

Opportunity Council

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

Year Ended December 31, 2023
(with Summarized Comparative Totals
for Year Ended December 31, 2022)



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Opportunity Council

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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, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the Organization adopted new accounting guidance for credit losses on financial instruments. Our opinion is not modified with respect to this matter.

Other Matter – Prior-Period Summarized Comparative Information

We have previously audited the Opportunity Council's 2022 financial statements, and our report dated September 28, 2023 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, 2022, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Appendix 1: Affiliates, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, 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
July 31, 2024

Opportunity Council
Consolidated Statement of Financial Position
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents - unrestricted	\$ 391,390	\$ 2,266,993
Due from granting agencies	7,080,984	6,096,610
Other current receivables	3,115,215	2,001,262
Other current assets	242,196	249,989
Total current assets	10,829,785	10,614,854
Property and equipment, net	14,094,105	12,417,526
Operating Right-of-use assets	1,134,477	1,388,165
Other assets		
Reserved funds		
Board-designated reserves	-	409,508
Contractually obligated property reserves	198,056	170,680
Total reserved funds	198,056	580,188
Funds held for others	133,888	188,633
Home loan receivable	2,613,684	2,556,043
Other long-term receivables	4,050,898	2,386,851
Total other assets	6,996,526	5,711,715
Total assets	\$ 33,054,893	\$ 30,132,260
Liabilities and Net Assets		
Current liabilities		
Checks written in excess of cash	\$ 305,204	\$ -
Accounts payable	2,647,562	3,407,526
Accrued liabilities	1,636,349	1,356,464
Revolving loans payable	183,992	1,239,142
Housing Development line of credit	1,000,000	-
Deferred revenue	919,759	2,723,853
Current portion of operating lease liability	425,906	375,773
Current portion of notes payable	129,198	125,177
Total current liabilities	7,247,970	9,227,935
Long-term liabilities		
Tenant deposits	133,888	154,133
Due to funding agencies	2,613,684	2,556,043
Operating lease liability, net of current portion	737,964	1,026,955
Notes payable, net of current portion and unamortized debt issuance costs	5,898,714	6,023,532
Total long-term liabilities	9,384,250	9,760,663
Net assets		
Without donor restrictions		
Net investment in property and equipment	8,066,193	6,268,817
Undesignated	3,485,501	(382,650)
Board-designated	-	409,508
Total without donor restrictions	11,551,694	6,295,675
With donor restrictions	4,869,369	4,847,987
Total net assets	16,421,063	11,143,662
Total liabilities and net assets	\$ 33,053,283	\$ 30,132,260

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Activities
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, gains, and public support				
Grants from government agencies	\$ 58,661,453	\$ -	\$ 58,661,453	\$ 64,538,987
Grants from private organizations	7,527,278	-	7,527,278	4,150,594
Fee-for-service contracts	6,608,010	-	6,608,010	4,135,929
Contributions	232,387	803,658	1,036,045	800,813
Contributions of non-financial assets	167,381	-	167,381	172,550
Satisfaction of donor restrictions	782,276	(782,276)	-	-
Total revenues, gains, and public support	<u>73,978,785</u>	<u>21,382</u>	<u>74,000,167</u>	<u>73,798,873</u>
Expenses				
Program services	60,931,040	-	60,931,040	68,394,434
Management and general	5,982,082	-	5,982,082	4,877,263
Other supporting services	1,701,542	-	1,701,542	1,421,614
Fundraising	108,102	-	108,102	61,892
Total expenses	<u>68,722,766</u>	<u>-</u>	<u>68,722,766</u>	<u>74,755,203</u>
Change in net assets	5,256,019	21,382	5,277,401	(956,330)
Net assets - beginning of year	<u>6,295,675</u>	<u>4,847,987</u>	<u>11,143,662</u>	<u>12,099,992</u>
Net assets - end of year	<u>\$ 11,551,694</u>	<u>\$ 4,869,369</u>	<u>\$ 16,421,063</u>	<u>\$ 11,143,662</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

	2023						
	Early Learning and Family Services	Weatherization and Home Repair Services	Energy Policy	Housing Services	Housing Enterprise	Community Services	Energy Assistance
Expenses							
Salaries and wages	\$ 6,394,657	\$ 541,745	\$ 6,765	\$ 4,701,547	\$ 999,636	\$ 679,295	\$ 745,803
Payroll taxes and benefits	3,195,392	270,873	3,382	2,341,970	499,822	340,275	372,913
Total payroll expenses	<u>9,590,049</u>	<u>812,618</u>	<u>10,147</u>	<u>7,043,517</u>	<u>1,499,458</u>	<u>1,019,570</u>	<u>1,118,716</u>
Advertising	2,485	254	-	630	1,327	22,647	446
Business taxes	155	-	-	25,142	(7,591)	-	-
Communications	90,006	5,399	161	54,891	11,250	11,352	8,458
Depreciation and Amortization	-	-	-	19,193	2,781	-	-
In-kind	167,381	-	-	-	-	-	-
Insurance	7,411	885	-	38,541	442	158	-
Interest	-	-	-	32,328	-	-	-
Occupancy	134,989	6,022	-	472,089	73,959	6,117	-
Other	73,876	8,538	-	9,593	52,079	565	780
Pass-through grants	-	-	-	-	-	-	-
Postage	2,352	3,248	-	3,724	1,258	829	12,845
Printing and copying	21,046	-	-	2,572	422	12,115	9,617
Professional and contract services	660,011	3,835,154	221,654	241,911	631,197	204,853	451,519
Repairs and maintenance	6,331	-	-	79,225	1,194	-	-
Specific assistance	1,834,603	-	-	21,836,898	334,666	138,199	6,743,451
Supplies	534,532	21,868	-	158,553	32,136	34,776	11,608
Training	38,984	8,282	-	37,007	9,173	2,579	6,098
Travel and vehicle expense	199,709	30,988	31	21,775	37,721	10,018	15,494
Total expenses	<u>\$ 13,363,920</u>	<u>\$ 4,733,256</u>	<u>\$ 231,993</u>	<u>\$ 30,077,589</u>	<u>\$ 2,681,472</u>	<u>\$ 1,463,778</u>	<u>\$ 8,379,032</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

