, eligible costs incurred totaled \$2,369,172 resulting in remaining funds held in escrow totaling \$2,630,828. The remaining funds held in escrow were fully expended and released in 2021. The grant balance of \$166,972 is reflected on the consolidated statement of financial position as an amount due to affiliate and due from granting agencies. These funds are expected to be received and expended in 2022.

During June 2022, OCHP Blackbird, LLC was awarded a grant from the State of Oregon Housing and Community Services Department for \$9,192,290. This grant was conveyed to the Black & Main Managers, LLC in a loan for construction of an affordable housing complex in Beaverton, Oregon. This transaction was fully approved by the State of Oregon, and the risk is indemnified by Wishcamper Development Partners.

Note 15 – Impact of Accounting Method Change

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Council adopted the requirements of Topic 606 as of January 1, 2020, utilizing the modified retrospective method of transition and is applying the practical expedient provided in Topic 606 that allows Topic 606 to be applied only to contracts that were not considered substantially complete. Under this method, any cumulative effects of initially applying the new guidance are recognized as an adjustment to net assets on the statement of financial position as of January 1, 2020. The Council did not recognize any adjustments in support and revenue, net assets, or any other financial statement line item as a result of adopting ASC 606 using the modified retrospective method.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2021
(with Comparative Totals for December 31, 2020)

Note 16 – Paycheck Protection Program

On April 13, 2020, the Council received a loan from Heritage Bank in the amount of \$1,500,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Council fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

The Council applied for and received forgiveness of the loan on February 3, 2021 and recognized the loan balance as contribution revenue in the consolidated statement of activities as of December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Council's financial position.

Note 17 – Subsequent Events

Except for the creation of the affiliate entities in 2021 as identified in Appendix II, no events have occurred through June 29, 2022, 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, 2021.

Note 18 – Recent Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which requires lessees to record most leases with terms greater than twelve months on their statement of financial position by recognizing a liability to make lease payments and an asset representing their right to use the asset during the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election, by class of underlying asset, not to recognize the corresponding assets and lease liabilities. Lessee recognition, measurement, and presentation of expenses and cash flows will not change significantly from existing guidance and lessor accounting is largely unchanged. ASU 2016-02 also changes the definition of a lease and requires qualitative and quantitative disclosures that provide information about the amount, timing, and uncertainty of cash flows arising from leases. Application is currently required for annual periods beginning after December 15, 2021. The Council continues to evaluate the impact of the new accounting guidance on its financial statements.

