

# Lydia Place

Financial Statements with  
Independent Auditor's Report

Years Ended December 31, 2021 (Audited)  
and December 31, 2020 (Reviewed)

Larson Gross 

## Lydia Place

### Contents

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	Page
<b>Independent Auditor's Report</b> .....	1-3
<b>Financial Statements</b>	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8-18

## Independent Auditor's Report

To the Board of Directors  
Lydia Place  
Bellingham, Washington

### **Opinion**

We have audited the financial statements of Lydia Place (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lydia Place as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lydia Place 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.

### **Prior Period Financial Statements**

The 2020 financial statements were reviewed by us, and our report thereon, dated September 22, 2021, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 Lydia Place'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lydia Place's ability to continue as a going concern for a reasonable period of time.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, on our consideration of Lydia Place’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 Lydia Place’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 Lydia Place’s internal control over financial reporting and compliance.

*Larson Gross PLLC*

Bellingham, Washington  
September 26, 2022

## Lydia Place

## Statements of Financial Position

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,616,277	\$ 1,446,895
Receivables		
Government grants and contracts receivable	866,539	139,739
Other	8,444	9,982
Total receivables	<u>874,983</u>	<u>149,721</u>
Inventory	-	3,883
Prepaid expenses	5,132	6,663
Other assets	-	2,500
Beneficial interest in Whatcom Community Foundation's Agency Endowed Fund	225,076	130,304
Property and equipment, net	<u>5,254,327</u>	<u>2,702,135</u>
<b>Total assets</b>	<u><u>\$ 8,975,795</u></u>	<u><u>\$ 4,442,101</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 672,926	\$ 9,118
Accrued liabilities	312,274	237,299
Long-term debt	364,943	653,259
Total liabilities	<u>1,350,143</u>	<u>899,676</u>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	1,368,930	478,681
Investment in property and equipment, net of related debt	4,889,384	2,326,776
Board-designated – operating reserve	278,188	277,782
Board-designated – capital projects reserve	20,374	20,337
Total without donor restrictions	<u>6,556,876</u>	<u>3,103,576</u>
With donor restrictions	<u>1,068,776</u>	<u>438,849</u>
<b>Total net assets</b>	<u><u>7,625,652</u></u>	<u><u>3,542,425</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 8,975,795</u></u>	<u><u>\$ 4,442,101</u></u>

## Lydia Place

## Statements of Activities

Years Ended December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Government grants and contracts	\$ 3,641,063	\$ -	\$ 3,641,063	\$ 1,319,087	\$ -	\$ 1,319,087
Contributions and grants	1,404,784	848,760	2,253,544	832,421	284,023	1,116,444
Fundraising events, net of expenses of \$64,799 and \$80,907 for 2021 and 2020, respectively	283,425	-	283,425	245,570	-	245,570
Rental income	103,287	-	103,287	92,459	-	92,459
In-kind contributions	641,559	-	641,559	87,737	-	87,737
Other income	111,495	94,772	206,267	129,253	12,840	142,093
Loss on disposal of property and equipment	(18,400)	-	(18,400)	-	-	-
Net assets released from restrictions	313,605	(313,605)	-	139,778	(139,778)	-
Total support and revenue	6,480,818	629,927	7,110,745	2,846,305	157,085	3,003,390
<b>Operating expenses</b>						
Program services	2,606,123	-	2,606,123	2,157,679	-	2,157,679
Management and general	272,301	-	272,301	184,793	-	184,793
Fundraising	149,094	-	149,094	88,203	-	88,203
Total operating expenses	3,027,518	-	3,027,518	2,430,675	-	2,430,675
<b>Change in net assets</b>	3,453,300	629,927	4,083,227	415,630	157,085	572,715
Net assets – beginning of year	3,103,576	438,849	3,542,425	2,687,946	281,764	2,969,710
<b>Net assets – end of year</b>	<u>\$ 6,556,876</u>	<u>\$ 1,068,776</u>	<u>\$ 7,625,652</u>	<u>\$ 3,103,576</u>	<u>\$ 438,849</u>	<u>\$ 3,542,425</u>