	2023				Total	2022 Total
	Total Program Services	Administration	Other Supporting Services	Fundraising		
Expenses						
Salaries and wages	\$ 14,069,448	\$ 2,522,513	\$ 264,809	\$ 62,674	\$ 16,919,444	\$ 15,534,003
Payroll taxes and benefits	7,024,627	1,231,662	132,405	31,337	8,420,031	7,358,007
Total payroll expenses	<u>21,094,075</u>	<u>3,754,175</u>	<u>397,214</u>	<u>94,011</u>	<u>25,339,475</u>	<u>22,892,010</u>
Advertising	27,789	1,017	1,058	-	29,864	7,289
Business taxes	17,706	-	16,582	-	34,288	46,306
Communications	181,517	38,438	65,710	600	286,265	252,868
Depreciation and Amortization	21,974	530,275	168,722	-	720,971	627,193
In-kind	167,381	-	-	-	167,381	172,550
Insurance	47,437	147,541	43,219	-	238,197	201,963
Interest	32,328	122,932	119,259	-	274,519	160,948
Occupancy	693,176	185,419	715,555	-	1,594,150	1,613,433
Other	145,431	155,543	14,354	2,876	318,204	298,718
Pass-through grants	-	-	-	-	-	230,432
Postage	24,256	8,274	-	1,320	33,850	36,533
Printing and copying	45,772	24,688	200	7,669	78,329	45,000
Professional and contract services	6,246,299	604,535	53,533	914	6,905,281	5,871,682
Repairs and maintenance	86,750	35	85,755	-	172,540	229,026
Specific assistance	30,887,817	120,998	4,500	-	31,013,315	40,613,542
Supplies	793,473	129,507	15,204	7	938,191	944,372
Training	102,123	30,284	-	659	133,066	142,930
Travel and vehicle expense	<u>315,736</u>	<u>128,421</u>	<u>677</u>	<u>46</u>	<u>444,880</u>	<u>368,408</u>
Total expenses	<u>\$ 60,931,040</u>	<u>\$ 5,982,082</u>	<u>\$ 1,701,542</u>	<u>\$ 108,102</u>	<u>\$ 68,722,766</u>	<u>\$ 74,755,203</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 5,277,401	\$ (956,330)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	689,701	627,193
Amortization of ROU Asset	14,830	-
Amortization of debt issuance costs	1,610	-
(Increase) decrease in assets:		
Due from granting agencies	(984,374)	2,096,313
Other current receivables	(1,113,953)	(837,270)
Other current assets	7,793	134,220
Operating Right-of-use assets	253,688	(1,388,165)
Increase (decrease) in liabilities:		
Accounts payable	(759,964)	2,230,155
Accrued liabilities	279,885	(827,183)
Deferred revenue	(1,804,094)	(1,314,521)
Operating lease liabilities	(238,858)	1,402,728
Due to affiliate	-	(251,972)
	1,623,665	915,168
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(2,381,110)	(1,161,278)
Interest earned on other long-term receivables	(1,664,047)	(822,585)
Increase in tenant deposits	(20,245)	(1,423)
	(4,065,402)	(1,985,286)
Net cash used by investing activities		
Cash flows from financing activities		
Net change in revolving loans payable	(1,055,150)	1,090,777
Proceeds from notes payable	1,000,000	-
Payments on notes payable	(120,797)	(108,722)
	(175,947)	982,055
Net cash provided (used) by financing activities		
Net decrease in cash and cash equivalents	(2,617,684)	(88,063)
Cash and cash equivalents - beginning of year	3,035,814	3,123,877
Cash and cash equivalents - end of year	\$ 418,130	\$ 3,035,814
Summary of cash and cash equivalents		
Cash and cash equivalents - unrestricted	\$ 391,390	\$ 2,265,570
Reserved funds		
Board-designated reserves	-	409,508
Contractually obligated property reserves	198,056	170,680
Funds held for others	133,888	190,056
	\$ 723,334	\$ 3,035,814
Total cash and cash equivalents		
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 274,519	\$ 163,110
Change in home loan receivables and amounts due to funding agencies	\$ (57,641)	\$ (2,647)

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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
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
Laurel Forest Manager, LLC	2021
OCHP Seneca Housing MGP, LLC	2023
OCHP Terrace Manor, LLC	2023

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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 \$5,239,962 and \$4,499,357 as of December 31, 2023 and 2022, 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, 2023 and 2022, 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
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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.

	2023	2022
Funds held for:		
Tenant deposits	\$ 133,888	\$ 154,133
Foothills Food Bank	-	34,500
Total funds held for others	\$ 133,888	\$ 188,633

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

Home loans receivable and due to funding agencies: In furtherance of its charitable purpose, Opportunity Council obtains grants and loans and uses those funds to provide loans to certain low and moderate-income households for housing and housing improvements throughout the State of Washington. Opportunity Council loans to these households to cover expenses necessary to purchase or enhance existing properties. 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 \$224,623 and \$206,090 as of December 31, 2023 and 2022, respectively, and repayments on existing loans totaled \$166,982 and \$203,445 as of December 31, 2023 and 2022, 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. There were no loans forgiven during the years ended December 31, 2023 and 2022.

Loans that Opportunity Council has the intent and ability to hold for the foreseeable future are stated at unpaid principal balances, adjusted for an allowance for credit losses. The loan agreements assess no interest and the principal balance is due should any of the following events take place: the property is sold or transferred to a third party, including as a result of death or divorce; the property is no longer occupied as the clients' principal residence; the property is rented; or the client refinances their mortgage.

Allowance for Credit Losses on Loans

Effective January 1, 2023, the allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses on loans is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the statement of financial position date. Loan losses are charged off against the allowance for credit losses on loans when Opportunity Council determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on loans.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, or delinquencies, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

Expected credit losses are estimated on a collective basis for groups of loans that share similar risk characteristics. Factors that may be considered in aggregating loans for this purpose include but are not necessarily limited to product or collateral type, geography, and internal risk ratings. For loans that do not share similar risk characteristics with other loans such as collateral dependent loans, expected credit losses are estimated on an individual basis.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

Allowance for Credit Losses on Loans (Continued)

Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by Opportunity Council.

Loans are charged off against the allowance for credit losses on loans in the period in which they are deemed uncollectible, and recoveries are credited to the allowance for credit losses on loans when received. Expected recoveries on loans previously charged off and expected to be charged-off are included in the allowance for credit losses on loans estimate.