**Opportunity Council
Appendix I: Affiliates
December 31, 2021**

Name of Affiliate	Year of Formation	Managing Member General Partner	Nonmanaging Member(s) Limited Partner	Date of Entry	Ownership Interest	Property	Location	Last Update
<i>Managed under CreateHousing, LLC</i>								
Wingate Limited Liability Company	1997	Regency Manager, LLC	Regency Investor, LLC	12/1/2006	0.050%	Regency Park Apartments	Whatcom County, WA	9/1/2016
Double X Associates 1995 Limited Partnership	1995	Double X Development Company, Inc.	Terrace Investor, LLC	11/1/2009	0.500%	Terrace Manor	Douglas County, WA	9/17/2020
Westfair Limited Liability Company	1997	Westfair Manager, LLC	Cedar Ridge Investor, LLC	11/1/2009	0.050%	Cedar Ridge	King County, WA	9/1/2016
Park Place 1998, LLC	1997	Park Place 1198 Manager, LLC	Park Place Investor, LLC	11/1/2009	0.050%	Park Place	King County, WA	9/1/2016
Admiralty Heights Associates II 1995, LP	1995	Admiralty Equities Development Company	Edison Capital Housing Partners VI, LP	10/1/2009	0.500%	Kent Manor	King County, WA	
Block 24, LLC	2009	Discovery Heights, LLC	Discovery Heights Housing, LLC	12/1/2010	0.010%	Discovery Heights	King County, WA	9/18/2020
Willow Tree Grove I, LLC	2010	Willow Tree Manager, LLC	Garnet LIHTC Fund XXXIX, LLC and Transamerica Affordable Housing, Inc.	8/1/2011	0.005%	Willow Tree Grove	Snohomish County, WA	6/24/2020
District, LLC	2012	District Manager, LLC	Enterprise Housing Partners XXV LP	5/13/2013	0.005%	The District Apartments	Snohomish County, WA	5/31/2017
Speedway, LLC	2012	Speedway Management, LLC	Garnet LIHTC Fund XXXVI, LLC and Transamerica Affordable Housing, Inc.	12/1/2013	0.005%	Vantage Apartments	Snohomish County, WA	8/1/2019
Park 16, LLC	2012	Park 16 Manager, LLC	BF Park 16, LLC	12/1/2013	0.005%	Park 16 Apartments	King County, WA	4/30/2016
Kitts Corner, LLC	2012	Kitts Corner Manager, LLC	Boston Financial Institutional Tax Credits XLI, LP and BFIM Special Limited Partner, Inc.	9/12/2014	0.005%	Kitts Corner Apartments	King County, WA	8/31/2016
High Point 320, LLC	2013	High Point Manager, LLC	BFMM Tax Credits Fund IV, LP and BFIM Special Limited Partner, Inc.	9/11/2014	0.005%	Uptown Square	King County, WA	1/31/2018
Axis Apartments, LLC	2013	Axis Manager, LLC	BF Axis Apartments, LLC and BFIM Special Limited Partner, Inc.	10/15/2014	0.005%	Axis Apartments	Snohomish County, WA	1/31/2018
Grandview Apartments, LLC	2013	GrandView Manager, LLC	Garnet LIHTC Fund XLIV, LLC and Transamerica Affordable Housing, Inc.	9/1/2014	0.005%	GrandView Apartments	King County, WA	9/1/2014
Scriber Creek, LLC	2014	Scriber Creek Manager, LLC	Enterprise Housing Partners XXV LP and Enterprise Housing Partners XXVII LP	3/2/2015	0.005%	Scriber Creek Apartments	Snohomish County, WA	11/30/2017
Promenade Apartments, LLC	2014	Promenade Manager, LLC	Enterprise Housing Partners XXVI LP	2/24/2016	0.005%	Promenade Apartments	King County, WA	5/1/2019
Gateway, LLC	2015	Gateway Manager, LLC	Boston Financial Institutional Tax Credits XLIII, LP and BFIM Special Limited Partner, Inc.	12/1/2015	0.005%	Gateway Apartments	Snohomish County, WA	12/1/2015
Madison Way Apartments, LLC	2015	Madison Management, LLC	PNC Real Estate Tax Credit Capital Institutional Fund 61, LLC and Columbia Housing SLP Corporation	5/1/2016	0.005%	Madison Way Apartments	Snohomish County, WA	5/1/2016
Kingsgate, LLC	2001	Kingsgate Manager, LLC	Springfield Investor, LLC	11/15/2016	0.005%	Springfield Apartments	Clark County, WA	5/1/2017
Puget Park, LLC	2016	Puget Park Manager, LLC	BF Puget Park, LLC and BFIM Special Limited Partner, Inc.	12/1/2016	0.005%	Puget Park Apartments	Snohomish County, WA	10/31/2019
Valley View I Limited Partnership	2004	Valley View Partners, LLC	SunAmerica Housing Fund 1279, LP	4/27/2017	0.050%	Creston Point	King County, WA	4/27/2017
Mill Pointe Limited Partnership	1999	Mill Pointe Devco, LLC	Mill Pointe Investor, LLC	5/25/2017	0.005%	Mill Pointe Apartments	Snohomish County, WA	12/15/2020
Heatherwood I, LLC	2002	Heatherwood Manager, LLC	Heatherwood Investor, LLC and DevCo, Inc	12/1/2017	0.005%	Heatherwood Apartments	Snohomish County, WA	3/1/2018
The Seasons I, LLC	2006	The Seasons Managing Member, LLC	The Seasons Managing Member, LLC	9/22/2017	0.001%	The Seasons	King County, WA	9/15/2020

