

# Homelessness Prevention and Reduction Funds

## Grant Application, Guidelines, and Instructions (Amended January 19, August 24, 2010 & September 3, 2013)

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## Section 1 – The Homeless Assistance Act Program

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The Washington State Legislature passed ESSHB 2163, the Homeless Housing and Assistance Act ("the Act"), into law in April 2005. The law requires each county in Washington State to have a Homeless Housing Task Force to prepare and recommend to its local government legislative authority a ten-year homeless housing plan for its jurisdictional area which shall be consistent with the Washington State Department of Community Trade and Economic Development's ("department" or "CTED", now called Washington State Department of Commerce) statewide temporary guidelines, for the December 31, 2005, plan, and thereafter the department's ten-year homeless housing strategic plan and which shall be aimed at eliminating homelessness, with a minimum goal of reducing homelessness by fifty percent by July 1, 2015. The local government may amend the proposed local plan, to be adopted by December 31, 2005. Performance in meeting the goals of this local plan shall be assessed annually in terms of the performance measures published by the department. Local plans may include specific local performance measures adopted by the local government legislative authority, and may include recommendations for any state legislation needed to meet the state or local plan goals.

### Permissible Uses Under the Law

- (a) Rental and furnishing of dwelling units for the use of homeless persons;
- (b) Costs of developing affordable housing for homeless persons, and services for formerly homeless individuals and families residing in transitional housing or permanent housing and still at risk of homelessness;
- (c) Operating subsidies for transitional housing or permanent housing serving formerly homeless families or individuals;
- (d) Services to prevent homelessness, such as emergency eviction prevention programs including temporary rental subsidies to prevent homelessness;
- (e) Temporary services to assist persons leaving state institutions and other state programs to prevent them from becoming or remaining homeless;
- (f) Outreach services for homeless individuals and families;
- (g) Development and management of local homeless plans including homeless census data collection; identification of goals, performance measures, strategies, and costs and evaluation of progress towards established goals;
- (h) Rental vouchers payable to landlords for persons who are homeless or below thirty percent of the median income or in immediate danger of becoming homeless; and
- (i) Other activities to reduce and prevent homelessness as identified for funding in the local plan (e.g. discharge planning, case management, etc.).

## **Definition of “Homeless”**

"Homeless person" means an individual living outside or in a building not meant for human habitation or for which there is no legal right of occupancy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, mentally ill people, and other disenfranchised persons who are homeless.

## **Section 2 – Local Plan Guiding Principles**

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The following Guiding Principles are recommended to the Kittitas County Board of Commissioners (BOCC) for the implementation of ESSHB 2163, RCW 36.22.179.

### **A. Administration**

The Kittitas County Board of Commissioners has primary responsibility for administration of the program, which funds are maintained by the County Auditor's office pursuant to RCW 36.22.179 until disposition is approved and made by the BOCC, after recommendation by the Kittitas County Homeless and Affordable Housing Committee.

### **B. Review Committee**

The Kittitas County Homeless and Affordable Housing Committee ("The Committee") shall receive and make recommendations on grant applications and provide accountability for use of homeless assistance funds. The Committee members will be required to follow established conflict of interest policies, at a minimum those requirements outlined in statute at Title 42 RCW. The Kittitas County Board of Commissioners shall make the final determinations of awards.

### **C. Fund Availability**

Annually, the BOCC shall publish a Request for Proposal (RFP) through its established methods during March and September. Grants approved from the March applications will be effective July 1. Grants approved from the September applications will be effective January 1 of the New Year. September RFPs will be issued only when enough funding is available to support a grant cycle. The RFP notice will set forth the purpose; amount of funds available; term of funds to be awarded; deadline for submission of funding applications; where to obtain an application; and other information related to the application process.

In addition to the RFP Process, the Review Committee may, upon application, recommend disbursement of funds outside the annual RFP process to meet emergent needs.

#### **D. Eligible Recipients**

Eligible recipients of the homelessness funds shall be those agencies and individuals who demonstrate to the satisfaction of the Committee and the BOCC that they are qualified to utilize the homelessness funds in accordance with law.

#### **E. Grant Elements**

Projects will be selected based on their ability to address the homeless needs of the County. These needs will be determined quantitatively and qualitatively by assessing local housing data, the annual Point in Time data, and local needs assessment data. Qualitative input on the County needs will be assessed through collaboration with the Homeless and Housing Network of Kittitas County. The strongest projects will meet all of the following criteria:

- The proposal comprehensively addresses homelessness and affordable housing needs and priorities as identified in the County 10-year Homeless and Housing Plan.
- The applicant's contribution toward total project costs, including in-kind and administrative costs are not greater than twelve percent of the total grant request.
- The project's ability to leverage other funds to support the grant proposal.
- Support of the "housing first" principle as well as the priorities outlined in the 2009 Kittitas County Homeless Prevention Plan.
- The project's ability to sustain or strengthen existing resources.
- The project will have measurable goal statements with objectives clearly defined to meet the goal(s).
- The project will have clearly defined evaluation strategies that result in data indicating the goal(s) has/have been met.

#### **F. Priorities**

All applications should address at least one of the 2009 Priorities as outlined in Appendix 8 of the Kittitas County Homeless Prevention and Reduction Plan

- Increase emergency housing capacity in Kittitas County.
- Improve and/or develop new emergency, transitional or permanent affordable housing facilities in Kittitas County.
- The project's ability to increase housing options available for single persons and disenfranchised populations, as described in the "Gaps in Service" section of the 10-year Plan.
- Connect homeless populations to services.
- Strengthen linkages between agencies providing services to homeless individuals/families.
- Provide additional case management to homeless populations.
- Funding help with rent payments when households lose their primary source of income.

## **G. Timeline for Applications**

The RFP announcement will be timely and will appear in both the upper and lower county newspapers. Applicants will have approximately one month to prepare their proposal before the deadline. Applications deadlines will be announced in the RFP. Funds will be available on July 1 for Spring applications and January 1 for Fall applications.

## **H. Terms and Conditions of Funding**

- Projects (e.g. housing projects, maintenance projects, rental assistance projects, etc.) must ensure they remain affordable to homeless and extremely low-income households and meet commitment guidelines, under RCW 43.185C.070(3)(d), for serving the target population for a period of at least twenty-five years.
- Projects must be consistent with local housing plans and policies.
- Project applicants must adhere to HUD's Fair Housing Act standards and State laws that govern the landlord-tenant relationship as set forth at RCW 59.18. Recipients governed by RCW 59.18 must enter into lease agreements with tenants and leases may not be terminated by the landlord unless the tenant fails to substantially comply with the lease.
- Funds that are provided for operation and maintenance projects shall be distributed in the form of reimbursable grants.
- The Review Committee and BOCC reserve the right to negotiate additional terms and conditions of the award.

## **I. Reporting Requirements**

Successful applicants will provide quarterly reports to the Committee and a final report detailing their use of funds in a format determined by the Review Committee. Timelines will be provided in the contract with the county.

## **J. Geographic Equity**

The intent of this program is to ensure all areas of Kittitas County receive appropriate levels of funding based on local homeless assistance needs.

## **K. Annual Review**

These Guidelines will be reviewed by the Review Committee at the discretion of the Committee and/or Board of County Commissioners.

## **L. Recipient Default**

If it is discovered or believed that a recipient of funding has misappropriated or misused funds, this matter will be forwarded to the Kittitas County Prosecutor's Office for investigation and action.

### **M. Grievance Process**

An applicant who feels aggrieved in the grant application and award process may ask the Homeless and Affordable Housing Committee to review the matter for a further or revised decision. The Committee may hear the grievance by allowing the applicant to present both written and oral testimony to the Committee. After review and decision by the Committee, the applicant may appeal to the Board of Kittitas County Commissioners under procedures established in the Administrative Procedure Act, chapter 34.05 RCW.

### **N. Sale and Change of Use**

In order to protect the interests of the county and its people, and in furtherance of the health, safety and welfare of the community, it is the policy of Kittitas County that any project funded with 2163 funds must, pursuant to RCW 43.185.070(5)(f), serve the original target group or income level for a period of at least twenty-five (25) years.

If the recipient of 2163 funds fails to meet the objectives and requirements of the low-income housing law and fails to serve the low-income housing community in accord with the intent and requirements of RCW 36.22.178 and RCW 43.185.070(5)(f) for at least a period of twenty-five years, the money provided by the County shall be repaid to the County with interest at the maximum legal rate in existence at the time the grant funds are paid to the Recipient. Upon application to the Review Committee, and upon approval by the Board of Kittitas County Commissioners, new housing projects shall have this restriction placed on the deed. At the end of twenty-five years, the restriction may be removed.

Any deviation from this procedure may be addressed only with the specific approval of the Board of Kittitas County Commissioners.

### **O. Project Monitoring**

The Board of County Commissioners, assisted by the Committee, shall monitor all projects for compliance with the funding terms and conditions in the agreement(s). Project monitoring shall be concluded no less than annually.

## Section 3 – Instructions for Completing a Funding Application

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Grant applicants shall follow the instructions below in preparing their proposal.

- Complete the supplied application forms using a computer. No hand written forms.
- Do not use graphics or formatting embellishments beyond those within the application.
- Be sure to read Sections 1 and 2 of the Kittitas County Homeless and Prevention Plan, 2009.
- Answer each question and sub-question individually in each section of the application.
- Leave in the question and directions. This way we will be sure of the question you are answering, and it will also facilitate easy review for the review committee.
- Use the 1-inch margins through the entire application except as formatted otherwise.
- Use single spaced 12-point Times New Roman or similar font.
- Make certain you are answering the questions. If the question asks “How” answer how, not whether or when.
- Your proposal must contain clearly defined goal statements, objectives to meet those goals, and an evaluation strategy for each goal.

