
COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
(A Washington Not-for-Profit Corporation)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals as of and for the year ended December 31, 2024)

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
TABLE OF CONTENTS
DECEMBER 31, 2025

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	4
Consolidated Statements of Activities.....	6
Consolidated Statements of Functional Expenses.....	7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9
SUPPLEMENTAL INFORMATION	
Consolidated Statements of Financial Position	19
Consolidated Statements of Activities	21
Consolidated Statements of Functional Expenses	22
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards.....	26
COMPLIANCE SECTION	
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>	27
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.....	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	32
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	33

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Action of Skagit County and Subsidiary (Collectively the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2025, 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 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.

Report on Summarized Comparative Information

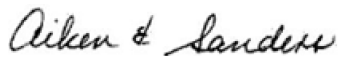
We have previously audited the Organization's December 31, 2024, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2026, 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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants
October 16, 2026

CONSOLIDATED FINANCIAL STATEMENTS

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025
(With summarized comparative totals as of December 31, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,113,542	\$ 730,030
Grants and contracts receivable	1,764,506	1,772,668
Inventory	79,818	64,894
Prepaid expenses	98,631	84,589
Operating lease right-of-use assets-current portion	<u>169,179</u>	<u>161,913</u>
Total current assets	<u>3,225,676</u>	<u>2,814,094</u>
Property and equipment:		
Land	771,380	771,380
Buildings	4,606,993	4,606,992
Equipment	561,178	545,692
Accumulated depreciation	<u>(1,762,150)</u>	<u>(1,583,389)</u>
Total property and equipment, net	<u>4,177,401</u>	<u>4,340,675</u>
Other Assets:		
Operating lease right-of-use assets, net of current portion	1,970,836	2,090,383
Investments	<u>989,588</u>	<u>882,959</u>
Total other assets	<u>2,960,424</u>	<u>2,973,342</u>
Total assets	<u>10,363,501</u>	<u>10,128,111</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable	1,416	61,940
Accrued payroll and other liabilities	694,920	691,317
Unearned revenue	203,146	154,661
Current portion of long-term debt	34,153	32,535
Current portion of operating lease liabilities	<u>131,765</u>	<u>112,280</u>
Total current liabilities	<u>1,065,400</u>	<u>1,052,733</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025
(With summarized comparative totals as of December 31, 2024)

Noncurrent liabilities:

Long-term debt, net of current portion	545,944	579,558
Operating lease liability, net of current portion	<u>2,008,250</u>	<u>2,140,015</u>
Total noncurrent liabilities	<u>2,554,194</u>	<u>2,719,573</u>
Total liabilities	<u>3,619,594</u>	<u>3,772,306</u>