**Opportunity Council
Appendix I: Affiliates (Continued)
December 31, 2021**

Name of Affiliate	Year of Formation	Managing Member General Partner	Nonmanaging Member(s) Limited Partner	Date of Entry	Ownership Interest	Property	Location	Last Update
Waterview Crossing, LLC	2015	Waterview Manager, LLC	BF Waterview Crossing, LLC and BFIM Special Limited Partner, Inc.	8/1/2017	0.005%	Waterview Crossing	King County, WA	8/1/2017
Watermark 320, LLC	2016	Watermark Manager, LLC	LIHTC Fund 53, LLC and Transamerica Affordable Housing, Inc.	12/1/2017	0.005%	Watermark Apartments	King County, WA	12/1/2017
Redmond Ridge, LLC	2017	Redmond Ridge Manager, LLC	PNC LIHTC Fund 75, LLC and Columbia Housing SLP Corporation	10/10/2017	0.005%	Redmond Ridge Apartments	King County, WA	4/17/2020
Panorama Apartments, LLC	2017	Panorma Manager, LLC	Panorama Apartments Investor, LLC	5/1/2018	0.005%	Panorama Apartments	King County, WA	5/1/2018
Manor Way Apartments, LLC	2017	Manor Way Manager, LLC	Manor Way Apartments Investor, LLC	11/1/2018	0.005%	Manor Way Apartments	Snohomish County, WA	7/1/2020
22 North Development LLC	2016	22 North Manager, LLC	Heritage Bank Fund I, LLC	10/18/2017	0.010%	22 North	Whatcom County, WA	10/18/2017
Beacon @ Ferndale, LLC	2018	George Kenneth Alameda, trustee of the George Kenneth Alameda Exempt Trust	Lawrence G. Alameda Non-Exempt Trust, George Kenneth Alameda Non-Exempt Trust, Linda M. Frank Non-Exempt Trust, Lawrence G. Alameda Exempt Trust (the Alameda Family Trusts)	1/1/2018	0.050%	Beacon Manor Apartments	Whatcom County, WA	1/1/2018
Teal Pointe Wishrock Limited Partnership	2018	Teal Pointe Wishrock, LLC and OC Housing Partners I, LLC	Teal Pointe Wishrock, LLC	10/1/2018	0.010%	Teal Pointe Apartments	Clark County, WA	10/1/2018
Riverview I, LLC	2017	Riverview Manager, LLC	Riverview Investor, LLC	3/1/2019	0.005%	Riverview Apartments	Snohomish County, WA	3/1/2019
Ravenswood Apartments, LLC	2018	Ravenswood Manager, LLC	Ravenswood Investor, LLC	12/1/2019	0.005%	Ravenswood Apartments	Snohomish County, WA	12/1/2019
Speedway II, LLC	2019	Speedway II Management, LLC	Garnet LIHTC Fund XX, LLC and Transamerica Affordable Housing, Inc.	12/1/2019	0.005%	Vantage II Apartments	Snohomish County, WA	12/1/2019
Holly Ridge, LLC	2018	Holly Ridge Manager, LLC	Holly Ridge Investor, LLC	4/1/2020	0.005%	Holly Ridge Apartments	Snohomish County, WA	4/1/2020
Manor Way Apartments, LLC	2017	Manor Way Manager, LLC	BF FRE 2018, LP	7/1/2020	0.005%	Manor Way Apartments	Snohomish County, WA	7/1/2020
Four Corners, LLC	2019	Four Corners Manager, LLC	Four Corners Investor, LLC	12/9/2020	0.005%	Four Corners Apartments	Snohomish County, WA	12/9/2020
Springtree Associates, LP	2019	OCHP Springtree, LLC and Springtree WDP LLC	PNC LIHTC Fund 76, LLC, Columbia Housing SLP Corporation, and Springtree Partners, LLC	10/29/2020	0.005%	Spruce Grove Apartments	Multnomah County, OR	10/29/2020
Blackbird & Main Managers, LLC	2020	Blackbird & Main Managers, Wishcamper Development Partners, LLC and OCHP Blackbird, LLC	n/a	3/4/2021	0.010%	Blackbird & Main Managers, LLC	Washington County, OR	3/4/2021
Oregon 4 Apartments, LLC	2020	Oregon 4 Manager, LLC	OCHP Covey Run, LLC	3/1/2021	0.010%	Covey Run Apartments	Washington County, OR	3/1/2021
Logan Park, LLC	2020	Loren Ness, Jennifer Ness, and OCHP Logan Park, LLC	n/a	3/22/2021	0.010%	Logan Park Apartments	Skagit County, WA	3/22/2021
Ovation at Meeker, LLC	2020	Ovation at Meeker Manager, LLC	OCHP Meeker, LLC and Meeker Investor, LLC	5/1/2021	0.005%	Ovation at Meeker	King County, WA	5/1/2021
Sunshine Housing Associates, LP	2018	OCHP Sunshine Park, LLC and Sunshine Managers LLC	OCHP Sunshine Park, LLC and AHP Housing Fund, 286, LLC	5/14/2021	0.005%	Sunshine Park Apartments	Douglas County, OR	5/14/2021
East Park Villas WDP, LLLP	2021	East Park Villas WDP Managers LLC and OCHP East Park MT LLC	East Park Villas wDP Limited Partner LLC and KFI Helena, LLC	5/28/2021	0.010%	East Park Villas	Lewis and Clark County, MT	5/28/2021
Solera Affordable, LLC	2021	Solera Manager, LLC	OCHP Solera, LLC, BR Solera Affordable, LLC, and BFIM Special Limited Partner, Inc.	8/31/2021	0.005%	Solera Apartments	King County, WA	8/31/2021
Weston Affordable, LLC	2018	Weston Family, LLC and OCHP Pullman, LLC	n/a	8/31/2021	0.100%	Outlook Apartments and Northwood Manor	Pullman County, WA	8/31/2021
Mondello Acquisition, LLC	2021	David Ratliff	OCHP Texas I, LLC	8/31/2021	0.010%	Mondello Apartments	Dallas, TX	8/31/2021

