
**COMMUNITY ACTION OF
SKAGIT COUNTY AND SUBSIDIARY**

A WASHINGTON NON-PROFIT ORGANIZATION

Financial Statements

For the Years Ended December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors
Community Action of Skagit County and Subsidiary
Mount Vernon, WA

Opinion

We have audited the accompanying financial statements of Community Action of Skagit County and Subsidiary (Collectively "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2023 and 2022, and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

September 30, 2024

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As of December 31, | 2023 | 2022 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 514,665 | \$ 786,062 |
| Grants & Contracts Receivable | 2,100,720 | 1,413,722 |
| Inventory | 14,509 | 8,605 |
| Operating Lease Right of Use Asset-Current | 225,570 | 250,251 |
| Prepaid Expenses | 176,164 | 130,330 |
| Total Current Assets | 3,031,628 | 2,588,970 |
| Property & Equipment | | |
| Land | 771,707 | 571,176 |
| Buildings | 4,526,010 | 4,355,848 |
| Equipment | 503,077 | 503,077 |
| Accumulated Depreciation | (1,405,877) | (1,223,897) |
| Property & Equipment, net | 4,394,917 | 4,206,204 |
| Other Assets | | |
| Operating Lease Right of Use Asset-Long Term | 2,191,027 | 2,344,246 |
| Investments | 1,061,828 | 1,596,711 |
| Total Other Assets | 3,252,855 | 3,940,957 |
| Total Assets | \$ 10,679,400 | \$ 10,736,131 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 43,010 | \$ 184,507 |
| Accrued Payroll and Other Liabilities | 623,209 | 440,825 |
| Unearned Revenue | 58,169 | 281,981 |
| Operating Lease Liability-Current | 164,301 | 177,900 |
| Current Portion: Long Term Debt | 30,584 | 28,787 |
| Total Current Liabilities | 919,273 | 1,114,000 |
| Long Term Liabilities | | |
| Operating Lease Liability: Less Current Portion | 2,252,296 | 2,416,597 |
| Loan Payable: Less Current Portion | 611,408 | 641,357 |
| Total Long Term Liabilities | 2,863,704 | 3,057,954 |
| Total Liabilities | 3,782,977 | 4,171,954 |
| Net Assets | | |
| With Donor Restrictions | 84,100 | - |
| Without Donor Restrictions | 6,812,323 | 6,564,177 |
| Total Net Assets | 6,896,423 | 6,564,177 |
| Total Liabilities and Net Assets | \$ 10,679,400 | \$ 10,736,131 |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

| Year Ended December 31, | 2023 | | |
|------------------------------------|-------------------------------|----------------------------|---------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
| Support & Revenue | | | |
| Federal Grants | \$ 5,954,603 | \$ - | \$ 5,954,603 |
| State Grants | 1,804,291 | - | 1,804,291 |
| Local Grants | 3,145,852 | - | 3,145,852 |
| Foundations/Corporations | 1,421,516 | 84,100 | 1,505,616 |
| United Way | 10,000 | - | 10,000 |
| Private Donations | 339,518 | - | 339,518 |
| Inkind Donations | 4,230,178 | - | 4,230,178 |
| Rent Revenue | 340,338 | - | 340,338 |
| Investment Income | 140,073 | - | 140,073 |
| Miscellaneous Income | 12,130 | - | 12,130 |
| Released From Restrictions | - | - | - |
| Total Support & Revenue | 17,398,499 | 84,100 | 17,482,599 |
| Expenses | | | |
| Program Services Expenses | 15,287,726 | - | 15,287,726 |
| Management & General Expenses | 1,537,109 | - | 1,537,109 |
| Fundraising | 325,518 | - | 325,518 |
| Total Expenses | 17,150,353 | - | 17,150,353 |
| Change in Net Assets | 248,146 | 84,100 | 332,246 |
| NET ASSETS, BEGINNING OF YEAR | 6,564,177 | - | 6,564,177 |
| NET ASSETS, END OF YEAR | \$ 6,812,323 | \$ 84,100 | \$ 6,896,423 |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

| Year Ended December 31, | 2022 | | |
|------------------------------------|-------------------------------|----------------------------|---------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
| Support & Revenue | | | |
| Federal Grants | \$ 6,073,352 | \$ - | \$ 6,073,352 |
| State Grants | 541,716 | - | 541,716 |
| Local Grants | 2,845,603 | - | 2,845,603 |
| Foundations/Corporations | 1,072,662 | - | 1,072,662 |
| United Way | 20,026 | - | 20,026 |
| Private Donations | 357,762 | - | 357,762 |
| Inkind Donations | 3,670,848 | - | 3,670,848 |
| Investment Income | (348,426) | - | (348,426) |
| Miscellaneous Income | 16,500 | - | 16,500 |
| Released From Restrictions | 98,000 | (98,000) | - |
| Total Support & Revenue | 14,348,043 | (98,000) | 14,250,043 |
| Expenses | | | |
| Program Services Expenses | 13,435,569 | - | 13,435,569 |
| Management & General Expenses | 1,133,221 | - | 1,133,221 |
| Fundraising | 258,801 | - | 258,801 |
| Total Expenses | 14,827,591 | - | 14,827,591 |
| Change in Net Assets | (479,548) | (98,000) | (577,548) |
| NET ASSETS, BEGINNING OF YEAR | 7,043,725 | 98,000 | 7,141,725 |
| NET ASSETS, END OF YEAR | \$ 6,564,177 | \$ - | \$ 6,564,177 |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