**\*New applicants please include the following:**

- \_\_\_ Current Month Statement of Income & Expenses
- \_\_\_ Recent Fiscal Year-end Agency Audit or Financial Statement (completed by CPA)
- \_\_\_ Agency Budget for Current Fiscal Year
- \_\_\_ Copy of IRS Determination Letter
- \_\_\_ Board of Directors Roster

**\*Repeat applicants include the following only:**

- \_\_\_ Most Recent Year-end Agency Audit or Financial Statement
- \_\_\_ Current Month Statement of Income & Expenses

**Applications are due by 4:00 pm, on the date specified in the RFP announcement at the Kittitas County Board of Commissioner’s Office. You will be notified that your application has been received and accepted by the Committee.**

Homeless Assistance Grant Program  
205 W 5th AVE Suite 108  
Ellensburg WA 98926

**Please submit one electronic copy, one original and 5 hard copies of the entire application.**

*NOTE: Incomplete applications may be rejected.*

## Section 4 – Project Application: 2013 Funding Cycle

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Please divide your application into three sections. Part A – General Information, Part B – Agency Questions, Part C – Project Questions, Part D – Funding Questions, Part E – Agency Reapplying for Program Funds, and Part F – Additional Information. Type and number each question, followed by your response.

### **Part A – General Information**

**Project Title:** Project FREEDOM Rapid Rehousing

**Project Site Name:** Project FREEDOM

**Project Site Address:** 700 East Mountain View Ave, Suite 507 Ellensburg, WA 98926

**Total Project Costs:** \$208,312

**Grant Amount Requested:** \$210,000

**City, Town or Unincorporated Area to be served:** Ellensburg & Cle Elum, Kittitas County

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**Name of Applicant/Agency:** HopeSource

**Federal Tax ID#** 91-0814544

**Address of Applicant/Agency:** 700 E. Mountain View Avenue, Suite 501 Ellensburg, WA 98926

**Name of Contact Persons:** John Raymond - jraymond@hopesource.us Title: Chief Operating Officer

**Email address:** John Raymond - jraymond@hopesource.us **Phone:** 509-925-1448 **Fax:** 509-925-1204

**Name and Title of Authorized Representative:**

Acceptance of this application may be subject to subsequent compliance reviews, including a review of the latest audit of financial statement. Preparation of an application does not guarantee that applicants will receive funds. By signing this grant application form the undersigned certifies that all information is accurate to the best of his/her knowledge.

  
Signature of Authorized Representative

April 10, 2014

Date



## **Part B – Agency Questions**

Please respond to the questions in this section about the specific project to be funded.

**1. Background/History:** (Please give a brief background and/or history of the applicant organization.)

HopeSource is a private, non-profit organization whose Mission is to address the needs of low-income households with community based solutions. We have a moral imperative to protect those who cannot protect themselves and to empower those who can. We firmly believe that education is the key to empowering any life and link our educational arms, Hope University and Project FREEDOM, with the progressive engagement and coordinated entry models that surround our core housing programs.

The poverty rate in Kittitas County is 23% and out of that population we are able to serve about 80 families each year with housing-focused case management. Our goal here at HopeSource is to be able to work with many more of these families and expand our reach to a greater number of single persons. We will do this by employing our current rapid rehousing model and changing more lives by going deeper with each client, addressing not only housing needs but providing tailored support to the additional challenges these individuals face in maintaining permanent housing.

We support the progressive engagement model of light, medium and heavy service touch because it is designed to deliver only what is needed in order to move a household forward. It recognizes that some circumstances require more encouragement and support than others to break free of barriers rather than using a general, cookie-cutter approach. We recognize that we first need to understand a client's fundamental needs, like immediate housing, and then progress to their other needs. In progressive engagement the services are targeted, reducing the cost to the community of the entire social service system, while still achieving the goal of stable, safe, permanent housing.

**2. Qualifications:** (Describe your organization's ability and qualifications to complete the project you are requesting to be funded, including any experience you have in managing public funds.)

HopeSource has over 40 years of experience administering emergency shelters and transitional, affordable, and supportive housing programs for low and very low income households. Our staff has extensive experience serving low-income individuals and families, employing homelessness prevention resources, and actively using HMIS (the WA State reporting software) to record, report and analyze data. Our case management staff are trained in working with clients who have barriers such as addiction, mental or physical health issues, disabilities, criminal backgrounds, or chronic homelessness. We have been the county lead for the Continuum of Care for 40 years and operate the only emergency homeless shelter in the county. We also operate a 14 unit housing project that provides transitional housing from emergency shelters into longer term case-managed situations, either into permanent supportive housing or into market rate apartments or houses. Permanent housing is always the goal, because we believe that everyone deserves the opportunity to have a home. We employ a Housing First solution to homelessness with rapid rehousing and progressive engagement elements. At highest risk in our community are people with disabilities, mental health or substance abuse issues, victims of domestic violence, and people who are veterans, single males, or felons. In addition to strengthening partnerships with local landlords and motels, HopeSource preserved 94 units of affordable housing through tax credit ventures in 2010 and is on track to add an additional 60 units in 2014. The goal is to not only preserve units but to add 100 more units to the affordable housing stock by 2016.

HopeSource financial controls include adherence to Fiscal Policies supported by OMB Circular requirements and accounting practices. We recognize that obtaining more grants will be fiscally demanding and will require accounts payable, purchasing, check writing, approvals, etc. as well as monitoring of all subcontractors. Operationally we pay attention to each and every opportunity to decrease our costs so that our money can go directly into households. We use our resources and funds wisely, maintaining an administrative rate of only 9%, showing that we are fully committed to being both efficient and effective with every resource we obtain. All sub-recipients, including this grant, will be held to this same high standard.

### **Part C – Project Questions**

#### **1. Project Title:** Project FREEDOM Rapid Rehousing

#### **2. Project Summary:** (Provide one to two succinct paragraphs summarizing your project, and how it will strengthen or enhance housing and/or services to prevent or reduce homelessness in Kittitas County.)

The priorities of the Kittitas County 10 Year Plan to End Homelessness Plan, combined with the work of the Continuum of Care in conducting the Community Needs Assessment and the work of the Housing and Homeless Network of Kittitas County, all indicate three key gaps in social services to disadvantaged populations in Kittitas County. This proposal from HopeSource will address the three gaps in this manner:

- Move people to housing first and fast. HopeSource will increase the number of units for emergency shelter from the current 3 units in Ellensburg to include 5 additional units in Cle Elum for a total of 8 emergency homeless shelter units. These units can also be used for rapid rehousing of local incarcerated discharge populations and rapid transition to stable housing regionally utilized the Community Action Network programs serving every county in the State.
- Implement coordinated entry with all network providers locally, partnering specifically with ADDS, the Housing Authority, Crestview Terrace, and ASPEN to ensure shelter for homeless individuals and/or families, including those with high-barrier situations.
- Implement Project FREEDOM principles which include a progressive engagement model to move individuals and households into permanent housing with sufficient life skills to ensure they can manage their resources in a manner that will sustain that housing.

HopeSource currently has 7 Family Development Certified Case Management Specialists on staff who are trained in working with diverse populations, Housing First rapid rehousing principles, and those with barriers to finding and remaining in stable housing (for example: credit & debt training, basic budget training, substance abuse and domestic violence referral, employment preparation and improvement).

#### **3. List each goal statement.** Under the goal statement, list the activities (objectives) that will lead to the accomplishment of the goal. Also, discuss the measures you will be using to evaluate whether or not the goal has been met by the end of the funding cycle.

For example (*your own entry on next page*):

##### **Goal 1:** Increase number of homeless people utilizing the shelter by 10%

**Objective 1:** Create promotional materials to distribute to local partners advertising hours and availability of shelter

**Measurement:** Number of flyers distributed during funding cycle

**Objective 2:** Increase the number of beds available at the shelter with donated/recycled materials and volunteer labor

**Measurement:** Before and after count of beds in shelter

**Objective 3:** Work with the shelter to create a tracking system to count how many people have used their various services

**Measurement:** Whether or not system is in place and sustainable (yes/no)

Goal 1: Increase the number of emergency shelter units in Kittitas County from the current 3 to 8 total.

- Objective 1: Operate Evergreen House, a 5 unit apartment complex in Cle Elum, WA as a mixed used emergency and rapid rehousing complex.
  - Measurement: Lease completed between Evergreen House and HopeSource
- Objective 2: Reduce wait list for emergency shelter units
  - Measurement: Using a descending prioritized list for the 8 shelter units. Priority 1: families with minor children; Priority 2: families without children; Priority 3: single women or men.
- Objective 3: Ensure all households and individuals, regardless of barriers, are housed locally or in their home county
  - Measurement: Reduced wait lists for permanent housing complexes and private apartments

Goal 2: Increase the rapid rehousing placement of homeless or discharged families or individuals.

- Objective 1: Reduce the time to entry in a stable shelter to 48 hours
  - Measurement: Number of motel nights utilized before movement to stable shelter locally or in the home county of the household
- Objective 2: Secure networks locally and in adjoining counties through the Washington State Community Action Network
  - Measurements: Number of unduplicated individuals that have successfully transitioned to a housing program in Kittitas County or their home county

Goal 3: Provide coordinated entry capacity and utilize progressive engagement models for case management.

- Objective 1: Implement partnerships and sharing with network providers
  - Measurement: MOU's in place locally with ADDS, the Housing Authority of Kittitas County, ASPEN, and regionally with Community Action Agencies in adjoining counties (Yakima, Grant, Chelan-Douglas, and Seattle Metro)
- Objective 2: Ensure efficient and effective coordination of local & regional resources
  - Measurement: Number of households and individuals transitioned locally and out of the county.

**4. Priorities:** (Provide a written summary describing how this project responds to the Homeless Assistance Grant Program Priorities for 2009 as listed in Section 2, letter F of this document.)

- 1) Move people into housing first and fast.
- 2) Provide sufficient and coordinated supportive services to homeless households including tools needed to maintain permanent housing.
- 3) Prevent homelessness with financial help, follow up, and discharge planning.