Opportunity Council's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data and a layer of peer group data. The historical lookback period includes loss experience from 2010 through the current period, on an annual basis. By leveraging the addition of peer group data, Opportunity Council is able to incorporate a full economic cycle into the loss estimation process.

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the organization, such as enterprise and concentration management, along with other credit-related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible. The CECL methodology applied focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses.

Opportunity Council's CECL estimate applies a forecast that incorporates macroeconomic trends and other environmental factors. Management utilized national, regional and local leading economic indexes, as well as management judgment, as the basis for the forecast period. The historical loss rate was utilized as the base rate, and qualitative adjustments were utilized to reflect the forecast and other relevant factors.

Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. Prior to the adoption of ASC 326, Opportunity Council did not provision an allowance for loan losses.

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.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

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 79% and 87% of total revenues, gains, and public support for the years ended December 31, 2023 and 2022, respectively. Grants from private sources represented approximately 10% and 6% of total revenues, gains, and public support for each of the years ended December 31, 2023 and 2022. 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 \$30,420,000 as of December 31, 2023.

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.

These amounts are due from clients and the Council's housing projects. Generally, the Council bills the clients projects days after the services are performed. Performance obligations are determined based on the nature of the services provided by the Council. Revenue for performance obligations satisfied over time is recognized based on rates negotiated with the clients and its housing management contracts. The Council believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

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.

Contributed nonfinancial assets: Donation of supplies, equipment, facilities 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. During the years ended December 31, 2023 and 2022, the Council received donated facilities, which were valued at the market value of rental rates, totaling \$167,381 and \$172,550, respectively.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

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.

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.

Leases: The Council leases facilities and equipment. The Council determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the Council's right to use an underlying asset for the lease term and lease liabilities represent the Council's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Council uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Council has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position. These leases have varying expiration dates through March, 2029.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Council has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Council has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

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, 2023, 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, 2022, from which the summarized information was derived.

Change in Accounting Principle

The Organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

On March 31, 2022, FASB issued ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the troubled debt restructuring ("TDR"), accounting model for creditors that have adopted Topic 326, *Financial Instruments – Credit Losses*. In addition, on a prospective basis, entities will be subject to new disclosure requirements covering modifications of receivables to borrowers experiencing financial difficulty. Upon adoption of this guidance, Opportunity Council no longer establishes a specific reserve for modifications made on or after January 1, 2023, to borrowers experiencing financial difficulty. Instead, these modifications are included in their respective loan segment in the allowance for credit losses on loans. Opportunity Council has adopted ASU 2022-02 effective on January 1, 2023. The adoption of this standard did not have a material effect on Opportunity Council's change in net assets or financial position.

Reclassification

Certain reclassification of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 2 – Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 723,334	\$ 3,035,814
Due from granting agencies	7,080,984	6,096,610
Other current receivables	3,115,215	2,001,262
Total financial assets	<u>10,919,533</u>	<u>11,133,686</u>
Less amounts not available to be used within one year:		
Reserved funds	(198,056)	(580,188)
Fund held for others	(133,888)	(188,633)
Net assets with donor restrictions	<u>(4,869,369)</u>	<u>(4,847,987)</u>
Financial assets not available to be used within one year	<u>(5,201,313)</u>	<u>(5,616,808)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,718,220</u>	<u>\$ 5,516,878</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 \$0 and \$409,508, respectively as of December 31, 2023 and 2022, and can be made available to meet short-term operating cash needs, if necessary.

The Council strives to maintain liquid financial assets sufficient to cover all general expenditures as they come due. During the years ended December 31, 2023 and 2022, 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.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,249,891	\$ 2,249,891
Land improvements	32,085	32,085
Buildings	11,304,467	11,302,747
Vehicles	1,761,954	1,317,110
Equipment and furnishings	1,486,039	1,437,731
Leasehold improvements	462,038	462,038
Construction in process	3,613,788	1,727,551
Total	<u>20,910,262</u>	<u>18,529,153</u>
Less: Accumulated depreciation	<u>(6,816,157)</u>	<u>(6,111,627)</u>
Total property and equipment	<u>\$ 14,094,105</u>	<u>\$ 12,417,526</u>

Depreciation expense totaled \$704,531 and \$627,192 for the years ended December 31, 2023 and 2022, respectively.

Note 4 – Reserved Funds

Reserved funds held consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Board-designated reserves		
Property reserves		
Dorothy Place future funds	\$ -	\$ 6,403
Other	-	3,105
Total board-designated property reserves	<u>-</u>	<u>9,508</u>
Operating reserves	-	400,000
Total board-designated reserves	<u>-</u>	<u>409,508</u>
Contractually obligated property reserves		
Harbor View reserves	110,569	90,693
Dorothy Place capital reserves	3,965	3,965
Cornwall capital reserves	52,692	45,192
G Street reserves	15,524	15,524
Evergreen House reserves	15,306	15,306
Total contractually obligated property reserves	<u>198,056</u>	<u>170,680</u>
Total reserved funds	<u>\$ 198,056</u>	<u>\$ 580,188</u>

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 5 – Home Loans Receivable and Due to Funding Agencies

Opportunity Council provides two types of loans through its home improvement programs. Mobile home repair loans are unsecured, zero-interest, forgivable after two years, and made through a revolving loan program. Other home repair loans are secured by a lien against the property, zero-interest, with terms of 15 or 28 years, or upon transfer of the property via sale or death. These loans represent a mixture of funding. Some arise from the original government funded programs, and some are funded out of repayments of the original programs which established the revolving loan fund. Due to the relatively short term of the loans, the effect of discounting is not material, so loans are recorded at their principal balance. The total outstanding balance of loans, net of the allowance for credit losses, was \$2,612,180 and \$2,554,670 at December 31, 2023 and 2022, respectively. The allowance for credit losses associated with these balances totaled \$1,504 and \$1,373 at December 31, 2023 and 2022, respectively.