Supplementary Information

**Opportunity Council
Schedule of Expenditures of State Awards
Year Ended December 31, 2021**

Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	State Expenditures
Passed-Through Department of Early Learning		
Early Childhood Education and Assistance Program (ECEAP)	20-1092	\$ 1,202,757
Early Childhood Education and Assistance Program (ECEAP)	21-1055	916,453
Total Department of Early Learning		<u>2,119,210</u>
Passed-Through Washington State Department of Commerce		
Center for Childcare Retention and Expansion (CCRE)	21-21403-001	422,927
FCS Community Behavioral Health Rental Assistance Pilot (CRBRA)	20-46123-012	88,628
FCS Community Behavioral Health Rental Assistance Pilot (CRBRA)	22-46123-012	57,187
Consolidated Homeless Grant	20-46108-25	4,305
Consolidated Homeless Grant	22-46108-25	4,524
Homeless Student Stability Program (HSSP)	20-46121-404	85,127
Homeless Student Stability Program (HSSP)	22-46121-404	70,936
Operating, Maintenance, and Supportive Services (OMS)	21-46131-09	152,604
Operating, Maintenance, and Supportive Services (OMS)	23-465W0-066	136,822
Operating, Maintenance, and Supportive Services (OMS)	23-465W0-067	37,989
Asset Building	S20-32010-009	11,399
Low-Income Home Rehabilitation Revolving Loan Program (HRLP)	S19-92402-424	191,273
Matchmaker Program	S20-92401-424	473,450
Matchmaker Program	S19-92401-424	58,768
Lead Remediation Program	S18-92403-424	996
Community Energy Challenge	137243 G004132	594,102
Recovery House State Capital Funds	18-96617-222	2,656
Community Services Block Grant	S20-32101-222	16,389
Community Services Block Grant	S22-32101-222	14,798
Total Washington State Department of Commerce		<u>2,424,879</u>
Passed-Through State of Washington Office of Insurance Commissioner		
SHIBA Volunteer Program	C202152	4,778
SHIBA Volunteer Program	C202108	25,405
SHIBA Volunteer Program	C202306	17,862
Total State of Washington Office of Insurance Commissioner		<u>48,044</u>
Total State Awards		<u>\$ 4,592,133</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, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Opportunity Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Opportunity Council's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on Opportunity Council's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Opportunity Council's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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
June 29, 2022



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

Opinion on 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, 2021. Opportunity Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Opportunity Council compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of compliance section of our report.