The Community Needs Assessment (CNA) combined with input from the Continuum of Care (C of C), and the Housing & Homeless Network of Kittitas County (HHNKC) identified gaps consistent with the 10 Year Plan priorities: emergency and affordable housing accessibility and disadvantaged and high-barrier population case management needs (incarceration discharge, substance abuse, and domestic violence). HopeSource, through Project FREEDOM, proposes to answer the identified gaps in service in the following ways:

#### **MOVE PEOPLE TO HOUSING FIRST AND FAST**

HopeSource proposes increasing the emergency shelter and rapid rehousing capacity from 3 units to 8 units. The current 3 unit emergency shelter in Ellensburg will be augmented by 5 units through Evergreen House, located in Cle Elum and operated by HopeSource. The 5 additional units will serve as emergency shelter and/or short-term stabilization for the rapid rehousing program for homeless, recently discharged members of state care facilities, and/or homeless prevention households. In addition to households that are experiencing housing insecurity or homelessness, Project FREEDOM (the life skills division of HopeSource) will identify local and out-of-area incarcerated discharge individuals and those individuals with high-barrier needs. Local discharges will be placed in emergency shelter housing with case management to move within 6 months to permanent housing, which may include short-term rental assistance and case management within the network including referral to ADDS, DSHS, CWCMMH, ASPEN and other providers. Out-of-area discharges will be connected with the CAA in their home county in Washington. They will be provided 30 days of shelter in their home area during the transition to placement in their county's CAA housing program to ensure a successful transition.

#### **PROVIDE SUFFICIENT AND COORDINATED SERVICES**

HopeSource will work with ADDS and the housing authority to address homeless and rapid rehousing households utilizing the Department of Commerce and Continuum of Care Model of progressive engagement with light/medium/heavy touch case management. Light touch could include emergency shelter or a short-term motel stay with case management. Medium touch could include local rapid rehousing or out-of-area transition with ADDS, housing authority, or Washington CAP network, and case management. Heavy touch engagement could include work with households that are currently homeless but are identified to have the capacity to be on a path to home ownership within 9-12 months, working with Habitat for Humanity and the Land Trust for qualification into their respective housing programs.

#### **PREVENTION AND STABILITY**

The first step for every household at intake is to complete a budget that clearly shows the impact of how every precious household dollar is spent. The individual identifies how these resources might be altered in order to move beyond the crisis state. Case management includes education and 1 on 1 coaching in basic budgeting, utility conservation, how to save money when shopping, credit establishment and debt reduction, time management tools, and basic computer and employment preparation tools (including resume and job seeking) to ensure that stable housing can be maintained. Project FREEDOM moves individuals to stability within 6-9 months of entering the rapid rehousing program by taking small, consistent steps towards their goals. This would apply to all emergency shelter and rapid rehousing households. Out of area households would receive the basic budgeting education as their foundation and would move into the life skills program of the CAP they are placed in within Washington State. There are 32 CAPs in Washington and 1,100 in the United States, all of which households can be referred to and linked with for continuing shelter and case management.

**5. Creativity/Innovation:** (Describe any creative or innovative aspects of this project. How is it different or unique? Include information about project partners/collaborations.)

Project FREEDOM is unique and innovative in several ways:

- Project FREEDOM combines rapid rehousing with critical basic life skills that will ensure those transitioned out of a homeless shelter into permanent housing understand how to manage their resources to sustain their housing.
- Project FREEDOM partners regionally as well as locally to ensure that all populations can stabilize close to their family networks where they will have the support needed to move on into a more self-sufficient life. This is accomplished through the local social service network providers and includes the 1100 community actions agencies situated in every State in the U.S. In Washington there are 32 community action agencies that provide housing and case management services similar to that in Kittitas County.
- Project FREEDOM recognizes the need of and provides for all members of the community as well as those who are transient to the community with emergency or rapid rehousing assistance. This could be needed because they are homeless or have high-barrier situations that preclude easy access to housing (substance abuse, felonies, or poor credit) and will need medium to heavy touch case management to overcome and achieve fast and/or sustainable housing.

#### **Part D – Funding Questions**

Please respond to the questions in this section about the specific project to be funded.

**1. Homeless Assistance Funds:** (Specify how you will use the Homeless Assistance funds. (Do not describe the project again; rather specify where you will use the funds received from this grant application.)

Homeless Assistance funds will be utilized to provide Emergency Shelter and Rapid Rehousing facilities for the general homeless population and those individuals exiting systems of care. Information obtained from the Kittitas County Sheriff's Department indicate that there are, on average, 65 in county residents released from jail monthly. With Project FREEDOM we will have the ability to house 3% of that population, currently not served, with assistance in obtaining and maintain permanent housing. Additionally, an approximate 70 individuals from out of the county are released from jail into Kittitas County each month. Roughly 50% of these individuals are not being transported to other facilities and are in need of assistance to exit the county. Project FREEDOM proposes to assist 20% of that population with transportation and temporary housing assistance and/or motel vouchers to help exit them out of county while preparing them for receipt of services from other agencies in the county in which they reside.

As you can see by the figures in Part 4 (Timeline) a little less than half of the funds would be used for rental assistance, deposits, utility assistance and transportation. About a third would be used as salaries to support an additional case manager and the Project FREEDOM coach. And, about a fifth of the grant would be put towards the Evergreen house rent, cleaning, and maintenance.

**2. Other Funds:** (What funding for this project have you already secured? What in-kind donations have been received? What other grants are you applying for?)

One of our largest sources of financial support is the CHG or Consolidated Homeless Grant. This allows us to provide rapid rehousing for about ten to fifteen households per year. We also receive HEN funds (Housing and Essential Needs) through this grant, which we use for about eighteen households every single month.

We are also extremely grateful for the support the county has offered us for our Senior Rent Program, assisting twenty five seniors this year with rent assistance and our Polaris Program in Cle Elum, providing support to over 40 low income clients in the Upper County area.

These funds help fund our existing programs, but are simply not enough to support the 100 –120 additional families and individuals that we plan to serve with this Coordinated Services - Project Freedom model.

**3. Sustainability:** (Discuss how this project will be sustained after the Homeless Assistance funds are exhausted.)

We are confident that we will be able to sustain this project through a combination of state, federal, and private funding. We have a successful track record with obtaining and maintaining a variety of grants from different levels, which we know will only increase as time goes by and our expertise gets greater and greater.

As our project picks up ground we feel secure that the funding for it will continue to stream in. The more individuals and families that we serve, the more steam our project will have and the more support it will attract. We also plan on working with several different community partners, and their support will help sustain this project.

HopeSource has a variety of fund raisers throughout the year and we are fortunate to have a plethora of generous donors. Their support allows us to be where we are today. As more people and community members become aware of the work that we are doing we feel strongly that we will gain more support and simultaneously more funding.

We also plan on gradually absorbing these costs into our general budget. Eventually the budget for this project will be incorporated into our organization's overall budget, which means that we will not be relying on individual grants or donors.

**4. Timeline:** (Provide a very specific calendar for the expenditure of the Homeless Assistance funds, including important project milestones.)

**HopeSource - 2014 Project FREEDOM - Rapid Rehousing Grant Timeline**

First 30 Days	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Start Up Costs	July - Sept 2014	Oct - Dec 2014	Jan - Mar 2015	April - June 2015
\$ 7,000.00	\$ 25,000	\$ 55,000	\$ 60,000	\$ 63,000
Grant Total - \$210,000				

<i>HopeSource - 2014 Project FREEDOM - Rapid Rehousing Grant - Use of Funds</i>				
Certified FDS Case Manager	1	1	\$ 36,000.00	\$ 36,000.00
Project Freedom Coach	0.5	1	\$ 32,000.00	\$ 16,000.00
Wages				\$ 52,000.00
Benefits	30%			\$ 15,600.00
Total Wages & Benefits				\$ 67,600.00
Rent Assistance	17	6	\$ 600.00	\$ 61,200.00
Deposit Assistance	17	1	\$ 600.00	\$ 10,200.00
Utility Assistance	17	6	\$ 80.00	\$ 8,160.00
Other Direct Services (Motel Voucher)	17	4	\$ 75.00	\$ 5,100.00
Other Direct Services (Bus Voucher)	8	12	\$ 50.00	\$ 4,800.00
Other Direct Services (Move In Assistance)	8	12	\$ 95.00	\$ 9,120.00
Other Direct Costs	1	12	\$ 300.00	\$ 3,600.00
Total Direct Cost				\$ 102,180.00
	Unit	Mo	Ant	Total
Evergreen House Lease	1	12	\$ 2,000.00	\$ 24,000.00
Evergreen Unit Cleaning	3	12	\$ 75.00	\$ 2,700.00
Evergreen Maintenance	1	12	\$ 225.00	\$ 2,700.00
Evergreen Utilities	1	12	\$ 235.00	\$ 2,820.00
Other Fixed Cost	1	1	\$ 6,312.09	\$ 6,312.09
Total Fixed Cost				\$ 38,532.09
Grant Total				\$ 208,312.09

**5. Partial Funding:** (If this project were to receive only partial funding from the Homeless Assistance Grant Program, how would the funds be used? How would the project be impacted?)

If we are to receive less funding than we originally requested our program will continue on as planned, except for the fact that we will be able to serve a lesser amount of clients and needy people. Instead of being able to serve around 100 -140 families and individuals we might be able to serve only 50 to 70. Our main goal is to keep a greater number of individuals off of the streets, and in order to do this it is critical that we receive the funds necessary to make that happen.

Obviously, our intent here at HopeSource is to be able to positively impact the greatest number of lives as possible. We are extremely efficient with the funds that we receive, making sure to maintain an administrative rate of only nine percent. It is very important to us that we are able to address the gaps in service that our county currently has; more specifically single persons, males, and recently released members of state care facilities. This grant will allow us to extend our reach to those populations, which will in turn allow our county to support itself instead of needing outside organizations to complete the job.