These loans are included in the accompanying statements of financial position as follows:

	2023		
	Current	Noncurrent	Total
Home Loans - Secured	\$ -	\$ 2,463,303	\$ 2,463,303
Home Loans - Unsecured	36,388	113,993	150,381
Total	36,388	2,577,296	2,613,684
Less: Allowance for Credit Losses	(364)	(1,140)	(1,504)
Total Loan Balance	\$ 36,024	\$ 2,576,156	\$ 2,612,180
	2022		
	Current	Noncurrent	Total
Home Loans - Secured	\$ -	\$ 2,418,788	\$ 2,418,788
Home Loans - Unsecured	100,867	36,388	137,255
Total	100,867	2,455,176	2,556,043
Less: Allowance for Credit Losses	(1,009)	(364)	(1,373)
Total Loan Balance	\$ 99,858	\$ 2,454,812	\$ 2,554,670

Loans are due as follows:

Year Ending December 31,	Amount
2024	\$ 36,388
2025	113,993
2026	-
2027 and beyond	2,463,303
Total	\$ 2,613,684

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

Allowance for Credit Losses

As described above, the allowance for credit losses is established to provide for loans that may be uncollectible. Loans are charged against the allowance when management believes that the principal is unlikely to be collectible. The allowance for credit losses on loans is adjusted through the provision (recovery) for credit losses. The allowance represents an amount which, in management's judgment, will be adequate to absorb losses from existing loans that may become uncollectible. Because of inherent uncertainties in estimating future credit losses, it is at least reasonably possible that the estimates will change in the near-term.

Loans are considered past-due/delinquent when a payment is not received within 30 days of its due date. Loans are placed into one of the following nine categories based on attributes of the loan, which are evaluated by the watch list committee. The below factors are incorporated by Opportunity Council to address qualitative adjustments for the CECL model as described in Note 1.

Grade 1 Exceptional Quality

Loans that are graded as superior quality based on the underlying financial information provided. Loans in this category are given a loan loss reserve percentage of 1%.

Grade 2 Above Average

Loans that are graded as above average quality based on the underlying financial information. Loans in this category are given a loan loss reserve percentage of 3%.

Grade 3 Acceptable or Standard

Loans disbursed with underlying collateral in the first lien position with loan to value percentage (LTV %) of 80% or less. Loans in this category are given a credit loss reserve percentage of 5%.

Grade 4 Acceptable or Standard

Loans disbursed with underlying collateral in the first or second lien position with LTV % of 80% to 100%. Loans in this category are given a credit loss reserve percentage of 15%.

Grade 5 Acceptable or Standard

Loans disbursed with underlying collateral in subordinate lien position with LTV % greater than 100%. Loans rated a Grade 5 are considered doubtful and are given a credit loss percentage of 50% to 100%.

Grade 6 Watch

Loans that are considered to be high risk based on underlying financial information provided or delinquent payment history. Loans in this category are given a credit loss reserve percentage of 6%.

Grade 7 Substandard

Loans that are considered to be higher risk based on underlying financial information provided or delinquent payment history. Loans in this category are given a credit loss reserve percentage of 15%.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

Grade 8 Doubtful

Loans that are considered to be highest risk based on underlying financial information provided or delinquent payment history. Loans in this category are given a credit loss reserve percentage of 50%.

Grade 9 Expected Loss

Loans with known issues, such as bankruptcy or other failure are assumed to not pay off. Loans in this category are given a credit loss reserve percentage of 100%.

Allowance for Credit Losses

The following are credit quality indicators by internally assigned grade:

	<u>2023</u>	<u>2022</u>
Grade 1 Exceptional	\$ 2,613,684	\$ 2,556,043
Grade 2 Above Average	-	-
Grade 5 Acceptable	-	-
Grade 6 Watch	-	-
Grade 9 Write-Off	-	-
Total	<u>\$ 2,613,684</u>	<u>\$ 2,556,043</u>

	<u>2023</u>	<u>2022</u>
Grade 3 Acceptable	\$ -	\$ -
Grade 4 Acceptable	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

All loans were considered to be performing as of the years ended December 31, 2023 and 2022.

The allowance for credit losses is as follows:

	<u>Home Loans Secured</u>	<u>Home Loans Unsecured</u>	<u>Total</u>
Balance - December 31, 2021	\$ -	\$ -	\$ -
2022 Loan Write-Offs	-	-	-
2022 Provision	-	(1,373)	(1,373)
2022 Recoveries	-	-	-
Balance - December 31, 2022	-	(1,373)	(1,373)
2023 Loan Write-Offs	-	-	-
2023 Provision	-	(131)	(131)
2023 Recoveries	-	-	-
Balance - December 31, 2023	<u>\$ -</u>	<u>\$ (1,504)</u>	<u>\$ (1,504)</u>

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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

Allowance for Credit Losses (Continued)

Outstanding loan balances under each program are as follows:

	<u>2023</u>	<u>2022</u>
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	109,519	110,519
Home Program 2000	77,883	77,883
Home Program 2001	121,397	121,397
Home Program 2002	99,140	99,140
Home Program 2003	58,417	58,417
Home Program 2006	114,706	114,706
Home Program 2007	176,065	182,791
Home Program 2008	35,603	35,603
Home Ownership Retention Program	159,515	166,138
Mobile Home Replacement Program	5,505	11,010
Matchmaker	24,093	24,093
Housing Trust Fund 1997	56,605	63,767
Housing Trust Fund 1999	52,950	52,950
Housing Trust Fund Revolving Fund	181,110	185,524
Subtotal	<u>1,460,910</u>	<u>1,492,340</u>
Whatcom County	889,566	807,768
Skagit County	80,185	80,185
City of Bellingham	183,023	175,750
Total	<u>\$ 2,613,684</u>	<u>\$ 2,556,043</u>

In addition, there are \$183,992 and \$239,142 of funds on hand for redistribution at December 31, 2023 and 2022, 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. The line expired on November 25, 2023. The Council established a second line-of-credit tranche with the same bank for up to \$2,500,000. The line expired on November 25, 2023. Interest was payable monthly at the Wall Street Journal Published prime rate plus 0% with a rate floor of 6.25% (resulting in a rate of 6.25% at December 31, 2023). At December 31, 2023 and 2022, there were no outstanding borrowings.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 7 – Notes Payable

Notes payable consists of the following as of December 31:

	2023	2022
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.	\$ 2,330,570	\$ 2,405,374
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.	253,693	261,997
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.	1,203,722	1,221,789
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.	1,048,489	1,065,701
ORFH loan, 3.5% stated interest rate, 30-year amortization schedule, final payment due June 2049.	232,451	236,472
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
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

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 7 – Notes Payable – (Continued)

Other Note

The Council entered into a commercial loan agreement in July 2023 with a Whatcom Community Foundation for \$1,000,000. The purpose of the loan is funding of pre-development costs of Bellis Fair Family Housing Project. The loan has a maturity of July 10, 2025 and bears interest payable monthly at a fixed rate of 4%.

