

**ASSOCIATED MINISTRIES OF
TACOMA/PIERCE COUNTY**

Audited Financial Statements,
Supplementary Information and
Reports on Compliance and Internal Control

September 30, 2023 and 2022

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

Audited Financial Statements, Supplementary Information and
Reports on Compliance and Internal Control

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Independent Auditor's Report

Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

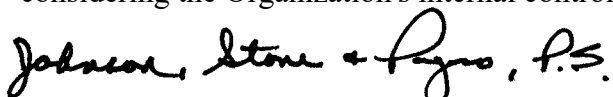
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended September 30, 2023, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and the accompanying schedule of expenditures of state financial assistance for the year ended September 30, 2023, are presented for purposes of additional analysis and are not a required

part of the financial statements. Such information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



JOHNSON, STONE & PAGANO, P.S.

February 29, 2024

AUDITED FINANCIAL STATEMENTS

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 477,435	\$ 432,144
Investments	454,280	307,529
Grants receivable	1,366,010	1,314,469
Promises to give receivable		581
Other receivables	2,052	1,395
Trust accounts	179,914	151,381
Prepaid expenses	<u>35,741</u>	<u>21,488</u>
Total Current Assets	2,515,432	2,228,987
BUILDING AND EQUIPMENT		
Building	1,039,045	921,331
Office furniture and equipment	<u>124,353</u>	<u>119,321</u>
	1,163,398	1,040,652
Less accumulated depreciation	<u>(564,078)</u>	<u>(527,140)</u>
Total Building and Equipment	<u>599,320</u>	<u>513,512</u>
TOTAL ASSETS	<u>\$ 3,114,752</u>	<u>\$ 2,742,499</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF FINANCIAL POSITION (Continued)

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 42,093	\$ 119,400
Accrued expenses	39,034	50,603
Deferred revenue	26,506	
Trust accounts payable	170,562	142,723
Current portion of long-term debt	<u>13,818</u>	<u>13,077</u>
Total Current Liabilities	292,013	325,803
LONG-TERM DEBT		
Loan payable, net of current portion	<u>139,252</u>	<u>153,070</u>
Total Liabilities	431,265	478,873
NET ASSETS		
Without donor restrictions		
Available for programs and general operations	2,317,350	1,904,440
Designated by the Board of Directors	<u>186,493</u>	<u>159,961</u>
Total Net Assets without Donor Restrictions	2,503,843	2,064,401
With donor restrictions	<u>179,644</u>	<u>199,225</u>
Total Net Assets	<u>2,683,487</u>	<u>2,263,626</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,114,752</u>	<u>\$ 2,742,499</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES			
Support			
Faith communities	\$ 36,133	\$ 51,465	\$ 87,598
Individuals	272,117		272,117
Foundations	198,319	20,935	219,254
Other support	869,946		869,946
Special event revenues, net of direct expense of \$10,719	64,704		64,704
Revenue			
Program revenue	4,946,116		4,946,116
Interest and dividends	4,937		4,937
Net unrealized gain on investments	49,229	10,723	59,952
Net assets released from restrictions	102,704	(102,704)	
	<u>6,544,205</u>	<u>(19,581)</u>	<u>6,524,624</u>
EXPENSES			
Program services			
Coordinated Entry System	1,405,591		1,405,591
Family Permanent Housing	1,473,654		1,473,654
Landlord Liason Program	384,075		384,075
Benefit Access Department	161,943		161,943
Housing Assistance Pass-throughs	132,793		132,793
Paint Tacoma/Pierce Beautiful	95,907		95,907
Volunteer Income Tax Assistance	173,891		173,891
Shared Housing Services	363,605		363,605
Interfaith Engagement	104,487		104,487
COVID-19 and other assistance	1,241,211		1,241,211
	<u>5,537,157</u>		<u>5,537,157</u>
Management and general	364,955		364,955
Fundraising	202,651		202,651
	<u>6,104,763</u>		<u>6,104,763</u>
CHANGES IN NET ASSETS	439,442	(19,581)	419,861
Net Assets at Beginning of Year	<u>2,064,401</u>	<u>199,225</u>	<u>2,263,626</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,503,843</u>	<u>\$ 179,644</u>	<u>\$ 2,683,487</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES			
Support			
Faith communities	\$ 32,156		\$ 32,156
Individuals	234,225		234,225
Foundations	167,018	\$ 130,120	297,138
Other support	1,095,011		1,095,011
Special event revenues, net of direct expense of \$9,506	37,422		37,422
Revenue			
Program revenue	10,468,667		10,468,667
Interest and dividends	2,337	429	2,766
Net unrealized loss on investments	(47,000)	(4,876)	(51,876)
Net assets released from restrictions	97,180	(97,180)	
	<u>12,087,016</u>	<u>28,493</u>	<u>12,115,509</u>
EXPENSES			
Program services			
Coordinated Entry System	1,146,790		1,146,790
Family Permanent Housing	1,198,309		1,198,309
Landlord Liason Program	452,962		452,962
Benefit Access Department	137,573		137,573
Housing Assistance Pass-throughs	191,598		191,598
Paint Tacoma/Pierce Beautiful	40,717		40,717
Volunteer Income Tax Assistance	93,703		93,703
Shared Housing Services	229,821		229,821
Interfaith Engagement	108,932		108,932
COVID-19 and other assistance	7,263,100		7,263,100
	<u>10,863,505</u>		<u>10,863,505</u>
Management and general	300,422		300,422
Fundraising	172,443		172,443
	<u>11,336,370</u>		<u>11,336,370</u>
CHANGES IN NET ASSETS	750,646	28,493	779,139
Net Assets at Beginning of Year	<u>1,313,755</u>	<u>170,732</u>	<u>1,484,487</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,064,401</u>	<u>\$ 199,225</u>	<u>\$ 2,263,626</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended September 30, 2023