NET ASSETS

Without donor restrictions	<u>6,743,907</u>	<u>6,355,805</u>
Total net assets	<u>6,743,907</u>	<u>6,355,805</u>
Total liabilities and net assets	<u><u>\$ 10,363,501</u></u>	<u><u>\$ 10,128,111</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	<u>2025</u>	<u>2024</u>
WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUES:		
Federal grants	\$ 6,384,227	\$ 5,141,256
State grants	2,861,841	2,892,467
Local grants	2,259,026	2,550,398
Foundations/ corporations	1,174,235	1,443,796
Private donations	1,475,045	284,240
In-kind donations	5,638,463	4,721,160
Rent revenue	496,010	464,997
Investment income	111,162	103,873
Miscellaneous income	<u>14,274</u>	<u>108,919</u>
Total support and revenues	<u>20,414,283</u>	<u>17,711,106</u>
EXPENSES:		
Program services	18,639,646	16,730,745
Management and general expenses	1,101,867	1,220,954
Fundraising	<u>201,401</u>	<u>300,025</u>
Total expenses	<u>19,942,914</u>	<u>18,251,724</u>
Change in net assets	<u>471,369</u>	<u>(540,618)</u>
Net assets, beginning of year	6,355,805	6,896,423
Restatement	<u>(83,267)</u>	<u>-</u>
Net assets, beginning of year, restated	<u>6,272,538</u>	<u>6,896,423</u>
Net assets, end of year	<u><u>\$ 6,743,907</u></u>	<u><u>\$ 6,355,805</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(With summarized comparative totals for the year ended December 31, 2024)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2025</u>	<u>Total 2024</u>
Salaries and wages	\$ 4,456,817	\$ 646,525	\$ 58,952	\$ 5,162,294	\$ 5,229,192
Fringe benefits and taxes	954,853	141,336	12,634	1,108,823	1,162,993
Program expenses	6,103,706	158,400	20,864	6,282,970	5,226,594
Supplies	160,218	37,897	103	198,218	85,159
Travel and training	45,966	21,524	52	67,542	81,651
Occupancy	775,134	891	4,087	780,112	1,052,574
Professional fees	213,851	31,093	64,962	309,906	236,001
In-kind donation expenses	5,638,463	-	-	5,638,463	4,721,160
Miscellaneous expenses	151,063	34,058	30,704	215,825	278,890
Depreciation expenses	<u>139,575</u>	<u>30,143</u>	<u>9,043</u>	<u>178,761</u>	<u>177,510</u>
Total expenses 2025	<u>\$ 18,639,646</u>	<u>\$ 1,101,867</u>	<u>\$ 201,401</u>	<u>\$19,942,914</u>	
Total expenses 2024	<u>\$ 16,730,745</u>	<u>\$ 1,220,954</u>	<u>\$ 300,025</u>		<u>\$ 18,251,724</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	<u>2025</u>	<u>2024</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 471,369	\$ (540,618)
Adjustments to change in net assets to net cash provided by/ (used in) operating activities:		
Depreciation	178,761	177,510
Unrealized (gain)/ loss	(85,067)	(47,908)
Non-cash contributions and grants	(5,638,463)	(4,721,160)
Non-cash expenses and support	5,638,463	4,721,160
Changes in operating assets and liabilities:		
Grants and contracts receivable	8,162	328,052
Inventory	(14,924)	(50,385)
Prepaid expenses	(14,042)	91,575
Accounts payable	(60,524)	18,930
Accrued payroll liabilities	3,603	68,108
Unearned revenue	<u>48,485</u>	<u>96,492</u>
Net cash provided by operating activities	<u>535,823</u>	<u>141,756</u>
<u>Cash flows from investing activities:</u>		
Cash used for property, and equipment	(15,486)	(123,270)
Cash received from investment	-	355,965
Cash used for investment	<u>(21,562)</u>	<u>(129,187)</u>
Net cash used in investing activities	<u>(37,048)</u>	<u>103,508</u>
<u>Cash flows from financing activities:</u>		
Repayment of long-term debt	<u>(31,996)</u>	<u>(29,899)</u>
Net cash used in financing activities	<u>(31,996)</u>	<u>(29,899)</u>
Net change in cash and cash equivalents	<u>466,779</u>	<u>215,365</u>
Cash and cash equivalents, beginning of year	<u>730,030</u>	<u>514,665</u>
<i>Restatements</i>	(83,267)	-
Cash and cash equivalents, beginning of year, <i>restated</i>	<u>646,763</u>	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,113,542</u></u>	<u><u>\$ 730,030</u></u>
Supplemental disclosures:		
Cash paid during the year for interest	<u><u>\$ 38,411</u></u>	<u><u>\$ 40,509</u></u>

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of operations

Community Action of Skagit County and Subsidiary (the "Organization") was formed in 1979 as a not-for-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 a Washington Limited Liability Company incorporated on September 7, 2021, with Organization as its sole member. CL's purpose is to manage and lease property, primarily for low-income individuals.

B. Principles of consolidation

These financial statements consolidate the statements of Organization and CL (collectively, "the Organization"). Interorganizational balances and transactions have been eliminated in consolidation.

C. 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.

D. 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.

E. Cash and cash equivalents

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONT'D

F. 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.

G. 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.

H. 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 \$1,764,506, and \$1,772,668, respectively, as of December 31, 2025, and 2024.

I. 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 remeasured 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.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONT'D

J. 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.

K. 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, 2025, and 2024, was \$178,761, and \$177,510, respectively.

L. 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 \$950,015 and \$542,463, as of December 31, 2025, and 2024, respectively.

M. 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.

N. 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.

O. Vacation pay

The Organization has recorded a liability for the value of vacation time earned but not used by employees as of December 31, 2025, and 2024. 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 \$257,834 and \$262,405 which is included in accrued payroll liabilities on the Statement of Financial Position as of December 31, 2025 and 2024, respectively.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONT'D

P. Advertising costs

The costs of advertising are expensed as incurred.