## Lydia Place

## Statements of Functional Expenses

Years Ended December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

	2021				2020			
	Program	Management	Fundraising	Total	Program	Management	Fundraising	Total
	Services	and General			Services	and General		
Wages, benefits, and taxes	\$ 1,544,343	\$ 234,761	\$ 113,106	\$ 1,892,210	\$ 1,295,657	\$ 157,071	\$ 75,411	\$ 1,528,139
Client assistance	490,597	-	-	490,597	428,034	-	-	428,034
Direct fundraising	-	-	64,799	64,799	-	-	80,907	80,907
Technical support	62,786	5,526	2,592	70,904	33,340	3,206	1,540	38,086
Utilities	51,850	1,594	990	54,434	49,050	1,089	588	50,727
Program supplies	37,147	7,762	750	45,659	44,314	3,468	104	47,886
Insurance	27,979	2,386	1,202	31,567	23,321	4,058	4	27,383
Repairs and maintenance	32,124	420	194	32,738	49,850	207	148	50,205
Office supplies	24,453	4,307	1,503	30,263	10,620	2,682	582	13,884
Equipment and furniture	20,450	824	3,629	24,903	18,852	307	82	19,241
Conferences	19,474	1,085	903	21,462	9,220	1,711	892	11,823
Printing	12,704	543	5,527	18,774	8,421	362	2,464	11,247
Dues and subscriptions	7,701	1,101	7,858	16,660	5,344	648	75	6,067
Interest	15,343	560	166	16,069	18,169	121	-	18,290
Mileage	11,502	44	255	11,801	7,872	149	185	8,206
Professional fees	8,195	3,213	304	11,712	14,509	660	400	15,569
Property taxes	370	29	-	399	287	82	43	412
Miscellaneous	-	133	-	133	2,346	4,159	76	6,581
Rent	-	-	-	-	20,363	-	-	20,363
Total expenses before adding in-kind and depreciation and subtracting special events	2,367,018	264,288	203,778	2,835,084	2,039,569	179,980	163,501	2,383,050
In-kind expense – rent	28,438	-	-	28,438	20,888	-	-	20,888
In-kind expense – other	135,880	-	3,883	139,763	19,941	26	2,337	22,304
Depreciation	74,787	8,013	6,232	89,032	77,281	4,787	3,272	85,340
Less special events	-	-	(64,799)	(64,799)	-	-	(80,907)	(80,907)
Total expenses	<u>\$ 2,606,123</u>	<u>\$ 272,301</u>	<u>\$ 149,094</u>	<u>\$ 3,027,518</u>	<u>\$ 2,157,679</u>	<u>\$ 184,793</u>	<u>\$ 88,203</u>	<u>\$ 2,430,675</u>

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

## Lydia Place

## Statements of Cash Flows

Years Ended December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 4,083,227	\$ 572,715
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Grant restricted for purchase of property and improvements	-	(364,700)
Forgiveness of Paycheck Protection Program loan	(277,900)	
Depreciation	89,032	85,340
Loss on disposal of property and equipment	18,400	-
Donation of inventory to YWCA Bellingham	-	62,583
Donation of building	(200,000)	-
Donation of building improvements	(270,204)	(40,663)
Net appreciation in endowed fund	(19,997)	(14,740)
Contributions to endowed fund	(80,300)	(1,000)
(Increase) decrease in assets:		
Government grants and contracts receivable	(726,800)	(5,944)
Other receivables	1,538	18,960
Inventory	3,883	5,620
Prepaid expenses	1,531	(6,663)
Other assets	2,500	-
Increase (decrease) in liabilities:		
Accounts payable	68,329	7,385
Accrued liabilities	74,975	(562)
<b>Net cash flows provided by operating activities</b>	<u>2,768,214</u>	<u>318,331</u>
<b>Cash flows from investing activities</b>		
Change in balance of certificates of deposit	-	206,871
Other changes in endowed investment fund	5,525	2,900
Proceeds from sale of donated building	200,000	-
Purchases of property and equipment	(1,793,941)	(386,032)
<b>Net cash flows used by investing activities</b>	<u>(1,588,416)</u>	<u>(176,261)</u>
<b>Cash flows from financing activities</b>		
Cash received from grant restricted for purchase of property and improvements	-	364,700
Proceeds from Paycheck Protection Program loan	-	277,900
Payment on long-term debt	(10,416)	(6,202)
<b>Net cash flows (used) provided by financing activities</b>	<u>(10,416)</u>	<u>636,398</u>
Net increase in cash and cash equivalents	1,169,382	778,468
Cash and cash equivalents – beginning of year	<u>1,446,895</u>	<u>668,427</u>
<b>Cash and cash equivalents – end of year</b>	<u>\$ 2,616,277</u>	<u>\$ 1,446,895</u>