We are required to be independent of Opportunity Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Opportunity Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Opportunity Council's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Opportunity Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Opportunity Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



CliftonLarsonAllen LLP

Bellevue, Washington
June 29, 2022

**Opportunity Council
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021**

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 X Yes 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 Veterans Affairs:
 Supportive Services for Veteran families 64.033
 Department of Health and Human Services:
 Head Start 93.600
 Department of Treasury:
 Coronavirus Relief Fund 21.019
 Treasury Rent Assistance Program 21.023
 Coronavirus State and Local Fiscal Recovery Funds 21.027

The Dollar Threshold used to Distinguish Between Type A and Type B Programs: \$1,119,902/\$279,976

Auditee Qualified as Low-Risk Auditee? X Yes No

Opportunity Council
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

Section II - Financial Statement Findings

2021-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The Council's Schedule of Expenditures of Federal Awards (SEFA) presented for audit was overstated by \$1,489,064 due to the incorrect calculation of federal expenditures or assigning the incorrect Assistance Listing number (AL #). The Council has since made revisions and the total federal expenditures and AL # are properly presented on the SEFA at December 31, 2021.

Criteria or specific requirement: CFR Part 200.508 Auditee Responsibilities state that auditee must prepare the SEFA, which must list individual Federal awards by Federal Agency, including the total Federal awards expended, name of pass-through entity, AL #, and total amount provided to subrecipients. The information contained in the SEFA should be derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements.

Context: The original SEFA was overstated by a total of \$1,489,064 which was resulted from the federal portion of expenditures were incorrectly calculated.

Effect: Potential understatement or overstatement of expenditures could exist in the SEFA and not be detected and corrected.

Cause: The Council does not have effective internal control over the preparation of the SEFA. This resulted in overstating the amount for Special Education - Grants for Infants and Families - Early Intervention Program (AL #84.181) by \$1,294,063, Emergency Solutions Grant Program (AL #14.231) by \$103,040, and Community Development Block Grant (AL #14.231) by \$91,961, on the SEFA.

Recommendation: We recommend that the Council review all expenditures reported on the SEFA for accuracy and completeness and compare to corresponding grant agreements which will provide supporting AL # and the budgeted amount for the Federal portion.

Views of responsible officials and planned corrective actions: Management's response and corrective action plan is attached to our report.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**Opportunity Council
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program Title	Cares Act Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Health and Human Services</u>					
Head Start	No	93.600	10CH010550	\$ -	\$ 3,649,028
Head Start	Yes	93.600	10HE000772-01-01	-	67,300
				-	3,716,328
Passed Through the Washington State					
Department of Early Learning:					
ESSA/Preschool Development Grants Birth to Five	No	93.434	0-110-201120-0927-6100	-	12,710
ESSA/Preschool Development Grants Birth to Five	No	93.434	0-110-201120-6100	-	14,164
				-	26,874
Child Care and Development Block Grant	No	93.575	0-110-201120-6110	-	866,064
Child Care and Development Block Grant	No	93.575	20-1033	-	95,928
Child Care and Development Block Grant	No	93.575	22-1118	-	67,852
				-	1,029,844
Department of Commerce:					
Community Services Block Grant	No	93.569	F20-32101-022	15,000	75,297
Community Services Block Grant	No	93.569	F21-32101-022	-	200,139
Community Services Block Grant	No	93.569	F20-32101C-022	47,631	138,755
				62,631	414,191
Temporary Assistance for Needy Families	No	93.558	S22-32710-402	-	2,202
Temporary Assistance for Needy Families	No	93.558	S20-32710-009	-	45,788
Temporary Assistance for Needy Families	No	93.558	S22-32710-009	-	65,632
				-	113,622
Low-Income Home Energy Assistance Program	No	93.568	20-32606-078	11,640	2,035,051
Low-Income Home Energy Assistance Program	No	93.568	21-32606-078	7,520	1,781,952
Low-Income Home Energy Assistance Program	No	93.568	21-3260A-078	-	999,698
Low-Income Home Energy Assistance Program	No	93.568	21-32607-078	-	48,621
Low-Income Home Energy Assistance Program	No	93.568	22-32607-078	-	2,353
Low-Income Home Energy Assistance Program	No	93.568	F19-53101-424	-	437,522
Low-Income Home Energy Assistance Program	No	93.568	F20-5310C-424	-	84,059
Low-Income Home Energy Assistance Program	No	93.568	F21-5310C-424	-	40,311
				19,160	5,429,567
Whatcom County:					
Block Grants for Prevention and Treatment of Substance Abuse	No	93.959	20176013-6	-	15,061
Block Grants for Prevention and Treatment of Substance Abuse	No	93.959	20216006-1	-	47,467
				-	62,528
Total Department of Health and Human Services				81,791	10,792,954

