

SOLID GROUND WASHINGTON

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2023 AND 2022

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED DECEMBER 31, 2023



SOLID GROUND WASHINGTON
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Solid Ground Washington
Seattle, Washington

Opinion

We have audited the accompanying consolidated financial statements of Solid Ground Washington (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Solid Ground Washington as of December 31, 2023 and 2022, and the changes in its 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 audits 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 Solid Ground Washington and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audits 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Solid Ground Washington's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Consolidating information is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets and partners' equity of the individual organizations, and is not a required part of the consolidated financial statements. Similarly, the accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget 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), and the schedule of state financial assistance 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 information 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 July 11, 2024, on our consideration of the Solid Ground Washington'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 Solid Ground Washington'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 Solid Ground Washington's internal control over financial reporting and compliance.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
July 11, 2024

SOLID GROUND WASHINGTON

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023				2022			
	<u>Solid Ground</u>	<u>Sand Point Housing</u>	<u>Eliminations</u>	<u>Total</u>	<u>Solid Ground</u>	<u>Sand Point Housing</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS								
Current Assets								
Cash	\$ 3,204,661	\$ 279,145	\$ -	\$ 3,483,806	\$ 3,444,078	\$ 141,657	\$ -	\$ 3,585,735
Short-term investments	194,171	-	-	194,171	155,515	-	-	155,515
Grants receivable	4,322,738	-	-	4,322,738	4,999,530	-	-	4,999,530
Promises to give	444,599	-	-	444,599	213,368	-	-	213,368
Other receivables, net	1,002,121	115,764	(938,956)	178,929	921,639	97,349	(894,049)	124,939
Other assets	605,960	29,992	-	635,952	618,414	35,449	-	653,863
Total Current Assets	9,774,250	424,901	(938,956)	9,260,195	10,352,544	274,455	(894,049)	9,732,950
Notes Receivable from Related Parties	5,227,793	-	(5,227,793)	-	5,227,793	-	(5,227,793)	-
Restricted Cash and Cash Equivalents	1,690,300	1,758,424	-	3,448,724	2,646,179	1,734,323	-	4,380,502
Promises to Give, net of current	-	-	-	-	300,000	-	-	300,000
Investment in Sand Point Entities	1,455,449	-	(1,455,449)	-	1,125,669	-	(1,125,669)	-
Property and Equipment, net	4,297,928	27,157,770	-	31,455,698	4,228,849	28,040,769	-	32,269,618
	<u>\$22,445,720</u>	<u>\$29,341,095</u>	<u>\$ (7,622,198)</u>	<u>\$44,164,617</u>	<u>\$23,881,034</u>	<u>\$30,049,547</u>	<u>\$ (7,247,511)</u>	<u>\$46,683,070</u>
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	\$ 514,530	\$ 179,227	\$ (7,032)	\$ 686,725	\$ 1,270,997	\$ 41,997	\$ (1,413)	\$ 1,311,581
Accrued expenses	812,194	643,950	(318,835)	1,137,309	789,257	559,571	(363,503)	985,325
Refundable advances and funds held for others	600,563	-	-	600,563	487,584	-	-	487,584
Current portion of long-term debt	12,500	-	-	12,500	12,500	-	-	12,500
Total Current Liabilities	1,939,787	823,177	(325,867)	2,437,097	2,560,338	601,568	(364,916)	2,796,990
Notes Payable, net of Current Portion	100,000	16,077,379	-	16,177,379	112,500	16,004,506	-	16,117,006
Forgivable Loans and Accrued Interest Payable	2,552,679	5,840,880	(5,840,880)	2,552,679	2,569,983	5,756,926	(5,756,926)	2,569,983
Total Liabilities	4,592,466	22,741,436	(6,166,747)	21,167,155	5,242,821	22,363,000	(6,121,842)	21,483,979
Net Assets and Partners' Equity								
Net Assets								
Without Donor Restrictions	16,151,719	-	-	16,151,719	16,838,148	-	-	16,838,148
With Donor Restrictions	1,701,535	-	-	1,701,535	1,800,065	-	-	1,800,065
Total Net Assets	17,853,254	-	-	17,853,254	18,638,213	-	-	18,638,213
Partners' Equity		6,599,659	(1,455,451)	5,144,208		7,686,547	(1,125,669)	6,560,878
Total Net Assets and Partners' Equity	17,853,254	6,599,659	(1,455,451)	22,997,462	18,638,213	7,686,547	(1,125,669)	25,199,091
	<u>\$22,445,720</u>	<u>\$29,341,095</u>	<u>\$ (7,622,198)</u>	<u>\$44,164,617</u>	<u>\$23,881,034</u>	<u>\$30,049,547</u>	<u>\$ (7,247,511)</u>	<u>\$46,683,070</u>

