

SOLID GROUND WASHINGTON

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2022 AND 2021

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED DECEMBER 31, 2022



SOLID GROUND WASHINGTON
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 6, 2023, 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 6, 2023

SOLID GROUND WASHINGTON

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022				2021			
	<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>
<u>ASSETS</u>								
Current Assets								
Cash	\$ 3,444,078	\$ 141,657		\$ 3,585,735	\$ 5,157,156	\$ 414,658		\$ 5,571,814
Short-term investments	155,515	-		155,515	256,786	-		256,786
Grants receivable	4,999,530	-		4,999,530	4,921,283	-		4,921,283
Promises to give	213,368	-		213,368	528,989	-		528,989
Other receivables, net	921,639	97,349	\$ (894,049)	124,939	1,086,685	16,286	\$ (958,652)	144,319
Other assets	618,414	35,449	-	653,863	501,042	58,396	-	559,438
Total Current Assets	10,352,544	274,455	(894,049)	9,732,950	12,451,941	489,340	(958,652)	11,982,629
Notes Receivable from Related Parties	5,227,793	-	(5,227,793)	-	5,227,793	-	(5,227,793)	-
Restricted Cash and Cash Equivalents	2,646,179	1,734,323		4,380,502	1,400,589	1,775,172		3,175,761
Long-term Promises to Give	300,000	-		300,000	-	-		-
Investment in Sand Point Entities	1,125,669	-	(1,125,669)	-	896,838	-	(896,838)	-
Property and Equipment, net	4,228,849	28,040,769		32,269,618	3,395,975	28,812,347		32,208,322
	<u>\$23,881,034</u>	<u>\$30,049,547</u>	<u>\$ (7,247,511)</u>	<u>\$46,683,070</u>	<u>\$23,373,136</u>	<u>\$31,076,859</u>	<u>\$ (7,083,283)</u>	<u>\$47,366,712</u>
<u>LIABILITIES AND NET ASSETS</u>								
Current Liabilities								
Accounts payable	1,270,997	\$ 41,997	(1,413)	\$ 1,311,581	\$ 929,156	\$ 276,538	\$ (216,115)	\$ 989,579
Accrued expenses	789,257	559,571	(363,503)	985,325	819,163	544,487	(297,113)	1,066,537
Refundable advances and funds held for others	487,584	-	-	487,584	180,000	-	-	180,000
Current portion of long-term debt	12,500	-	-	12,500	12,500	-	-	12,500
Total Current Liabilities	2,560,338	601,568	(364,916)	2,796,990	1,940,819	821,025	(513,228)	2,248,616
Notes Payable, net of Current Portion	112,500	16,004,506	-	16,117,006	125,000	15,925,948	-	16,050,948
Forgivable Loans and Accrued Interest Payable	2,569,983	5,756,926	(5,756,926)	2,569,983	2,587,286	5,673,217	(5,673,217)	2,587,286
Total Liabilities	5,242,821	22,363,000	(6,121,842)	21,483,979	4,653,105	22,420,190	(6,186,445)	20,886,850
Net Assets and Partners' Equity								
Net Assets								
Without Donor Restrictions	16,838,148			16,838,148	16,870,758			16,870,758
With Donor Restrictions	1,800,065			1,800,065	1,849,273			1,849,273
Total Net Assets	18,638,213			18,638,213	18,720,031			18,720,031
Partners' Equity		7,686,547	(1,125,669)	6,560,878		8,656,669	(896,838)	7,759,831
Total Net Assets and Partners' Equity	18,638,213	7,686,547	(1,125,669)	25,199,091	18,720,031	8,656,669	(896,838)	26,479,862
	<u>\$23,881,034</u>	<u>\$30,049,547</u>	<u>\$ (7,247,511)</u>	<u>\$46,683,070</u>	<u>\$23,373,136</u>	<u>\$31,076,859</u>	<u>\$ (7,083,283)</u>	<u>\$47,366,712</u>