**6. What are your administrative costs for this grant?**

Our overall administrative costs for HopeSource is at a low nine percent. We do recognize that housing-based case management is a very involved and somewhat lengthy process. Having an adequate number of case managers on board is essential in handling housing clients and making sure that they are prepared to lead a life of permanent self-sufficiency. The majority of this grant will go directly towards providing affordable housing for our clients and helping prevent as many homeless situations as possible. We estimate that only around seven percent of this grant would be used to cover administrative overhead.

**7. Submit a copy of the grant budget.**

**8. What percent of the total project budget does this request represent?**

We would like to make the budget of our Rapid Rehousing program as large as possible, simply because it would mean being able to serve a greater number of individuals and persons in need. We are looking for a minimum of \$210,000.

**9. What percent of your total agency budget does this request represent?**

Our total budget for the 2014 year is four million dollars. The housing budget is roughly \$678,000 which means that this grant of \$210,000 would account for about 24% of our revised housing budget and only about 5% of our overall budget.



### **Part E – Agencies Reapplying for Program Funds**

Please provide a one page summary of your previous programs' successes over the past year.

We at HopeSource are very pleased with the success that we have had with all of our programs over the past year. Our energy assistance program, which handles both PSE HELP and LIHEAP grants, served over 1,450 households and 3,565 individuals in 2013 alone and administered over \$859,800 in heating cost assistance for our county.

HopeSource operates the only public transportation in the county as well as running the Yakima-Ellensburg commuter and also HopeSource transit, our county's only 'dial a ride' free of charge service. Without our transportation services hundreds of county residents would struggle getting to various medical appointments, places of work, education opportunities, and the proper nutrition that is needed. We pride ourselves in employing 20 transportation staff members to maintain our transportation program, both full and part time, which helps our local job market and economy.

Our senior rent assistance program, which operates in part with the county grant, has been able to assist twenty-five households this year. It is because of this program that many of our county's seniors are able to stay in their home, a perfect example of our goal of permanent, safe housing for all, especially with at-risk populations like seniors citizens.

Last year we were able to assist over 80 families with housing-based case management. We operate the only emergency shelter in the county as well as having several short and long term housing programs available for clients in both the upper and lower areas of our county. We wish to expand our emergency shelter from three units to eight units by using the Evergreen House in Cle Elum.

Our weatherization department has seen an increase of clients the past several years, with both our in-home assessments and wood stove program. We are able to save our clients an average of 20% on their utility bills, an amount that goes very far when you are dealing with a small budget. Not only do we make it possible for clients to save money but we help ensure our client's safety by assessing carbon monoxide, lead, and asbestos tests, decreasing fire hazards, and ensuring the safety of any combustion appliances. We have had an excess of 180 weatherization clients over the past three years.

Our educational arm Hope University has really taken off the past year, expanding both the number of classes available as well as the frequency that they are offered. We currently have workshops offered weekly in the areas of managing money, saving money while shopping, credit building and debt reduction, nutrition, positive work habit development, organization skills and time management, tenant preparation, and energy conservation. One of our goals in 2013 was to get most of these workshops put up online in an easy to access format, so that households lacking transportation or facing other barriers could still connect with our educational material. We obtained this goal and have seen an enormous amount of support towards this technological advance. We plan on formatting all of our workshops to be viewable on our web site in the near future.

**Part F – Additional Information**

If you have not addressed any of the grant elements please indicate in this section why you have not included that information.

## Section 5 – Certification of Consistency with Local Plans

---

I certify that the proposed activities/projects in the application are consistent with the jurisdiction's local plans and policies.

Project Title: Project Freedom Rapid Rehousing

Applicant/Agency Name: HopeSource

Address of Project: 106 W. 2<sup>nd</sup> Street Cle Elum, WA 98922

Name of Certifying Jurisdiction (Kittitas County or incorporated city/town in Kittitas County): Kittitas County – Cle Elum

### Certifying Official of the Local Jurisdiction

If the application involves a housing project, it is the applicant's responsibility to ensure that the project is consistent with all building and zoning codes and the comprehensive plan of the relevant local jurisdiction (either an incorporated city/town, or Kittitas County for projects in the unincorporated county). The applicant must have the relevant City Manager or Community Development Director complete the following section and sign below as the Certifying Official.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Section 6 – Acknowledgement of Application Receipt

Enter the applicant's name and full address in the box below.

X Kittitas County Homeless Assistance Grant Program received your application by the deadline and will consider if for funding. No further information will be released concerning the relative standing of any applicant until funding announcements are made. However, you may be contacted after initial screening if more information is needed by the Review Committee.

\_\_\_\_\_ Kittitas County Homeless Assistance Grant Program did not receive your application by the deadline; therefore, your application will not receive further consideration. Your application is enclosed.

Processor's Name: Debbie Myers

Date and Time of Receipt: 4-11-13 11:49 a.m.

*HopeSource - 2014 Project FREEDOM - Rapid Rehousing Grant Application Budget*

GL Code	GL Name	Housing & Shelter	Total		
<b>Revenue</b>					
5000	Grants/Contracts Revenue Other Revenues	210,000.00	210,000.00	100.00%	HAHC Homeless Grant
<b>Total Revenue</b>		<b>210,000.00</b>	<b>210,000.00</b>	<b>0.00%</b>	
<b>Expenses</b>					
<b>Salaries and Wages</b>					
7000	Salaries and Wages	36,000.00	36,000.00	17.14%	1 Certified FDS Case Manager @ \$36,000
	Benefits	16,000.00	16,000.00	7.62%	.5 Project Freedom Coach @ \$32,000
		15,600.00	15,600.00	7.43%	Benefits @ 30%
<b>Total Salaries and Wage</b>		<b>67,600.00</b>	<b>67,600.00</b>	<b>32.19%</b>	
<b>Direct Cost</b>					
8940	Rent Assistance	61,200.00	61,200.00	0.00%	15 - 20 Exiting System of Care - Local Homeless x 6 mo. x \$600
8945	Deposit Assistance	10,200.00	10,200.00	29.14%	15 - 20 Exiting System of Care - Local Homeless x 1 mo. x \$600
8950	Utility Assistance	8,160.00	8,160.00	4.86%	15 - 20 Exiting System of Care - Local Homeless x 6 mo. x \$80
8955	Other Direct Services (Motel Voucher)	5,100.00	5,100.00	3.89%	15 - 20 Exiting System of Care - Local Homeless x 4 x \$75
	Other Direct Services (Bus Voucher)	4,800.00	4,800.00	2.43%	7 - 10 Exiting System of Care - Out of County Travel (8 per mo. x \$50 x 12)
	Other Direct Services (Move In Assistance)	9,120.00	9,120.00	2.29%	7 - 10 Exiting System of Care - Out of County Temp Motel Until Housed by Others (8 per mo. x 12 x \$95)
8980	Other Direct Costs	3,600.00	3,600.00	4.34%	Coordinated Entry System Implementation & Staffing (\$300 per mo. x 12)
<b>Total Direct Cost</b>		<b>102,180.00</b>	<b>102,180.00</b>	<b>1.71%</b>	
<b>Fixed Cost</b>					
8050	Audit Fees	961.47	961.47	48.66%	Allocated Audit Expense
8200	Communication Expense	461.62	461.62	0.00%	1.5 FTE Allocated Expenses Phones & Laptop
8400	Rent - Ellensburg	3,416.55	3,416.55	0.46%	1.5 FTE Allocated Space Rent
8401	Rent - Upper County	24,000.00	24,000.00	1.63%	Evergreen House Lease @ \$2000/ mo.
8405	Utilities - Ellensburg	282.34	282.34	11.43%	1.5 FTE Allocated Utilities
8406	Utilities - Upper County	2,820.00	2,820.00	0.13%	Evergreen \$235 x 12
8420	Repairs & Maintenance	5,400.00	5,400.00	1.34%	Evergreen Unit Clean 3 x/ mo. x \$75 + \$225/ mo. R&M
8450	Insurance Expense	375.29	375.29	2.57%	Allocated Insurance Expense
8650	Photocopy Expense	367.37	367.37	0.18%	Allocated Photocopy Expense
8805	Vehicle Gas	447.44	447.44	0.17%	Travel Expense To/ From Upper County
<b>Total Fixed Cost</b>		<b>38,532.09</b>	<b>38,532.09</b>	<b>0.21%</b>	
<b>Total Others</b>		<b>208,312.09</b>	<b>208,312.09</b>	<b>18.35%</b>	
<b>Net Income</b>		<b>1,688</b>	<b>1,688</b>	<b>100.00%</b>	

**HopeSource**  
**Comparative statement of Activity report**  
**For the period ended Mar 2014**

Description	Jan - Mar 2014
<b>REVENUE</b>	
Grants & Contracts	938,750.68
Contributions & Fundraising	48,630.35
Program Income	8,363.48
Fare & Donation and Other Income	35,734.20
<b>Total Revenues</b>	<b>1,031,478.71</b>
<b>EXPENDITURE</b>	
Salaries & Wages	241,200.56
Payroll Taxes & Benefits	130,762.57
Subcontractors Expense	1,318.55
Office Supplies and Furnitures	3,954.00
Transportation Expenses	67,983.41
Professional Fees	16,738.16
Communication Expense	4,990.29
Travel Expense	3,226.41
Advertising	506.12
Rent	32,517.05
Insurance Expense	13,224.17
Utilities	4,202.86
Repairs & Maintenance	11,312.08
Printing & Publications	2,574.69
Miscellaneous	406.89
Training, Conference, & Meeting Expense	3,213.79
Client Expenses	425,252.90
Capital Outlays	3,081.36
<b>Total Expenditure</b>	<b>966,465.86</b>
<b>Net Income</b>	<b>65,012.85</b>

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# **HOPESOURCE**

A WASHINGTON NON-PROFIT ORGANIZATION

Financial Statements

For the Year Ended December 31, 2012  
With Comparative Totals for 2011

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**Aiken & Sanders, Inc PS**

CERTIFIED PUBLIC ACCOUNTANTS  
& MANAGEMENT CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
HOPESOURCE  
Ellensburg, WA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of HOPESOURCE (the Agency), which comprise the statement of financial position as of December 31, 2012, 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. The prior year summarized comparative information has been derived from HOPESOURCE's 2011 financial statements and, in our report dated August 28, 2012, we expressed an unqualified opinion on those financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2012, 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.