See notes to consolidated financial statements. 5

SOLID GROUND WASHINGTON
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Solid Ground	Sand Point Housing	Eliminations	Total	Solid Ground	Sand Point Housing	Eliminations	Total
Change in Net Assets Without Donor Restrictions and Partners' Equity								
Public support without donor restrictions								
Federal contracts and grants	\$ 4,705,704	\$ -	\$ -	\$ 4,705,704	\$ 6,135,323	\$ -	\$ -	\$ 6,135,323
State, city, and county contracts and grants	19,774,857	-	-	19,774,857	16,566,222	-	-	16,566,222
Contributions	1,965,965	-	-	1,965,965	3,344,661	-	-	3,344,661
United Way of King County	3,500	-	-	3,500	5,000	-	-	5,000
Private grants	95,250	-	-	95,250	92,250	-	-	92,250
Total Public Support Without Donor Restrictions	<u>26,545,276</u>	<u>-</u>	<u>-</u>	<u>26,545,276</u>	<u>26,143,456</u>	<u>-</u>	<u>-</u>	<u>26,143,456</u>
Revenue								
Fees for services	1,686,621	2,313,900	(142,805)	3,857,716	1,088,784	2,235,772	(188,998)	3,135,558
Investment income	92,971	-	-	92,971	87,924	-	-	87,924
Other revenue	220,509	81,376	(83,954)	217,931	315,259	72,916	(83,709)	304,466
Total Revenue	<u>2,000,101</u>	<u>2,395,276</u>	<u>(226,759)</u>	<u>4,168,618</u>	<u>1,491,967</u>	<u>2,308,688</u>	<u>(272,707)</u>	<u>3,527,948</u>
Net Assets Released from Purpose Restrictions	1,334,488	-	-	1,334,488	1,464,928	-	-	1,464,928
Total Public Support Without Donor Restrictions and Revenue	<u>29,879,865</u>	<u>2,395,276</u>	<u>(226,759)</u>	<u>32,048,382</u>	<u>29,100,351</u>	<u>2,308,688</u>	<u>(272,707)</u>	<u>31,136,332</u>
Expenses								
Program services	25,718,728	4,064,310	(479,123)	29,303,915	24,378,795	3,478,810	(243,876)	27,613,729
Supporting services	4,847,566	-	-	4,847,566	4,754,166	-	-	4,754,166
Total Expenses	<u>30,566,294</u>	<u>4,064,310</u>	<u>(479,123)</u>	<u>34,151,481</u>	<u>29,132,961</u>	<u>3,478,810</u>	<u>(243,876)</u>	<u>32,367,895</u>
Change in Net Assets Without Donor Restrictions and Partners' Equity	<u>(686,429)</u>	<u>(1,669,034)</u>	<u>252,364</u>	<u>(2,103,099)</u>	<u>(32,610)</u>	<u>(1,170,122)</u>	<u>(28,831)</u>	<u>(1,231,563)</u>
Change in Net Assets With Donor Restrictions								
Contributions	1,235,958	-	-	1,235,958	1,415,720	-	-	1,415,720
Net assets released from purpose restrictions	(1,334,488)	-	-	(1,334,488)	(1,464,928)	-	-	(1,464,928)
Change in Net Assets With Donor Restrictions	<u>(98,530)</u>	<u>-</u>	<u>-</u>	<u>(98,530)</u>	<u>(49,208)</u>	<u>-</u>	<u>-</u>	<u>(49,208)</u>
Total Change in Net Assets and Partners' Equity	<u>(784,959)</u>	<u>(1,669,034)</u>	<u>252,364</u>	<u>(2,201,629)</u>	<u>(81,818)</u>	<u>(1,170,122)</u>	<u>(28,831)</u>	<u>(1,280,771)</u>
Net Assets and Partners' Equity - Beginning of Year	18,638,213	7,686,547	(1,125,669)	25,199,091	18,720,031	8,656,669	(896,838)	26,479,862
Partner Equity Contributions, (Distributions) and Syndication	-	582,146	(582,146)	-	-	200,000	(200,000)	-
Net Assets and Partners' Equity - End of Year	<u>\$17,853,254</u>	<u>\$ 6,599,659</u>	<u>\$ (1,455,451)</u>	<u>\$22,997,462</u>	<u>\$18,638,213</u>	<u>\$ 7,686,547</u>	<u>\$ (1,125,669)</u>	<u>\$25,199,091</u>

SOLID GROUND WASHINGTON

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			Total
	Solid Ground	Sand Point Housing	Total Program Services	Administrative	Resource Development	Total Supporting Services	
Salaries and wages	\$ 10,631,843	\$ 615,339	\$ 11,247,182	\$ 2,044,360	\$ 903,488	\$ 2,947,848	\$ 14,195,030
Employee taxes and benefits	2,971,591	73,495	3,045,086	471,095	183,066	654,161	3,699,247
	<u>13,603,434</u>	<u>688,834</u>	<u>14,292,268</u>	<u>2,515,455</u>	<u>1,086,554</u>	<u>3,602,009</u>	<u>17,894,277</u>
Contracted services	4,361,122	150,165	4,511,287	318,041	101,979	420,020	4,931,307
Client assistance	3,746,888	-	3,746,888	6,137	-	6,137	3,753,025
Insurance	1,703,191	273,956	1,977,147	69,520	10,575	80,095	2,057,242
Repairs and maintenance	1,032,875	812,824	1,845,699	71,321	4,627	75,948	1,921,647
Depreciation	-	994,809	994,809	245,126	-	245,126	1,239,935
Utilities	251,760	466,353	718,113	33,792	9,280	43,072	761,185
Other	(120,336)	467,292	346,956	14,218	5,462	19,680	366,636
Supplies	198,721	-	198,721	62,211	11,887	74,098	272,819
Mailing and printing	67,470	-	67,470	31,161	55,330	86,491	153,961
Equipment rental	56,959	-	56,959	48,140	43,061	91,201	148,160
Advertising	7,452	119,582	127,034	8,523	6,498	15,021	142,055
Training	64,601	-	64,601	30,359	2,010	32,369	96,970
Communication	71,709	-	71,709	17,809	4,142	21,951	93,660
Dues and subscriptions	18,374	37,149	55,523	23,524	3,099	26,623	82,146
Interest	(15,224)	69,040	53,816	(68)	11,239	11,171	64,987
Taxes and licenses	19,237	38,692	57,929	6,114	360	6,474	64,403
Rent	76,678	-	76,678	(31,755)	14,622	(17,133)	59,545
Travel and transportation	22,313	-	22,313	3,318	1,053	4,371	26,684
Fuel	17,995	-	17,995	2,842	-	2,842	20,837
	<u>13,603,434</u>	<u>688,834</u>	<u>14,292,268</u>	<u>2,515,455</u>	<u>1,086,554</u>	<u>3,602,009</u>	<u>17,894,277</u>
Total Expenses	<u>\$ 25,185,219</u>	<u>\$ 4,118,696</u>	<u>\$ 29,303,915</u>	<u>\$ 3,475,788</u>	<u>\$ 1,371,778</u>	<u>\$ 4,847,566</u>	<u>\$ 34,151,481</u>