	Program Services										Supporting Services		Total Expenses	
	Coordinated Entry System	Family Permanent Housing	Landlord Liaison Program	Benefit Access Department	Housing Assistance Pass-Throughs	Paint Tacoma/Pierce Beautiful	Volunteer Income Tax Assistance	Shared Housing Services	Interfaith Engagement	COVID-19 and Other Assistance	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 661,789	\$ 586,189	\$ 164,071	\$ 116,625	\$ 4,831	\$ 61,434	\$ 79,511	\$ 274,104	\$ 75,075	\$ 50,724	\$ 2,074,353	\$ 136,157	\$ 145,509	\$ 2,356,019
Benefits	81,947	63,130	24,004	16,296	460	6,912	5,718	25,363	8,556	6,061	238,447	16,583	15,037	270,067
Payroll taxes	59,148	53,167	14,391	10,610	435	5,622	7,402	25,356	6,575	4,495	187,201	12,035	12,915	212,151
Total Wages, Taxes and Benefits	802,884	702,486	202,466	143,531	5,726	73,968	92,631	324,823	90,206	61,280	2,500,001	164,775	173,461	2,838,237
Assistance	538,672	699,681	165,369		126,355			13,542	299	1,091,156	2,635,074			2,635,074
Professional expense	13,643	13,367	4,764	1,974	55	1,196	65,849	3,209	850	44,199	149,106	23,690	1,710	174,506
Occupancy	966	120	34	24	1	51	5,336	57	170	2,902	9,661	83,690	299	93,650
Supplies	2,876	3,392	1,058		451	14,778	541	1,527	8,273	37,598	70,494	3,190	14,571	88,255
Telephone and technology	33,534	33,037	6,720	11,151	115	2,507	5,298	13,796	2,136	2,649	110,943	29,210	8,227	148,380
Travel and training	1,558	10,904	845	171	7	1,106	1,982	1,895	1,349	149	19,966	1,561	2,374	23,901
Interest	2,320	2,062	577	410	17	216	280	964	264	178	7,288	1,427	512	9,227
Printing and copying	4,297	3,951	1,064	1,731	26	1,540	1,372	1,901	424	586	16,892	2,382	5,724	24,998
Postage	1,363	1,563	312	2,342	12	220	172	457	122	249	6,812	787	5,722	13,321
Insurance	2,498	2,220	622	442	18	233	301	1,038	284	192	7,848	20,594	551	28,993
Total Expenses Before Depreciation	1,404,611	1,472,783	383,831	161,776	132,783	95,815	173,762	363,209	104,377	1,241,138	5,534,085	331,306	213,151	6,078,542
Depreciation	980	871	244	167	10	92	129	396	110	73	3,072	33,649	219	36,940
Total Expenses by Function	1,405,591	1,473,654	384,075	161,943	132,793	95,907	173,891	363,605	104,487	1,241,211	5,537,157	364,955	213,370	6,115,482
Less expenses included in revenues on the statement of activities and changes in net assets														
Special event expenses													(10,719)	(10,719)
TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 1,405,591	\$ 1,473,654	\$ 384,075	\$ 161,943	\$ 132,793	\$ 95,907	\$ 173,891	\$ 363,605	\$ 104,487	\$ 1,241,211	\$ 5,537,157	\$ 364,955	\$ 202,651	\$ 6,104,763