SOLID GROUND WASHINGTON
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	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	\$ 6,135,323			\$ 6,135,323	\$ 6,097,678			\$ 6,097,678
State, city, and county contracts and grants	16,566,222			16,566,222	18,230,184			18,230,184
Contributions	3,344,661			3,344,661	2,898,889			2,898,889
United Way of King County	5,000			5,000	-			-
Private grants	92,250			92,250	118,750			118,750
Total Public Support Without Donor Restrictions	<u>26,143,456</u>			<u>26,143,456</u>	<u>27,345,501</u>			<u>27,345,501</u>
Revenue								
Fees for services	1,088,784	\$ 2,235,772	\$ (188,998)	3,135,558	790,731	\$ 2,194,704	\$ (284,000)	2,701,435
Investment income	87,924	-	-	87,924	72,935	46	-	72,981
Other revenue	315,259	72,916	(83,709)	304,466	57,645	80,995	(87,595)	51,045
Total Revenue	<u>1,491,967</u>	<u>2,308,688</u>	<u>(272,707)</u>	<u>3,527,948</u>	<u>921,311</u>	<u>2,275,745</u>	<u>(371,595)</u>	<u>2,825,461</u>
Net Assets Released from Purpose Restrictions	1,464,928	-	-	1,464,928	1,578,908	-	-	1,578,908
Total Public Support Without Donor Restrictions and Revenue	<u>29,100,351</u>	<u>2,308,688</u>	<u>(272,707)</u>	<u>31,136,332</u>	<u>29,845,720</u>	<u>2,275,745</u>	<u>(371,595)</u>	<u>31,749,870</u>
Expenses								
Program services	24,378,795	3,478,810	(243,876)	27,613,729	24,302,591	3,447,515	(342,760)	27,407,346
Supporting services	4,754,166	-	-	4,754,166	4,626,394	-	-	4,626,394
Total Expenses	<u>29,132,961</u>	<u>3,478,810</u>	<u>(243,876)</u>	<u>32,367,895</u>	<u>28,928,985</u>	<u>3,447,515</u>	<u>(342,760)</u>	<u>32,033,740</u>
Change in Net Assets Without Donor Restrictions and Partners' Equity	<u>(32,610)</u>	<u>(1,170,122)</u>	<u>(28,831)</u>	<u>(1,231,563)</u>	<u>916,735</u>	<u>(1,171,770)</u>	<u>(28,835)</u>	<u>(283,870)</u>
Change in Net Assets With Donor Restrictions								
Contributions	1,415,720			1,415,720	906,804			906,804
Net assets released from purpose restrictions	<u>(1,464,928)</u>			<u>(1,464,928)</u>	<u>(1,578,908)</u>			<u>(1,578,908)</u>
Change in Net Assets With Donor Restrictions	<u>(49,208)</u>			<u>(49,208)</u>	<u>(672,104)</u>			<u>(672,104)</u>
Total Change in Net Assets and Partners' Equity	<u>(81,818)</u>	<u>(1,170,122)</u>	<u>(28,831)</u>	<u>(1,280,771)</u>	<u>244,631</u>	<u>(1,171,770)</u>	<u>(28,835)</u>	<u>(955,974)</u>
Net Assets and Partners' Equity - Beginning of Year	18,720,031	8,656,669	(896,838)	26,479,862	18,475,400	9,768,788	(808,352)	27,435,836
Partner Equity Contributions, (Distributions) and Syndication	-	200,000	(200,000)	-	-	59,651	(59,651)	-
Net Assets and Partners' Equity - End of Year	<u>\$18,638,213</u>	<u>\$ 7,686,547</u>	<u>\$ (1,125,669)</u>	<u>\$25,199,091</u>	<u>\$18,720,031</u>	<u>\$ 8,656,669</u>	<u>\$ (896,838)</u>	<u>\$26,479,862</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
	13,294,676	275,383	13,570,059	2,455,905	993,649	3,449,554	17,019,613
Contracted services	6,119,731	282,935	6,402,666	509,693	76,771	586,464	6,989,130
Insurance	1,489,675	190,350	1,680,025	63,041	10,212	73,253	1,753,278
Client assistance	1,640,111	-	1,640,111	1,230	-	1,230	1,641,341
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
Communication	100,396	6,966	107,362	41,787	5,441	47,228	154,590
Training	136,991	-	136,991	14,847	1,345	16,192	153,183
Taxes and licenses	12,988	97,857	110,845	10,304	1,391	11,695	122,540
Equipment rental	62,151	-	62,151	4,476	36,571	41,047	103,198
Interest	(16,083)	74,812	58,729	(2,897)	20,231	17,334	76,063
Rent	80,385	-	80,385	(37,303)	15,295	(22,008)	58,377
Dues and subscriptions	13,843	2,841	16,684	28,525	890	29,415	46,099
Advertising	10,699	12,683	23,382	4,975	11,922	16,897	40,279
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	\$ 24,407,626	\$ 3,206,103	\$ 27,613,729	\$ 3,485,013	\$ 1,269,153	\$ 4,754,166	\$ 32,367,895