### **Other Matters**

#### **Other 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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is 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 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 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 June 14, 2013 on our consideration of the Agency'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 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 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 Agency's internal control over financial reporting and compliance.



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

June 14, 2013

# HOPESOURCE

## Statement of Financial Position

December 31, 2012 <i>(With Comparative Totals for 2011)</i>	2012	2011
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 134,414	\$ 69,572
Accounts Receivable	506,920	417,711
Weatherization Inventory	15,786	712
Commodities Inventory	7,458	5,555
Prepaid Expenses & Other Current Assets	29,681	32,054
<b>Total Current Assets</b>	<b>694,259</b>	<b>525,604</b>
<b>Property &amp; Equipment</b>		
Land & Building, net	30,167	41,333
Leasehold Improvements, net	19,803	1,356
Equipment, net	51,036	56,740
Vehicles, net	32,150	48,057
<b>Total Property &amp; Equipment</b>	<b>133,156</b>	<b>147,486</b>
<b>Other Assets</b>		
Investment in Windsor Park LLC	11,342	26,980
Investment in Westview Villa Limited Partnership	124,776	124,784
Investment	1,250	1,086
Due from Westview Villa Limited Partnership	185,565	187,943
Due from Windsor Park LLC	41,918	-
<b>Total Other Assets</b>	<b>364,851</b>	<b>340,793</b>
<b>Total Assets</b>	<b>\$ 1,192,266</b>	<b>\$ 1,013,883</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	88,364	90,022
Accrued Expenses	13,705	21,426
Deferred Revenue	68,243	66,077
Loan Payable Current	3,600	3,600
<b>Total Current Liabilities</b>	<b>173,912</b>	<b>181,125</b>
<b>Long Term Liabilities</b>		
Loan Payable	109,200	112,800
Less Loan Payable Current	(3,600)	(3,600)
<b>Total Long Term Liabilities</b>	<b>105,600</b>	<b>109,200</b>
<b>Net Assets</b>		
Unrestricted Net Assets	908,313	720,257
Temporarily Restricted Net Assets	4,441	3,301
<b>Total Net Assets</b>	<b>912,754</b>	<b>723,558</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,192,266</b>	<b>\$ 1,013,883</b>

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

# HOPESOURCE

## Statement of Activities and Change In Net Assets

Year Ended December 31, 2012 (With Comparative Totals for 2011)			2012	2011
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
<b>Support &amp; Revenue</b>				
Grants	\$ 3,716,176	\$ -	\$ 3,716,176	\$ 3,499,876
Contributions	81,562	10,855	92,417	116,121
Program Income	165,206	-	165,206	246,196
Fare Yakima Transit	118,063	-	118,063	-
Other Income	2,958	-	2,958	3,280
Inkind Revenue	90,171	-	90,171	65,827
Service Fees	-	-	-	24,322
Fundraising	24,659	-	24,659	21,769
Release of Program Restrictions	9,715	(9,715)	-	-
<b>Total Support &amp; Revenues</b>	<b>4,208,510</b>	<b>1,140</b>	<b>4,209,650</b>	<b>3,977,391</b>
<b>Expenses</b>				
Program Services:				
Housing Services	294,141	-	294,141	391,622
Nutrition Services	221,193	-	221,193	223,474
Transportation Services	1,295,987	-	1,295,987	878,541
Weatherization Services	536,946	-	536,946	476,305
Energy Services	1,030,201	-	1,030,201	1,150,127
Block Grants	119,436	-	119,436	131,558
Social Enterprise	1,936	-	1,936	7,469
Corporate	119,954	-	119,954	63,326
	3,619,794	-	3,619,794	3,322,422
Administration	378,145	-	378,145	354,215
<b>Total Expenses</b>	<b>3,997,939</b>	<b>-</b>	<b>3,997,939</b>	<b>3,676,637</b>
<b>Other Revenue &amp; Expenses</b>				
Loss on Disposal of Assets	(7,034)	-	(7,034)	-
Investment Income (Loss)	(15,481)	-	(15,481)	(110,692)
<b>Total Other Revenue &amp; Expenses</b>	<b>(22,515)</b>	<b>-</b>	<b>(22,515)</b>	<b>(110,692)</b>
INCREASE (DECREASE) IN NET ASSETS	188,056	1,140	189,196	190,062
NET ASSETS, BEGINNING OF YEAR	720,257	3,301	723,558	533,496
NET ASSETS, END OF YEAR	\$ 908,313	\$ 4,441	\$ 912,754	\$ 723,558

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

# HOPESOURCE

## Statement of Functional Expenses

Year Ended December 31, 2012 (With Comparative Totals for 2011)

	Housing Services	Nutrition Services	Transportation Services	Weatherization Services	Energy Services	Block Grants
Salaries	\$ 50,262	\$ 8,565	\$ 378,492	\$ 102,985	\$ 68,929	\$ 47,920
Benefits	27,099	4,544	213,854	52,396	36,217	20,002
Subcontractors Expense	12,432	50,864	-	-	-	-
Supplies	784	-	1,757	1,324	3,624	441
Vehicle Expenses	(278)	-	297,833	3,496	60	453
Professional Services	11,182	1,304	17,778	21,859	12,800	9,976
Communication	1,527	1,039	3,085	3,541	1,119	1,192
Travel	1,575	(196)	(307)	7,303	1,075	159
Advertising	(6)	-	1,463	425	-	-
Rent	16,322	4,463	56,354	15,366	13,564	9,114
Insurance	2,035	284	42,106	7,671	1,298	567
Utilities	6,079	1,704	2,162	1,403	1,463	834
Repair & Maintenance	19,060	643	16,906	2,775	1,756	12,295
Printing & Publication	628	78	2,340	1,234	981	402
Miscellaneous	489	350	2,533	-	-	1,883
Inkind Expenses	-	90,171	-	-	-	-
Conference & Training Fees	968	(67)	2,973	4,985	359	787
Client Expenses	128,466	55,920	4,301	304,985	882,690	13,052
Depreciation Expense	4,074	1,527	11,778	1,527	1,527	-
Capital Outlay	2,253	-	240,579	3,671	2,739	359
Interest Expense	9,190	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 294,141</b>	<b>\$ 221,193</b>	<b>\$ 1,295,987</b>	<b>\$ 536,946</b>	<b>\$ 1,030,201</b>	<b>\$ 119,436</b>

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

		2012		2011	
Social Enterprise	Corporate	Total Programs	Administration	Total	Total
\$ -	\$ 36,437	\$ 693,590	\$ 199,078	\$ 892,668	\$ 854,375
1,103	21,270	376,485	83,392	459,877	439,817
-	998	64,294	-	64,294	68,274
3	5,364	13,297	13,010	26,307	27,515
602	2,786	304,952	2,400	307,352	204,925
-	(743)	74,156	29,313	103,469	105,451
-	572	12,075	3,301	15,376	18,426
-	7,241	16,850	9,451	26,301	23,092
-	145	2,027	175	2,202	966
-	928	116,111	14,245	130,356	115,150
125	-	54,086	1,880	55,966	34,549
-	10	13,655	1,633	15,288	21,030
96	13,564	67,095	2,490	69,585	48,022
7	315	5,985	2,982	8,967	9,016
-	1,224	6,479	2,441	8,920	7,553
-	-	90,171	-	90,171	64,741
-	5,144	15,149	5,316	20,465	20,729
-	22,644	1,412,058	-	1,412,058	1,570,816
-	-	20,433	1,528	21,961	15,098
-	2,055	251,656	5,510	257,166	17,605
-	-	9,190	-	9,190	9,487
<b>\$ 1,936</b>	<b>\$ 119,954</b>	<b>\$ 3,619,794</b>	<b>\$ 378,145</b>	<b>\$ 3,997,939</b>	<b>\$ 3,676,637</b>

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

**HOPESOURCE**

**Statement of Cash Flows**

<b>Year Ended December 31, 2012 (With Comparative Totals for 2011)</b>	<b>2012</b>	<b>2011</b>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 189,196	\$ 190,062
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) (Used) by Operating Activities:		
Depreciation	21,961	15,098
Forgiveness of Debt	(3,600)	(3,600)
Donated Stock	-	(1,069)
Unrealized Gain	(166)	(17)
Loss from Westview Villa Limited Partnership	8	6
Loss from Windsor Park LLC	15,638	110,703
Loss on Disposal of Assets	7,034	-
(Increase) Decrease in --		
Accounts Receivable	(89,209)	(128,551)
Due from Westview Villa Limited Partnership	2,378	(162,269)
Due from Winsor Park LLC	(41,918)	-
Inventories	(16,977)	(2,563)
Prepaid Expenses & Other Current Assets	2,373	(16,519)
Increase (Decrease) in --		
Accounts Payable	(1,658)	2,153
Accrued Expenses	(7,721)	3,948
Deferred Revenue	2,166	3,848
<b>Net Cash Provided (Used) by Operations</b>	<b>79,505</b>	<b>11,230</b>
<b>Cash Flows From Investing Activities</b>		
Capital Contributed for Windsor Park LLC	-	(30,000)
Purchase of Equipment	(14,663)	(81,658)
<b>Net Cash Provided (Used) by Investing</b>	<b>(14,663)</b>	<b>(111,658)</b>
<b>Cash Flows From Financing Activities</b>	<b>-</b>	<b>-</b>
Net Increase (Decrease) in Cash	64,842	(100,428)
Cash, at Beginning of Year	69,572	170,000
<b>Cash, at End of Year</b>	<b>\$ 134,414</b>	<b>\$ 69,572</b>

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

# HOPESOURCE

## Notes to the Financial Statements

Year Ended December 31, 2012

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

HOPESOURCE is a non-profit entity exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not a private foundation. HOPESOURCE operates primarily as the sponsoring agency of various federal, state, and locally funded programs aimed at providing various types of aid to the underprivileged who reside in Kittitas County, state of Washington. As a community action agency (community action agencies were founded under the Economic Opportunity Act of 1964) HOPESOURCE is a locally controlled organization and is administered with the "maximum feasible participation" of the poor. This essential element distinguishes it from other non-profit human service providers. The maximum feasible participation emphasis begins with the board of directors which, by law, must be comprised of representatives from three major elements of the community: 1/3 of low-income residents or their representatives, 1/3 of local public officials or their designees, and the remaining 1/3 of members from the private sector.