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended September 30, 2022

	Program Services										Supporting Services		Total Expenses	
	Coordinated Entry System	Family Permanent Housing	Landlord Liaison Program	Benefit Access Department	Housing Assistance Pass-Throughs	Paint Tacoma/Pierce Beautiful	Volunteer Income Tax Assistance	Shared Housing Services	Interfaith Engagement	COVID-19 and Other Assistance	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 651,352	\$ 443,007	\$ 206,249	\$ 95,541	\$ 12,200	\$ 31,093	\$ 39,492	\$ 160,641	\$ 63,762	\$ 274,048	\$ 1,977,385	\$ 111,585	\$ 123,060	\$ 2,212,030
Benefits	105,669	60,514	37,810	16,691	1,369	1,582	3,616	16,245	8,403	43,746	295,645	13,385	13,696	322,726
Payroll taxes	54,586	37,884	17,558	7,990	1,025	2,661	3,449	13,619	5,145	23,731	167,648	9,333	10,057	187,038
Total Wages, Taxes and Benefits	811,607	541,405	261,617	120,222	14,594	35,336	46,557	190,505	77,310	341,525	2,440,678	134,303	146,813	2,721,794
Assistance	264,431	605,922	171,758	65	175,742	21	27	21,648	11,332	6,808,581	8,059,527	217	83	8,059,827
Professional expense	19,988	8,572	3,019	1,416	222	490	39,445	2,157	5,478	63,136	143,923	12,188	2,852	158,963
Occupancy	3,418	487	26	12	2	274	275	1,977	90	1,875	8,436	74,842	15	83,293
Supplies	3,921	3,736	1,762	2,183	463	813	466	1,216	10,053	20,968	45,581	10,617	13,926	70,124
Telephone and technology	27,434	19,736	10,082	9,022	339	2,016	5,164	8,559	2,329	17,516	102,197	20,164	6,520	128,881
Travel and training	4,602	9,110	1,251	483	30	702	485	844	925	3,098	21,530	1,879	371	23,780
Interest	2,917	2,013	931	424	55	141	180	734	287	1,247	8,929	1,423	549	10,901
Printing and copying	4,080	3,785	1,141	990	60	383	803	1,111	453	2,054	14,860	1,217	7,559	23,636
Postage	1,132	1,293	334	2,282	29	383	100	250	354	1,707	7,864	499	2,644	11,007
Insurance	1,734	1,197	554	252	33	84	107	436	171	741	5,309	14,880	326	20,515
Total Expenses Before Depreciation	1,145,264	1,197,256	452,475	137,351	191,569	40,643	93,609	229,437	108,782	7,262,448	10,858,834	272,229	181,658	11,312,721
Depreciation	1,526	1,053	487	222	29	74	94	384	150	652	4,671	28,193	291	33,155
Total Expenses by Function	1,146,790	1,198,309	452,962	137,573	191,598	40,717	93,703	229,821	108,932	7,263,100	10,863,505	300,422	181,949	11,345,876
Less expenses included in revenues on the statement of activities and changes in net assets														
Special event expenses													(9,506)	(9,506)
TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 1,146,790	\$ 1,198,309	\$ 452,962	\$ 137,573	\$ 191,598	\$ 40,717	\$ 93,703	\$ 229,821	\$ 108,932	\$ 7,263,100	\$ 10,863,505	\$ 300,422	\$ 172,443	\$ 11,336,370