| | Year Ended December 31, | | | 2023 |
|-------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|
| | Program Services | Supporting Services | | Total Expenses |
| | | Management and General | Fundraising | |
| Salaries and Wages | \$ 3,818,336 | \$ 918,480 | \$ 177,757 | \$ 4,914,573 |
| Fringe Benefits & Taxes | 878,171 | 211,239 | 40,882 | 1,130,292 |
| Program Expense | 4,986,172 | - | - | 4,986,172 |
| Supplies | 71,802 | 74,097 | 30,444 | 176,343 |
| Travel & Training | 65,872 | 24,214 | 1,112 | 91,198 |
| Occupancy | 818,686 | 23,063 | 7,124 | 848,873 |
| Professional Fees | 58,614 | 151,569 | 35,755 | 245,938 |
| Inkind Donation Expense | 4,230,178 | - | - | 4,230,178 |
| Miscellaneous | 210,902 | 109,282 | 24,620 | 344,804 |
| Depreciation Expense | 148,993 | 25,165 | 7,824 | 181,982 |
| Total Expenses | \$ <u>15,287,726</u> | \$ <u>1,537,109</u> | \$ <u>325,518</u> | \$ <u>17,150,353</u> |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

| | Supporting Services | | | |
|-------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|
| | Program Services | Management and General | Fundraising | Total Expenses |
| Salaries and Wages | \$ 3,454,806 | \$ 812,544 | \$ 111,758 | \$ 4,379,108 |
| Fringe Benefits & Taxes | 773,843 | 182,002 | 25,033 | 980,878 |
| Program Expense | 4,768,737 | - | - | 4,768,737 |
| Supplies | 174,927 | 29,254 | 7,076 | 211,257 |
| Travel & Training | 49,237 | 22,355 | 1,563 | 73,155 |
| Occupancy | 214,456 | 16,868 | 4,896 | 236,220 |
| Professional Fees | 68,122 | 36,754 | 82,523 | 187,399 |
| Inkind Donation Expense | 3,639,573 | - | - | 3,639,573 |
| Miscellaneous | 177,290 | 10,094 | 18,693 | 206,077 |
| Depreciation Expense | 114,578 | 23,350 | 7,259 | 145,187 |
| Total Expenses | \$ <u>13,435,569</u> | \$ <u>1,133,221</u> | \$ <u>258,801</u> | \$ <u>14,827,591</u> |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

| Year Ended December 31, | 2023 | 2022 |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ 332,246 | \$ (577,548) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 181,981 | 145,187 |
| Unrealized (Gain)/Loss | (114,966) | 317,039 |
| Non-Cash Contributions & Grants | (4,230,178) | (3,639,573) |
| Non-Cash Expenses & Support | 4,230,178 | 3,639,573 |
| (Increase) Decrease in Operating Assets | | |
| Grants & Contracts Receivable | (686,998) | 327,221 |
| Inventory | (5,904) | 31,275 |
| Prepaid Expenses | (45,834) | (39,556) |
| Increase (Decrease) in Operating Liabilities | | |
| Accounts Payable | (141,497) | 75,453 |
| Accrued Payroll Liabilities | 182,384 | 65,709 |
| Unearned Revenue | (223,812) | (103,141) |
| Net Cash Provided (Used) by Operating Activities | <u>(522,400)</u> | <u>241,639</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash Used for Purchase of Fixed Assets | (370,693) | (692,320) |
| Cash Received From Investments | 705,559 | 666,511 |
| Purchase of Investments | (53,914) | (720,310) |
| Net Cash Provided (Used) by Investing Activities | <u>280,952</u> | <u>(746,119)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Cash Received From Notes Payable | - | 253,745 |
| Principal Payments on Notes Payable | (29,949) | (18,473) |
| Net Cash Provided (Used) by Financing Activities | <u>(29,949)</u> | <u>235,272</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (271,397) | (269,208) |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>786,062</u> | <u>1,055,270</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u>\$ 514,665</u> | <u>\$ 786,062</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOWS: | | |
| Cash Paid During the Years for Interest | <u>\$ 42,255</u> | <u>\$ 29,042</u> |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