Less unamortized debt issuance costs
Less current portion of notes payable

2024
2025
2026
2027
2028
Thereafter
Total

	<u>2023</u>	<u>2022</u>
	\$ 1,000,000	\$ -
	<u>7,059,449</u>	<u>6,181,857</u>
	(31,537)	(33,148)
	<u>(129,198)</u>	<u>(125,177)</u>
	<u>\$ 6,898,714</u>	<u>\$ 6,023,532</u>
	\$ 129,198	
	1,133,380	
	137,729	
	142,252	
	146,317	
	<u>5,370,573</u>	
	<u>\$ 7,059,449</u>	

Note 8 – Net Assets with Donors

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

	<u>2023</u>	<u>2022</u>
Early learning and family services	\$ 895,491	\$ 289,657
Community services	272,963	134,774
Island County programs	150,126	112,528
Community development projects	50,000	97,868
Administrative activities	43,133	82,659
Homeless programs	178,391	66,550
Housing development	38,688	26,789
Energy and home repairs services	22,408	25,476
Volunteer programs	15,925	14,767
	<u>1,667,125</u>	<u>851,068</u>
Forgivable restricted loan balances - depreciable property	2,986,337	3,061,789
Restricted real estate	586,500	586,500
Total net assets subject to purpose and time restrictions	<u>5,239,962</u>	<u>4,499,357</u>
Forgivable restricted loan balances - land	348,630	348,630
Total net assets with donor restrictions	<u>\$ 5,588,592</u>	<u>\$ 4,847,987</u>

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 8 – Net Assets with Donor Restrictions – (Continued)

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>2023</u>	<u>2022</u>
Purpose restrictions	\$ 706,824	\$ 950,777
Time restrictions	75,452	75,452
Total	<u>\$ 782,276</u>	<u>\$ 1,026,229</u>

Note 9 – In-Kind Contributions

In accordance with financial accounting standards, the financial statements reflect only those contributed services requiring specific expertise that the Organization would otherwise need to purchase. Contributed services are recorded at rates that would have been paid for similar services if purchased. Management has estimated the fair value of these services at \$605,074 and \$398,337 for the years ended December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Rental space	<u>\$ 167,381</u>	<u>\$ 172,550</u>

The Council also received noncash contributions of securities totaling \$16,589 and \$5,031 during the years ended December 31, 2023 and 2022, respectively. The noncash contributions are included in contributions on the consolidated statement of activities.

Note 10 – Leases (ASC 842)

The Council leases equipment and facilities from various third parties under operating leases with varying terms and renewal options. Total lease cost of \$428,676 and \$377,101 as of December 31, 2023 and 2022, respectively, and is included in occupancy on the Council's consolidated statement of functional expenses.

Amounts reported on the consolidated statement of financial position as of December 31, 2023 are as follows:

	<u>2023</u>	<u>2022</u>
Operating Lease Right-of-Use Asset	\$ 1,134,477	\$ 1,388,165
Operating Lease Obligation	\$ 1,163,870	\$ 1,402,728

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 10 – Leases (ASC 842) – (Continued)

The following is a schedule of total future minimum lease payments and the present value of future minimum lease payments for operating leases:

<u>Year Ending December 31,</u>	<u>Operating</u>
2024	\$ 454,302
2025	364,135
2026	272,654
2027	109,944
2028	19,800
Thereafter	-
Total Undiscounted Lease Payments	<u>1,220,835</u>
Less: Imputed Interest	<u>56,964</u>
Total Present Value	<u>1,163,870</u>
Short-Term Operating Lease Obligation	<u>425,906</u>
Long-Term Operating Lease Obligation	<u><u>\$ 737,964</u></u>

Other information related to the Council's operating leases as of December 31, 2023 was as follows:

Lease Cost:	<u>2023</u>	<u>2022</u>
Finance lease cost:		
Amortization of right-of-use assets		
Interest on lease liabilities		
Operating lease cost	\$ 428,676	\$ 377,100
Other Information:		
Cash Paid for Amounts Included in the		
Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Lease	\$ 414,016	\$ 362,538
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liability	\$ 162,440	\$ 1,734,973
Weighted-Average Remaining Lease Term -		
Operating Leases	2.9 Years	3.2 Years
Weighted-Average Discount Rate - Operating Leases		
	2.99%	2.37%

As of December 31, 2023, the Council has additional operating leases, primarily postage machines, that have not yet commenced of \$9,677 and \$9,638, respectively. The operating leases will commence during fiscal year 2024 with lease terms of 5 years.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

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 \$772,989 and \$699,651 for the years ended December 31, 2023 and 2022, respectively.

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.

Opportunity Council
Notes to Consolidated Financial Statements
Year Ended December 31, 2023
(with Comparative Totals for the Year Ended December 31, 2022)

Note 14 – Affiliates

The Council, through solely owned limited liability companies, manages 41 LLCs and 9 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 amount of revenue generated by the Council affiliates totaled \$1,966,447 and \$1,730,883 for the years ended December 31, 2023 and 2022, respectively, and is 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.

During 2020, an affiliate, 22 North, LLC, entered into a loan agreement with the Council. The loan totaled \$1,500,000 and accrues interest at 1.5% annually. Loan matures in October 2067 and is recorded in other long-term receivable in the consolidated statement of financial position. The balance at December 31, 2023 and 2022 was \$1,635,719 and \$1,564,266, respectively.

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 – Subsequent Events

No events have occurred through July 31, 2024, 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, 2023.