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	\$ 6,439,561	\$ 12,179,028
Cash paid to suppliers and employees	(6,162,419)	(11,253,930)
Interest paid	(9,227)	(10,901)
Net Cash Provided by Operating Activities	<u>267,915</u>	<u>914,197</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(555,682)	(359,405)
Proceeds from sale of investments	468,883	
Purchase of equipment	(122,748)	(65,400)
Net Cash Used by Investing Activities	<u>(209,547)</u>	<u>(424,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on long-term debt	(13,077)	(512,354)
Net Cash Used by Financing	<u>(13,077)</u>	<u>(512,354)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,291	(22,962)
Cash and Cash Equivalents at Beginning of Year	<u>432,144</u>	<u>455,106</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 477,435</u>	<u>\$ 432,144</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF CASH FLOWS (Continued)

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in net assets	\$ 419,861	\$ 779,139
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	36,940	33,155
Realized and unrealized (gain) loss on investments	(59,952)	51,876
(Increase) decrease in assets		
Grants receivable	(51,541)	24,057
Promises to give receivable	581	6,363
Other receivables	(657)	(1,395)
Prepaid expenses	(14,253)	12,651
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(88,876)	35,066
Deferred revenue	26,506	(24,359)
Trust accounts payable, net	<u>(694)</u>	<u>(2,356)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 267,915</u>	<u>\$ 914,197</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of Organization

Associated Ministries of Tacoma/Pierce County (the "Organization") was incorporated in the state of Washington on July 22, 1969 as a non-profit organization. The Organization qualifies as a church-controlled organization under Section 3121(w)(3) of the Internal Revenue Code.

Nature of Operations

The Organization is an interfaith organization partnering with congregations, community organizations and government agencies. The Organization mobilizes people of faith and goodwill to engage in community transformation, while also providing direct services to households and individuals in need.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the absence or existence and nature of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Associated Ministries of Tacoma/Pierce County pursuant to those stipulations or that expire by the passage of time and net assets subject to donor-imposed stipulations that are maintained in perpetuity by Associated Ministries of Tacoma/Pierce County. The Organization does not have any net assets that a donor has stipulated to be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

The Organization measures the fair value of assets and liabilities, and related disclosures, in accordance with a hierarchy based on defined inputs. The hierarchy prioritizes the inputs underlying fair value measurements and requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs essentially distinguish the relative reliability of inputs to fair value measurements.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 1 inputs are more reliable and objective than Level 2 inputs, which are in turn more reliable and objective than Level 3 inputs. In arriving at a fair value measure, Associated Ministries of Tacoma/Pierce County is required to determine the level in the fair value hierarchy within which a fair value measurement ultimately falls and provide disclosure of such determinations.

Investments

The Organization carries investments in marketable securities with readily determinable fair values, and all investments in debt securities at their fair values in the accompanying statements of financial position. Realized and unrealized gains and losses are reflected in the change in net assets in the accompanying statements of activities and changes in net assets.

Building and Equipment

Building and equipment are carried at cost or at fair value at the gift date. Gains and losses from disposition or sale of building and equipment are recognized in the year of disposition or sale. Minor additions, maintenance and repairs are charged to expense as incurred. Additions and improvements greater than \$5,000 are capitalized and depreciated over their estimated useful lives. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	40
Improvements	20
Furniture and fixtures	7
Office equipment	5 to 7
Vehicles	5

Depreciation expense for the years ended September 30, 2023 and 2022 was \$36,940 and \$33,155, respectively.

Recognition of Donor-restricted Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires 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 due to time or purpose or net assets with donor restrictions in perpetuity, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

The Organization received funds in advance for program services and will record the revenue when the resources to operate the program are expensed.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization has no unrelated business activities.