NOTE 2 - CASH AND CASH EQUIVALENT

As of December 31, 2025, and 2024, the carrying amount of the Organization's cash deposits were \$1,113,542 and \$730,030 the bank balance was \$1,347,611 and \$889,597, respectively. The difference between the bank balance and carrying amount represents outstanding checks, undeposited funds, and petty cash.

Cash balance held in the bank balance are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per banking institution. As of December 31, 2025, and 2024, the Organization had \$950,015 and \$542,463 uninsured balance, respectively.

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of amounts due to the Organization as of December 31, 2025, and 2024, to be collected after year end. 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 \$148,814 and \$34,343 were recognized during the years ended December 31, 2025, and 2024, 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, 2025, and 2024, no receivable amounts were past due.

NOTE 4 - 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, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 771,380	\$ 771,380
Buildings	2,728,729	2,728,729
Buildings improvements	1,878,264	1,878,263
Equipment	<u>561,178</u>	<u>545,692</u>
	5,939,551	5,924,064
Less: accumulated depreciation	<u>(1,762,150)</u>	<u>(1,583,389)</u>
Property and equipment, net	<u>\$ 4,177,401</u>	<u>\$ 4,340,675</u>

Depreciation expense for the year ended December 31, 2025, and 2024, were \$178,761 and \$177,510, respectively.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 - NON-CASH CONTRIBUTION AND EXPENSES

For the years ended December 31, 2025, and 2024, non-cash contributions and related expenses consisted of the following:

	<u>2025</u>	<u>2024</u>
Non-cash contributions by type:		
Food donations	\$ 5,628,071	\$ 4,715,348
Miscellaneous goods and services	<u>10,392</u>	<u>5,812</u>
Total non-cash contributions	<u>5,638,463</u>	<u>4,721,160</u>
Total related in-kind expenses	<u>\$ 5,638,463</u>	<u>\$ 4,721,160</u>

The Organization recognized non-cash contribution revenue of \$5,638,463 and \$4,721,160 for the years ended December 31, 2025, and 2024, respectively. For the year ended December 31, 2025, \$0 of donated inventory remained on hand at year-end and was recorded as inventory on the statement of financial position. Accordingly, the Organization recognized \$5,638,463 of in-kind expense during the year. Donated inventory is recognized as expense when distributed or otherwise utilized in program activities.

NOTE 6 - 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 an interest rate of 6%, with monthly payments, including accrued interest, of \$2,654. 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:

<u>Years ending December 31,</u>	<u>Amount</u>
2026	\$ 34,153
2027	36,414
2028	38,732
2029	41,389
2030	44,130
Thereafter	<u>385,279</u>
Total	<u>\$ 580,097</u>

Total long-term debt as of December 31, 2025, was \$580,097.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 - NET ASSETS COMPOSITION

Net assets composition consisted of the following as of December 31, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Without donor restrictions:		
Undesignated	\$ <u>6,743,907</u>	\$ <u>6,355,805</u>
Total	\$ <u><u>6,743,907</u></u>	\$ <u><u>6,355,805</u></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, 2025, the investments had a cost basis of \$587,089 and a fair value of \$989,588. As of December 31, 2024, the investments had a cost basis of \$599,479 and a fair value of \$882,959.

The Organization adopted FASB ASC 820 as of January 1, 2009. FASB ASC 820, 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 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:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.
- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

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 as of December 31, 2025.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the organization at year end markets for identical assets.

Community Foundation: Valued at original investment plus earnings.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONT'D

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, 2025 with comparative totals for 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2025</u>	<u>2024</u>
Mutual Funds	\$ 652,597	\$ -	\$ -	\$ 652,597	\$ 591,452
Community Foundation	-	-	336,991	336,991	291,507
Total	<u>\$ 652,597</u>	<u>\$ -</u>	<u>\$ 336,991</u>	<u>\$ 989,588</u>	<u>\$ 882,959</u>

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance, January 1:	\$ 291,507	\$ 244,414
Earnings	38,126	29,070
Contributions	21,791	30,393
Foundation fees	(5,688)	(5,038)
Withdrawals	<u>(8,745)</u>	<u>(7,332)</u>
Balance, December 31:	<u>\$ 336,991</u>	<u>\$ 291,507</u>

Investment income was composed of the following for the years ended December 31, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Realized and unrealized gains	\$ 85,067	\$ 47,908
Interest and dividends	34,708	64,677
Investment fees	<u>(8,613)</u>	<u>(8,712)</u>
	<u>\$ 111,162</u>	<u>\$ 103,873</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.