## Notes to Financial Statements

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

### Note 1 – Summary of Significant Accounting Policies

**Nature of activities** – Lydia Place (the Organization) is a Washington nonprofit corporation that works to disrupt the cycle of homelessness and promote sustained independence for current and future generations. The Organization provides housing, case management, parenting education, mental health counseling, and advocacy, and partners with the community to raise awareness and address the causes of homelessness. The Organization also operated Wise Buys, a used clothing retail outlet run primarily by volunteers, located in Bellingham, Washington, until the store ceased operations in March 2020.

**Basis of accounting** – The Organization prepares its financial statements on the accrual basis of accounting and accordingly reflects all significant assets, payables, and other liabilities.

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

**Net assets without donor restrictions** – Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as net assets without donor restrictions.

**Net assets with donor restrictions** – Support received subject to donor-imposed restrictions or time restrictions that will be met either through actions of the Organization or by passage of time is classified as net assets with donor restrictions. This includes donor-imposed restrictions stipulating that assets be invested in perpetuity. In accordance with purposes stipulated by donors, earnings from such assets may be classified as net assets without donor restrictions or net assets with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions.

**Cash and cash equivalents** – Cash and cash equivalents consists of cash in bank, petty cash, and all highly liquid investments available for current use with an initial maturity of three months or less for statement of cash flow purposes. The Organization maintains its cash in bank accounts that may exceed federal insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

**Receivables** – 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 Organization bases its estimates of doubtful accounts on several factors. These factors include the Organization'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 and therefore has not made any allowance for uncollectible receivables. All receivables are expected to be collected within one year.

## Notes to Financial Statements

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

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

**Inventory** – Inventory is stated at estimated fair market value of clothing and household items donated to the Organization for resale at the Wise Buys store, which ceased operations in March of 2020. The fair market value is considered to be less than original cost expended by the donors. Wise Buys inventory was transferred to another organization when operations ceased in March 2020. Wise Buys inventory was valued at \$0 for the year ended December 31, 2020. Other donated inventory was valued at \$0 and \$3,883 for the years ended December 31, 2021 and 2020, respectively.

**Beneficial interest in Whatcom Community Foundation Agency's endowed fund (the Endowed Fund)** – The Organization holds an interest in the future return on investments held by Whatcom Community Foundation (WCF). In accordance with generally accepted accounting principles, the Organization presents its investment balance as permanently restricted net assets. Distributions of investment earnings from the fund are paid to the Organization periodically at the discretion of WCF.

**Property and equipment** – The Organization capitalizes all property and equipment acquisitions in excess of \$2,500. Property and equipment are recorded at cost or, if acquired as a donation, at the estimated fair market value on the date acquired. Property and equipment are depreciated using the straight-line method over estimated useful lives of 5 to 40 years. Major expenditures for new property, and those which substantially increase useful lives of existing property, are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred.

**Revenue recognition** – The Organization operated a thrift store in Bellingham, WA, selling gently used clothing, shoes, household items, and other goods until operations ceased in March 2020. Proceeds from the sale of goods were used to further the mission of the Organization. The transaction price was the amount of consideration to which the Organization expected to be entitled to in exchange for transferring goods to the customer. Each good had a standalone price and payments for the goods were due at the point of sale. Items that remained on the sales floor for at least 30 days were discounted. Taxes collected from customers for amounts assessed by government authorities on revenue producing transactions were recorded on a net basis and were not included in revenues and expenses in the accompanying Statement of Activities.

Revenue from these activities as a percentage of total support and revenue totaled 0% and 1% for the years ended December 31, 2021 and 2020, respectively.

**Contributions and grants** – Contributions and grants are recognized upon the earlier of receipt or when an unconditional promise to give is made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Organization received a \$300,000 conditional promise to give from a private donor during the year ended December 31, 2018 to be used for one of the Organization's planned upcoming programs, A Place for Dads. No portion of this conditional promise to give has been recognized as of December 31, 2021.

**Government grants and contracts revenue** – The Organization receives grants and contracts from various federal, state, and local government agencies. Grant receipts are subject to restrictions on the use of funds placed by the grantor. The Organization administers these funds in accordance with grantor guidelines. Grant revenue under cost reimbursement arrangements is recognized as expenses are incurred. Amounts incurred but not yet reimbursed are reported as government grants and contracts receivable.