SOLID GROUND WASHINGTON

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services			Total
	Solid Ground	Sand Point Housing	Total Program Services	Administrative	Resource Development	Total Supporting Services	
Salaries and wages	\$ 10,316,724	\$ 243,319	\$ 10,560,043	\$ 1,964,264	\$ 613,015	\$ 2,577,279	\$ 13,137,322
Employee taxes and benefits	3,143,221	70,005	3,213,226	418,792	148,699	567,491	3,780,717
	13,459,945	313,324	13,773,269	2,383,056	761,714	3,144,770	16,918,039
Contracted services	6,250,933	575,373	6,826,306	621,636	59,937	681,573	7,507,879
Insurance	1,357,536	194,219	1,551,755	58,072	7,263	65,335	1,617,090
Client assistance	1,452,539		1,452,539	2,400	200	2,600	1,455,139
Repairs and maintenance	871,753	367,106	1,238,859	122,085	35,219	157,304	1,396,163
Depreciation	-	954,024	954,024	208,984	-	208,984	1,163,008
Utilities	237,252	385,167	622,419	34,103	6,778	40,881	663,300
Other	84,229	52,492	136,721	4,205	332	4,537	141,258
Supplies	187,100	49,923	237,023	39,439	17,311	56,750	293,773
Mailing and printing	71,489	4,845	76,334	37,062	48,496	85,558	161,892
Communication	110,521	16,130	126,651	36,907	6,848	43,755	170,406
Training	61,522	1,551	63,073	21,533	806	22,339	85,412
Taxes and licenses	19,302	77,883	97,185	6,594	1,254	7,848	105,033
Equipment rental	53,424	-	53,424		42,889	42,889	96,313
Interest	(16,514)	77,614	61,100	2,034	21,846	23,880	84,980
Rent	98,909		98,909	(30,458)	9,351	(21,107)	77,802
Dues and subscriptions	14,852	-	14,852	32,559	2,376	34,935	49,787
Advertising	5,963	-	5,963	11,424	7,348	18,772	24,735
Travel and transportation	6,417	6,269	12,686	1,570	331	1,901	14,587
Fuel	4,254	-	4,254	2,890	-	2,890	7,144
Total Expenses	\$ 24,331,426	\$ 3,075,920	\$ 27,407,346	\$ 3,596,095	\$ 1,030,299	\$ 4,626,394	\$ 32,033,740

SOLID GROUND WASHINGTON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from:		
Governmental agencies	\$ 22,623,298	\$ 24,363,286
Donors	4,970,198	3,667,497
Service recipients	3,154,938	2,806,147
Investments	87,924	72,981
Other	304,466	51,045
Cash paid for:		
Personnel	(17,100,825)	(17,156,983)
Services and supplies	<u>(13,657,019)</u>	<u>(14,933,301)</u>
Net Cash Provided (Used) by Operating Activities	<u>382,980</u>	<u>(1,129,328)</u>
Cash Flows from Investing Activities		
Net (purchases) and sales of investments	101,271	(58,353)
Purchases of property and equipment	<u>(1,253,089)</u>	<u>(226,296)</u>
Net Cash Used by Investing Activities	<u>(1,151,818)</u>	<u>(284,649)</u>
Cash Flows Used by Financing Activities		
Repayments on notes payable	<u>(12,500)</u>	<u>(12,500)</u>
Changes in Cash	(781,338)	(1,426,477)
Cash and Restricted Cash and Cash Equivalents - beginning of year	<u>8,747,575</u>	<u>10,174,052</u>
Cash and Restricted Cash and Cash Equivalents - end of year	7,966,237	8,747,575
Less: Restricted Cash and Cash Equivalents	<u>(4,380,502)</u>	<u>(3,175,761)</u>
Cash and Cash Equivalents	<u>\$ 3,585,735</u>	<u>\$ 5,571,814</u>