SOLID GROUND WASHINGTON

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			Total
	Solid Ground	Sand Point Housing	Total Program Services	Administrative	Resource Development	Total Supporting Services	
Salaries and wages	\$ 10,294,086	\$ 183,111	\$ 10,477,197	\$ 1,983,178	\$ 811,856	\$ 2,795,034	\$ 13,272,231
Employee taxes and benefits	3,000,590	92,272	3,092,862	472,727	181,793	654,520	3,747,382
	<u>13,294,676</u>	<u>275,383</u>	<u>13,570,059</u>	<u>2,455,905</u>	<u>993,649</u>	<u>3,449,554</u>	<u>17,019,613</u>
Contracted services	6,119,731	282,935	6,402,666	509,693	76,771	586,464	6,989,130
Client assistance	1,640,111	-	1,640,111	1,230	-	1,230	1,641,341
Insurance	1,489,675	190,350	1,680,025	63,041	10,212	73,253	1,753,278
Repairs and maintenance	800,861	715,468	1,516,329	69,826	3,727	73,553	1,589,882
Depreciation	-	984,917	984,917	206,876	-	206,876	1,191,793
Utilities	236,038	327,699	563,737	33,167	10,377	43,544	607,281
Other	113,473	210,433	323,906	639	3,013	3,652	327,558
Supplies	199,877	17,553	217,430	39,637	28,274	67,911	285,341
Mailing and printing	87,542	746	88,288	31,984	49,534	81,518	169,806
Equipment rental	62,151	-	62,151	4,476	36,571	41,047	103,198
Advertising	10,699	12,683	23,382	4,975	11,922	16,897	40,279
Training	136,991	-	136,991	14,847	1,345	16,192	153,183
Communication	100,396	6,966	107,362	41,787	5,441	47,228	154,590
Dues and subscriptions	13,843	2,841	16,684	28,525	890	29,415	46,099
Interest	(16,083)	74,812	58,729	(2,897)	20,231	17,334	76,063
Taxes and licenses	12,988	97,857	110,845	10,304	1,391	11,695	122,540
Rent	80,385	-	80,385	(37,303)	15,295	(22,008)	58,377
Travel and transportation	11,197	5,460	16,657	3,663	510	4,173	20,830
Fuel	13,075	-	13,075	4,638	-	4,638	17,713
Total Expenses	<u>\$ 24,407,626</u>	<u>\$ 3,206,103</u>	<u>\$ 27,613,729</u>	<u>\$ 3,485,013</u>	<u>\$ 1,269,153</u>	<u>\$ 4,754,166</u>	<u>\$ 32,367,895</u>

SOLID GROUND WASHINGTON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from:		
Governmental agencies	\$ 25,157,353	\$ 22,623,298
Donors	3,309,685	4,970,198
Service recipients	3,803,724	3,154,938
Investments	92,971	87,924
Other	217,931	304,466
Cash paid for:		
Personnel	(17,742,293)	(17,100,825)
Services and supplies	<u>(15,395,907)</u>	<u>(13,657,114)</u>
Net Cash (Used) Provided by Operating Activities	<u>(556,536)</u>	<u>382,885</u>
Cash Flows from Investing Activities		
Net (purchases) and sales of investments	(38,656)	101,271
Purchases of property and equipment	<u>(426,015)</u>	<u>(1,252,994)</u>
Net Cash Used by Investing Activities	<u>(464,671)</u>	<u>(1,151,723)</u>
Cash Flows Used by Financing Activities		
Repayments on notes payable	<u>(12,500)</u>	<u>(12,500)</u>
Changes in Cash	(1,033,707)	(781,338)
Cash and Restricted Cash and Cash Equivalents - beginning of year	<u>7,966,237</u>	<u>8,747,575</u>
Cash and Restricted Cash and Cash Equivalents - end of year	6,932,530	7,966,237
Less: Restricted Cash and Cash Equivalents	<u>(3,448,724)</u>	<u>(4,380,502)</u>
Cash and Cash Equivalents	<u>\$ 3,483,806</u>	<u>\$ 3,585,735</u>

SOLID GROUND WASHINGTON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Change in Net Assets and Partners' Equity to Net Cash Flows from Operating Activities		
Change in net assets and partners' equity	\$ (2,201,627)	\$ (1,280,771)
Adjustments to reconcile change in net assets and partners' equity to net cash (used) provided by operating activities		
Depreciation	1,239,935	1,191,698
Amortization of debt issuance costs	5,115	5,030
Accrued interest on loans	65,944	71,716
Forgiveness of debt	(15,490)	(15,491)
Change in assets and liabilities		
Grants receivable	676,792	(78,247)
Promises to give	68,769	15,621
Other receivables	(53,992)	19,380
Other assets	17,911	(94,425)
Accounts payable	(624,856)	322,002
Accrued expenses	151,984	(81,212)
Refundable advances and funds held for others	<u>112,979</u>	<u>307,584</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (556,536)</u>	<u>\$ 382,885</u>

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Operations - Solid Ground Washington (Solid Ground) is a not-for-profit organization established in 1974 in Seattle, Washington. Solid Ground assists governmental, educational, and private agencies with operating community service programs and provides assistance to underprivileged and economically distressed persons. Major program areas include:

Residential Services: We provide service-enriched housing, including emergency shelter and transitional and permanent housing, for homeless individuals and families throughout King County. Services to the singles and families we house include life skills training, children's programs, and financial assistance.