#### **Concentration of Revenue**

HOPESOURCE receives a substantial amount of its annual support in the form of government grants. A significant reduction in the level of this support, if it were to occur, might have a significant effect on HOPESOURCE'S programs and activities.

#### **Accounting Basis**

HOPESOURCE maintains its financial records on the accrual basis of accounting. Revenues on all grants are recognized (accrued) when qualifying expenditures under the grant are made. Grant funds are accounted for as temporarily restricted or unrestricted as provided in the particular terms of the respective grant contracts. However, if the restrictions on grant funds are met in the same year the funds are awarded, it is HOPESOURCE'S policy to report the grant funds as unrestricted on the statement of activities and changes in net assets.

#### **Recognition of Contribution Revenue**

HOPESOURCE reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

HOPESOURCE reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, HOPESOURCE reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

If the restrictions on restricted contributions are met in the same year the gift is received, it is HOPESOURCE'S policy to report the contribution as unrestricted on the statement of activities and changes in net assets.

#### **Property and Equipment**

Property and equipment purchased by HOPESOURCE with unrestricted funds is recorded at cost. Items of less than \$5,000 per unit cost are charged to expense as minor equipment or supplies.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of



# HOPESOURCE

## Notes to the Financial Statements

Year Ended December 31, 2012

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)**

#### Property and Equipment (Con't)

property and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in income.

Straight-line depreciation is provided over the estimated useful lives of the assets as follows:

Buildings & Improvements	30 years
Office equipment	7 years
Vehicles	5 to 6 years

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Advertising Costs

It is HOPESOURCE'S policy to expense all advertising costs as incurred.

### **NOTE 2: ACCOUNTS RECEIVABLE**

Grants receivable are recorded to the extent of qualifying grant expenditures made during the current year that are to be reimbursed after year end.

Historically, bad debts have been immaterial. HOPESOURCE uses the direct write-off method, which is not in accordance with generally accepted accounting principles. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During 2012 and 2011, there were bad debts of \$0. As of December 31, 2012, management estimated that all accounts receivable were collectible.

Past due trade receivables are those on which no payments have been received within 90 days following the month in which they originated. No interest is charged on past due trade receivables. As of December 31, 2012, all receivables are current.

### **NOTE 3: COMPENSATED ABSENCES**

HOPESOURCE provides its employees with paid annual and sick leave in accordance with its current policies. Sick leave benefits are cumulative only to the extent of use for illness. Unused annual leave is payable to employees in cash upon their termination. Annual leave is cumulative up to a maximum of 80 hours.

At December 31, 2012 and 2011, vested leave has been accrued as follows and is included in accrued expenses on the statement of financial position:

	<u>2012</u>	<u>2011</u>
Annual Leave	\$ <u>13,705</u>	\$ <u>12,344</u>

# HOPESOURCE

## Notes to the Financial Statements

Year Ended December 31, 2012

### NOTE 4: LEASE COMMITMENTS

HOPESOURCE leases facilities to be used in their programs. The lease for facilities is classified as an operating lease. Lease expense for facilities for the years ended December 31, 2012 and 2011, were \$131,529 and \$115,150, respectively.

Future minimum payments under operating leases at December 31, 2012, are:

2013	\$ 117,672
2014	115,857
2015	116,071
2016	116,290
2017	116,513
	<u>\$ 582,403</u>

### NOTE 5: LOANS PAYABLE

As of December 31, 2012, long-term debt consisted of the following:

	<u>2012</u>
Department of Commerce - Housing Trust Fund Program - Secured by real estate (See Below)	<u>\$ 109,200</u>

Long-term debt as of December 31, 2011, was \$112,800.

Maturity of debt due within 5 years:

2013	\$ 3,600
2014	3,600
2015	3,600
2016	3,600
2017	3,600
Thereafter	91,200
	<u>\$ 109,200</u>

During 2003, HOPESOURCE entered into an agreement with Department of Commerce for funds used to pay off existing debt. The promissory note and deed of trust for \$144,000, with no interest, will be forgiven \$3,600 per year until May 1, 2043. The loan is secured by the emergency shelter triplex. In the event that the property is sold, or the property is not used as required by the Contract during the term of the loan, HOPESOURCE would be liable to the Department of Commerce for any unpaid balance of the promissory note plus an amount representing the prorated, appreciated value of the property as defined in the Contract. An imputed interest rate of 8.19% is used to calculate interest expense and contribution revenue for each year.

## **HOPESOURCE**

### **Notes to the Financial Statements**

**Year Ended December 31, 2012**

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#### **NOTE 6: CASH**

During 2012 and 2011, HOPESOURCE, at times, had deposits in accounts which exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC). Management does not believe HOPESOURCE is at any significant risk of loss on these accounts.

#### **NOTE 7: SUPPLEMENTAL DISCLOSURES - STATEMENT OF CASH FLOWS**

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Cash paid during the years ended December 31, 2012 and 2011, for interest was \$0 for both years.

#### **NOTE 8: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of HOPESOURCE and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the financial statements.

#### **NOTE 9: WESTVIEW VILLA LIMITED PARTNERSHIP**

HOPESOURCE is the Managing General Partner in the Westview Villa Limited Partnership. HOPESOURCE has an ownership interest of 1.0%. The purpose of the partnership is to construct, maintain, and operate a low to moderate income housing project located in Cle Elum, Washington. The project is a qualified tax credit project with bond financing being provided by the Washington State Housing Finance Commission. The units are rented to families with moderate to low incomes.

At December 31, 2012 and 2011, the Partnership owed HOPESOURCE development and administrative fees of \$185,565 and \$187,943, respectively.

#### **NOTE 10: WINDSOR PARK LLC**

HOPESOURCE is the Managing General Partner in the Windsor Park LLC. HOPESOURCE has an ownership interest of 5.0%. The purpose of the LLC is to acquire, rehabilitate, and operate three low to moderate income housing projects located in Ellensburg, Cle Elum, and Roslyn, Washington. There are a total of 98 units. The project is a qualified tax credit project with financing being provided by Department of Commerce. The units are rented to families with moderate to low incomes.

At December 31, 2012 and 2011, the LLC owed HOPESOURCE development fees of \$41,918 and \$0, respectively.

# **HOPESOURCE**

## **Notes to the Financial Statements**

**Year Ended December 31, 2012**

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### **NOTE 11: IN-KIND CONTRIBUTIONS**

Volunteers contribute services toward the fulfillment of programs sponsored by HOPESOURCE. The contributed services are not recorded in the financial statements because they do not meet the requirements set out in FASB ASC 958. During the years ended December 31, 2012 and 2011, the estimated fair value of volunteer services was \$31,040 and \$10,550, respectively.

HOPESOURCE receives donated supplies and food that are used in the programs sponsored by HOPESOURCE. The donated supplies and food are recorded as in-kind revenue at estimated fair market value when they are received. When the donated supplies and food are used an offsetting entry to in-kind expense is made. Donated supplies and food for the years ended December 31, 2012 and 2011 were \$90,171 and \$65,827, respectively.

### **NOTE 12: DEFERRED REVENUES**

Deferred revenue is recognized for program (grant) advances received by HOPESOURCE that are in excess of current grant expenditures. Such amounts are restricted funds and as such can only be maintained and used in accordance with the respective grant contracts.

### **NOTE 13: TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets are donor-restricted contributions that have not been expended for the donor specified purposes as of December 31, 2012 and 2011.

### **NOTE 14: INVENTORY**

Inventories of USDA surplus commodities are shown at the cost value provided by the USDA. The cost of inventory of USDA Surplus Commodities at December 31, 2012 and 2011, is \$7,458 and \$5,555, respectively.

At December 31, 2012 and 2011, HOPESOURCE had inventory of insulation and windows for use in the Weatherization program. The cost of the inventory as of December 31, 2012 and 2011, is \$15,786 and \$712, respectively.

### **NOTE 15: CONTINGENCIES**

Amounts received or receivable from government agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of HOPESOURCE if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

### **NOTE 16: SUBSEQUENT EVENTS**

HOPESOURCE did not have any subsequent events through June 14, 2013, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2012.

## HOPESOURCE

### Notes to the Financial Statements

Year Ended December 31, 2012

#### **NOTE 17: PROPERTY, EQUIPMENT AND ACCUMULATED DEPRECIATION**

Equipment, vehicles, leasehold improvements, land and buildings consist of the following:

<b><u>Asset</u></b>	<b><u>Method</u></b>	<b><u>Life</u></b>	
Land			\$ 15,000
Building	S/L	30 yrs	60,000
Accumulated Depreciation			(44,833)
			<u>\$ 30,167</u>
Leasehold Improvements	S/L	30 yrs	\$ 22,970
Accumulated Depreciation			(3,167)
			<u>\$ 19,803</u>
Equipment	S/L	7 yrs	\$ 81,092
Accumulated Depreciation			(30,056)
			<u>\$ 51,036</u>
Vehicles	S/L	5 - 6 yrs	\$ 64,811
Accumulated Depreciation			(32,661)
			<u>\$ 32,150</u>

Accumulated depreciation as of December 31, 2011, was \$99,169.