SOLID GROUND WASHINGTON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Change in Net Assets and Partners' Equity to Net Cash Flows from Operating Activities		
Change in net assets and partners' equity	\$ (1,280,771)	\$ (955,974)
Adjustments to reconcile change in net assets and partners' equity to net cash (used) provided by operating activities		
Depreciation	1,191,793	1,163,008
Amortization of debt issuance costs	5,030	5,115
Accrued interest on loans	71,716	71,712
Forgiveness of debt	(15,491)	(15,491)
Change in assets and liabilities		
Grants receivable	(78,247)	35,424
Promises to give	15,621	(151,669)
Other receivables	19,380	104,712
Other assets	(94,425)	(19,510)
Accounts payable	322,002	(1,272,024)
Accrued expenses	(81,212)	(238,944)
Refundable advances and funds held for others	<u>307,584</u>	<u>144,313</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 382,980</u>	<u>\$ (1,129,328)</u>

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021. 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>2022</u>	<u>2021</u>
Residential Services	\$ 19,655	\$ 113,470
Sand Point Programs	64,254	157,196
Hunger and Food Resources	136,634	140,516
Advocacy	884,333	622,862
Capacity Building	-	429,774
Stabilization Services	475,808	332,039
Other programs	<u>219,381</u>	<u>53,416</u>
	<u>\$ 1,800,065</u>	<u>\$ 1,849,273</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, 2022 AND 2021

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>2022</u>	<u>2021</u>
Board Established Reserve		
Headquarters Depreciation Fund	\$ 1,803,510	\$ 750,672
Unemployment Compensation Trust	397,876	426,117
Broadview		
Operating Reserve	127,258	124,057
Replacement Reserve	261,029	57,937
Bethlehem House		
Operating Reserve	9,678	8,120
Replacement Reserve	46,828	33,686
SPH Two, LLLP		
Security Deposits	12,007	15,657
Operating Reserve	328,080	328,074
Replacement Reserve	330,842	344,548
Sand Point Site B Stage 1, LP		
Security Deposits	24,658	28,175
Operating Reserve	316,320	316,313
Replacement Reserve	194,156	170,610
Sand Point Phase 2, LP		
Security Deposits	17,986	19,273
Operating Reserve	212,920	212,916
Replacement Reserve	297,354	339,606
	<u>\$ 4,380,502</u>	<u>\$ 3,175,761</u>

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, other receivables are shown net of an allowance for doubtful accounts in the amount of \$107,699 and \$47,416, 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>2022</u>	<u>2021</u>
Due in less than one year	\$ 213,368	\$ 528,989
Due in one to five years	<u>300,000</u>	<u>-</u>
	<u>\$ 513,368</u>	<u>\$ 528,989</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, 2022 AND 2021

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 Useful Lives	2022	2021
Building and improvements	20 - 40 years	\$ 49,820,990	\$ 49,729,882
Furniture and equipment	2 - 7 years	762,692	990,931
Vehicles	7 years	45,136	60,611
Leasehold improvements	Lease term	<u>265,915</u>	<u>208,288</u>
		50,894,733	50,989,712
Less accumulated depreciation		<u>(20,466,304)</u>	<u>(19,702,763)</u>
		30,428,429	31,286,949
Land		773,486	773,486
Construction in progress		<u>1,067,703</u>	<u>147,887</u>
		<u>\$ 32,269,618</u>	<u>\$ 32,208,322</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, 2022 and 2021, no such adjustments were made.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, conditional contributions and grants for which no amounts had been received in advance totaling \$78,881,702 and \$80,501,194, 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 \$210,638 and \$247,074, respectively, for the years ended December 31, 2022 and 2021.

During the years ended December 31, 2022 and 2021, Solid Ground received non-cash donations of \$0 and \$2,516, 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 15,519 and 8,230 volunteer service hours, respectively, for the years ended December 31, 2022 and 2021. In addition, another 22,767 and 10,748 volunteer service hours, respectively, were coordinated in 2022 and 2021, 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, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred and totaled \$27,596 and \$24,735, respectively, for the years ended December 31, 2022 and 2021.

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, 2022 and 2021, the level of liquidity exceeded all minimums.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE B - LIQUIDITY (Continued)

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

Consolidated	<u>2022</u>	<u>2021</u>
Total financial assets	\$ 13,759,589	\$ 14,598,952
Restrictions on the use of financial assets		
Restricted cash	(4,380,502)	(3,175,761)
Promises to give due in more than one year	(300,000)	-
Net assets with donor restrictions as to purpose	<u>(64,254)</u>	<u>(157,196)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,014,833</u>	<u>\$ 11,265,995</u>
Solid Ground only		
Total financial assets	\$ 12,680,309	\$ 13,351,488
Restrictions on the use of financial assets		
Restricted cash	(2,646,179)	(1,400,589)
Promises to give due in more than one year	(300,000)	-
Net assets with donor restrictions as to purpose	<u>(64,254)</u>	<u>(157,196)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,669,876</u>	<u>\$ 11,793,703</u>