Stabilization Services: For families who are at high risk of displacement, we prevent homelessness through rapid re-housing, support for navigating the homeless service system, and financial assistance to regain stability. Our case management and skill building nurture success. Tenant services support renters to know their rights and responsibilities under the Revised Code of Washington and connect at-risk renters to legal aid.

Transportation: We provide door-to-door specialized transportation to elders and people living with disabilities who cannot access fixed-route transportation, as well as provide shuttle service for people accessing human services in the downtown core.

Advocacy: We provide one-on-one advocacy to help people access government benefits, as well as broad-based political advocacy, helping low-income communities to participate in the political process. We also provide free legal representation to people concerning state benefits and work to expand and bring equity to the state's safety net of basic health and social service programs.

Hunger and Food Resources: We create access to healthy food as well as education around cooking, nutrition and healthy lifestyles. Our strategies include distributing food to Seattle food banks, as well as teaching people living on low incomes how to cook nutritious food on a limited budget, in a culturally-relevant manner.

Principles of consolidation

The financial statements consolidate the assets, liabilities, and activities of Solid Ground and Sand Point Community Connections, LLC (SPCC); SPH Two, LLLP; Sand Point Site B Stage 1, LP; and Sand Point Phase 2, LP. Solid Ground is the sole member of SPCC. SPCC is the sole general partner of the three limited partnerships. As such, Solid Ground has a controlling financial and legal interest in these entities. All significant intercompany transactions have been eliminated in the consolidation.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Solid Ground Washington is exempt from federal income tax as an entity described in Internal Revenue Code (IRC) Section 501(c)(3) except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. Solid Ground did not incur unrelated business income tax for the years ended December 31, 2023 and 2022. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

No provision or benefit for income taxes has been included in these consolidated financial statements for the partnerships and LLCs, since taxable income or loss passes through to, and is reportable by, the partners or members individually.

Basis of presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions at December 31 were as follows:

	<u>2023</u>	<u>2022</u>
Residential Services	\$ 172,831	\$ 19,655
Sand Point Programs	198,308	64,254
Community Food Education	148,358	136,634
Advocacy	855,566	884,333
Stabilization Services	315,888	475,808
Other programs	10,584	219,381
	<u>\$ 1,701,535</u>	<u>\$ 1,800,065</u>

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activity as net assets released from restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Cash

Cash consists of general checking and savings accounts. In accordance with the terms of its partnership agreements and various loans, Solid Ground is required to establish and maintain various operating and replacement reserves with required minimum balances and/or minimum annual deposits. In addition, the Board of Directors of Solid Ground has established certain reserve funds.

Required and designated restricted reserve account balances as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Board Established Reserve		
Headquarters Depreciation Fund	\$ 817,462	\$ 1,803,510
Unemployment Compensation Trust	391,092	397,876
Broadview		
Operating Reserve	130,708	127,258
Replacement Reserve	264,884	261,029
Bethlehem House		
Operating Reserve	12,802	9,678
Replacement Reserve	73,353	46,828
SPH Two, LLLP		
Security Deposits	15,343	12,007
Operating Reserve	328,080	328,080
Replacement Reserve	305,756	330,842
Sand Point Site B Stage 1, LP		
Security Deposits	24,658	24,658
Operating Reserve	316,320	316,320
Replacement Reserve	216,356	194,156
Sand Point Phase 2, LP		
Security Deposits	17,636	17,986
Operating Reserve	212,920	212,920
Replacement Reserve	321,354	297,354
	<u>\$ 3,448,724</u>	<u>\$ 4,380,502</u>

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Grants receivable, promises to give, and other receivables

Unconditional promises to give are recognized as revenues in the period received as assets or reductions of liabilities, depending on the form of the benefit received. Grants receivable, promises to give, and other receivables are stated at the amount management expects to collect from outstanding balances. As of December 31, 2023 and 2022, other receivables are shown net of an allowance for doubtful accounts in the amount of \$48,197 and \$107,699, respectively. Solid Ground has established credit policies and historically the losses related to nonpayment have been very low as a percentage of public support and revenue.

The fair value of promises to give is estimated by discounting future cash flows. Discounts on long term promises and potentially uncollected amounts are deemed to be insignificant. Unconditional promises to give were due as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 444,599	\$ 213,368
Due in one to five years	-	300,000
	<u>\$ 444,599</u>	<u>\$ 513,368</u>

Amortization

Organization costs are expensed as incurred. Tax credit fees are amortized over the term of the tax credit period using the straight-line method.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are stated at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Solid Ground capitalizes assets purchased in excess of \$5,000 with a useful life longer than one year.

Property acquired under certain government grant programs is considered to be owned by Solid Ground while used in the program for which it was purchased or in other future authorized programs. However, some governmental grantors have a reversionary interest in the property and its disposition as well, as the ownership of any proceeds therefrom are subject to governmental regulation.