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 - LEASE COMMITMENTS

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

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, (a) a lease liability of \$2,140,015, which represents the present value of the remaining lease payments of \$2,829,218, discounted using the Organization's customary borrowing rate of 6%, and (b) a right-of-use asset of \$2,140,015, which represents the future lease asset amortization.

Lease expense under these operating leases for 2025, and 2024 was \$244,364 and \$304,118, respectively, which included amortization of the right of use asset in excess of the lease liability of \$0 and \$0 for 2025 and 2024, 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, 2025:

<u>Year Ending December 31,</u>	<u>Gross Rents</u>	<u>Discount</u>	<u>Lease Liability</u>	<u>Lease Asset</u>
2026	\$ 256,582	\$ 124,817	\$ 131,765	\$ 169,179
2027	269,411	116,331	153,080	177,665
2028	282,882	106,512	176,370	187,484
2029	297,026	95,239	201,787	198,757
2030	311,877	82,378	229,499	211,618
Thereafter	<u>1,411,440</u>	<u>163,926</u>	<u>1,247,514</u>	<u>1,195,312</u>
Total	<u>\$ 2,829,218</u>	<u>\$ 689,203</u>	<u>\$ 2,140,015</u>	<u>\$ 2,140,015</u>

NOTE 11 - 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, 2025 and 2024, employer contributions to the plan were \$106,580 and \$113,202, respectively.

NOTE 12 - CONTINGENCIES

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

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 13 - UNCERTAIN TAX POSITIONS

The Organization is a non-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization has limited unrelated business income that is subject to tax and whose liability is not material to the financial statements. Therefore, no provision for income taxes has been made in these financial statements.

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 2021. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2025, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

NOTE 14 - RESTATEMENT

During the year, management identified a prior period error related to prepaid insurance expenses. Certain prepaid medical and dental/life insurance expenses were not properly recorded in the applicable prior-period financial statements. Management corrected the error through an adjustment that resulted in a net decrease of \$83,267 in prepaid expenses and a corresponding decrease in net assets.

Accordingly, the beginning net assets balance and applicable prior-period amounts have been restated to properly reflect the prepaid insurance balances in the appropriate reporting period in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

	<u>2025</u>
Net assets, as previously reported	\$ 6,355,805
Prior period adjustment:	
Prepaid medical overstated	(191,067)
Prepaid dental/life understated	<u>107,800</u>
Net adjustment to net assets	<u>(83,267)</u>
Net assets, as restated	<u>\$ 6,272,538</u>

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization, although it expects to receive current support to fund operations for 2026 and later years, has \$3,867,636 and \$3,385,657 of financial assets available within one year of the statement of financial position date on December 31, 2025, and 2024, respectively, to meet cash needs for general operating expenditures of the Organization. Financial assets available within one year consist of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,113,542	\$ 730,030
Grants and contracts receivable	1,764,506	1,772,668
Investments	<u>989,588</u>	<u>882,959</u>
Financial assets available to meet cash need within one year	<u>\$ 3,867,636</u>	<u>\$ 3,385,657</u>

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 16 - EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2026, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred the nature of which would require disclosure.

SUPPLEMENTAL INFORMATION

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025

	Community Action of Skagit County	Cascade Landing, LLC	Subtotal	Eliminating Entries	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 979,443	\$ 134,099	\$ 1,113,542	\$ -	\$ 1,113,542
Grants and contracts receivable	1,747,820	16,686	1,764,506	-	1,764,506
Inventory	79,818	-	79,818	-	79,818
Prepaid expenses	98,631	-	98,631	-	98,631
Operating lease right-of-use asset-current portion	169,179	-	169,179	-	169,179
Total current assets	<u>3,074,891</u>	<u>150,785</u>	<u>3,225,676</u>	<u>-</u>	<u>3,225,676</u>
Property and equipment:					
Land	771,380	-	771,380	-	771,380
Buildings	3,934,162	672,831	4,606,993	-	4,606,993
Equipment	561,178	-	561,178	-	561,178
Accumulated depreciation	(1,682,930)	(79,220)	(1,762,150)	-	(1,762,150)
Property and equipment, net	<u>3,583,790</u>	<u>593,611</u>	<u>4,177,401</u>	<u>-</u>	<u>4,177,401</u>
Other Assets:					
Operating lease right-of-use assets, net of current portion	1,970,836	-	1,970,836	-	1,970,836
Investments	989,588	-	989,588	-	989,588
Total other assets	<u>2,960,424</u>	<u>-</u>	<u>2,960,424</u>	<u>-</u>	<u>2,960,424</u>
Total assets	<u>9,619,105</u>	<u>744,396</u>	<u>10,363,501</u>	<u>-</u>	<u>10,363,501</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current liabilities:					
Accounts payable	1,356	60	1,416	-	1,416
Accrued payroll and other liabilities	633,902	61,018	694,920	-	694,920
Unearned revenue	203,146	-	203,146	-	203,146
Current portion of long-term debt	34,153	-	34,153	-	34,153
Current portion operating lease liability	131,765	-	131,765	-	131,765
Total current liabilities	<u>1,004,322</u>	<u>61,078</u>	<u>1,065,400</u>	<u>-</u>	<u>1,065,400</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025

