

**FIRST STEP FAMILY SUPPORT CENTER
(A Washington nonprofit Corporation)**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



**FIRST STEP FAMILY SUPPORT CENTER
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DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of First Step Family Support Center

Opinion

We have audited the accompanying financial statements of First Step Family Support Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 First Step Family Support Center 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 First Step Family Support Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 First Step Family Support Center'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 First Step Family Support Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited First Step Family Support Center December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements, in our report dated October 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited statements from which it has been derived.

Port Angeles, Washington
July 25, 2023

FIRST STEP FAMILY SUPPORT CENTER

Statement of Financial Position

December 31, 2022

(With Comparative Totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,031,049	\$ 1,577,570
Accounts receivable, (net)	265,002	144,727
Marketable securities	690,398	10,090
Prepaid expenses	3,166	2,066
Total Current Assets	<u>1,989,615</u>	<u>1,734,453</u>
Property, Plant and Equipment		
Operating lease right-of-use	47,639	-
Buildings and other assets net of accumulated depreciation	993,370	906,080
Total Property, Plant and Equipment	<u>1,041,009</u>	<u>906,080</u>
Other Assets:		
Purpose restricted cash	91,713	88,663
Gift cards	4,490	-
Security deposit	500	-
Unconditional promise to give	3,786	3,786
Total Other Assets	<u>100,489</u>	<u>92,449</u>
Total Assets	<u>\$ 3,131,113</u>	<u>\$ 2,732,982</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 26,714	\$ 17,560
Payroll and related liabilities	10,442	12,035
Accrued vacation payable	34,636	32,643
Accrued payroll payable	51,009	48,279
Other payables	6,078	2,257
Operating lease liability	18,656	-
Current portion of long term debt	18,018	17,255
Total Current Liabilities	<u>165,553</u>	<u>130,029</u>
Long Term Debt:		
Operating lease liability	28,337	-
USDA mortgage payable	575,821	593,841
Total Long Term Debt	<u>604,159</u>	<u>593,841</u>

See Auditor's Report and Notes to Financial Statement

FIRST STEP FAMILY SUPPORT CENTER

Statement of Financial Position

December 31, 2022

(With Comparative Totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Total Liabilities	769,712	723,870
Net Assets:		
With donor restrictions	91,713	88,663
Without donor restrictions	2,269,689	1,920,449
Total Net Assets	<u>2,361,402</u>	<u>2,009,112</u>
Total Liabilities and Net Assets	<u><u>\$ 3,131,113</u></u>	<u><u>\$ 2,732,982</u></u>

FIRST STEP FAMILY SUPPORT CENTER

Statement of Activities

December 31, 2022

(With Comparative Totals for December 31, 2021)

	2022			2021
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total Only</i>
Revenues, Gains and Other Support:				
Grants	\$ 2,008,206	\$ 59,247	\$ 2,067,453	\$ 1,421,004
Contributions	46,582	42,259	88,841	138,548
Covid-19 related revenue	-	-	-	123,644
United Way	31,370	-	31,370	16,029
Fundraising	6,270	-	6,270	9,914
Fee for service	80,539	-	80,539	84,550
Rental income	13,293	-	13,293	-
In-kind contribution	30,674	-	30,674	-
Interest income	3,052	-	3,052	7,725
Other income	2,024	-	2,024	10,845
Net realized and unrealized(loss) on investments	(2,835)	-	(2,835)	(21)
Net assets released from restriction:				
Satisfaction of program restriction	98,456	(98,456)	-	-
Total Revenues, Gains or Other Support	2,317,632	3,050	2,320,682	1,812,238
 Expenses:				
Program service	\$ 1,803,078	\$ -	\$ 1,803,078	\$ 1,395,874
Administration	204,338	-	204,338	146,785
Fundraising	-	-	-	17
Total Expenses	2,007,416	-	2,007,416	1,542,676
 Change in Net Assets	310,216	3,050	313,266	269,562
 Prior Period Adjustment	39,024	-	39,024	-
 Net assets at beginning of the year	<u>1,920,449</u>	<u>88,663</u>	<u>2,009,112</u>	<u>1,739,550</u>
 Net Assets at End of the Year	<u>\$ 2,269,689</u>	<u>\$ 91,713</u>	<u>\$ 2,361,402</u>	<u>\$ 2,009,112</u>