At December 31, property and equipment consisted of the following:

	Estimated		
	<u>Useful Lives</u>	<u>2023</u>	<u>2022</u>
Building and improvements	20 - 40 years	\$ 51,249,893	\$ 49,820,990
Furniture and equipment	2 - 7 years	764,576	762,692
Vehicles	7 years	39,715	45,136
Leasehold improvements	Lease term	<u>262,587</u>	<u>265,915</u>
		52,316,771	50,894,733
Less accumulated depreciation		<u>(21,634,559)</u>	<u>(20,466,304)</u>
		30,682,212	30,428,429
Land		773,486	773,486
Construction in progress		-	1,067,703
		<u>\$ 31,455,698</u>	<u>\$ 32,269,618</u>

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense.

Government grants and contracts

Government grants and contracts are subject to audit which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2023 and 2022, no such adjustments were made.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and revenue recognition

Revenue is defined as income earned through fee-for-service agreements that is paid by the recipients of the services provided and rental subsidies paid by third parties. Revenue is recognized in the period in which the related service is provided. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenues, which result from fees earned for late payments, cleaning, damages, and laundry facilities, are recorded when earned. Advance receipts of rental income are deferred and classified as liabilities until earned.

Solid Ground recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Solid Ground's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, as of December 31, 2023 and 2022, conditional contributions and grants for which no amounts had been received in advance totaling \$64,770,816 and \$78,881,702, respectively, have not been recognized in the accompanying consolidated financial statements.

Donated goods and services

Solid Ground receives donations of food, supplies, property and equipment, and the use of facilities for program services and events. Such goods are recognized as support at their estimated fair value on the date of receipt. The estimated fair value of goods donated to Solid Ground totaled \$167,225 and \$210,638, respectively, for the years ended December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, Solid Ground received non-cash donations of \$5,511 and \$0, respectively, for services. Solid Ground recognizes donated services if the services received: (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not donated. Many volunteers have donated significant time to Solid Ground's activities. The values of these volunteer services are not recorded in the accompanying consolidated financial statements as they do not meet the criteria for recognition. Solid Ground was the recipient of approximately 18,115 and 15,519 volunteer service hours, respectively, for the years ended December 31, 2023 and 2022. In addition, another 20,235 and 22,767 volunteer service hours, respectively, were coordinated in 2023 and 2022, by Solid Ground through its volunteer programs to assist others in the community.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred and totaled \$22,472 and \$27,596, respectively, for the years ended December 31, 2023 and 2022.

Use of estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activity and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on employee hours (such as salaries and general expenses) or square footage used (such as rent, utilities, and building depreciation).

NOTE B - LIQUIDITY

Solid Ground receives the majority of its revenue from government contracts, which are always paid in arrears, therefore Solid Ground pays significant attention to its cash flow in order to fund operations while waiting for reimbursement. Solid Ground also receives contributions and promises to give restricted by donors, and considers contributions restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Solid Ground manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Solid Ground monitors its liquidity quarterly and maintains current cash and marketable securities to fund at least 45 days' operating expenses, and current assets divided by current liabilities of at least 1. To achieve these targets, Solid Ground forecasts its future cash flows quarterly and actively manages its receivables. During the years ended December 31, 2023 and 2022, the level of liquidity exceeded all minimums.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE B - LIQUIDITY (Continued)

Financial assets available to meet general expenditures within one year were as follows as of December 31:

Consolidated	<u>2023</u>	<u>2022</u>
Total financial assets	\$ 12,072,969	\$ 13,759,589
Restrictions on the use of financial assets		
Restricted cash	(3,448,724)	(4,380,502)
Promises to give due in more than one year	-	(300,000)
Net assets with donor restrictions as to purpose	<u>(198,308)</u>	<u>(64,254)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 8,425,937</u>	<u>\$ 9,014,833</u>
Solid Ground only		
Total financial assets	\$ 10,858,590	\$ 12,680,309
Restrictions on the use of financial assets		
Restricted cash	(1,690,300)	(2,646,179)
Promises to give due in more than one year	-	(300,000)
Net assets with donor restrictions as to purpose	<u>(198,308)</u>	<u>(64,254)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 8,969,982</u>	<u>\$ 9,669,876</u>

NOTE C - INVESTMENTS

Short-term investments are classified within the fair value hierarchy and consist of the following:

As of December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	<u>\$ 194,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,171</u>
As of December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	<u>\$ 155,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,515</u>

NOTE D - LINE OF CREDIT

Solid Ground maintains a revolving line of credit with maximum borrowings of \$1,000,000 bearing interest at a fixed rate of 2.15%. The line is secured by Solid Ground's deposit account.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE E - NOTES PAYABLE

Notes payable consist of the following:	<u>2023</u>	<u>2022</u>
Non-interest bearing note payable from Solid Ground to the State of Washington, Department of Community Development, secured by property. The note is due in annual installments of \$12,500 with final payment due January 2033.	\$ 112,500	\$ 125,000
Notes payable from SPH Two, LLLP to State of Washington, Department of Community, Trade and Economic Development. The notes were assigned from SPH One, LLC to SPH Two, LLLP during 2017, and are non-interest bearing, collateralized by a deed of trust on the real property, all payments deferred, and mature in 2042.	1,532,810	1,532,810
Note payable from SPH Two, LLLP to the City of Seattle, created in the August 2017 closing of SPH Two, LLLP allows advances of \$3,616,880 and matures July 2068. Interest on this note accrues at 1% per annum and all payments are deferred until 2068. Note is collateralized by a deed of trust on the real property.	3,804,359	3,773,959
Note payable from SPH Two, LLLP to the Seattle Housing Authority, non-interest bearing, collateralized by a deed of trust on the real property, and maturing in 2067.	150,175	150,175
Notes payable from SPH Two, LLLP to the Housing Trust Fund, with all payments deferred, non -interest bearing and maturing on January 31, 2068.	195,000	195,000
Construction note payable from Sand Point Phase 2, LP to the City of Seattle in an amount up to \$3,883,465, with all payments deferred until maturity March 2054, with the possibility of one 25-year extension. The loan is non-interest bearing, with a contingent interest rate in place in the event of a default.	3,773,465	3,773,465
Note payable from Sand Point Site B Stage 1, LP to the City of Seattle maturing in 2061. Interest on this note accrues at 1% per annum and all payments are deferred until maturity. Note is collateralized by a deed of trust on the real property.	3,673,872	3,641,514