The Organization's management evaluates tax positions taken by the Organization and recognizes a tax liability (or asset) if the Organization has taken an uncertain position that, more likely than not, would be sustained upon examination by the Internal Revenue Service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses ("Topic 326"), *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaces the incurred loss method of estimating credit losses with an expected loss method referred to as the current expected credit loss ("CECL") model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables. Under the CECL model, an entity measures all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The standard expands the disclosure requirements regarding an entity's assumptions, models and methods for estimating the allowance for loan losses. ASU 2016-13 is effective for the Organization in its financial statement period beginning after December 15, 2022. The Organization is currently evaluating the impact the new standard will have on its financial statements and related disclosures.

Subsequent Events

The management of the Organization evaluated for subsequent events and transactions for potential recognition and disclosure through February 29, 2024, the date the financial statements were available to be issued.

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program and supporting services included in the accompanying financial statements are:

Coordinated Entry System ("CES")

CES is Pierce County's homeless crisis response system, managed by the Organization in partnership with other Pierce County non-profits. It offers multiple points of entry for Pierce County households experiencing homelessness to become prioritized to receive housing services.

Family Permanent Housing

Family Permanent Housing works to rapidly re-house individuals and families experiencing homelessness. The Organization uses strengths-based case management and provides rental assistance using a progressive engagement model in order to support clients to achieve stability. Referrals to participate must come through the Coordinated Entry System.

Landlord Liaison Project

Landlord Liaison Project is a program committed to increasing access to affordable housing for the Pierce County Coordinated Entry System and Rapid Rehousing programs throughout the county by connecting housing-ready renters with housing opportunities provided by property owners and managers offering alternative screening options.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

(Continued)

Benefit Access Department

Benefit Access Department stabilizes clients' finances and provides access to resources, making it possible for clients to sustain housing and employment.

Housing Assistance Pass-throughs

Housing Assistance Pass-throughs help shelters in our community with operating and maintenance costs and funds to expand their ability to shelter people experiencing homelessness.

Paint Tacoma/Pierce Beautiful

Paint Tacoma/Pierce Beautiful organizes volunteer crews to paint the homes of low-income seniors and disabled residents.

Volunteer Income Tax Assistance ("VITA")

VITA trains volunteers and coordinates facilities to offer free income tax preparation to low income households, assisting access to generating financial support for the households and the community by way of accessing refunds.

Shared Housing Services

Shared Housing Services offers opportunities for Pierce County residents to provide a room in their home through either the Youth Host Homes program, which includes support from a staff person, or the Adult Home Sharing program, which matches homeowners with home seekers who can help with household chores and other needs.

Interfaith Engagement

Interfaith Engagement mobilizes people of faith in Pierce County to engage in education, inspection, service and advocacy.

COVID-19 and Other Assistance

In response to the pandemic and the resulting crisis in housing stability, the Organization expanded its Community Resource Connections Center ("CRCC") program to distribute CARES rental assistance to affected community members. This assistance was used to pay past due rents, helping both the tenants and the landlords. This became a separate rental assistance program in this fiscal year while CRCC also continued to assist families with basic needs for sustaining housing or employment.

Other programs include those designed to relieve poverty and hunger, eradicate homelessness, assist other critical needs, and address a variety of other needs. The Organization also serves as fiscal sponsor to several small charitable community programs. Fiscal sponsorship allows the groups to operate under the Organization's tax exemption with its administrative services and general oversight.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

(Continued)

Management and General

Management and general includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, corporations and faith communities.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 477,435	\$ 432,144
Investments	454,280	307,529
Grants receivable	1,366,010	1,314,469
Promises to give receivable		581
Other receivables	2,052	1,395
Trust accounts, net	<u>9,352</u>	<u>8,658</u>
Total Financial Assets	2,309,129	2,064,776
Less financial assets unavailable for general purposes		
Board-designated	(186,493)	(159,961)
With donor restrictions	<u>(179,644)</u>	<u>(199,225)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>1,942,992</u>	\$ <u>1,705,590</u>

The Organization also has a \$150,000 line of credit available to draw upon for operating cash management purposes.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in mutual funds and bonds. The Board of Directors has the ability to undesignate any board-designated funds for operations, if necessary.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 4 - INVESTMENTS