Consolidating Statement of Financial Position

Year Ended December 31, 2023

| | Community Action of Skagit County | Cascade Landing, LLC | Subtotal | Eliminations | Consolidated 2023 |
|---|--------------------------------------|----------------------------|----------------------|--------------|----------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash & Cash Equivalents | \$ 425,220 | \$ 89,445 | \$ 514,665 | \$ - | \$ 514,665 |
| Grants and Contracts Receivable | 2,100,720 | - | 2,100,720 | - | 2,100,720 |
| Inventory | 14,509 | - | 14,509 | - | 14,509 |
| Operating Lease Right of Use Asset-Current | 225,570 | - | 225,570 | - | 225,570 |
| Prepaid Expenses | 176,164 | - | 176,164 | - | 176,164 |
| Total Current Assets | 2,942,183 | 89,445 | 3,031,628 | - | 3,031,628 |
| Property & Equipment | | | | | |
| Land | 771,707 | - | 771,707 | - | 771,707 |
| Buildings | 3,888,240 | 637,770 | 4,526,010 | - | 4,526,010 |
| Equipment | 503,077 | - | 503,077 | - | 503,077 |
| Accumulated Depreciation | (1,380,367) | (25,510) | (1,405,877) | - | (1,405,877) |
| Property & Equipment, net | 3,782,657 | 612,260 | 4,394,917 | - | 4,394,917 |
| Other Assets | | | | | |
| Operating Lease Right of Use Asset-Long Term | 2,191,027 | - | 2,191,027 | - | 2,191,027 |
| Investments | 1,061,828 | - | 1,061,828 | - | 1,061,828 |
| Total Other Assets | 3,252,855 | - | 3,252,855 | - | 3,252,855 |
| Total Assets | \$ 9,977,695 | \$ 701,705 | \$ 10,679,400 | \$ - | \$ 10,679,400 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$ 43,010 | \$ - | \$ 43,010 | \$ - | \$ 43,010 |
| Accrued Payroll and Other Liabilities | 554,290 | 68,919 | 623,209 | - | 623,209 |
| Unearned Revenue | 58,169 | - | 58,169 | - | 58,169 |
| Operating Lease Liability-Current | 164,301 | - | 164,301 | - | 164,301 |
| Current Portion-Long Term Debt | 30,584 | - | 30,584 | - | 30,584 |
| Total Current Liabilities | 850,354 | 68,919 | 919,273 | - | 919,273 |
| Long Term Liabilities | | | | | |
| Operating Lease Liability: Less Current Portion | 2,252,296 | - | 2,252,296 | - | 2,252,296 |
| Loan Payable: Less Current Portion | 611,408 | - | 611,408 | - | 611,408 |
| Total Long Term Liabilities | 2,863,704 | - | 2,863,704 | - | 2,863,704 |
| Net Assets | | | | | |
| Without Donor Restrictions | 84,100 | - | 84,100 | - | 84,100 |
| With Donor Restrictions | 6,179,537 | 632,786 | 6,812,323 | - | 6,812,323 |
| Total Net Assets | 6,263,637 | 632,786 | 6,896,423 | - | 6,896,423 |
| Liabilities & Net Assets | \$ 9,977,695 | \$ 701,705 | \$ 10,679,400 | \$ - | \$ 10,679,400 |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended December 31, 2023

| | Community Action of Skagit County | Cascade Landing, LLC | Subtotal | Eliminations | Consolidated 2023 |
|-----------------------------------|---|-------------------------|---------------------|--------------|----------------------|
| Revenues | | | | | |
| Federal Grants | \$ 5,954,603 | \$ - | \$ 5,954,603 | \$ - | \$ 5,954,603 |
| State Grants | 1,804,291 | - | 1,804,291 | - | 1,804,291 |
| Local Grants | 2,898,688 | 247,164 | 3,145,852 | - | 3,145,852 |
| Foundations/Corporations | 1,505,616 | - | 1,505,616 | - | 1,505,616 |
| United Way | 10,000 | - | 10,000 | - | 10,000 |
| Private Donations | 339,518 | - | 339,518 | - | 339,518 |
| Inkind Donations | 4,230,178 | - | 4,230,178 | - | 4,230,178 |
| Rent Revenue | | 340,338 | 340,338 | - | 340,338 |
| Investment Income | 140,073 | - | 140,073 | - | 140,073 |
| Miscellaneous Income | 12,130 | - | 12,130 | - | 12,130 |
| Released From Restrictions | - | - | - | - | - |
| Total Revenues | 16,895,097 | 587,502 | 17,482,599 | - | 17,482,599 |
| Expenses | | | | | |
| Program Expenses | | | | | |
| Community Action of Skagit County | 14,859,192 | - | 14,859,192 | - | 14,859,192 |
| Cascade Landing, LLC | - | 428,534 | 428,534 | - | 428,534 |
| Total Program Expenses | 14,859,192 | 428,534 | 15,287,726 | - | 15,287,726 |
| Management and General Expenses | 1,537,109 | - | 1,537,109 | - | 1,537,109 |
| Fundraising | 325,518 | - | 325,518 | - | 325,518 |
| Total Expenses | 16,721,819 | 428,534 | 17,150,353 | - | 17,150,353 |
| Change in Net Assets | 173,278 | 158,968 | 332,246 | - | 332,246 |
| NET ASSETS, BEGINNING OF YEAR | 6,090,359 | 473,818 | 6,564,177 | - | 6,564,177 |
| NET ASSETS, END OF YEAR | \$ 6,263,637 | \$ 632,786 | \$ 6,896,423 | \$ - | \$ 6,896,423 |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