FIRST STEP FAMILY SUPPORT CENTER

Statement of Functional Expenses

December 31, 2022

(With Comparative Totals for December 31, 2021)

	2022				2021
	<u>Program</u> <u>Service</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Only</u>
Advertising and promotion	\$ 3,960	\$ 543	\$ -	\$ 4,503	\$ 3,845
Auto expenses	7,900	1,783	-	9,683	6,729
Contract services	29,171	441	-	29,612	29,143
Depreciation expense	31,384	4,172	-	35,556	31,103
Education and training	9,478	509	-	9,987	7,892
Employee benefits	35,749	5,315	-	41,064	44,321
Equipment purchase, small	16,323	1,577	-	17,900	618
Equipment maintenance agreemen	533	75	-	608	819
Insurance - liability	28,080	3,836	-	31,916	25,540
Interest expense	23,356	3,191	-	26,547	27,278
Licenses and fees	1,022	140	-	1,162	470
Lease expense	40,849	-	-	40,849	17,015
Miscellaneous	5,426	1,172	-	6,598	4,669
Professional fees	16,228	2,217	-	18,445	13,910
Repairs and maintenance	16,951	3,630	-	20,581	30,687
Salary and wages	1,092,351	149,120	-	1,241,471	993,226
Special assistance	212,962	-	-	212,962	121,899
Supplies	90,861	7,637	-	98,498	65,415
Taxes - payroll	97,993	13,647	-	111,640	80,634
Telephone	18,801	2,563	-	21,364	19,320
Travel and training costs	13,067	1,362	-	14,429	8,739
Utilities	10,633	1,408	-	12,041	9,404
Total Expenses	\$ 1,803,078	\$ 204,338	\$ -	\$ 2,007,416	\$ 1,542,676

FIRST STEP FAMILY SUPPORT CENTER

Statement of Cash Flows

December 31, 2022

(With Comparative Totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash received from contributions	\$ 126,481	\$ 243,452
Cash received from customers and programs	2,074,233	1,618,266
Cash received from interest	3,052	7,725
Cash paid for operating, program and fundraising	(543,086)	(445,058)
Cash paid for employees and employee benefits	(1,387,225)	(1,024,831)
Cash paid for interest	(26,547)	(28,005)
Net Cash Provided by (Used in) Operating Activities:	<u>246,909</u>	<u>371,549</u>
Cash flows from Investing Activities:		
Release of lease liability	(644)	-
Capital asset acquisition	(92,171)	-
Change in investment account	2,369	-
Transfers to investment account	(682,677)	(10,090)
Net Cash Provided by (Used In) Investing Activities	<u>(773,123)</u>	<u>(10,090)</u>
Cash flows from Financing Activities:		
Principal payments on long term debt	(17,257)	(16,526)
Net Cash Provided by (Used In) Financing Activities	<u>(17,257)</u>	<u>(16,526)</u>
Net change in cash, cash equivalents and restricted cash	(543,471)	344,933
Cash, cash equivalents and restricted cash at beginning of the year	<u>1,666,233</u>	<u>1,321,300</u>
Cash, cash equivalents and restricted cash at end of the year	<u>\$ 1,122,762</u>	<u>\$ 1,666,233</u>

Non-cash investing and financing activities:

Additions to ROU assets obtained from:

New operating lease liabilities

	<u>2022</u>	<u>2021</u>
\$ 90,068	\$	-

Additions to Capital assets:

In-kind contribution

30,674	-
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**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A - NATURE OF OPERATIONS

First Step Family Support Center is a nonprofit organization located in Port Angeles, Washington whose mission is to provide support and education services for children and their families. The Organization provides the following services: home visiting, social services support, case management for "high risk" pregnant and parenting women, prenatal and parenting classes, community education and a drop-in center for parents and children. The Organization earns a substantial portion of its revenue from HCA (Health Care Authority), DCYF (Department of Child, Youth, and Families), and DBHR (Department of Behavioral Health and Recovery)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements of First Step Family Support Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires First Step Family Support Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the First Step Family Support Center's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of First Step Family Support Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor had stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The following tables provides a reconciliation of cash, cash equivalents and restricted cash reports within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

Cash and cash equivalents	\$1,049,571
Cash - purpose restricted	<u>73,191</u>
	\$1,122,762

**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (net) - Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair market value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight line method over the lesser of the estimated useful lives of the assets or lease term. The useful lives range from five to thirty-nine years. The Organizations policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. As of December 31, 2022 accumulated depreciation was \$446,526.

Summarized Comparative Information - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Revenue and Revenue Recognition

The Organization receives funding primarily from contributions, grants, and state and federal contracts. All grant and contract funds have a contractual obligation to expense the funds in compliance with grant contract terms. A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

Allowance for Bad Debt

The Organization has determined that a percentage of accounts receivable may be uncollectible. The total allowance is calculated on receivables over 180 days old. All accounts receivable were collected in the subsequent period therefore there is no allowance.

Functional 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 occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on basis of estimates of time and effort.

Income Taxes

The Organization is exempt from income tax under IRC section 501 (c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filings and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. First Step Family Support Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses advertising costs when incurred. Total advertising costs as of December 31, 2022 was \$4,503.

Recently Issued Accounting Standards

In February 2016, the FASB issued amended accounting guidance that changes the accounting for leases and requires expanded disclosures about leasing activities. Under the new guidance, lessees will be required to recognize a right-of-use asset and a lease liability, measured on a discounted basis, at the commencement date for all leases with terms greater than twelve months. The amended guidance is effective for private non-profit organizations for fiscal years beginning after December 31, 2021, and interim periods within those fiscal years, and early adoption is permitted. The Organization has implemented this standard this year.

Reclassifications - Certain prior year amounts have been reclassified for consistency with the current year presentation. These classifications had no effect on the reported results of operations.

Subsequent Events

Subsequent events have been evaluated thorough July 26, 2023, the date the financial statements were available for release.

NOTE C - AVAILABILITY AND LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of home-visiting programs, providing supplies and equipment and community education as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2022, the following financial assets could be made readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 1,122,762
Accounts receivable	<u>265,002</u>
	\$ 1,387,764

**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair values of the Organization's financial instruments (all of which are held for non-trading purposes) do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

LEVEL 1 - Financial assets and liabilities whose values are based on unadjusted, quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities, listed derivatives, most US Government and agencies securities, and certain other sovereign government obligations). If you can look up an up-to-date price on a major exchange it is a level 1 asset.

LEVEL 2 - Financial assets and liabilities whose values are based on quoted prices in inactive markets, or whose values are based on models - but the inputs to those models are observable either directly or indirectly for substantially the full term of the asset or liability.

LEVEL 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both observable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participator would use in pricing the asset or liability.

The Organization holds level 1 assets.

NOTE E - CONTRIBUTED SERVICES

A substantial number of unpaid volunteers made significant contributions of their time to conduct the Organization's programs and fund raising activities. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or value nor has the criteria for recognition of such volunteer effort under FASB ASC 958 been satisfied.

NOTE F - 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. First Step Family Support Center recognized the United Way of Clallam County's contribution as an unconditional promise to give. Unconditional promises to give at December 31, 2022 were \$3,786.