See accompanying notes to the schedule of expenditures of federal awards

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program Title	Cares Act Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
<u>Centers for Medicare and Medicaid Services</u>					
Passed Through the Washington State Medical Assistance Program	No	93.778	K3896	-	32,009
Total Centers for Medicare and Medicaid Services				-	32,009
<u>Department of Energy</u>					
Passed Through the Washington State Department of Commerce:					
Weatherization Assistance for Low-Income Persons	No	81.042	F19-53103-705	-	324,520
Weatherization Assistance for Low-Income Persons	No	81.042	F19-53103-424	-	210,978
Weatherization Assistance for Low-Income Persons	No	81.042	F19-53104-424	-	122,200
Weatherization Assistance for Low-Income Persons	No	81.042	F21-53103-424	-	153,031
Total Department of Energy				-	810,729
<u>Department of Agriculture</u>					
Child and Adult Care Food Program	No	10.558	SWV000724400	-	276,783
Child and Adult Care Food Program	No	10.558	37-02-0118-20	-	44,727
Child and Adult Care Food Program	No	10.558	37-02-0118-21	-	25,046
				-	346,556
Passed Through Washington State Department of Social and Health Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2012-94102	-	60,299
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2112-31091	-	20,104
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2012-94103	-	22,726
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2112-31090	-	5,106
				-	108,235
Passed Through Within Reach:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	1912-64581-13	-	29,199
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	1912-64581-14	-	53,988
				-	83,187
Total Department of Agriculture				-	537,978

See accompanying notes to the schedule of expenditures of federal awards

Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Cares Act Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Housing and Urban Development</u>					
Supportive Housing Program	No	14.235	WA0299LOT011905	-	96,876
Supportive Housing Program	No	14.235	WA0299LOT012006	-	120,851
				<u>-</u>	<u>217,727</u>
Continuum of Care Program	No	14.267	WA0368LOT011903	-	88,190
Continuum of Care Program	No	14.267	WA0368LOT012004	-	90,931
Continuum of Care Program	No	14.267	WA0393LOT011902	19,901	41,651
Continuum of Care Program	No	14.267	WA0393LOT012003	14,521	44,886
Continuum of Care Program	No	14.267	WA0229LOT011908	-	276,597
Continuum of Care Program	No	14.267	WA0229LOT012009	-	91,306
				<u>34,422</u>	<u>633,561</u>
Section 4 Capacity Building for Community Development and Affordable Housing	No	14.252	20SG1853	-	30,306
Passed Through the Washington State Department of Commerce:					
Home Investment Partnerships Program - Loan	No	14.239	Loan 2020 balance	-	1,152,438
Emergency Solutions Grant Program	No	14.231	201611025-10	-	250,204
Emergency Solutions Grant Program	No	14.231	202106045-1	-	62,078
Emergency Solutions Grant Program	No	14.231	HS-03-21	-	37,057
				<u>-</u>	<u>349,339</u>
Community Development Block Grant	No	14.228	HS-04-2021	-	148,710
Passed Through Whatcom County:					
Community Development Block Grant	No	14.228	201801008	-	116,072
Community Development Block Grant	No	14.228	202102027	-	75,519
Community Development Block Grant	No	14.228	201908017	-	59,280
Community Development Block Grant	No	14.228	202009144	8,202	89,459
Community Development Block Grant	No	14.228	202110014	-	35,093
Community Development Block Grant	No	14.228	202103020	-	219,477
Community Development Block Grant	Yes	14.228	202012017-3	-	316,298
Community Development Block Grant	No	14.228	202012017-5	-	331,853
Community Development Block Grant -- Loan	No	14.228	Loan 2019 balance	-	680,305
Community Development Block Grant -- Loan	No	14.228	Loan 2020 loans	-	140,328
				<u>8,202</u>	<u>2,063,684</u>