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

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

**Donated equipment, rent, and services** – Donated equipment, rent, and services are reflected as contributions and grants in the accompanying Statements of Activities at their estimated values at the date of donation. 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. Many volunteers have donated significant amounts of time to the Organization’s activities. The services of these volunteers are not recorded in the accompanying financial statements as they do not meet the criteria for recognition. Donated equipment, rent, and services for the years ended December 31, 2021 and 2020, totaled \$641,559 and \$87,737 respectively, and are recorded in the accompanying Statements of Activities.

**Functional allocation of expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited and have been allocated on a reasonable basis that is consistently applied. The Organization allocates all expenses on the basis of time and effort except utilities, rent, repairs and maintenance, interest, and property taxes, which are allocated based on an occupancy billing rate.

**Federal income tax** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore, is exempt from federal income tax except for income derived from unrelated business activities, if any. Accordingly, no provision for income tax is necessary. As of December 31, 2021, tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

**Use of estimates** – The preparation of the 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** – Certain reclassifications have been made to the prior year’s financial statements to conform to the current year’s financial statement presentation.

**Subsequent events** – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 26, 2022 the date the financial statements were available to be issued.

**Note 2 – Liquidity and Availability**

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,616,277	\$ 1,446,895
Receivables	874,983	149,721
Total financial assets	<u>\$ 3,491,260</u>	<u>\$ 1,596,616</u>

## Notes to Financial Statements

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 2 – Liquidity and Availability** – (Continued)

	<u>2021</u>	<u>2020</u>
Less amounts not available for general expenditure within one year		
Restricted cash	\$ (83,587)	\$ (85,345)
Board-designated – capital projects reserve	(20,374)	(20,337)
Donor-restricted	<u>(843,700)</u>	<u>(308,545)</u>
 Total financial assets available for general expenditures within one year	 <u>\$ 2,543,599</u>	 <u>\$ 1,182,389</u>

The Organization has certain donor-restricted assets limited to use, which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. The Organization has other assets limited to use for donor-restricted purposes. Additionally, certain investment assets held by Whatcom Community Foundation are restricted in perpetuity. The Organization also has some cash restricted for use. These assets limited to use are not available for general expenditure within the next year. The Organization maintains a board-designated capital projects reserve, which is not available for general expenditure within one year but may be made available, if necessary.

The Organization maintains a separate bank account for cash restricted by law for tenant security deposits, which totaled \$7,592 and \$9,852 at December 31, 2021 and 2020, respectively. The Organization also held restricted cash totaling \$75,995 and \$75,493 at December 31, 2021 and 2020, respectively, to be used for renovation and property purchases per a contract with the City of Bellingham.

As part of the Organization's liquidity management plan, cash in excess of daily requirements shall be used in funding three months of operating expenses in the Operational Reserve account. As of December 31, 2021, the Organization has a working capital of \$2,498,801 and average days (based on normal expenditures) cash on hand of 337.

**Note 3 – Property and Equipment**

Property and equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 792,963	\$ 792,963
Buildings and improvements	2,175,966	2,224,423
Equipment	24,634	29,485
Other	11,839	11,839
Construction in progress	<u>2,768,912</u>	<u>109,287</u>
	5,774,314	3,167,997
Less accumulated depreciation	<u>(519,987)</u>	<u>(465,862)</u>
	<u>\$ 5,254,327</u>	<u>\$ 2,702,135</u>

Depreciation expense for the years ended December 31, 2021 and 2020, totaled \$89,032 and \$85,340, respectively. Refer to description of construction in progress balance in Note 16.

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 3 – Property and Equipment** – (Continued)

In December 2015, the Organization entered into a tenancy-in-common (TIC) agreement with Domestic Violence and Sexual Assault Services of Whatcom County (DVSAS), a nonprofit organization. The TIC was entered into for the purpose of purchasing real property located in Bellingham, Washington (hereafter, “Baker Place”), to house homeless women consistent with the mission of both organizations. The TIC is owned 59% by the Organization and 41% by DVSAS. The related land and building are recorded at the Organization’s portion of the purchase price, less accumulated depreciation, in these financial statements. Each Organization is responsible for maintenance, taxes and insurance on their respective portion of the property. The TIC agreement is in effect until the property is sold or both parties agree to terminate the agreement.