**Opportunity Council
Appendix I: Affiliates
Year Ended December 31, 2023**

Name of Affiliate	Formation	General Partner	Limited Partner	Entry	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	BFIM 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
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

**Opportunity Council
Appendix I: Affiliates (Continued)
Year Ended December 31, 2023**

Name of Affiliate	Year of Formation	Managing Member General Partner	Nonmanaging Member(s) Limited Partner	Date of Entry	Ownership Interest	Property	Location	Last Update
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
Pondersoa Ventures Terrace Manor, LLC	2023	Marcel van der Wurff	OCHP Terrace Manor	4/25/2023	0.010%	Terrace Manor Apartments	East Wenatchee, WA	10/17/2023
Seneca Housing, LLLP	2020	OCHP Seneca Housing MGP, LLC; Seneca Admin GP LLC	RBC-Fifth Seneca, LLC; RBC Community Investments Manager	6/15/2023	0.001%	Fifth and Seneca	Seattle, WA	6/1/2023
Laurel Forest Housing, LLC	2021	Laurel Forest Manager, LLC	Wincopin Circle, LLLP	11/5/2021	0.010%	Laurel Forest	Bellingham, WA	

Supplementary Information

**Opportunity Council
Schedule of Expenditures of State Awards
Year Ended December 31, 2023**

Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	State Expenditures
Passed-Through Department of Children, Youth, and Families		
Early Support for Infants and Toddlers (ESIT)	21-1158-06	\$ 1,001,991
Early Support for Infants and Toddlers (ESIT)	21-1158-08	1,028,120
Early Childhood Education and Assistance Program (ECEAP)	23-1047	1,241,261
Early Childhood Education and Assistance Program (ECEAP)	24-1078	1,585,010
Early Childhood Education and Assistance Program (ECEAP) Complex Needs	22-1087	66,985
Early Childhood Education and Assistance Program (ECEAP) Complex Needs	23-1047	111,902
Early Childhood Education and Assistance Program (ECEAP) Complex Needs	24-1078	7,074
Total Department of Early Learning		5,042,343
Passed-Through Washington State Health Care Authority		
Housing First Services	K6537	646,899
Housing First Services	K6537-2	266,363
Total Washington State Health Care Authority		913,262
Passed-Through State of Washington State Department of Financial Institutions		
Financial Literacy and Renters Education	102-23-026	1,581
Financial Literacy and Renters Education	102-25-015	974
Total Department of Financial Institutions		2,555
Passed-Through Washington State Department of Commerce		
FCS Community Behavioral Health Rental Assistance (CRBRA)	23-46409-012	86,295
Consolidated Homeless Grant	22-46108-25	126,673
Consolidated Homeless Grant	24-46108-25	107,197
Tax Credit Community Outreach Program	S23-32TC212-020	177,950
Tax Credit Community Outreach Program	S24-32013-016	1,842
Operating, Maintenance, and Supportive Services (OMS)	23-465W0-066	161,370
Operating, Maintenance, and Supportive Services (OMS)	23-465W0-067	125,731
Operating, Maintenance, and Supportive Services (OMS)	24-49202-099	29,077
Operating, Maintenance, and Supportive Services (OMS)	24-49202-100	95,656
Asset Building Coalition	S22-32010-010	9,503
Asset Building Coalition	S24-32010-012	16,098
Low-Income Home Rehabilitation Revolving Loan Program (HRLP)	S21-92402-424	106,884
Matchmaker Program	S21-92401-424	346,140
Matchmaker Program	S23-92401-424	366,045
Housing Trust Fund Housing Preservation Program	21P-94115-027	181,728
Housing Trust Fund Housing Preservation Program (2023 Loan Balance)	16-94110-005	71,453
Community Energy Efficiency Programs	S19-92404-001	137,765
Community Energy Efficiency Programs	S21-92404-001	607,555
Housing Trust Fund Housing Preservation Program	21P-94115-026	774,254
Early Learning Facilities Grant	22-96650-151	561,198
Community Services Block Grant	S22-32101-222	27,507
Community Services Block Grant	S23-32B902-222	153,838
Community Services Block Grant	S24-32101-222	15,327
Community Services Block Grant	S24-32B902-222	12,155
Total Washington State Department of Commerce		4,299,241
Passed-Through State of Washington Office of Insurance Commissioner		
SHIBA Volunteer Program	C202306	16,583
Total State Awards		\$ 10,273,984



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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
July 31, 2024



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 identified as subject to audit 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, 2023. 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 complied, 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, 2023.

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' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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.

Government Auditing Standards requires the auditor to perform limited procedures on Opportunity Council's response to the noncompliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

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
July 31, 2024

**Opportunity Council
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified Yes X No
- Significant Deficiency(ies) Identified that is not Considered to be a Material Weakness Yes X None Reported
- Noncompliance Material to Financial Statements Noted Yes X No

Federal Awards

Internal Control over Major Programs:

- Material Weakness(es) Identified? Yes X No
- Significant Deficiency(ies) Identified? Yes X None Reported

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

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)? Yes X No

Major Programs

Federal Grant Programs CFDA Number

Department of Treasury:
 Coronavirus State and Local Fiscal Recovery Funds 21.027
 Department of Health and Human Services:
 Low-Income Home Energy Assistance Program 93.568
 Head Start 93.600

The Dollar Threshold used to Distinguish Between Type A and Type B Programs: \$1,212,301/\$303,075

Auditee Qualified as Low-Risk Auditee? X Yes No

Opportunity Council
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended December 31, 2023

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**Opportunity Council
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	COVID-19 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	\$ -	\$ 2,102,918
Head Start	No	93.600	10CH012283	-	1,551,143
Head Start	No	93.600	10HE000772	-	190,552
				-	3,844,613
Passed Through the Washington State Department of Children, Youth, and Families:					
Child Care and Development Block Grant	No	93.575	22-1118	-	198,960
Child Care and Development Block Grant	No	93.575	0-110-201120-6100	-	131,786
Every Student Succeeds Act/Preschool Development Grants	No	93.434	0-110-201120-6100	-	6,885
				-	337,631
Passed Through ChildCare Aware of Washington:					
Child Care and Development Block Grant	No	93.575	01-110-201124-6100	-	497,352
				-	497,352
Passed Through Washington State Department of Commerce:					
Community Services Block Grant	No	93.569	F21-32101-022	-	(10,564)
Community Services Block Grant	No	93.569	F22-32101-022	-	205,022
Community Services Block Grant	No	93.569	F23-32101-022	-	227,511
				-	421,969
Temporary Assistance for Needy Families (TANF)	No	93.558	S22-32710-009	-	(62)
				-	(62)
Low-Income Home Energy Assistance Program	No	93.568	22-32606-078	-	1,481,646
Low-Income Home Energy Assistance Program	No	93.568	23-32606-078	-	536,267
Low-Income Home Energy Assistance Program	No	93.568	23-32601-078	-	127,504
Low-Income Home Energy Assistance Program	No	93.568	23-326CR-078	-	1,153,775
Low-Income Home Energy Assistance Program	No	93.568	21-3260A-078	-	69,614
Low-Income Home Energy Assistance Program	No	93.568	21-32607-078	-	612,688
Low-Income Home Energy Assistance Program	No	93.568	22-32607-078	-	109,341
Low-Income Home Energy Assistance Program	No	93.568	24-32607-078	-	(5,265)
Low-Income Home Energy Assistance Program	No	93.568	F21-53101-424	-	309,521
Low-Income Home Energy Assistance Program	No	93.568	F23-53101-424	-	191,461
Low-Income Home Energy Assistance Program	No	93.568	F23-5310S-424	-	93,395
Low-Income Home Energy Assistance Program	No	93.568	F21-5310C-424	-	344,696
				-	5,024,643