NOTE C - INVESTMENTS

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

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>
As of December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	<u>\$ 256,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,786</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, 2022 AND 2021

NOTE E - NOTES PAYABLE

Notes payable consist of the following:	<u>2022</u>	<u>2021</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.	\$ 125,000	\$ 137,500
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.	3,773,959	3,737,790
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.	3,641,514	3,609,155

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE E - NOTES PAYABLE (Continued)	<u>2022</u>	<u>2021</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.	518,035	513,035
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>
	16,209,958	16,148,930
Less unamortized loan issuance costs	(80,452)	(85,482)
Less current portion	<u>(12,500)</u>	<u>(12,500)</u>
	<u>\$ 16,117,006</u>	<u>\$ 16,050,948</u>

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

2022	\$ 12,500
2023	12,500
2024	12,500
2025	12,500
2026	12,500
Thereafter	<u>16,147,458</u>
	<u>\$ 16,209,958</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, 2022 and 2021, the loan balance, including accrued interest payable, totaled \$1,741,537 and \$1,757,026, 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, 2022 AND 2021

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, 2022 and 2021, the loan balances (including accrued interest payable) totaled \$378,444 and \$380,260, 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, 2022 and 2021, the Board has designated reserves of \$42,275 for the endowment.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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 years ended December 31, 2022 and 2021, Solid Ground received 38% and 43%, respectively, of its support and revenue from one funding source. For the years ended December 31, 2022 and 2021, 49% and 45%, respectively, of Solid Ground's total outstanding receivable balance was from the same funding source. Additionally, for the year ended December 31, 2022, 17% of Solid Ground's total outstanding receivable balance was from another single funding source. Finally, for the years ended December 31, 2022 and 2021, 88% and 66%, 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, 2023. The 90 employees who are Solid Ground Transportation Operators are represented by Amalgamated Transit Union (ATU) Local 587 under a contract ending December 31, 2022. 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 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, Solid Ground applied for and received a Paycheck Protection Program ("PPP") loan through HomeStreet Bank in the amount of \$3,123,100. The loan was used for employee wages, benefits and office lease to maintain staffing levels. Solid Ground believed they had met the conditions for forgiveness as of December 31, 2020 and therefore recognized the amount as support in 2020. The loan was forgiven in July 2021.

SOLID GROUND WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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 January 1, 2021	\$ 808,352	\$ 8,960,436	\$ 9,768,788
Change in net assets and partners' equity	28,835	(1,200,605)	(1,171,770)
Partners' capital contributions	<u>59,651</u>	<u>-</u>	<u>59,651</u>
Balance December 31, 2021	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 December 31, 2022	<u>\$ 1,125,669</u>	<u>\$ 6,560,878</u>	<u>\$ 7,686,547</u>

NOTE K - 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.

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, 2022 and 2021, Solid Ground contributed \$446,616 and \$429,622, respectively, in total to the plans.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2022 through July 6, 2023, 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, 2022, including the estimates inherent in the processing of financial statements.

SUPPLEMENTARY INFORMATION

SOLID GROUND WASHINGTON
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022

Grantor Program Title	Contract Number	State Expenditures
Washington State Department of Agriculture		
Emergency Food Assistance Program (EFAP)	K3495	\$ 229,198
Resiliency Grant	K4080	70,680
		<u>299,878</u>
Washington State Department of Social & Health Services		
Equitable Economic Recovery Partnership	2136-19787	98,500
Broadview Emergency Shelter	2112-21518	28,513
Broadview Emergency Shelter	2212-43338	33,088
ARPA DV Advocates Supplemental	22-12-44174	12,149
		<u>172,250</u>
Washington State Department of Commerce		
Broadview Emergency Shelter	S23-31108-026	10,432
Broadview Emergency Shelter	S22-31108-022	14,660
RSVP	009	36,316
Housing Stability	6207022-II	289,357
Journey Home Rapid Rehousing	DA-116-A1	525,000
Benefits Legal Assistance	S22-32101-227	24,698
Commerce PRWG	22-320012-02	126,047
KCRHA Broadview DV Transitional Housing (BTHP)	DA-118	35,000
State of WA- PSH and OMS	23-46411-143	36,992
		<u>1,098,502</u>
	Total State Financial Assistance	<u>\$ 1,570,630</u>