NOTE G - RETIREMENT PLAN

First Step Family Support Center has a 403(b) deferred compensation plan. The program is voluntary and only provides for employee contributions. Employee contributions for the year ended December 31, 2022 were \$54,200.

**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE H - PROPERTY TAX EXEMPTION

First Step Family Support Center has applied for and has been granted an exemption from property taxes for year ended December 31, 2022.

NOTE I - LINES OF CREDIT

At December 31, 2022, First Step Family Support Center had no lines of credit.

NOTE J - LONG TERM DEBT

The U.S. Department of Agriculture approved a Rural Development Loan of \$816,000 for construction of a new building on land adjacent to the main office (Land Parcel #2) in 2009. The loan is for 40 years and has an interest rate of 4.375%. The annual payment of the loan is \$43,804. The USDA loan documents require that a reserve account be maintained in the amount of at least one annual loan payment. The reserve account will accumulate at the rate of one-tenth of an average annual loan installment each year. The Organization has fulfilled this requirement. The total amount due to the USDA as of December 31, 2022 was \$593,839.

The future scheduled maturities of the long term debt are:

Years ending December 31:

2023	\$	18,081
2024		18,815
2025		19,648
2026		20,516
2027		21,424
Thereafter		495,355
Total	\$	<u>593,839</u>

NOTE K - CONCENTRATION OF CREDIT RISK

The Organization maintains checking accounts with local banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022, the Organization had uninsured cash balances of \$50,108.

**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE L - LEASING ACTIVITIES

The following summarizes the line items in the balance sheet which includes amounts for operating leases as of December 31:

Operating Leases:	
Operating Lease Right-of-Use	<u>\$ 47,639</u>
Current Liabilities	\$ 18,656
Operating Lease Liability	<u>28,337</u>
Total operating lease liabilities	<u>\$ 46,993</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

Weighted Average Remaining Lease Term	
Operating leases	3 years
Weighted Average Discount Rate	
Operating leases	7%

Lease expense for the year ended December 31, 2022, totaled \$40,849.

NOTE M- NET ASSETS WITH DONOR RESTRICTIONS

During the year, the Organization received restricted contributions for specific programs operated by First Step Family Support Center. Net assets with donor restrictions as of December 31, 2022:

<u>Description</u>	<u>Amount</u>	<u>Restriction</u>
<u>Subject to expenditure for specific purpose:</u>		
Haller Foundation	\$ 16,426	Special Assistance
Donation	27,000	Kaleidoscope program
USDA	43,804	1 annual payment
Variety	<u>4,483</u>	Client goods and assistance
	<u>\$ 91,713</u>	

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time specified by the donors as follows for the year ending December 31, 2022: Satisfaction of purpose restriction: Kaleidoscope program: \$21,218, Client Assistance: \$95,760.

**FIRST STEP FAMILY SUPPORT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE N - BUILDINGS, LAND AND EQUIPMENT

As of December 31, 2022, the Organization had the following buildings, land and equipment:

<u>Description</u>	
Land	\$ 119,143
Building and Improvements	1,245,488
Vehicles	47,009
Equipment	22,756
Other Assets	5,500
Accumulated Depreciation	<u>(446,526)</u>
	\$ 993,370

NOTE O - IN KIND CONTRIBUTION

The Organization received an in-kind contribution for a playground resurfacing with an estimated fair market value of \$30,674.

NOTE P - PRIOR PERIOD ADJUSTMENT

The Organization received additional Medicaid funding for services provided in a prior year that were not expected. A prior period adjustment of \$39,024 has been recognized in the current period.

NOTE Q - RISKS AND UNCERTAINTIES

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. In February 2020, the Governor of the state of Washington declared a state of emergency response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel and in-person interactions. Whereas most state and local governments have begun to ease restrictions on commercial activity, it is possible that a resurgence in COVID-19 cases could prompt a return to tighter restrictions in certain areas of the country. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its results.