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE E - NOTES PAYABLE (Continued)	<u>2023</u>	<u>2022</u>
Notes payable from Sand Point Site B Stage 1, LP to the City of Seattle, with all payments deferred maturing April 2061. Interest accrues at 1% per annum, with a contingent interest rate in place in the event of a default.	523,035	518,035
Notes payable from Sand Point Site B Stage 1, LP to State of Washington, Department of Commerce, non-interest bearing, collateralized by a deed of trust on the real property, and maturing in 2061.	<u>2,500,000</u>	<u>2,500,000</u>
	16,265,216	16,209,958
Less unamortized loan issuance costs	(75,337)	(80,452)
Less current portion	<u>(12,500)</u>	<u>(12,500)</u>
	<u>\$ 16,177,379</u>	<u>\$ 16,117,006</u>

Principal payments for the notes payable are as follows for the years ending December 31:

2024	\$ 12,500
2025	12,500
2026	12,500
2027	12,500
2028	12,500
Thereafter	<u>16,202,716</u>
	<u>\$ 16,265,216</u>

NOTE F - FORGIVABLE LOANS AND ACCRUED INTEREST PAYABLE

Emergency Shelter Loan - Solid Ground owns and operates an emergency shelter for women and children. The acquisition and renovation of the facility was partially financed with loan proceeds from the City of Seattle, Department of Housing and Human Services. The loan, bearing interest at 1%, is collateralized by a deed of trust on the real property, and matures in the year 2031 with an option to extend maturity for an additional 35 years. At December 31, 2023 and 2022, the loan balance, including accrued interest payable, totaled \$1,726,046 and \$1,741,537, respectively.

Under the terms of the loan agreement, as long as Solid Ground does not sell or use the property for an unauthorized purpose, the loan will be forgiven at the extended maturity date. Beginning in 2012, accrued interest payable is forgiven at the rate of 5% per year over the following 20 years. In the event the property is sold or used for an unauthorized purpose, the loan is payable on demand and subject to additional interest representing the lender's pro rata share of the appreciated value of the property.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE F - FORGIVABLE LOANS AND ACCRUED INTEREST PAYABLE (Continued)

Bethlehem House Loans - During 2000, Solid Ground received two forgivable loans from the State of Washington, Department of Community, Trade and Economic Development, and from the City of Seattle. In accordance with the loan agreements, the loan proceeds were used to partially finance the purchase of the Bethlehem House, an emergency and extended shelter for families of up to ten people.

The forgivable loan of \$162,888 from the State of Washington is non-interest bearing, collateralized by a deed of trust on the real property, and matures in 2051. The forgivable loan of \$182,913 from the City of Seattle bears interest at 1%, is collateralized by a deed of trust on the real property, and matures in 2041, with an option to extend maturity for an additional 35 years. At December 31, 2023 and 2022, the loan balances (including accrued interest payable) totaled \$376,631 and \$378,444, respectively.

Under the terms of the Bethlehem House loans, as long as Solid Ground does not sell or use the property for an unauthorized purpose, the loans will be forgiven at the maturity date. In the event the property is sold or used for an unauthorized purpose, the loans are payable on demand and subject to additional interest representing the lenders' pro rata shares of the property's appreciated value.

Santos Place Loans - During 2017, Solid Ground received a forgivable loan from the Federal Home Loan Bank in the amount of \$450,000. In accordance with the loan agreements, the loan proceeds are to be used to partially finance the rehabilitation and construction of Santos Place, an affordable housing program building. The forgivable loan is non-interest bearing, collateralized by a deed of trust on the real property, and matures fifteen years from the date of the project completion.

Under the terms of the loan, as long as Solid Ground does not sell or use the property for an unauthorized purpose, the loans will be forgiven at the maturity date. In the event the property is sold or used for an unauthorized purpose, the loan is payable on demand.

NOTE G - BOARD-DESIGNATED ENDOWMENT

Solid Ground's Board of Directors established an endowment to provide a permanent source of revenue. The endowment policies allow for both a donor-restricted endowment and a board-designated endowment. The board-designated endowment is managed in accordance with the same policies as those applied to the donor-restricted endowment, except that a supermajority of 75% of the board may choose to exceed the spending policies that govern the donor-restricted endowment.

While the Board has some discretion over the use of the board-designated endowment, it consists of amounts that are intended by the Board to be held in perpetuity. At both December 31, 2023 and 2022, the Board has designated reserves of \$542,275 and \$42,275 for the endowment.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE H - CONCENTRATIONS

Credit Risk - Financial instruments that potentially subject Solid Ground to concentrations of credit risk consist of cash, investments, and accounts receivable. Solid Ground places its temporary cash deposits with major financial institutions. At times, balances may exceed federally insured limits. Investments consist primarily of money market funds and certificates of deposit.

Receivable balances are primarily from a variety of federal, Washington State and local government agencies. Collateral is generally not required on any of these assets. Solid Ground has not experienced a history of significant credit-related losses.

Solid Ground receives the majority of its support for its operating activities from federal and local governments. A severe reduction in the level of this support, if this were to occur, may have a significant effect on Solid Ground's activities.