**Note 4 – Endowed Fund**

The Endowed Fund is valued using Level 3 inputs in the Fair Value Hierarchy (see Note 5). The activity within the Endowed Fund consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 130,304	\$ 117,464
Contributions	80,300	1,000
Investment income	2,863	2,312
Net appreciation	19,348	14,547
Gain on sales	649	193
Withdrawals	(5,956)	(3,504)
Fees	(2,432)	(1,708)
Ending balance	<u>\$ 225,076</u>	<u>\$ 130,304</u>

The net activity within the endowed fund is recognized within other income in the Statements of Activities.

**Note 5 – Fair Value Measurements**

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1: Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access.

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 5 – Fair Value Measurements – (Continued)**

- Level 2: Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets in markets that are not active and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology that are unobservable for the asset or liability and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Beneficial Interest in the Endowed Fund – The Organization is a beneficiary of a perpetual trust administered by a third party. A perpetual trust is an arrangement in which a donor establishes and funds a trust which grants the not-for-profit organization the irrevocable right to receive income earned on the trust assets in perpetuity, but never receive the assets held by the trust. The AICPA Audit and Accounting Guide, *Not-for-Profit-Organizations*, requires perpetual trusts to be reported in the financial statements. The Organization's interest in the trust is shown in the statements of financial position at December 31, 2021 and 2020 as a beneficial interest in the Endowed Fund of \$225,076 and \$130,304, respectively. On an annual basis, the Organization revalues the assets of the perpetual trust based on current market values of the underlying trust assets, which is used as a practical expedient to estimating fair value, and during the years ended December 31, 2021 and 2020, respectively, the changes in value of the perpetual trust were an increase of \$94,772 and \$12,840, respectively.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2021 and 2020.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value (all level 3) as of December 31:

	<u>2021</u>	<u>2020</u>
Endowed fund	<u>\$ 225,076</u>	<u>\$ 130,304</u>

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another.

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 5 – Fair Value Measurements – (Continued)**

The Organization evaluated the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Level 3.

**Note 6 – Long-Term Debt**

In September 2016, the Organization obtained a 15-year mortgage loan from a local financial institution to finance the purchase of the Bell Tower property. Payment terms are: 120 monthly payments of \$2,041 at 4.75%, followed by 59 monthly payments at the variable rate of the Federal Home Loan Bank of Des Moines Five Year Daily Advance Bullet Rate plus 2% with a floor of 4.75%. In March 2021, the loan was refinanced to a fixed interest rate of 4.11% for seven years. The rate is set to adjust to a variable rate per the Federal Home Loan Bank of Des Moines Three Year Daily Advance Bullet Rate plus 2.5%, with a 3% interest rate floor. Monthly payments will be \$2,262 for 84 months, adjusting based on principle and interest owed after the 84 months. There will be a final balloon payment for the remaining balance due in September 2031. Loan is secured by property. The outstanding balance on the loan was \$364,943 and \$375,359 at December 31, 2021 and 2020, respectively.

In April 2020, the Organization received a \$277,900 loan from the Federal Paycheck Protection Program. This loan accrued interest at 1%, was guaranteed by the Small Business Administration, and was forgivable if the Organization's use of the funds meets the criteria for such forgiveness. The loan was fully forgiven in May 2021 and is included in contributions and grants in the accompanying statement of activities.

Future minimum principal payments are as follows for the years ending December 31:

2022	\$ 12,391
2023	12,910
2024	13,451
2025	14,014
2026	14,601
Thereafter	<u>297,576</u>
	<u>\$ 364,943</u>

**Note 7 – Operating Leases**

The Organization had a five-year lease for the facility used for Wise Buys, effective August 31, 2018 through July 31, 2023. Monthly base rent totaled between \$3,196 and \$3,292. In addition to the base rent plus leasehold tax, the Organization also reimbursed the lessor for utilities and its proportionate share of building insurance. The lease was terminated early on September 30, 2020 due to Wise Buys ceasing operations and the Organization received two months of in-kind rent during the year ended December 31, 2020.

## Notes to Financial Statements

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 7 – Operating Leases – (Continued)**

In 2021, the Organization signed a three-year lease commencing on September 1, 2022 for office space in Bellingham, WA. Monthly rent expense is discounted and will total \$3,084 for the first year and \$3,855 for the remainder of the lease. Occupancy by the Organization is conditional on the landlord providing tenant improvements, therefore the in-kind contribution is considered conditional during the year ended December 31, 2021 and will not be recognized as revenue until the Organization occupies the building.