Marketable securities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Marketable securities valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Investment return (loss) is summarized as follows at September 30:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 4,937	\$ 2,766
Net realized and unrealized gain (loss)	<u>59,952</u>	<u>(51,876)</u>
	<u>\$ 64,889</u>	<u>\$ (49,110)</u>

Fair values of investments measured on a recurring basis at September 30 are as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<u>September 30, 2023</u>			
Mutual funds	\$ 336,709	\$ 336,709	
Stocks	<u>117,571</u>	<u>117,571</u>	_____
Total	<u>\$ 454,280</u>	<u>\$ 454,280</u>	\$ _____
<u>September 30, 2022</u>			
Mutual funds	\$ 26,161	\$ 26,161	
Stocks	<u>281,368</u>	<u>281,368</u>	_____
Total	<u>\$ 307,529</u>	<u>\$ 307,529</u>	\$ _____

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 5 - TRUST ACCOUNTS

The trust accounts are deposit accounts held by the Organization for individuals under the Benefit Access Department program. In Benefit Access Department, the Organization acts as an agent for the Social Security Administration, the Department of Social and Health Services and the South Puget Sound Intertribal Planning Agency. The Organization holds and disburses social security funds and welfare funds for individuals that need assistance managing their finances for a minimal fee. The trust accounts are not considered cash and cash equivalents for cash flow statement purposes.

NOTE 6 - LINE OF CREDIT

The Organization has a revolving line of credit agreement with a bank to borrow up to \$150,000 at the bank's prime rate, plus 1.50%, with no stated maturity date. The interest rate at September 30, 2023 and 2022 was 10% and 7%, respectively. The Organization is required to pay monthly payments of all accrued unpaid interest. The line of credit is collateralized by substantially all assets of the Organization. At September 30, 2023 and 2022, there was no balance due.

NOTE 7 - LONG-TERM DEBT

Long-term notes payable at September 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Note payable to KeyBank, bearing interest at a fixed rate of 5.62%, maturing on June 15, 2032. The term agreement requires 180 monthly payments of \$1,850 and is secured by substantially all assets of the Organization.	\$ 153,070	\$ 166,147
Less currently maturing portion	<u>13,818</u>	<u>13,077</u>
Total Long-term Debt	\$ <u>139,252</u>	\$ <u>153,070</u>

The maturity of long-term debt for the next five years and thereafter is as follows:

2024	\$ 13,818
2025	14,650
2026	15,507
2027	16,413
2028	17,360
Thereafter	<u>75,322</u>
	\$ <u>153,070</u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions due to time or purpose were available for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Homelessness and related services	\$ 103,035	\$ 133,339
Peace and Justice	73,043	62,320
Other programs activities	<u>3,566</u>	<u>3,566</u>
	<u>\$ 179,644</u>	<u>\$ 199,225</u>

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS SUBJECT TO BOARD RESTRICTION

As of September 30, 2023 and 2022, the Board of Directors has restricted the following funds:

	<u>2023</u>	<u>2022</u>
General operations	\$ <u>186,493</u>	\$ <u>159,961</u>

These funds can be used for general operations if the Board of Directors formally removes their designation.

NOTE 10 - DONATED SERVICES

The fair value of donated services included as contributions in the financial statements and the corresponding program or management expenses for the years ended September 30 is as follows:

	<u>2023</u>	<u>2022</u>
Volunteer income tax assistance - tax return preparation	\$ 55,878	\$ 33,278
Clothing	20,000	
Paint	<u>5,400</u>	<u> </u>
	<u>\$ 81,278</u>	<u>\$ 33,278</u>

In addition, volunteers and interns donated significant hours of services in support of the Organization's work, which were not recognized in the financial statements because they do not meet the recognition criteria.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 11 - PROGRAM REVENUES

Program revenues included in the financial statements for the years ended September 30 were for the following programs:

	<u>2023</u>	<u>2022</u>
Coordinated Entry System	\$ 1,411,306	\$ 1,192,115
Family Permanent Housing	1,459,658	1,207,126
Landlord Liaison Program	370,237	444,329
Benefit Access Department	143,604	119,584
Housing Assistance Pass-throughs	130,353	196,072
Paint Tacoma/Pierce Beautiful	77,239	18,714
Volunteer Income Tax Assistance	71,696	50,000
COVID-19 and other assistance	1,045,494	7,137,872
Shared Housing Services	<u>236,529</u>	<u>102,855</u>
Total	<u>\$ 4,946,116</u>	<u>\$ 10,468,667</u>

NOTE 12 - CONCENTRATION OF SUPPORT

The Organization received approximately 75% and 86% of its revenues from governmental units for the years ended September 30, 2023 and 2022, respectively. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's programs and activities.