See accompanying notes to the schedule of expenditures of federal awards

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	COVID-19 Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
Whatcom County:					
Block Grants for Prevention and Treatment of Substance Abuse	No	93.959	202106006-5	\$ -	\$ 50,959
Block Grants for Prevention and Treatment of Substance Abuse	No	93.959	202106006-6	-	51,185
				-	102,144
Passed Through the Washington State Health Care Authority:					
Medical Assistance Program	No	93.778	K3896	-	21,510
				-	21,510
Total Department of Health and Human Services				-	10,249,800
<u>Department of Labor</u>					
Passed Through the Washington State Employment Security Department:					
Workforce Innovation and Opportunity Act - Adult Program	No	17.258	OC-01-2021	-	113,745
Workforce Innovation and Opportunity Act - Youth Activities	No	17.259	OC-01-2021	-	18,726
Workforce Innovation and Opportunity Act - Youth Activities	No	17.278	OC-01-2021	-	23,579
				-	156,050
Total Department of Labor				-	156,050
<u>Department of Energy</u>					
Passed Through the Washington State Department of Commerce:					
Weatherization Assistance for Low-Income Persons	No	81.042	F22-53103-705	-	139,338
Weatherization Assistance for Low-Income Persons	No	81.042	F23-53103DB-705A	-	30,000
Weatherization Assistance for Low-Income Persons	No	81.042	F23-53103DB-705B	-	16,299
Weatherization Assistance for Low-Income Persons	No	81.042	F23-53103DB-705C	-	26,332
Weatherization Assistance for Low-Income Persons	No	81.042	F23-53103DB-705D	-	25,000
Weatherization Assistance for Low-Income Persons	No	81.042	F23-53103-705	-	104,585
Weatherization Assistance for Low-Income Persons	No	81.042	F22-53103-424	-	97,531
Weatherization Assistance for Low-Income Persons	No	81.042	F23-53103-424	-	135,839
Weatherization Assistance for Low-Income Persons	No	81.042	F22-92401F-424	-	42,086
Sustainable Energy for Homes and Business	No	81.042	F21-53104-424	-	74,860
Sustainable Energy for Homes and Business	No	81.042	F23-53104-424	-	5,684
				-	697,554
Total Department of Energy				-	697,554
<u>Department of Agriculture</u>					
Child and Adult Care Food Program	No	10.558	None	-	179,375
Child and Adult Care Food Program	No	10.558	None	-	105,692
Child and Adult Care Food Program	No	10.558	None	-	63,348
				-	348,415

See accompanying notes to the schedule of expenditures of federal awards

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	COVID-19 Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
Passed Through Washington State Department of Social and Health Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2212-44560	\$ -	\$ 62,071
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2312-50510	-	12,641
				-	74,712
Passed Through Within Reach:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2212-44425-14	-	55,525
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	No	10.561	2212-44425-13	-	26,554
				-	82,079
Total Department of Agriculture				-	505,206
<u>Department of Housing and Urban Development</u>					
Continuum of Care Program	No	14.267	WA0299L0T012107	-	149,152
Continuum of Care Program	No	14.267	WA0299L0T012208	-	142,533
Continuum of Care Program	No	14.267	WA0368L0T012105	-	31,424
Continuum of Care Program	No	14.267	WA0368L0T012206	-	71,902
Continuum of Care Program	No	14.267	WA0393L0T012104	-	72,188
Continuum of Care Program	No	14.267	WA0393L0T012205	-	88,957
Continuum of Care Program	No	14.267	WA0229L0T012110	-	284,638
Continuum of Care Program	No	14.267	WA0229L0T012111	-	95,868
				-	936,662
Passed Through the Washington State Department of Commerce:					
Home Investment Partnerships Program - Loan	No	14.239	Loan 2022 balance	-	1,033,315
				-	1,033,315
Emergency Solutions Grants Program	No	14.231	202106045-5	-	47,019
Emergency Solutions Grants Program	No	14.231	HS-03-21	-	41,513
				-	88,532
Community Development Block Grant	No	14.228	HS-04-2021	-	29,403
				-	29,403
Passed Through Whatcom County:					
Emergency Solutions Grant Program	No	14.231	202012017-13	-	352,482
				-	352,482

See accompanying notes to the schedule of expenditures of federal awards

Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	COVID-19 Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
Community Development Block Grant	No	14.228	202102005	\$ -	\$ 181,966
Community Development Block Grant	No	14.228	202102027	-	125,384
Community Development Block Grant	No	14.228	202209025	-	58,725
Community Development Block Grant	No	14.228	202307036	-	59,577
Community Development Block Grant	No	14.228	202103020	-	353,636
Community Development Block Grant -- Loan	No	14.228	Loan 2022 balance	-	867,931
Community Development Block Grant -- Loan	No	14.228	Loan 2023 loans	-	110,630
				-	1,757,849
Passed Through City of Bellingham:					
Home Investment Partnerships Program	No	14.239	C2000546	-	153,822
Home Investment Partnerships Program - Loan	No	14.239	Loan 2022 balance	-	683,081
Home Investment Partnerships Program - Loan	No	14.239	Loan 2022 balance	-	344,212
Home Investment Partnerships Program - Loan	No	14.239	Loan 2022 balance	-	502,000
Home Investment Partnerships Program - Loan	No	14.239	Loan 2022 balance	-	150,000
				-	1,833,115
Community Development Block Grants/Entitlement Grants	No	14.218	C2100755	-	(487)
Community Development Block Grants/Entitlement Grants	No	14.218	C2200655	-	253,947
Community Development Block Grants/Entitlement Grants	No	14.218	Loan 2022 balance	-	32,642
Community Development Block Grants/Entitlement Grants -- Loan	No	14.218	Loan 2022 balance	-	794,833
				-	1,080,935
Passed Through Skagit County:					
Home Investment Partnerships Program	No	14.239	C20200734-1	-	(2,278)
Home Investment Partnerships Program	No	14.239	C20220089-1	-	117,939
Home Investment Partnerships Program	No	14.239	C20230376	-	12,267
Home Investment Partnerships Program	No	14.239	C20200732-1	-	18,674
Home Investment Partnerships Program	No	14.239	C20220050	-	84,630
Home Investment Partnerships Program	No	14.239	C20230320	-	31,913
				-	263,145
Community Development Block Grants/Entitlement Grants	No	14.228	C20180510	-	87,191
				-	87,191
Total Department of Housing and Urban Development				-	7,462,629