Lease expense totaled \$0 and \$20,363 for the years ended December 31, 2021 and 2020, respectively. Future minimal lease payments are as follows for the years ended December 31:

2022	\$	12,336
2023		40,092
2024		46,260
2025		30,840
	<u>\$</u>	<u>129,528</u>

The Organization has an annual lease with Whatcom Educational Credit Union (WECU) for the use of a house as a shelter space. In exchange for the use of the building, the Organization and WECU mutually market one another as a community partner on their respective website and marketing materials. This lease was terminated on December 31, 2020.

In June 2021, the Organization entered into a month-to-month in-kind lease agreement for the use of office space in Bellingham, WA, commencing in August 2021.

In-kind rent totaled \$28,438 and \$20,888 during the years ended December 31, 2021 and 2020, respectively.

**Note 8 – Fundraising Events**

Fundraising events support and revenue consists of the following for the years ended December 31:

	<u>2021</u>			<u>2020</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Auction	\$ 171,640	\$ (27,808)	\$ 143,832	\$ 235,116	\$ (57,509)	\$ 177,607
Handbags for Housing	97,856	(22,861)	74,995	78,511	(11,746)	66,765
Art for Housing	50,759	(14,130)	36,629	11,450	(5,113)	6,337
Humor for Housing	-	-	-	-	(126)	(126)
Other	27,969	-	27,969	1,400	(6,413)	(5,013)
	<u>\$ 348,224</u>	<u>\$ (64,799)</u>	<u>\$ 283,425</u>	<u>\$ 326,477</u>	<u>\$ (80,907)</u>	<u>\$ 245,570</u>

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 9 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Held in perpetuity with Whatcom County Foundation	\$ 225,076	\$ 130,304
Capital construction	554,538	82,950
Program-specific	229,538	165,971
Reserve for future major repairs	59,624	59,624
	<u>\$ 1,068,776</u>	<u>\$ 438,849</u>

**Note 10 – Government Grants and Contracts**

Government grants and contracts revenue was received from the following sources during the years ended December 31:

	<u>2021</u>	<u>2020</u>
City of Bellingham	\$ 1,551,471	\$ 757,676
Washington State Department of Commerce	1,146,282	31,285
Whatcom County	594,173	219,580
Bellingham Housing Authority	175,089	175,089
Washington State Department of Children, Youth, and Families	157,266	119,505
Department of Social and Health Services – passed-through DVSA	16,782	15,727
Other	-	225
	<u>\$ 3,641,063</u>	<u>\$ 1,319,087</u>

**Note 11 – Retirement Plan**

The Organization sponsors a Thrift Plan, a tax deferred annuity under Internal Revenue Code Section 403(b), for the benefit of its employees, effective February 2014. The plan is a defined contribution plan and is administered by Mutual of America Life Insurance Company. Employees are eligible to participate in the employer contribution after one year of service and at least 501 hours of service. The Organization contributes 3% of eligible employees' compensation to the Plan. Employees are 100% vested upon participation in the Plan. The contribution on behalf of employees totaled \$33,180 and \$30,175 during the years ended December 31, 2021 and 2020, respectively.

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 12 – Contingencies**

The Organization holds the following promissory notes with the City of Bellingham (the City) that funded various capital purchases and remodel projects over the years:

	<u>2021</u>	<u>2020</u>
November 1996 – Transitional House	\$ 144,025	\$ 144,025
March 2014 – Transitional House	204,140	204,140
December 2015 – Baker Place	447,201	447,201
September 2016 – Bell Tower	336,000	336,000
June 2020 – A Place for Dads	374,700	374,700
	<u>\$ 1,506,066</u>	<u>\$ 1,506,066</u>

The notes are non-interest-bearing and are not required to be repaid unless one of the following events occurs: 1) the property is not maintained, 2) the property is not used as a facility to support its mission, or 3) the property is sold or transferred. Management determined the likelihood of any event occurring which would cause repayment of the notes to be remote. Therefore, the notes have been recognized as government grant and contract revenue in the appropriate year.

In January 2022, the Organization notified the City that the use of the Bell Tower building was no longer going to comply with the original agreement, therefore making the entire \$336,000 payable to the City. The Organization repaid the funds in February 2022.