	Community Action of Skagit County	Cascade Landing, LLC	Subtotal	Eliminating Entries	Total
Noncurrent liabilities:					
Long-term debt, net of current portion	545,944	-	545,944	-	545,944
Operating lease liability, net of current portion	<u>2,008,250</u>	-	<u>2,008,250</u>	-	<u>2,008,250</u>
Total noncurrent liabilities	<u>2,554,194</u>	-	<u>2,554,194</u>	-	<u>2,554,194</u>
Total liabilities	<u>3,558,516</u>	<u>61,078</u>	<u>3,619,594</u>	-	<u>3,619,594</u>
NET ASSETS					
Without donor restrictions	<u>6,060,589</u>	<u>683,318</u>	<u>6,743,907</u>	-	<u>6,743,907</u>
Total net assets	<u>6,060,589</u>	<u>683,318</u>	<u>6,743,907</u>	-	<u>6,743,907</u>
Total liabilities and net assets	<u>\$ 9,619,105</u>	<u>\$ 744,396</u>	<u>\$ 10,363,501</u>	<u>\$ -</u>	<u>\$ 10,363,501</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Community Action of Skagit County	Cascade Landing, LLC	Subtotal	Eliminating Entries	Total
SUPPORT AND REVENUES:					
Federal grants	\$ 6,384,227	\$ -	\$ 6,384,227	\$ -	\$ 6,384,227
State grants	2,861,841	-	2,861,841	-	2,861,841
Local grants	2,259,026	-	2,259,026	-	2,259,026
Foundation/ corporations	1,174,235	-	1,174,235	-	1,174,235
Private donations	1,475,045	-	1,475,045	-	1,475,045
In-kind donations	5,638,463	-	5,638,463	-	5,638,463
Rent revenue	-	496,010	496,010	-	496,010
Investment income	111,162	-	111,162	-	111,162
Miscellaneous income	14,274	-	14,274	-	14,274
Transfer in/(out)	<u>(75,827)</u>	<u>75,827</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>19,842,446</u>	<u>571,837</u>	<u>20,414,283</u>	<u>-</u>	<u>20,414,283</u>
EXPENSES:					
Program services					
Community action of Skagit County	18,088,121	-	18,088,121	-	18,088,121
Cascade landing, LLC	<u>-</u>	<u>551,525</u>	<u>551,525</u>	<u>-</u>	<u>551,525</u>
Total program expenses	<u>18,088,121</u>	<u>551,525</u>	<u>18,639,646</u>	<u>-</u>	<u>18,639,646</u>
Management and general expenses	1,101,867	-	1,101,867	-	1,101,867
Fundraising	<u>201,401</u>	<u>-</u>	<u>201,401</u>	<u>-</u>	<u>201,401</u>
Total expenses	<u>19,391,389</u>	<u>551,525</u>	<u>19,942,914</u>	<u>-</u>	<u>19,942,914</u>
Change in net assets	<u>451,057</u>	<u>20,312</u>	<u>471,369</u>	<u>-</u>	<u>471,369</u>
Net assets, beginning of year	5,692,799	663,006	6,355,805	-	6,355,805
<i>Restatement</i>	<u>(83,267)</u>	<u>-</u>	<u>(83,267)</u>	<u>-</u>	<u>(83,267)</u>
Net assets, beginning of year <i>restated</i>	<u>5,609,532</u>	<u>663,006</u>	<u>6,272,538</u>	<u>-</u>	<u>6,272,538</u>
Net assets, end of year	<u><u>\$ 6,060,589</u></u>	<u><u>\$ 683,318</u></u>	<u><u>\$ 6,743,907</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,743,907</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Community Action of Skagit County	Cascade Landing, LLC	Program Services	Management and General	Fundraising	Eliminating Entries	Total 2025
Salaries and wages	\$ 4,421,365	\$ 35,452	\$ 4,456,817	\$ 646,525	\$ 58,952	\$ -	\$ 5,162,294
Fringe benefits and taxes	946,793	8,060	954,853	141,336	12,634	-	1,108,823
Program expenses	6,103,285	421	6,103,706	158,400	20,864	-	6,282,970
Supplies	155,334	4,884	160,218	37,897	103	-	198,218
Travel and training	44,329	1,637	45,966	21,524	52	-	67,542
Occupancy	361,125	414,009	775,134	891	4,087	-	780,112
Professional fees	170,141	43,710	213,851	31,093	64,962	-	309,906
In-kind donation expenses	5,638,463	-	5,638,463	-	-	-	5,638,463
Miscellaneous expenses	134,624	16,439	151,063	34,058	30,704	-	215,825
Depreciation	<u>112,662</u>	<u>26,913</u>	<u>139,575</u>	<u>30,143</u>	<u>9,043</u>	<u>-</u>	<u>178,761</u>
Total expenses	<u>\$ 18,088,121</u>	<u>\$ 551,525</u>	<u>\$ 18,639,646</u>	<u>\$ 1,101,867</u>	<u>\$ 201,401</u>	<u>\$ -</u>	<u>\$ 19,942,914</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION OF SKAGIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>From Pass-through Awards</u>	<u>From Direct Award</u>	<u>Total Expenditure 2025</u>
Department of Health and Human Services					
<i>Passed through Washington State Department of Commerce</i>					
Temporary Assistance for Needy Families	93.558	S24-32710-015	\$ 116,586	\$ -	\$ 116,586
Temporary Assistance for Needy Families	93.558	S26-32710-015	165,603	-	165,603
			<u>282,189</u>	<u>-</u>	<u>282,189</u>
Low Income Home Energy Assistance	93.568	23-32606-076	568,836	-	568,836
Low Income Home Energy Assistance	93.568	24-32606-076	1,059,675	-	1,059,675
			<u>1,628,511</u>	<u>-</u>	<u>1,628,511</u>
Community Services Block Grant	93.569	F24-32101-025	134,007	-	134,007
Community Services Block Grant	93.569	F25-32101-025	52,620	-	52,620
			<u>186,627</u>	<u>-</u>	<u>186,627</u>
<i>Passed through Behavioral Health Administrative Services Organization</i>					
Substance Abuse Prevention and Treatment Block Grant	93.959	K6897	112,803	-	112,803
Substance Abuse Prevention and Treatment Block Grant	93.959	BH-ASO-CASC-ICN-23	123,000	-	123,000
			<u>235,803</u>	<u>-</u>	<u>235,803</u>
Total Department of Health and Human Services			<u>2,333,130</u>	<u>-</u>	<u>2,333,130</u>
Department of Veterans Affairs					
<i>Passed through Opportunity Council:</i>					
Supportive Services for Veteran Families	64.033	19-WA-079	2,120	-	2,120
Supportive Services for Veteran Families	64.033	19-WA-079	38,479	-	38,479
Supportive Services for Veteran Families	64.033	19-WA-079	229,245	-	229,245
Total Department of Veterans Affairs			<u>269,844</u>	<u>-</u>	<u>269,844</u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