#### **NOTE 18 – UNCERTAIN TAX POSITIONS**

HOPESOURCE files income tax returns in the U.S. federal jurisdiction. HOPESOURCE is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2009. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

HOPESOURCE adopted the provisions of FASB 740-10, *Accounting for Uncertainty in Income Taxes*, on January 1, 2009. As of December 31, 2012 and 2011, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

HOPESOURCE recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2012 and 2011, HOPESOURCE recognized \$0 in interest and penalties. HOPESOURCE recognized \$0 for the payment of interest and penalties accrued at December 31, 2012 and 2011.

## HOPESOURCE

### Notes to the Financial Statements

Year Ended December 31, 2012

#### **NOTE 19: SCHEDULE OF NON-FEDERAL AWARDS**

Expenditures for certain non-federal awards for the fiscal year ended December 31, 2012, are as follows:

<u>Agency</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
Dept of Transportation	UCOO5313	State Paratransit	\$ 221,563
Dept of Transportation	UCOO5313	Yakima Transit	145,899
Dept of Transportation	UCOO5312	Capital - State Share	234,617
Dept of Commerce	S11-94102-415	Matchmaker	145,252
Dept of Commerce	12-46108-16	Transitional Housing Operation	84,725
Dept of Commerce	K667	Emergency Food Assistance Program	58,877
Dept of Commerce	None	State Community Services Block Grant	7,192
Puget Sound Energy	None	Energy Assist.	218,042
Puget Sound Energy	None	Energy Assist. WAP	34,109
City of Ellensburg	None	Transportation	15,550
State of Washington	G1200248	Ecology Wood Stove Exchange	67,373
Kittitas County	HH2009-001	Senior Rent Assistance	67,000
Kittitas County	None	None	5,119
City of Yakima	None	Yakima Transit	106,277
CWU	#7667	Central Transit	77,597
CWU	None	Yakima Transit	77,095
Polaris	2010-001	Homeless Housing Program	61,177
Crest View Housing	MOU# 2008-1	Crest View Program	39,600
Elmview	None	None	15,000
Miscellaneous Programs	None	None	11,495
			<u>\$ 1,693,559</u>

#### **NOTE 20: INVESTMENTS & FAIR VALUE MEASUREMENTS**

As of December 31, 2012 and 2011, HOPESOURCE investments are in a mutual fund with a cost basis of \$1,069.

As of December 31, 2012 and 2011, the investments had a fair market value of \$1,250 and \$1,086, respectively.

Unrealized gain for the years ended December 31, 2012 and 2011, were \$166 and \$17, respectively.

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 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 as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that HOPESOURCE has the ability to access.

# HOPESOURCE

## Notes to the Financial Statements

Year Ended December 31, 2012

### **NOTE 20: FAIR VALUE MEASUREMENTS (CON'T)**

**Level 2:** Inputs to valuation methodology include:

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

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012.

Westview Villa Limited Partnership: Direct capitalization under the income approach observable by the entity's financial statements.

Windsor Park LLC: Direct capitalization under the income approach observable by the entity's financial statements.

Mutual Fund: Based on net asset values (NAV) at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although HOPESOURCE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, HOPESOURCE'S assets at fair value as of December 31, 2012 and comparative totals for 2011:

	2012				2011
	Level 1	Level 2	Level 3	Total	Total
Westview Villa Limited Partnership	\$ -	\$ -	\$ 124,776	\$ 124,776	\$ 124,784
Windsor Park LLC	-	-	11,342	11,342	26,980
Mutual Funds	1,250	-	-	1,250	1,086
	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 136,118</u>	<u>\$ 137,368</u>	<u>\$ 152,850</u>

## HOPESOURCE

### Notes to the Financial Statements

Year Ended December 31, 2012

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#### **NOTE 20: FAIR VALUE MEASUREMENTS (CON'T)**

##### **Changes in Level 3 Assets:**

The following table sets forth a summary of changes in the fair value of HOPESOURCE'S level 3 assets for the year ended December 31, 2012:

	<u>Westview Villa Limited Partnership</u>	<u>Windsor Park LLC</u>
Balance, December 31, 2011	\$ 124,784	\$ 26,980
Realized Gains (Losses)	(8)	(15,638)
Balance, December 31, 2012	<u>\$ 124,776</u>	<u>\$ 11,342</u>

Net activity for level 3 assets for the year ended December 31, 2011, was \$(15,630).



**HOPESOURCE**

**Schedule of Expenditures of Federal Awards**

**Year Ended December 31, 2012**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>
<b>Department of Health and Human Services</b>			
Passed Through State Department of Commerce:			
Community Services Block Grant	93.569	F11-32100-013	\$ 1,713
Community Services Block Grant	93.569	F12-32100-013	136,036
LIHEAP Weatherization Assistance Program	93.568	F11-43101-415	86,040
LIHEAP Weatherization Assistance Program	93.568	F12-43101-415	156,182
LIHEAP	93.568	F11-32106-066	718,938
LIHEAP	93.568	F12-32106-066	176,141
Passed Through Yakima County:			
Special Programs for the Aging-Title III Part B	93.044	2011-HS	29,894
			<u>1,304,944</u>
<b>Department of Housing &amp; Urban Development</b>			
Passed Through State Department of Commerce:			
Supportive Housing Program	14.235	WA0087BOT011104	36,342
Supportive Housing Program	14.235	WA0087BOT011104	27,033
Community Development Block Grant	14.228	11-64007-005	53,982
Community Development Block Grant	14.228	12-64007-005	35,645
Emergency Shelter Grants Program	14.231	13-46107-014	17,494
ARRA-Homeless Prevention and Rapid Rehousing Program	14.257	10-46111-614	24,833
			<u>195,329</u>
<b>Department of Agriculture</b>			
Passed Through State Department of General Administration:			
Emergency Food Assistance Program (Administrative)	10.568	None	19,912
Emergency Food Assistance Program (Commodities)	10.569	None	56,162
Subtotal Cluster			<u>76,074</u>
<b>Department of Energy</b>			
Passed Through State Department of Commerce:			
ARRA-Weatherization Assistance	81.042	F12-43103-415	23,729
Weatherization Assistance	81.042	F09-43103-415	5,390
			<u>29,119</u>
<b>Bonneville Power Administration</b>			
Passed Through State Department of Commerce:			
BPA Weatherization	81.999	F11-43104-415	67,017
			<u>67,017</u>
<b>Department of Transportation</b>			
Passed Through State of Washington Department of Transportation			
State Operating and Consolidated Grant	20.509	UCOO5313	331,535
State Operating and Consolidated Grant	20.509	UCO1001-01	130,382
			<u>461,917</u>
			<u>\$ 2,134,400</u>

**HOPESOURCE**

**Summary Schedule of Prior Audit Findings**

**Year Ended December 31, 2012**

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No prior year findings.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

To the Board of Directors  
HOPESOURCE  
Ellensburg, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of HOPESOURCE (the Agency), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, 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 June 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 may exist that have not been identified.

**Compliance and Other Matters**

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

A handwritten signature in cursive script that reads "Aiken & Sanders".

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

June 14, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB  
CIRCULAR A-133**

To the Board of Directors  
HOPESOURCE  
Ellensburg, WA

**Report on Compliance for Each Major Federal Program**

We have audited HOEPSOURCE (the Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2012. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Agency 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, 2012.

**Report on Internal Control Over Compliance**

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

June 14, 2013

# **HOPESOURCE**

## **Schedule of Findings and Questioned Costs**

**Year Ended December 31, 2012**

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### **Section I - Summary of Auditor's Results:**

#### **Financial Statements**

Type of auditor's report issued: Unqualified

#### **Internal control over financial reporting:**

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

#### **Federal Awards**

#### **Internal control over major programs:**

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a): No

#### **Identification of major programs:**

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program</u></b>
93.568	Low-Income Home Energy Assistance