UNIFORM GUIDANCE SUPPLEMENTARY INFORMATION

SOLID GROUND WASHINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

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		\$ -	\$ 197,546
"State Administrative Matching Grants for the Supplemental Nutrition Assistance Program"	CBO26543-0		-	53,137
	SNAP Cluster	10.561	-	250,683
Department of Housing and Urban Development				
"Continuum of Care Program"	WA0009L0T002013		-	77,412
"Continuum of Care Program"	WA0009L0T002114		-	76,369
<i>King County Department of Community and Human Services</i>				
"Continuum of Care Program"	6207022- III		-	101,362
"Continuum of Care Program"	6207022- VI		-	358,841
<i>King County Regional Homelessness Authority</i>				
"Continuum of Care Program"	DA-116		-	451,495
"Continuum of Care Program"	DA-202206-00557		-	503,257
"Continuum of Care Program"	DA-217		-	54,334
"Continuum of Care Program"	DA-202205-00514		-	160,683
"Continuum of Care Program"	DA-202203-00411		-	223,653
		14.267*	-	2,007,406
<i>City of Auburn</i>				
"Community Development Block Grants/Entitlement Grants"	BG-2201		36,264	55,000
<i>City of Kent</i>				
"Community Development Block Grants/Entitlement Grants"	CDBG-CV3		-	60,000
<i>King County Department of Community and Human Services</i>				
"Community Development Block Grants/Entitlement Grants"	6207022 EX-II		146,051	292,010
<i>King County Regional Homelessness Authority</i>				
"Community Development Block Grants/Entitlement Grants"	DA-202203-0411		-	21,808
		14.218	182,315	428,818
Total Department of Housing and Urban Development			182,315	2,436,224

* Denotes major program

See notes to schedule.

SOLID GROUND WASHINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor	Contract Number	AL Number	Passed Through to Subrecipients	Federal Expenditures
<i>Pass-through Grantor</i>				
"Program Title"				
Department of Justice				
<i>Washington State Department of Social and Health Service</i>				
"Crime Victim Assistance"	2112-21518		-	95,645
"Crime Victim Assistance"	2212-43338		-	70,313
		16.575	-	165,958
Department of Homeland Security				
"Emergency Food and Shelter Board Program"	889000-014	97.024	-	102,079
Department of the Treasury				
<i>Washington State Department of Argiculture</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	K3495		219,291	219,291
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	K4080		-	5,520
<i>King County Department of Community and Human Services</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	6277381 EX-I		-	60,000
<i>City of Seattle Human Services Department</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	DA22-1553-a2		1,700,494	1,875,000
<i>City of Seattle Office of Housing</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	CLFR-SG		-	47,229
<i>United Way of King County</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	10596		214,716	250,000
<i>King County Regional Homelessness Authority</i>				
COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	DA-116-A1		-	68,243
		21.027*	2,134,501	2,525,283
Total Department of the Treasury			2,134,501	2,525,283
Corporation of National and Community Service				
"Retired and Senior Volunteer Program"	20SRPWA001		-	43,281
"Retired and Senior Volunteer Program"	20SRPWA001		-	108,797
		94.002	-	152,078

* Denotes major program

See notes to schedule.

SOLID GROUND WASHINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor

<i>Pass-through Grantor</i> "Program Title"	Contract Number	AL Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services				
<i>Washington State Department of Commerce</i>				
"Community Services Block Grant"	F20-3210C-027		-	130,404
"Community Services Block Grant"	F22-32101-027		-	175,970
<i>Washington State Office of Insurance Commissioner</i>				
"Community Services Block Grant"	C202301		-	163,454
		93.569	-	469,828
<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	-	12,700
<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		-	21,098
COVID-19 "Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Service"	2212-43482		-	49,038
		93.671	-	70,136
Total Department of Health and Human Services			-	552,664
Total Expenditures of Federal Awards			\$ 2,316,816	\$ 6,184,969

* Denotes major program

SOLID GROUND WASHINGTON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

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 2022, the provisional rate is 14.40%, 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, 2022, 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 6, 2023.

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 6, 2023

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, 2022. 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, 2022.

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
Seattle, Washington
July 6, 2023

SOLID GROUND WASHINGTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

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 programs tested as major were AL No. 14.267 "Continuum of Care Program" and AL No. 21.019 "Coronavirus State and Local Fiscal Recovery Funds"
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