COMMUNITY ACTION OF SKAGIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>From Pass-through Awards</u>	<u>From Direct Award</u>	<u>Total Expenditure 2025</u>
Department of Agriculture					
<i>Passed through Washington State Department of Agriculture</i>					
Local Food Purchase Assistance - GAP	10.182	K5520	4,667	-	4,667
Local Food Purchase Assistance	10.182	K5520	40,094	-	40,094
Local Food Purchase Assistance - Plus	10.182	K5520	44,334	-	44,334
			89,095	-	89,095
TEFAP CCC	10.187	K5099	2,960	-	2,960
<i>Passed through Washington State Department of Health</i>					
Women, Infants, and Children	10.557	CBO30473	739,966	-	739,966
Women, Infants, and Children	10.557	CBO30673	245,464	-	245,464
			985,430	-	985,430
<i>Passed through Washington State Department of Social and Health Services</i>					
Basic food Education	10.561	2212--44425-04	110,124	-	110,124
Basic food Education	10.561	2212--44425-04	31,801	-	31,801
			141,925	-	141,925
<i>Passed through U.S. Department of Agriculture (USDA) Food and Nutrition Service (FSN)</i>					
Food Distribution Cluster					
Commodities Supplement Food Program 25-26	10.565	K5720	11,089	-	11,089
Commodities Supplement Food Program 24-25	10.565	K5720	19,074	-	19,074
Commodities Supplement Food Program	10.565	K4729, K5720	202,155	-	202,155
TEFAP 25-26	10.568,	K5703	24,954	-	24,954
TEFAP 24-25	10.568	K5703	70,326	-	70,326
TEFAP-Commodities	10.569	K4743, K5703	1,946,930	-	1,946,930
Total Food Distribution Cluster			2,274,528	-	2,274,528