Consolidating Statement of Functional Expenses

Year Ended December 31, 2023

| | Community Action of Skagit County | Cascade Landing, LLC | Program Services | Management & General | Fundraising | Eliminations | Consolidated 2023 |
|-------------------------|--|---------------------------------|-----------------------------|-------------------------------------|--------------------|---------------------|------------------------------|
| Salaries and Wages | \$ 3,807,233 | \$ 11,103 | \$ 3,818,336 | \$ 918,480 | \$ 177,757 | \$ - | \$ 4,914,573 |
| Fringe Benefits & Taxes | 876,796 | 1,375 | 878,171 | 211,239 | 40,882 | - | 1,130,292 |
| Program Expense | 4,986,172 | - | 4,986,172 | - | - | - | 4,986,172 |
| Supplies | 63,724 | 8,078 | 71,802 | 74,097 | 30,444 | - | 176,343 |
| Travel & Training | 65,792 | 80 | 65,872 | 24,214 | 1,112 | - | 91,198 |
| Occupancy | 455,194 | 363,492 | 818,686 | 23,063 | 7,124 | - | 848,873 |
| Professional Fees | 43,393 | 15,221 | 58,614 | 151,569 | 35,755 | - | 245,938 |
| Inkind Donation Expense | 4,230,178 | - | 4,230,178 | - | - | - | 4,230,178 |
| Miscellaneous | 207,228 | 3,674 | 210,902 | 109,282 | 24,620 | - | 344,804 |
| Depreciation Expense | 123,482 | 25,511 | 148,993 | 25,165 | 7,824 | - | 181,982 |
| Total Expenses | \$ 14,859,192 | \$ 428,534 | \$ 15,287,726 | \$ 1,537,109 | \$ 325,518 | \$ - | \$ 17,150,353 |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Community Action of Skagit County (CASC) was formed in 1979 as a non-profit corporation to develop and administer programs and services designed to foster economic self-sufficiency among low-income people in Skagit County by facilitating and providing emergency and goal oriented interventions in a cost effective manner.

The Organization provides these services through the following programs: Energy Assistance, Women, Infants, and Children, Maternal Support Services, Literacy Programs, Voluntary Action Center, Housing and Homeless Services, Food Assistance, Community Services, Community Jobs and Supported Works, Veterans Services, and other miscellaneous programs.

Federal and State grant funds passed directly from federal agencies, grants managed by Washington State Departments of Commerce, Education, Social and Health Services, Health, as well as city and county provided grants and contracts are the primary sources of funding for the social service programs of the Organization. Contributions, program income, and other grants provide additional support. Grants require periodic reporting, restrict the use of grant funding to provision of specified services, and may require matching revenue from other sources.

Cascade Landing, LLC (CL), is an Washington Limited Liability Company organized on September 7, 2021, with CASC as its sole member. CL's purpose is to manage and lease property, primarily for low income individuals.

Principles of Consolidation:

These financial statements consolidate the statements of CASC and LC (collectively, "the Organization"). Inter-organization balances and transactions have been eliminated in consolidation.

Financial Statement Presentation:

The Organization follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by the Organization is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of the Organization.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Basis of Accounting:

The Organization maintains its financial records on the accrual basis of accounting. Revenue is recognized when earned, and expenditures are recognized when incurred. If an expenditure results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

Use of Estimates:

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of certain assets and liabilities as of the date of the financial statements. Actual results could differ, either positively or negatively, from those estimates.

Cash and Cash Equivalents:

The Organization considers all highly liquid instruments purchased with a maturity of six months or less to be cash equivalents.

Contributions:

Contributions are recognized when received or when a donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Grants and Contracts:

The Organization records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred. Amounts that have been received but not earned are included in unearned revenue. The balances of receivables from grants and contracts recognized as revenue were \$2,100,720 and \$1,413,722, respectively, as of December 31, 2023 and 2022.

Upon receipt of an advance from grants and contracts from their funding sources, the Organization recognizes unearned revenue in the amount of the advance for its performance obligation to perform services in the future. At December 31, 2023 and 2022, the Organization recorded unearned revenue of \$58,169 and \$281,981 respectively, which the Organization expects to recognize as revenue in the following years, when it performs those services and, therefore, satisfies its performance obligation to the funding sources.

Tax Status:

The Organization is a non-profit entity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Therefore, no provision for income taxes is necessary. The Organization has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Code Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1) of the Internal Revenue Code.

Property and Equipment:

Property and equipment purchased by the Organization with unrestricted funds is recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method ranging from 5 to 40 years. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in income. Depreciation expense for the years ended December 31, 2023 and 2022 was \$181,981 and \$145,187, respectively.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

Concentrations of Credit Risk:

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution. The Organization frequently maintains cash balances greater than the FDIC insurance coverage in a single financial institution. Management does not believe this exposes the Organization to a significant risk of loss. Uninsured cash balances totaled \$161,178 and \$442,026 as of December 31, 2023 and 2022, respectively.

Vacation Pay:

The Organization has recorded a liability for the value of vacation time earned but not used by employees as of December 31, 2023 and 2022. The liability was determined in accordance with the Organization's personnel policy. The liability has been charged to various programs for purposes of cost allocation.

The accrued vacation liability was \$228,338 and \$169,508 which is included in accrued payroll liabilities on the Statement of Financial Position on December 31, 2023 and 2022, respectively.