NOTE 13 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in banks located in the South Puget Sound. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Investments, including cash, are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 with a \$250,000 limit for cash held in SIPC insured accounts. The Organization has cash balances on deposit with financial institutions which may at times exceed insured limits. The Organization has not experienced any losses on such accounts.

NOTE 14 - DEFINED CONTRIBUTION PLAN

The Organization sponsors a SIMPLE IRA plan, under which it made non-elective contributions to eligible employees' accounts totaling \$38,190 and \$36,455 for the years ended September 30, 2023 and 2022, respectively.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 15 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, occupancy, supplies, telephone and technology, travel and training, interest, and others, which are allocated on the basis of management's estimates of time and effort.

NOTE 16 - SHARED HOUSING SERVICES

On November 4, 2021, the Organization agreed to acquire the assets of Shared Housing Services, a nonprofit corporation. As part of the asset transfer, the Organization received \$1,000,000 in cash and assumed a commercial property lease of Shared Housing Services. The Organization is otherwise free and clear of all mortgages, liens, privileges, pledges, security interests, charges, claims and any other encumbrances. The transfer was completed on January 1, 2022. The lease was terminated effective February 2024.

SUPPLEMENTARY INFORMATION

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2023

Grantor/Pass-through Program Title	Federal ALN Number	Pass-through Entity Identifying Number	Federal Expenditures
FEDERAL AWARDS			
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grant Cluster			
City of Tacoma - Paint Tacoma Pierce Beautiful	14.218	Unknown	\$ 77,239
Pierce County - Landlord Liaison Program	14.218	SC-108842	227,190
Total CDBG - Entitlement Grant Cluster			<u>304,429</u>
Pierce County - Emergency Solutions Grant	14.231	SC-108143	139,222
Total Emergency Solutions Grant			<u>139,222</u>
Pierce County - Family Permanent Housing	14.881	SC-109366	229,391
Pierce County - Coordinated Entry	14.881	SC-109511	352,659
Pierce County - Shared Housing/Youth HH	14.881	SC-107601	70,967
Pierce County - Adult Home Sharing	14.881	SC-109596-1	8,791
Pierce County - Adult Home Sharing	14.881	SC-109596	27,149
Total Moving to Work Demonstration Program			<u>688,957</u>
Total U.S. Department of Housing and Urban Development			1,132,608
U.S. Department of Treasury			
Voluntary Income Tax Assistance	21.009	23VITA0202	50,000
Total Voluntary Income Tax Assistance			<u>50,000</u>
Pass-through Pierce County			
COVID-19 Emergency Rental Assistance Program	21.023	SC-108106	216,245
Total Emergency Rental Assistance Program			<u>216,245</u>
COVID-19 State and Local Fiscal Recovery Funds	21.027	SC-109197	688,518
Total State and Local Fiscal Recovery Funds			<u>688,518</u>
Total U.S. Department of Treasury			954,763
U.S. Department of Homeland Security			
COVID-19 - Emergency Food and Shelter Program	97.024	39-8914-048	41,844
COVID-19 - Emergency Food and Shelter Program	97.024	39-8914-039	683
COVID-19 - Emergency Food and Shelter Program	97.024	ARPA-R-8914-048	83,253
COVID-19 - Emergency Food and Shelter Program	97.024	ARPA-R-8914-039	2,111
COVID-19 - Emergency Food and Shelter Program	97.024	ARPA-R-8914-048	13,209
COVID-19 - Emergency Food and Shelter Program	97.024	ARPA-R-8914-039	1,293
Total Emergency Food and Shelter Program			<u>142,393</u>
Total U.S. Department of Homeland Security			<u>142,393</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,229,764</u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended September 30, 2023