**Note 13 – Concentrations**

Three grantors accounted for 95% and four grantors accounted for 66% of the total receivables balance at December 31, 2021 and 2020, respectively.

Two grantors accounted for 37% and 22% of the total support and revenue during the years ended December 31, 2021 and 2020, respectively.

**Note 14 – Supplemental Cash Flow Information**

	<u>2021</u>	<u>2020</u>
Cash paid during the year for:		
Interest	<u>\$ 16,069</u>	<u>\$ 18,290</u>
Noncash investing and financing activities:		
Property and equipment purchases on accounts payable	<u>\$ 595,479</u>	<u>\$ -</u>
Forgiveness of Paycheck Protection Program loan	<u>\$ 277,900</u>	<u>\$ -</u>

**Notes to Financial Statements**

December 31, 2021 (Audited) and December 31, 2020 (Reviewed)

**Note 15 – Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases*. This guidance, as amended by subsequent ASU's on the topic, requires lessees to recognize a right-to-use asset and a lease obligation for all leases. Lessees are permitted to make an accounting policy election to not recognize an asset and liability for leases with a term of twelve months or less. Additional qualitative and quantitative disclosures, including significant judgments made by management, are required. Application is required for annual periods beginning after December 15, 2021. The Organization expects to adopt this standard on January 1, 2022. While the Organization is still evaluating impact of the new accounting guidance on its financial statements, based on management's preliminary assessment, the Organization will record assets and liabilities for long-term operating leases currently included in Note 7 – Operating Leases.

**Note 16 – Subsequent Events**

In June 2022, the Organization completed construction of the Heart House Facility and began accepting residents for move-in. As of December 31, 2021, \$2,768,912 has already been incurred on development and related projects costs and are included in construction in progress, a component of property and equipment in the accompanying financial statements. An additional \$1,899,029 in capital project costs have been incurred in 2022.

**Lydia Place**

Single Audit Reports

Year Ended December 31, 2021

## Lydia Place

### Contents

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	Page
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	1-2
<b>Independent Auditor’s Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....</b>	3-5
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs .....	8-9

**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Lydia Place  
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 (*Government Auditing Standards*), the financial statements of Lydia Place (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, 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 September 26, 2022.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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.

*Larson Gross PLLC*

Bellingham, Washington  
September 26, 2022

**Independent Auditor’s Report on Compliance for the Major Federal Program and on  
Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Lydia Place  
Bellingham, Washington

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Lydia Place (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization’s major federal program for the year ended December 31, 2021. The Organization’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***Basis for Opinion on the 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Lydia Place as of and for the year ended December 31, 2021, and have issued our report thereon dated September 26, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Larson Gross PLLC*

Bellingham, Washington  
September 26, 2022

Lydia Place

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award/ Pass-Through Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants (CDBG) - Entitlement Grants Cluster			
Pass-through from City of Bellingham			
Community Development Block Grants/Entitlement Grants	14.218	C2100463	\$ 95,132
Community Development Block Grants/Entitlement Grants	14.218	C2100205	33,093
Community Development Block Grants/Entitlement Grants	14.218	C2100641	<u>27,049</u>
			155,274
Pass-through from Whatcom County Health Department			
Emergency Solutions Grant Program	14.231	202012021	245,475
Emergency Solutions Grant Program	14.231	202106042	<u>68,161</u>
			313,636
Pass-through from City of Bellingham			
Home Investment Partnerships Program	14.239	C2100363	<u>632,291</u>
Total U.S. Department of Housing and Urban Development			<u>1,101,201</u>
<b>U.S. Department of Homeland Security</b>			
Pass-through from United Way			
Emergency Food and Shelter National Board Program	97.024	894000009	<u>20,700</u>
Total U.S. Department of Homeland Security			<u>20,700</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,121,901</u></u>

**Notes to Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2021

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Lydia Place (the Organization) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3 – Indirect Cost Rate**

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

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2021

**I. Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency (ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

**Identification of Major Federal Program and Type of Auditor's Report Issued on Compliance for Major Federal Program**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Auditor's Report Issued on Compliance for Major Federal Programs</u>
14.239	U.S. Department of Housing and Urban Development - Home Investment Partnerships Program	Unmodified

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2021

**Section II – Financial Statement Findings**

None reported for the year ended December 31, 2021.

**Section III – Federal Award Findings and Questioned Costs**

None reported for the year ended December 31, 2021.