Advertising Costs:

The Organization expenses advertising costs as incurred.

Leases:

The Organization recognizes and measures its leases in accordance with FASB ASC 842, leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. For operating leases, the Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its customary borrowing rate with a term equivalent to the lease term. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments).

Management classifies all leases greater than \$5,000 in value and twelve months or more in length as operating or finance leases.

Lease cost for lease payments is recognized on a straight line basis over the lease term. The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise.

Donated Materials and Services:

Donated materials and services meeting the criteria for recognition in the financial statements under FASB ASC 958 are reflected in the financial statements as non-cash contributions at their estimated value on the date of receipt.

In addition to the amounts recorded as revenue and expenditures in the financial statements, volunteers have donated significant amounts of time assisting the Organization with fundraising, special projects, and provision of program services. These contributed services do not meet the criteria for recognition in the financial statements.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

Functional Allocation of Expenses:

The Organization records its expenses by function. Program expenses represent expenses incurred to fulfill the Organization's exempt purposes. Management and general expenses support that exempt purpose while fundraising expenses are incurred to raise resources to carry out program activities. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization, although it expects to receive current support to fund operations for 2024 and later years, has \$3,593,113 and \$3,796,495 of financial assets available within one year of the statement of financial position dates on December 31, 2023 and 2022, respectively, to meet cash needs for general operating expenditures of the Organization. These totals include investment balances of assets available for liquidation if necessary. Financial assets available within one year consist of the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Financial assets at year end | \$ 3,677,213 | \$ 3,796,495 |
| Donor restricted to purpose | <u>(84,100)</u> | <u>-</u> |
| Financial assets available to meet cash needs within one year | \$ <u>3,593,113</u> | \$ <u>3,796,495</u> |

NOTE 3: CASH AND EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Petty Cash | \$ 150 | \$ 225 |
| Certificates of Deposit | 13,138 | 12,971 |
| Cash in Checking and Savings Accounts: | | |
| General | <u>501,377</u> | <u>772,866</u> |
| Total Cash and Equivalents | \$ <u>514,665</u> | \$ <u>786,062</u> |

NOTE 4: GRANTS & CONTRACTS RECEIVABLE

Grants and contracts receivable consist of amounts due to the Organization as of December 31, 2023 and 2022 to be collected after year end. No provision for bad debts has been accrued in the financial records as management believes all amounts are collectible. Management reviews all outstanding receivables on an ongoing basis. Any amounts determined to be uncollectible are adjusted to bad debt expense as the determination is made. Bad debts of \$49,255 and \$0 were recognized during the years ended December 31, 2023 and 2022, respectively. Management considers all receivable amounts outstanding greater than 90 days to be past due. No interest is charged on past due receivables. As of December 31, 2023 and 2022, no receivable amounts were past due.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

NOTE 5: LEASE COMMITMENTS

The Organization leases space under various arrangements that include month to month as well as term leases.

Effective January 1, 2021, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842. As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2021, (a) a lease liability of \$327,343, which represents the present value of the remaining lease payments of \$411,256, discounted using the Organization's customary borrowing rate of 6%, and (b) a right-of-use asset of \$327,343, which represents the future lease asset amortization.

Lease expense under these operating leases for 2023 and 2022 was \$328,730 and \$173,085, respectively, which included amortization of the right of use asset in excess of the lease liability of \$0 and \$0 for 2023 and 2022, respectively.

Future lease payments due under current operating leases, and lease liability discount, discounted lease liability, and discounted lease assets are as follows as of December 31, 2023:

| December 31, | <u>Gross Rents</u> | <u>Discount</u> | <u>Lease Liability</u> | <u>Lease Asset</u> |
|--------------|----------------------------|--------------------------|----------------------------|-------------------------|
| 2024 \$ | 304,118 | 139,817 | 164,301 | 225,570 |
| 2025 | 244,364 | 132,084 | 112,280 | 161,913 |
| 2026 | 256,582 | 124,817 | 131,765 | 169,179 |
| 2027 | 269,411 | 116,331 | 153,080 | 177,665 |
| 2028 | 282,882 | 106,512 | 176,369 | 187,484 |
| Thereafter | <u>2,020,343</u> | <u>341,541</u> | <u>1,678,802</u> | <u>1,494,786</u> |
| \$ | <u><u>3,377,700</u></u> \$ | <u><u>961,102</u></u> \$ | <u><u>2,416,597</u></u> \$ | <u><u>2,416,597</u></u> |

NOTE 6: RETIREMENT PLAN

The Organization maintains a Simple Individual Retirement Arrangement for qualifying employees. Employees earning \$5,000 in the prior year and reasonably expected to earn \$5,000 in the current year are eligible to participate. The Organization matches employee deferrals into the Plan limited to 3% of the employee's compensation for the year. For the years ended December 31, 2023 and 2022, employer contributions to the plan were \$98,883 and \$85,749, respectively.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment owned by the Organization consists of Operations Buildings, Transitional Shelter, Leasehold Improvements, and equipment used in the various programs of the Organization. Property and equipment and accumulated depreciation consist of the following as of December 31, 2023 and 2022:

December 31, 2023:

| | Cost | Useful Life | Method | Accumulated Depreciation |
|-----------------------|---------------------|----------------|--------|-----------------------------|
| Buildings | \$ 2,728,729 | 40 | S/L | \$ 796,159 |
| Land | 771,707 | | | - |
| Building Improvements | 1,797,281 | 40 | S/L | 253,878 |
| Equipment | 503,077 | 5 | S/L | 355,840 |
| | <u>\$ 5,800,794</u> | | | <u>\$ 1,405,877</u> |

December 31, 2022:

| | Cost | Useful Life | Method | Accumulated Depreciation |
|-----------------------|---------------------|----------------|--------|-----------------------------|
| Buildings | \$ 2,596,337 | 40 | S/L | \$ 739,596 |
| Land | 571,176 | | | - |
| Building Improvements | 1,759,511 | 40 | S/L | 183,147 |
| Equipment | 503,077 | 5 | S/L | 301,154 |
| | <u>\$ 5,430,101</u> | | | <u>\$ 1,223,897</u> |

NOTE 8: INVESTMENTS AND FAIR VALUE MEASUREMENTS

The investments in mutual funds and foundation investments are accounted for at fair value. As of December 31, 2023, the investments had a cost basis of \$826,257 and a fair value of \$1,061,828. As of December 31, 2022, the investments had a cost basis of \$1,477,902 and a fair value of \$1,596,711.

The Organization adopted Accounting Standards Codification 958 as of January 1, 2009. ASC 958, Fair Value Measurements, 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 or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 958 are described as follows:

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

Level 2: Inputs to valuation methodology include: Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability. Inputs that are principally from or corroborated by observable market data by correlation or other means.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

Level 3: Inputs to the valuation methodology are unobservable 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. There have been no changes in the methodologies used at December 31, 2023.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

Community Foundation: Valued at original investment plus earnings.

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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

| Assets at Fair Value as of December 31, 2023 | | | | |
|--|-------------------|-------------|-------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutal Funds | \$ 817,414 | \$ - | \$ - | \$ 817,414 |
| Community Foundation | - | - | 244,414 | 244,414 |
| Total Assets at Fair Value: | \$ 817,414 | \$ - | \$ 244,414 | \$ 1,061,828 |

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

| Assets at Fair Value as of December 31, 2022 | | | | |
|--|---------------------|-------------|-------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutal Funds | \$ 1,411,409 | \$ - | \$ - | \$ 1,411,409 |
| Community Foundation | - | - | 185,302 | 185,302 |
| Total Assets at Fair Value: | \$ 1,411,409 | \$ - | \$ 185,302 | \$ 1,596,711 |

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|-----------------------|-------------------|-------------------|
| Balance, January 1: | \$ 185,302 | \$ 191,767 |
| Earnings | 33,311 | (28,611) |
| Contributions | 35,594 | 25,000 |
| Foundation Fees | (4,235) | (2,854) |
| Withdrawals | (5,558) | - |
| Balance, December 31: | <u>\$ 244,414</u> | <u>\$ 185,302</u> |

Investment income was composed of the following for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------------|---------------------|
| Realized & Unrealized Gains (Loss) | \$ 114,966 | \$ (375,226) |
| Interest & Dividends | 34,318 | 37,115 |
| Investment Fees | (9,211) | (10,315) |
| | <u>\$ 140,073</u> | <u>\$ (348,426)</u> |

NOTE 9: CONCENTRATIONS OF SUPPORT AND REVENUE

The Organization receives a significant amount of support from Federal, State, and Local agencies. A significant reduction in this level of support would have a meaningful impact on the Organization's ability to conduct programs and deliver services.

NOTE 10: NON-CASH CONTRIBUTIONS AND EXPENSES

For the years ended December 31, 2023 and 2022, non-cash contributions and expenses consisted of the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|---------------------|---------------------|
| Non-Cash Contributions by Type: | | |
| Food Donations | \$ 4,230,178 | \$ 3,649,541 |
| Miscellaneous Goods & Services | - | 21,307 |
| Total Non-Cash Expenses | <u>\$ 4,230,178</u> | <u>\$ 3,670,848</u> |

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

NOTE 11: SUBSEQUENT EVENTS

The Organization did not have any subsequent events through September 30, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.

NOTE 12: UNCERTAIN TAX POSITIONS

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before December 31, 2020. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

The Organization adopted the provisions of FASB ASC 740-10 on January 1, 2009. As of December 31, 2023, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

NOTE 13: LONG TERM LIABILITIES

The Organization purchased land and a building on Riverside Drive in the city of Mount Vernon, Washington during 2013. The Organization financed the purchase by incurring a note from US Bank in the amount of \$542,000. The note was secured by the Organization's interest in land and building at 330 Pacific Place, Mount Vernon. The note was being amortized on a 300 months schedule at a interest rate of 6%, with monthly payments, including accrued interest, of \$3,426. The note was set to mature on December 5, 2023. On September 5, 2022, the Organization refinanced the loan with US Bank with a maturity date of September 5, 2032, an interest rate of 6.34%, and monthly payments of \$5,867. The new loan included proceeds to the Organization of \$253,745. There was no change to the loan collateral. Future maturities of the note are as follows:

| | | |
|--------------|----|-----------------------|
| December 31, | | |
| 2024 | \$ | 30,584 |
| 2025 | | 32,580 |
| 2026 | | 34,707 |
| 2027 | | 36,972 |
| 2028 | | 39,385 |
| Thereafter | | <u>467,764</u> |
| | \$ | <u><u>641,992</u></u> |