See accompanying notes to the schedule of expenditures of federal awards

Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Cares Act Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
Passed Through Skagit County:					
Community Development Block Grant Rural Rehab	No	14.228	C20180510	-	30,619
Home Investment Partnerships Program	No	14.239	C20200004	-	26,455
Home Investment Partnerships Program	No	14.239	C20200346	-	32,380
Home Investment Partnerships Program	No	14.239	C20200409	-	52,466
Home Investment Partnerships Program	No	14.239	C20200732-1	-	5,992
Home Investment Partnerships Program	No	14.239	C20200734-1	-	28,079
Home Investment Partnerships Program	No	14.239	C30300005	-	27,357
				-	172,729
<u>Department of Housing and Urban Development (Continued)</u>					
Passed Through City of Bellingham:					
Home Investment Partnerships Program	No	14.239	C2000546	-	193,265
Home Investment Partnerships Program - Loan	No	14.239	Loan 2019 balance	-	683,080
Home Investment Partnerships Program - Loan	No	14.239	Loan 2019 balance	-	344,212
Home Investment Partnerships Program - Loan	No	14.239	Loan 2019 balance	-	502,000
Home Investment Partnerships Program - Loan	No	14.239	Loan 2019 balance	-	150,000
				-	1,872,557
Community Development Block Grants/Entitlement Grants	No	14.218	2019-0370	-	300,576
Community Development Block Grants/Entitlement Grants	No	14.218	C2100464	-	131,542
Community Development Block Grants/Entitlement Grants	No	14.218	C2100755	-	143,363
Community Development Block Grants/Entitlement Grants -- Loan	No	14.218	Loan 2019 balance	-	32,642
Community Development Block Grants/Entitlement Grants -- Loan	No	14.218	Loan 2019 balance	-	794,833
				-	1,402,956
Total Department of Housing and Urban Development				42,624	8,074,626
<u>Department of Education</u>					
Passed Through the Washington State Department of Children, Youth, and Families:					
Special Education - Grants for Infants and Families - Early Intervention Program	No	84.181A	21-1158-03	-	59,255
Special Education - Grants for Infants and Families - Early Intervention Program	No	84.181A	21-1158-04	-	61,944
Total Department of Education				-	121,199

See accompanying notes to the schedule of expenditures of federal awards

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program Title	Cares Act Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Veterans Affairs</u>					
Supportive Services for Veteran Families	No	64.033	19-WA-079	29,168	161,062
Supportive Services for Veteran Families	Yes	64.033	19-WA-079	274,252	1,077,365
Total for Department of Veterans Affairs				303,420	1,238,427
<u>Department of Homeland Security</u>					
Emergency Food and Shelter National Board Program	No	97.024	LRO #894000-001	-	43,500
Total for Department of Homeland Security				-	43,500
<u>Department of Treasury</u>					
Passed Through Washington State Department of Commerce:					
Coronavirus Relief Fund	Yes	21.019	21-4614C-130	-	1,244,625
Coronavirus Relief Fund	Yes	21.019	21-4614C-122	-	75,569
				-	1,320,194
Treasury Rent Assistance Program	Yes	21.023	21-4616C-122	48,400	458,011
Treasury Rent Assistance Program	Yes	21.023	21-4616C-130	197,605	4,509,990
Treasury Rent Assistance Program	Yes	21.023	HS-05-21	-	2,283,739
				246,005	7,251,740
Passed Through Whatcom County:					
Coronavirus Relief Fund	Yes	21.019	202012017-3	-	273,590
Treasury Rent Assistance Program	Yes	21.023	202102025-2	-	4,008,916
				-	4,282,506
Passed Through Island County:					
Coronavirus Relief Fund	Yes	21.019	HS-05-2020	-	1,011,843
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	HS-20-21	-	1,812,369
				-	2,824,212
Total Department of Treasury				246,005	15,678,652
Total Federal Awards				\$ 673,840	\$ 37,330,074