Grantor/Pass-through Program Title	Federal ALN Number	Pass-through Entity Identifying Number	State Expenditures
STATE AWARDS			
Washington Department of Social and Health Services			
Homeless Clients Mail Delivery	N/A	2112-21069	\$ 106,641
Representative Payee Services	N/A	2112-21075	4,100
Family Permanent Housing	N/A	2012-90666	94,896
Total Washington Department of Social and Health Services			205,637
Pass-through Pierce County Community Connections			
Coordinated Entry System	N/A	110331	222,629
Coordinated Entry System	N/A	108916	821,581
Coordinated Entry System	N/A	109511	14,437
Family Permanent Housing	N/A	108143	10,042
Family Permanent Housing	N/A	109366	653,649
Family Permanent Housing	N/A	110242	245,370
Landlord Liaison Project	N/A	110339	25,212
Landlord Liaison Project	N/A	108561-1	117,835
Shared Housing/ Youth HH	N/A	109595	4,995
Emergency Shelter Operations and Maintenance	N/A	108983	126,355
Voluntary Income Tax Assistance	N/A	NONE	21,696
Total Pierce County Community Connections			2,263,801
Pass-through City of Tacoma			
Family Permanent Housing	N/A	2251986	19,400
Family Permanent Housing	N/A	2251986-1	5,181
Family Permanent Housing	N/A	2255104-1	52,101
Family Permanent Housing	N/A	2253195	17,741
Shared Housing/ Youth HH	N/A	NONE	967
Housing Navigation	N/A	2256045	14,374
Project Homeless Connect	N/A	NONE	2,337
Youth Host Homes	N/A	2253195	123,660
Total City of Tacoma			235,761
Total Washington Department of Social and Health Services			2,705,199
TOTAL EXPENDITURES OF STATE AWARDS			\$ 2,705,199

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedule") include the federal and state grant activity of Associated Ministries of Tacoma/Pierce County under programs of the federal and state government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Associated Ministries of Tacoma/Pierce County, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Associated Ministries of Tacoma/Pierce County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Associated Ministries of Tacoma/Pierce County has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance on programs that did not approve the use of the approved indirect costs rate.

REPORTS ON COMPLIANCE
AND INTERNAL CONTROL



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

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

Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, 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 financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of September 30, 2023 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 29, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Ministries of Tacoma/Pierce County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Ministries of Tacoma/Pierce County's internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Ministries of Tacoma/Pierce County'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

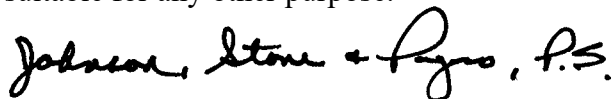
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Ministries of Tacoma/Pierce County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



JOHNSON, STONE & PAGANO, P.S.

February 29, 2024



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance

Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Associated Ministries of Tacoma/Pierce County (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Associated Ministries of Tacoma/Pierce County's major federal programs for the year ended September 30, 2023. Associated Ministries of Tacoma/Pierce County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Associated Ministries of Tacoma/Pierce County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Associated Ministries of Tacoma/Pierce County 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 Associated Ministries of Tacoma/Pierce County'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 Associated Ministries of Tacoma/Pierce County'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 Associated Ministries of Tacoma/Pierce County'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 U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Associated Ministries of Tacoma/Pierce County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Associated Ministries of Tacoma/Pierce County'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 Associated Ministries of Tacoma/Pierce County'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 Associated Ministries of Tacoma/Pierce County'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

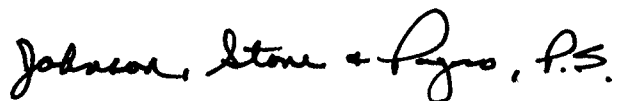
Board of Directors
Associated Ministries of Tacoma/Pierce County's

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.



JOHNSON, STONE & PAGANO, P.S.

February 29, 2024

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of Major Program

21.027 U.S. Department of Treasury
COVID-19 - Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.