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

NOTE 14: NET ASSETS COMPOSITION

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|---------------------|---------------------|
| Without Donor Restrictions: | | |
| Undesignated | \$ <u>6,812,323</u> | \$ <u>6,564,177</u> |
| With Donor Restrictions: | | |
| Other Purpose Restricted Funds | \$ <u>84,100</u> | \$ <u>-</u> |
| Total Net Assets: | \$ <u>6,896,423</u> | \$ <u>6,564,177</u> |

**COMMUNITY ACTION OF SKAGIT COUNTY AND
SUBSIDIARY**

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2023

No matters were reported.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Agency or Pass-through Number/Other Info | Expenditures | | | Paid To Sub-Recipients |
|---|---------------------------------|---|--|--|--|--|
| | | | From Pass- Through Awards | From Direct Awards | Total | |
| <u>Department of Health and Human Services</u> | | | | | | |
| <u>477 Cluster</u> | | | | | | |
| Passed through Washington State Department of Commerce Temporary Assistance for Needy Families | 93.558 | S24-32710-015 S23-32710-015 | \$ 52,192 71,416 <u>123,608</u> | \$ - - <u>-</u> | \$ 52,192 71,416 <u>123,608</u> | \$ - - <u>-</u> |
| Community Services Block Grant | 93.569 | F23-32101-025 F22-32101-025 | 67,275 <u>132,975</u> 200,250 | - - <u>-</u> | 67,275 <u>132,975</u> 200,250 | - - <u>-</u> |
| Total 477 Cluster | | | 323,858 | - | 323,858 | - |
| Low Income Home Energy Assistance (LIHEAP) | 93.568 | Covid-19 Lihwap ARP 23-32601-076 23-326CR-076 23-32606-076 22-32606-076 21-32607-076 | 265,517 46,719 422,756 491,243 745,891 39,694 <u>2,011,820</u> | - - - - - - <u>-</u> | 265,517 46,719 422,756 491,243 745,891 39,694 <u>2,011,820</u> | - - - - - - <u>-</u> |
| Passed through Behavioral Health Administrative Services Organization Substance Abuse Prevention and Treatment Block Grant | 93.959 | 3H-ASO-CASC-ICN-23 | 191,013 | - | 191,013 | 7,319 |
| Total Department of Health and Human Services | | | <u>2,526,691</u> | <u>-</u> | <u>2,526,691</u> | <u>7,319</u> |
| <u>Department of Education</u> | | | | | | |
| Passed through Washington State Board For CTC Adult Basic Education | 84.002A | 279-BEDA-24 279-BEDA-23 279-BLB-23 279-CBO-22 279-CBO-23 | 16,628 25,304 57 19,081 10,495 <u>71,565</u> | - - - - - <u>-</u> | 16,628 25,304 57 19,081 10,495 <u>71,565</u> | - - - - - <u>-</u> |
| Total Department of Education | | | <u>71,565</u> | <u>-</u> | <u>71,565</u> | <u>-</u> |
| <u>Department of Housing and Urban Development</u> | | | | | | |
| Supportive Housing Program | 14.235 | WA0230LOT012120 WA0230LOT012110 | - - <u>-</u> | 30,240 77,537 <u>107,777</u> | 30,240 77,537 <u>107,777</u> | - - <u>-</u> |
| Continuum of Care Program | 14.267 | WA0325L0T012106 | - | 61,333 | 61,333 | - |
| Passed through Washington State Department of Commerce HOME Investment Partnership Program--TBRA | 14.239 | 21-42401-112 | 216,310 | - | 216,310 | - |
| Passed through Skagit County HOME Investment Partnership Program--TBRA | 14.239 | 165-396011423 | <u>92,118</u> | <u>-</u> | <u>92,118</u> | <u>-</u> |
| Total: Tenant Based Rental Assistance | | | 308,428 | - | 308,428 | - |
| Passed through Skagit Family Housing Multifamily Housing Service Coordinators | 14.191 | MFSC21009424 | 74,355 | - | 74,355 | - |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Agency or Pass-through Number/Other Info | Expenditures | | | Paid To Sub-Recipients |
|--|---------------------------|--|--------------------------|--------------------|------------------|------------------------|
| | | | From Pass-Through Awards | From Direct Awards | Total | |
| Passed through Skagit County | | | | | | |
| Community Development Block Grant-State Grants | 14.228 | 22-62210-012 | 33,138 | - | 33,138 | - |
| | | 23-62210-012 | 57,135 | - | 57,135 | - |
| | | | 90,273 | - | 90,273 | - |
| Passed through City of Mount Vernon | | | | | | |
| Community Development Block Grant | 14.218 | N/A | 10,264 | - | 10,264 | - |
| | | N/A | 16,041 | - | 16,041 | - |
| | | | 26,305 | - | 26,305 | - |
| Total Department of Housing and Urban Development | | | 499,361 | 169,110 | 668,471 | - |
| Department of Agriculture | | | | | | |
| Passed through Washington State Department of Health | | | | | | |
| Women, Infants, and Children | 10.557 | CBO23701 | 802,824 | - | 802,824 | - |
| Passed through Washington State Department of Social and Health Services | | | | | | |
| Basic Food Education | 10.561 | 2212-44425-04 | 121,041 | - | 121,041 | - |
| Passed through Washington State Department of Agriculture | | | | | | |
| Local Food Purchase Assistance | 10.182 | K4288 | 82,983 | - | 82,983 | - |
| TEFAP-Administrative Costs | 10.568 | K2766 | 166,899 | - | 166,899 | - |
| TEFAP-Commodities | 10.569 | K2766 | 961,698 | - | 961,698 | 961,698 |
| | | | 1,128,597 | - | 1,128,597 | 961,698 |
| Commodities Supplemental Food Program | 10.565 | K2766 | 163,292 | - | 163,292 | 140,136 |
| Total Food Distribution Cluster | | | 1,291,889 | - | 1,291,889 | 1,101,834 |
| Total Department of Agriculture | | | 2,298,737 | - | 2,298,737 | 1,101,834 |
| Department of the Treasury | | | | | | |
| Passed through Washington Department of Agriculture | | | | | | |
| Farm to Pantry | 21.027 | Covid-19 | 19,788 | - | 19,788 | - |
| Resiliency Grant | 21.027 | Covid-19 | 70,326 | - | 70,326 | - |
| TEFAP Gap | 21.027 | Covid-19 | 23,616 | - | 23,616 | - |
| CSFP Gap | 21.027 | Covid-19 | 8,305 | - | 8,305 | - |
| EFAP | 21.027 | Covid-19 | 98,154 | - | 98,154 | - |
| | | | 220,189 | - | 220,189 | - |
| Total Department of the Treasury | | | 220,189 | - | 220,189 | - |
| Department of Veterans Affairs | | | | | | |
| Passed through The Opportunity Council | | | | | | |
| VA Supportive Services for Veterans Families | 64.033 | WA-079 | 140,074 | - | 140,074 | - |
| | 64.033 | WA-079SS | 5,969 | - | 5,969 | - |
| Total Department of Veterans Affairs | | | 146,043 | - | 146,043 | - |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Agency or Pass-through Number/Other Info | Expenditures | | | Paid To Sub-Recipients |
|---|---------------------------------|--|------------------------------|-----------------------|---------------------|---------------------------|
| | | | From Pass- Through Awards | From Direct Awards | Total | |
| Department of Transportation | | | | | | |
| Passed through State of Washington Department of Transportation | | | | | | |
| Enhanced Mobility | 20.513 | PTD0074 | 22,907 | - | 22,907 | - |
| Total Department of Transportation | | | <u>22,907</u> | <u>-</u> | <u>22,907</u> | <u>-</u> |
| | | | | | | |
| Total Federal Awards | | | <u>\$ 5,785,493</u> | <u>\$ 169,110</u> | <u>\$ 5,954,603</u> | <u>\$ 1,109,153</u> |