Support and Revenue - For the year ended December 31, 2023, Solid Ground received 52% of its support and revenue from two funding sources, and for the year ended December 31, 2022, Solid Ground received 38% of its support and revenue from one funding source. For the years ended December 31, 2023 and 2022, 45% and 49%, respectively, of Solid Ground's total outstanding receivable balance was from one funding source. Finally, for the years ended December 31, 2023 and 2022, 34% and 88%, respectively, of Solid Ground's total outstanding pledge receivable balance was from one donor though the donors were unique in each year.

Solid Ground has three different unions representing employees. There are 121 office and professional employees represented by OPEIU Local 8 under a contract ending on December 31, 2026. The 90 employees who are Solid Ground Transportation Operators are represented by Amalgamated Transit Union (ATU) Local 587 under a contract ending December 31, 2024. The 6 Solid Ground Transportation Supervisors and 9 shop employees are represented by International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 751 under a contract ending on August 31, 2024. Solid Ground's other employees are not represented by labor unions.

NOTE I - RETIREMENT PLAN

Solid Ground's 401(k) plan (the Plan) covers all employees who have completed six months of service, average 20 hours per week, and have attained the age of 18. Solid Ground contributes 3% of eligible employees' gross income to the Plan each month. Beginning January 1, 2015, Solid Ground instituted an employer match of 50% of an employee's first 1% salary deferral and 25% of the employee's next 2% salary deferral. Employer contributions are 100% vested at the time contributions are made.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE I - RETIREMENT PLAN (Continued)

Union employees may elect to participate in a union-sponsored retirement plan rather than Solid Ground's plan. Employees are eligible for the union-sponsored plan immediately upon being hired, regardless of the number of hours worked. For the years ended December 31, 2023 and 2022, Solid Ground contributed \$457,400 and \$446,616, respectively, in total to the plans.

NOTE J - NONCONTROLLING INTEREST - SAND POINT HOUSING

Solid Ground, through its sole membership in SPCC, holds the controlling interest in three Sand Point Housing tax credit limited partnerships. The change in partners' equity attributed to controlling interest and noncontrolling interest is as follows:

	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
Balance at January 1, 2022	\$ 896,838	\$ 7,759,831	\$ 8,656,669
Change in net assets and partners' equity	28,831	(1,198,953)	(1,170,122)
Partners' capital contributions	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Balance at December 31, 2022	1,125,669	6,560,878	7,686,547
Change in net assets and partners' equity	(252,364)	(1,416,670)	(1,669,034)
Partners' capital contributions	<u>582,146</u>	<u>-</u>	<u>582,146</u>
Balance at December 31, 2023	<u>\$ 1,455,451</u>	<u>\$ 5,144,208</u>	<u>\$ 6,599,659</u>

NOTE K - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2023 through July 11, 2024, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2023, including the estimates inherent in the processing of financial statements.

SUPPLEMENTARY INFORMATION

SOLID GROUND WASHINGTON

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2023

Grantor Program Title	Contract Number	State Expenditures
Washington State Department of Agriculture		
Emergency Food Assistance Program (EFAP)	K3495	\$ 727,367
Emergency Food Assistance Program (EFAP)	K4513	118,471
Resiliency Grant	K4080	23,800
		<u>869,638</u>
Washington State Department of Social & Health Services		
DSHS FVPSA & VOCA	2212-43338	55,032
DSHS FVPSA & VOCA	2312-48974	151,245
ARPA DV Advocates Supplemental	22-12-44174	73,211
		<u>279,488</u>
Washington State Department of Commerce		
DV Legal Advocacy	S23-31108-026	12,815
DV Legal Advocacy	S24-31108-017	3,013
DOC WASRVP	009	35,040
DOC SG Washington	S23-32B902-227	257,348
DOC SG Washington	S22-32101-227	16,717
DOC SG Washington	S24-32101-227	5,000
Commerce PRWG	22-32012-001	67,953
Commerce PRWG	24-33719-001	57,855
KCRHA Broadview DV Transitional Housing (BTHP)	DA-202212-01243	38,360
KCRHA CHG	DA-202212-01242-A1	549,025
WA Tax Credit Community Outreach Program	S23-32TC212-027	217,000
Front and Centered		45,000
KC Housing Stability Project	6360244-1	400,000
State of WA- PSH and OMS	23-46411-143	79,012
		<u>1,784,138</u>
	Total State Financial Assistance	<u>\$ 2,933,264</u>

UNIFORM GUIDANCE SUPPLEMENTARY INFORMATION

SOLID GROUND WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor

<i>Pass-through Grantor</i> "Program Title"	Contract Number	AL Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
<i>Washington State Department of Health</i>				
"State Administrative Matching Grants for the Supplemental Nutrition Assistance Program"	CBO26544-1		\$ -	\$ 185,763
"State Administrative Matching Grants for the Supplemental Nutrition Assistance Program"	CBO26543-0		-	52,048
"State Administrative Matching Grants for the Supplemental Nutrition Assistance Program"	CBO28698-0		-	46,743
	SNAP Cluster	10.561	-	<u>284,554</u>
<i>Food Lifeline</i>				
"Local Food Purchase Assistance"	K4293		-	32,841
"Local Food Purchase Assistance"	K4293		114,049	114,049
		10.182	<u>114,049</u>	<u>146,890</u>
Total Department of Agriculture			<u>114,049</u>	<u>431,444</u>
Department of Justice				
<i>Washington State Department of Social and Health Service</i>				
"Crime Victim Assistance"	2212-43338		-	116,942
"Crime Victim Assistance"	2312-48974		-	52,004
Total Department of Justice			16.575	<u>168,946</u>
Department of Housing and Urban Development				
"Continuum of Care Program"	WA0009L0T002114		-	82,251
"Continuum of Care Program"	WA0009L0T002215		-	21,558
<i>King County Department of Community and Human Services</i>				
"Continuum of Care Program"	6360264-I		-	274,682
"Continuum of Care Program"	6207022- VI		-	22,100
<i>King County Regional Homelessness Authority</i>				
"Continuum of Care Program"	DA-202308-02085		-	559,060
"Continuum of Care Program"	DA-202206-00557		-	444,459
"Continuum of Care Program"	DA-202212-01117		-	116,925
"Continuum of Care Program"	TBD		-	14,921
"Continuum of Care Program"	DA-202212-01124		-	184,338
"Continuum of Care Program"	DA-202210-00964		-	132,700
"Continuum of Care Program"	DA-2022308-02075		-	61,805
		14.267*	<u>-</u>	<u>1,914,799</u>