See accompanying notes to the schedule of expenditures of federal awards

Opportunity Council
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

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, 2021. 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 for all awards with the exception of Assistance Listing Number 21.019, 21.023, and 21.027, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, 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 accompanying schedule of expenditures of federal awards includes indirect costs, calculated at 12% of modified total direct federal expenditures.

Note 4 – Programs that Include Federal and State Funds

The Community Development Block Grant #2019-0370 is funded by both federal and state funding. The program expenditures are tracked as a program with no clear allocation of the funding source. For purposes of the Schedule, the amount reported under this grant includes state funding.

Opportunity Council
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

Note 5 – 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. The balance of loans outstanding at December 31, 2021 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	\$ 1,152,438	\$ 1,177,409
Passed Through Whatcom County:			
Community Development Block Grant	14.228	820,633	699,901
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
Community Development Block Grant	14.218	32,642	32,642
Community Development Block Grant	14.218	794,833	794,833
Total		<u>\$ 4,479,838</u>	<u>\$ 4,384,077</u>

June 28, 2022

CliftonLarsonAllen, LLP
10700 Northup Way, #200
Bellevue, WA 98004

**OPPORTUNITY COUNCIL
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2021**

Opportunity Council respectfully submits the following corrective action plan for the year ended December 31, 2021.

Contact Person:
David Foreman, Chief Financial Officer

Finding # 2021-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting relating to the preparation of the Schedule of Expenditures of Federal Awards.

Views of Responsible Officials:

Management accepts the finding. Turnover of key staff resulted in a misunderstanding by new staff of how certain information flowed from the Financial Statements, which have been determined to be materially correct, to the SEFA. In particular, the large balance misstatement in the SEFA originally given to the auditors drew reported information from *expenditures* for the program in question, which are reported without distinction between Federal and State sources of funding, instead of *revenues* for the program in question, where Federal and State funding are clear and distinct. More thorough training of new staff, along with careful supervisory review of key financial reports prior to submission to the auditors would likely have prevented this error.

Corrective Action:

- 1) Improved in-house training of new staff has been implemented.
- 2) External training opportunities, especially related to Financial Reporting, will be a key priority for staff development moving forward.
- 3) Internal controls over financial reporting, including but not limited to the SEFA, will be strengthened to include review by the Chief Financial Officer where warranted.

Community Action

A Community Action Agency
serving Whatcom, Island and
San Juan Counties since 1965

Whatcom County
1111 Cornwall Ave., Suite C
Bellingham, WA 98225
(360) 734-5121
(800) 649-5121
Fax (360) 671-0541

Island County
1791 NE 1st Ave.
P.O. Box 922
Oak Harbor, WA 98277
(360) 679-6577
(800) 317-5427
Fax (360) 679-2440

San Juan County
(800) 649-5121

- 4) As The Council completes implementation of a new Financial Accounting software, consideration will be given to improve the efficiency in data collection for the SEFA and other financial reports.

Anticipated Completion Date:

The corrective action has been implemented.

*David Foreman
Chief Financial Officer*

Community Action

A Community Action Agency
serving Whatcom, Island and
San Juan Counties since 1965

Whatcom County
1111 Cornwall Ave., Suite C
Bellingham, WA 98225
(360) 734-5121
(800) 649-5121
Fax (360) 671-0541

Island County
1791 NE 1st Ave.
P.O. Box 922
Oak Harbor, WA 98277
(360) 679-6577
(800) 317-5427
Fax (360) 679-2440

San Juan County
(800) 649-5121



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.