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	COVID-19 Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
<u>Corporation for National and Community Service</u>					
AmeriCorps Volunteers In Service to America 94.013	No	94.013	22VSIWA003-1	\$ -	\$ 19,167
AmeriCorps Volunteers In Service to America 94.013	No	94.013	22VSIWA003-2	-	41,550
Total for Corporation for National and Community Service				-	60,717
<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	84.181	21-1158	-	219,610
Total Department of Education				-	219,610
<u>Department of Veterans Affairs</u>					
VA Supportive Services for Veteran Families Program	No	64.033	19-WA-079-LT	1,705	73,477
VA Supportive Services for Veteran Families Program	No	64.033	19-WA-079	338,291	1,583,793
VA Supportive Services for Veteran Families Program	No	64.033	19-WA-079SS	107,926	271,210
Total Department of Veterans Affairs				447,922	1,928,480
<u>Department of Homeland Security</u>					
Emergency Food and Shelter National Board Program	No	97.024	LRO #894000-001	-	56,000
Total Department of Homeland Security				-	56,000
<u>Department of Treasury</u>					
Passed Through Washington State Department of Commerce:					
Emergency Rental Assistance Program	Yes	21.023	21-4618C-122	-	5,222,773
				-	5,222,773
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	21-4618C-122	-	60,000
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	23-732C0-019-B	-	384,141
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	21-4619C-122	-	676,732
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	21-4619C-130	-	8,797,953
				-	9,918,826
Passed Through Island County:					
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	HS-14-23	-	15,273
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	HS-20-21	-	7,624
				-	22,897

See accompanying notes to the schedule of expenditures of federal awards

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	COVID-19 Funding	Assistance Listing Number	Grant Identification Number	Passed Through to Subrecipients	Federal Expenditures
Passed Through Whatcom County:					
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	202012017	\$ -	\$ 432,769
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	202210022	-	607,417
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	202304025	-	25,452
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	202203007	-	48,731
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	202111036 - Loan	-	1,592,594
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	202111035 - Loan	-	64,857
				<u>-</u>	<u>2,771,820</u>
Passed Through Snohomish County:					
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	EL-22-AR-30-399	-	286,726
				<u>-</u>	<u>286,726</u>
Passed Through Skagit County:					
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	5603201	-	118,269
				<u>-</u>	<u>118,269</u>
Passed Through City of Bellingham:					
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027	C2200949	-	732,686
				<u>-</u>	<u>732,686</u>
Total Department of Treasury				<u>-</u>	<u>19,073,997</u>
Total Federal Awards				<u>\$ 447,922</u>	<u>\$ 40,410,043</u>
Totals by Agency					
Total Department of Health and Human Services				\$ -	\$ 10,249,800
Total Department of Labor				-	156,050
Total Department of Housing and Urban Development				-	7,462,629
Total Department of Energy				-	697,554
Total Department of Agriculture				-	505,206
Total Corporation for National and Community Service				-	60,717
Total Department of Education				-	219,610
Total Department of Veterans Affairs				447,922	1,928,480
Total Department of Homeland Security				-	56,000
Total Department of Treasury				<u>-</u>	<u>19,073,997</u>
Total Federal Awards				<u>\$ 447,922</u>	<u>\$ 40,410,043</u>

Opportunity Council
Notes to Schedule of Expenditures of Federal Awards
December 31, 2023

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, 2023. 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 Numbers 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.

The Company has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Indirect Costs

The accompanying schedule of expenditures of federal awards includes indirect costs, calculated at 12% of modified total direct federal expenditures.

Opportunity Council
Notes to Schedule of Expenditures of Federal Awards
December 31, 2023

Note 4 – Federal Loans

The federal loan programs listed subsequently are administered directly by Opportunity Council, and balances and transactions relating to these programs are included in Opportunity Council’s basic consolidated financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2023 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	\$ 1,033,315	\$ 1,033,315
Passed Through Whatcom County:			
Community Development Block Grant	14.228	867,931	698,228
Community Development Block Grant	14.228	-	169,703
Community Development Block Grant	14.228	110,630	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	1,592,594	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	64,857	-
Passed Through City of Bellingham:			
Home Investment Partnership Program	14.239	683,081	683,081
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>\$ 6,176,095</u>	<u>\$ 4,408,014</u>

OPPORTUNITY COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

Department of the Treasury

Opportunity Council respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2023.

Audit period: 01/01/2023 – 12/31/2023

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2022 – 001 Significant Deficiency in Internal Control over Compliance

Condition: For the entire population (1 procurement), documentation was not retained for the adequate number of price comparisons prior to exercising the procurement, as required and stated in the Council's written procurement policy.

Status: Appropriate corrective action has been taken. The Organizational Policies have been updated to clearly permit a higher small purchases threshold, combined with annual certification of eligibility, to sharply decrease the likelihood of recurrence of the underlying cause of the finding. Accounting system-level controls have been implemented to require additional approval from assigned fiscal staff to transactions exceeding the small purchase threshold prior to payment, ensuring accountability for monitoring of required documentation procedures in excess of the threshold. Procurement training has taken place throughout the agency to ensure that personnel authorized to initiate procurement transactions are aware of organizational policies and have the guidance necessary to comply with procurement rules.

If the Department of the Treasury has questions regarding this schedule, please contact the following:

Davide Foreman, CPA
Chief Financial Officer
Opportunity Council
(360) 734-5121 x 1251



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