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2023

NOTE 1: PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Community Action of Skagit County's (the Organization's) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the Organization, it does not present the financial position, changes in financial position, or the revenues and expenditures of the Organization.

NOTE 2: DE-MINIMIS COST RATE

The Organization used the 10% de-minimis cost rate.

NOTE 3: BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Organization's financial statements. The Organization uses the accrual basis of accounting.

NOTE 4: REPORTING ENTITY

The reporting entity is described in Note 1 to the Organization's financial statements. The Schedule includes all federal programs administered by the Organization for the year ended December 31, 2023.

**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
Community Action of Skagit County and Subsidiary
Mount Vernon, WA

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 consolidated financial statements of Community Action of Skagit County and Subsidiary (Collectively "the Organization"), which comprise the statement of financial position as of December 31, 2023, and the related consolidated 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 30, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

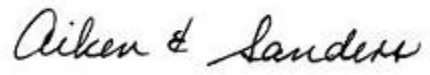
Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*

in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

September 30, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
Community Action of Skagit County and Subsidiary
Mount Vernon, WA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action of Skagit County and Subsidiary’s (Collectively “the Organization’s”) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization’s major federal programs for the year ended December 31, 2023. The Organization’s major federal programs are 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

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 resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually

or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

September 30, 2024

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2023

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a): No

Identification of major programs:

| <u>Assistance Listing Numbers</u> | <u>Name of Federal Program</u> |
|-----------------------------------|--|
| 10.565, 10.568, 10.569 | Food Distribution Cluster |
| 93.959 | Substance Abuse Prevention and Treatment Block Grant |

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

Auditee qualified as low-risk auditee: Yes

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2023

Section II – Financial Statement Findings:

No matters are reported.

Section III – Federal Award Findings and Questioned Costs:

No matters are reported.