See the accompanying notes to Schedule of Expenditures of Federal Awards.

COMMUNITY ACTION OF SKAGIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>From Pass-through Awards</u>	<u>From Direct Award</u>	<u>Total Expenditure 2025</u>
<i>Passed through Washington State Department of Agriculture</i>					
CSFP GAP	10.194	K55503	10,448	-	10,448
Total Department of Agriculture			<u>3,504,386</u>	<u>-</u>	<u>3,504,386</u>
<u>Department of Housing and Urban Development</u>					
<i>Direct</i>					
Supportive Housing Program - Continuum of Care	14.267	WA0230L0T012312	-	67,785	67,785
Supportive Housing Program - Continuum of Care	14.267	WA0230L0T012413	-	32,841	32,841
Supportive Housing Program - Continuum of Care	14.267	WA0325L0T012308	-	55,252	55,252
			<u>-</u>	<u>155,878</u>	<u>155,878</u>
<i>Passed through Washington State Department of Commerce</i>					
Home Investment Partnership Program - TBRA	14.239	24-42401-112	49,091	-	49,091
Total Department of Housing and Urban Development			<u>49,091</u>	<u>155,878</u>	<u>204,969</u>
<u>Department of Treasury</u>					
<i>Passed through Washington State Department of Agriculture:</i>					
Farm to Food Pantry Initiative 24-25	21.027	Covid 19	683	-	683
Farm to Food Pantry Initiative 25-26	21.027	Covid 19	7,716	-	7,716
TEFAP GAP	21.027	K4774	63,499	-	63,499
Total Department of Treasury			<u>71,898</u>	<u>-</u>	<u>71,898</u>
Total Federal Awards			<u>\$ 6,228,349</u>	<u>\$ 155,878</u>	<u>\$ 6,384,227</u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

COMMUNITY ACTION OF SKAGIT COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

NOTE 1 - BASIS OF ACCOUNTING OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Organization. The information 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"). The amounts presented in the Schedule agree to the amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule is presented using the accrual basis of accounting, which is described in the notes of Summary of Significant Accounting Policies to the Organization's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance; wherein certain types of expenditures are not allowed or are limited to reimbursement.

NOTE 3 - DE MINIMIS COST RATE

The Organization did not use the 15% de minimis cost rate.

NOTE 4 - SUBRECIPIENTS

There were no federal awards provided to subrecipients.

COMPLIANCE SECTION

**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 (the "Organization") (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2026.

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 consolidated 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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants
October 16, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL 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 (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 each of the Organization's major federal programs for the year ended December 31, 2025. 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, 2025.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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, 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.

Aiken & Sanders

**Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants
October 16, 2026**

**COMMUNITY ACTION OF SKAGIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
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 <i>Uniform Guidance 2 CFR 200.516(a)</i> ?	No
Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

Identification of major federal programs:

Assistance Listing Number	Name of Major Federal Program
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
10.565, 10.568, and 10.569	Food Distribution Cluster
Dollar threshold used to distinguish between type A and type B programs	
	\$ 1,000,000
Auditee qualified as low-risk auditee?	No

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

There were no findings reported in the current year.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings related to federal awards.

**COMMUNITY ACTION OF SKAGIT COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The Organization had no findings noted in prior year that require a status update.