* Denotes major program

See notes to schedule.

SOLID GROUND WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor

<i>Pass-through Grantor</i> "Program Title"	Contract Number	AL Number	Passed Through to Subrecipients	Federal Expenditures
<i>King County Department of Community and Human Services</i> "Community Development Block Grants/Entitlement Grants"	6360244 EX I		175,346	325,716
<i>King County Regional Homelessness Authority</i> "Community Development Block Grants/Entitlement Grants"	DA-202212-01247		-	46,993
<i>City of Auburn</i> "Community Development Block Grants/Entitlement Grants"	BG-2301		40,000	84,000
<i>City of Federal Way</i> "Community Development Block Grants/Entitlement Grants"	CoFW CDBG 2023		-	28,000
<i>City of Kent</i> "Community Development Block Grants/Entitlement Grants"	CDBG-CV3		-	80,000
		14.218	<u>215,346</u>	<u>564,709</u>
Total Department of Housing and Urban Development			<u>215,346</u>	<u>2,479,508</u>
Department of Health and Human Services				
<i>Washington State Department of Commerce</i> "Community Services Block Grant"	F23-32101-027		-	174,701
<i>Washington State Office of Insurance Commissioner</i> "Community Services Block Grant"	C202341		-	149,404
	477 Cluster	93.569	-	<u>324,105</u>
<i>City of Seattle Human Services Department</i> "Special Programs for the Aging, Title III, Part B, Grants for Supportive Services, and Senior Centers"	MOA NJP	93.044	-	18,820
<i>Washington State Department of Social Health and Services</i> COVID-19 "Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Service"	2112-31638		-	43,902
COVID-19 "Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Service"	2212-43482		-	72,902
		93.671	-	<u>116,804</u>
Total Department of Health and Human Services			-	<u>459,729</u>
Corporation of National and Community Service				
"Retired and Senior Volunteer Program"	20SRPWA001		-	42,529
"Retired and Senior Volunteer Program"	23SRIWA003		-	104,243
Total Corporation of National and Community Service		94.002	-	<u>146,772</u>

* Denotes major program

See notes to schedule.

SOLID GROUND WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor <i>Pass-through Grantor</i> "Program Title"	Contract Number	AL Number	Passed Through to Subrecipients	Federal Expenditures
Department of Homeland Security				
"Emergency Food and Shelter Board Program"	889000-014	97.024	-	<u>76,671</u>
Department of the Treasury				
<i>Washington State Department of Agriculture</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	K4556		69,481	104,061
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	K3495		93,659	93,659
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	K4581		66,988	75,000
<i>King County Regional Homelessness Authority</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	DA-116-A1		-	669,912
Total Department of the Treasury		21.027	<u>230,128</u>	<u>942,632</u>
Total Expenditures of Federal Awards			<u>\$ 559,523</u>	<u>\$ 4,705,702</u>

* Denotes major program

SOLID GROUND WASHINGTON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Solid Ground Washington and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

NOTE B - INDIRECT COST RATE

Solid Ground Washington has a negotiated indirect cost rate for use on federal grants and contracts. For 2023, the provisional rate is 14.4%, based on total direct costs excluding capital expenditures, rental assistance, subawards and flow-through funds. As such, Solid Ground Washington is not eligible to elect use of the 10% *de minimis* indirect cost rate.

INDEPENDENT AUDITOR'S REPORT
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Solid Ground Washington
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Solid Ground Washington, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activity, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Solid Ground Washington'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Solid Ground Washington's internal control. Accordingly, we do not express an opinion on the effectiveness of Solid Ground Washington's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Solid Ground Washington'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 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 Solid Ground Washington'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 Solid Ground Washington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC

Seattle, Washington

July 11, 2024

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

Board of Directors
Solid Ground Washington
Seattle, Washington

Report on Compliance with Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Solid Ground Washington'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 Solid Ground Washington's major federal programs for the year ended December 31, 2023. Solid Ground Washington's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, Solid Ground Washington 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 Solid Ground Washington 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 Solid Ground Washington'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 Solid Ground Washington'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 Solid Ground Washington'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 Solid Ground Washington'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 Solid Ground Washington'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 Solid Ground Washington'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 Solid Ground Washington'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.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC

Seattle, Washington

July 11, 2024

SOLID GROUND WASHINGTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Solid Ground Washington.
2. No material weaknesses relating to the consolidated financial statements are reported in the "Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the consolidated financial statements of Solid Ground Washington were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal awards programs are reported in the "Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award program for Solid Ground Washington expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for Solid Ground Washington are reported in Part C of this Schedule.
7. The program tested as major was AL No. 14.267 "Continuum of Care Program".
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Solid Ground Washington was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None