**Dollar threshold used to distinguish between Type A and Type B programs: \$300,000**

**Auditee qualified as 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.

**HopeSource - Budget for the Fiscal Year 2014**

GL Code	GL Name	HS Transportation	WAP	Energy	Nutrition	Housing & Shelter	Total	Block Grants & Others	Total
<b>Revenue</b>									
5000	Grants/Contracts Revenue	1,253,669.03	620,429.13	1,086,530.69	32,929.06	678,420.55	<b>3,671,978.45</b>	<b>213,213.53</b>	<b>3,885,191.98</b>
	Other Revenues	175,000.00	-		4,399.00		<b>179,399.00</b>		<b>179,399.00</b>
<b>Total Revenue</b>		<b>1,428,669.03</b>	<b>620,429.13</b>	<b>1,086,530.69</b>	<b>37,328.06</b>	<b>678,420.55</b>	<b>3,851,377.45</b>	<b>213,213.53</b>	<b>4,064,590.98</b>
<b>Expenses</b>									
<b>Salaries and Wages</b>									
7000	Salaries and Wages	702,303.05	179,386.60	162,702.63	19,047.47	248,445.19	1,311,884.93	169,939.62	1,481,824.55
<b>Total Salaries and Wage</b>		<b>702,303.05</b>	<b>179,386.60</b>	<b>162,702.63</b>	<b>19,047.47</b>	<b>248,445.19</b>	<b>1,311,884.93</b>	<b>169,939.62</b>	<b>1,481,824.55</b>
<b>Staff Development</b>									
7110	Staff Moral	341.42	168.96	295.90	8.97	334.76	<b>1,150.00</b>	-	<b>1,150.00</b>
7120	Volunteer Recognition	-	150.00	-	-	100.00	<b>250.00</b>	-	<b>250.00</b>
8010	Professional Fees	27,658.56	32,127.46	20,952.17	4,299.92	13,599.89	<b>98,638.00</b>	3,000.00	<b>101,638.00</b>
8700	Travel Expense	6,562.84	4,610.66	4,521.18	406.72	3,698.60	<b>19,800.00</b>	3,500.00	<b>23,300.00</b>
8705	Conference Fees	1,590.55	2,228.68	1,118.49	33.90	1,783.38	<b>6,755.00</b>	650.00	<b>7,405.00</b>
8710	In-House Meeting Expense	368.28	33.79	59.18	1.79	36.95	<b>500.00</b>	-	<b>500.00</b>
8711	Training & Technical Assist	2,618.70	6,202.76	355.08	10.76	1,473.71	<b>10,661.00</b>	1,600.00	<b>12,261.00</b>
8712	Representation Expense	470.71	84.48	147.95	4.48	142.38	<b>850.00</b>	200.00	<b>1,050.00</b>
<b>Total Staff Development</b>		<b>39,611.05</b>	<b>45,606.79</b>	<b>27,449.96</b>	<b>4,766.54</b>	<b>21,169.66</b>	<b>138,604.00</b>	<b>8,950.00</b>	<b>147,554.00</b>
<b>Direct Cost</b>									
8940	Rent Assistance	-	-	-	-	304,785.00	<b>304,785.00</b>	-	<b>304,785.00</b>
8945	Deposit Assistance	-	-	-	-	-	-	-	-
8950	Utility Assistance	-	-	855,512.00	-	17,880.50	<b>873,392.50</b>	4,500.00	<b>877,892.50</b>
8955	Other Direct Services	8,750.00	92,800.00	-	-	75.00	<b>101,625.00</b>	2,200.00	<b>103,825.00</b>
8960	WX Program Costs	-	251,441.00	-	-	-	<b>251,441.00</b>	-	<b>251,441.00</b>
8965	WX Inventory Expense	-	-	-	-	-	-	-	-
8970	Commodity Site Expense	-	-	-	1,750.00	-	<b>1,750.00</b>	-	<b>1,750.00</b>
8971	Special Diet/Foods	-	-	-	-	-	-	-	-
8980	Other Direct Costs	-	-	-	40.00	300.00	<b>340.00</b>	-	<b>340.00</b>
8985	Subcontractors Expense	-	-	-	-	7,050.00	<b>7,050.00</b>	-	<b>7,050.00</b>
<b>Total Direct Cost</b>		<b>8,750.00</b>	<b>344,241.00</b>	<b>855,512.00</b>	<b>1,790.00</b>	<b>330,090.50</b>	<b>1,540,383.50</b>	<b>6,700.00</b>	<b>1,547,083.50</b>
<b>Fixed Cost</b>									
8050	Audit Fees	5,462.64	2,703.41	4,734.37	143.48	3,106.10	<b>16,150.00</b>	-	<b>16,150.00</b>
8100	Office Supplies	3,514.14	1,529.76	3,168.19	74.16	1,806.02	<b>10,092.28</b>	200.00	<b>10,292.28</b>
8110	Office Furniture	170.71	284.48	347.95	4.48	592.38	<b>1,400.00</b>	500.00	<b>1,900.00</b>
8200	Communication Expense	4,966.29	5,600.10	3,634.01	653.73	4,473.88	<b>19,328.00</b>	300.00	<b>19,628.00</b>
8300	Postage & Shipping	441.47	284.48	347.95	19.48	217.38	<b>1,310.76</b>	50.00	<b>1,360.76</b>
8350	Dues & Subscriptions	1,924.63	764.71	1,251.65	37.93	1,381.52	<b>5,360.44</b>	300.00	<b>5,660.44</b>
8400	Rent - Ellensburg	28,879.81	19,977.59	16,037.24	165.54	33,112.24	<b>98,172.43</b>	11,792.57	<b>109,965.00</b>
8401	Rent - Upper County	391.30	-	1,173.91	6,260.87	1,173.91	<b>9,000.00</b>	-	<b>9,000.00</b>
8405	Utilities - Ellensburg	2,456.59	1,644.48	1,550.90	24.52	2,736.39	<b>8,412.90</b>	827.10	<b>9,240.00</b>
8406	Utilities - Upper County	130.43	-	391.30	2,086.96	391.30	<b>3,000.00</b>	-	<b>3,000.00</b>
8407	Utilities - Shelter	-	-	-	-	5,200.00	<b>5,200.00</b>	-	<b>5,200.00</b>
8420	Repairs & Maintenance	9,959.35	3,459.50	3,160.74	256.19	19,971.77	<b>36,807.54</b>	1,530.91	<b>38,338.45</b>
8450	Insurance Expense	45,896.15	7,202.66	1,145.39	151.65	1,212.41	<b>55,608.26</b>	923.22	<b>56,531.48</b>
8500	Equipment Purchase	75,070.94	-	-	-	700.00	<b>75,770.94</b>	7,700.00	<b>83,470.94</b>
8501	Computer Hard/Soft Ware	3,517.61	1,240.80	1,277.36	75.26	600.84	<b>6,711.88</b>	500.00	<b>7,211.88</b>
8510	Expendable Tools	50.00	850.00	-	-	-	<b>900.00</b>	-	<b>900.00</b>
8520	Equipment Lease	20,200.00	-	-	-	-	<b>20,200.00</b>	-	<b>20,200.00</b>
8650	Photocopy Expense	2,138.79	811.02	1,420.31	43.04	1,186.83	<b>5,600.00</b>	200.00	<b>5,800.00</b>
8660	Printing & Publications	368.28	133.79	59.18	1.79	36.95	<b>600.00</b>	-	<b>600.00</b>
8800	Vehicle Maintenance	240,736.36	1,500.00	-	1,000.00	-	<b>243,236.36</b>	-	<b>243,236.36</b>
8805	Vehicle Gas	231,058.39	2,873.79	1,017.28	720.80	722.74	<b>236,393.00</b>	2,800.00	<b>239,193.00</b>
<b>Total Fixed Cost</b>		<b>677,333.90</b>	<b>50,860.59</b>	<b>40,717.74</b>	<b>11,719.90</b>	<b>78,622.67</b>	<b>859,254.79</b>	<b>27,623.80</b>	<b>886,878.60</b>
<b>Others</b>									
8675	Advertising Expense	670.71	334.48	147.95	4.48	92.38	<b>1,250.00</b>	-	<b>1,250.00</b>
<b>Total Others</b>		<b>670.71</b>	<b>334.48</b>	<b>147.95</b>	<b>4.48</b>	<b>92.38</b>	<b>1,250.00</b>	<b>-</b>	<b>1,250.00</b>
		<b>1,428,668.71</b>	<b>620,429.46</b>	<b>1,086,530.28</b>	<b>37,328.39</b>	<b>678,420.39</b>	<b>3,851,377.23</b>	<b>213,213.42</b>	<b>4,064,590.65</b>
<b>Net Income</b>		<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>





Department of the Treasury  
Internal Revenue Service

P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248514008  
Oct. 07, 2008 LTR 4168C ED  
91-0814544 000000 00 000  
00015105  
BODC: TE

HOPESOURCE  
601 W 5TH AVE  
ELLENSBURG WA 98926



116972

Employer Identification Number: 91-0814544  
Person to Contact: MRS. LUTES  
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your request of Sep. 29, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in MARCH, 1967, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.  
Accounts Management Operations I



700 E. Mountain View Ave. Suite 501 Ellensburg, WA 98926 (P) 509.925.1448 110 Pennsylvania Ave. Cle Elum, WA 98922 (P) 509.674.2375 (F) 509.674.5187

## HopeSource Tri-Partite Board 2014

COMMUNITY SECTOR	ELECTED OFFICIAL SECTOR	REPRESENTATIVE SECTOR
<b>MARY ROWLEY</b>  <b>THORP FRUIT &amp; ANTIQUE MALL OWNER</b>  5791 Hanson Rd. Ellensburg, WA 98926  Home: 509-925-2917 Cell: 509-929-0229 Work: 509-964-2474 Email: billmaryrowley@hotmail.com	<b>MATHEW MANWELLER</b>  <b>REPRESENTATIVE – 13<sup>TH</sup> LEGISLATIVE DISTRICT</b>  2405 N. Lilac Way Ellensburg, WA 98926  Work: 509-963-2396 Home: 509-899-5345 Email: matt@mattmanweller.com	<b>JAMES PAPPAS – CHAIR</b>  <b>CENTRAL WASHINGTON UNIVERSITY</b>  Committees: Fundraising  905 E. Capitol Ave. Ellensburg, WA 98926  Work: 509-963-3075 Cell: 509-910-3818 Fax: 509-963-1162 Email: pappasj@cwu.edu
<b>KITTY WALLACE – VICE CHAIR</b>  <b>AGENT - WINDERMERE REAL ESTATE</b>  21 Ridge Loop Rd. Cle Elum, WA 98922  Cell: 509-304-4025 Work: 800-635-1883 Email: kittywallace@windermere.com	<b>PAUL SANDER</b>  <b>COMMISSIONER – KITTITAS COUNTY CEMETERY DIST. 1</b>  240 Fieldstone Ct. Ellensburg, WA 98926  Cell: 509-99-1383 Email: paul.sander@yahoo.com	<b>KELLI YORK – TREASURER/SECRETARY</b>  <b>FEDERAL PROJECTS &amp; GRANTS DIRECTOR -YAKIMA SCHOOL DISTRICT</b>  1112 E Capitol Ave Ellensburg, WA 98926  Home: 509-933-1870 Work: 509-573-7015 Cell: 509-899-2094 Email: York.kelli@yakimaschools.org
<b>DALE MEADOR</b>  <b>CEO – IDEAL CPA’S &amp; ADVISORS</b>  510 S. Willow Street Ellensburg, WA 98926  Home: 509-899-2552 Work: 509-925-4440 Email: dale@idealcpa.com	<b>CLAIRE HEIN-NICHOLS</b>   Cle Elum, WA 98922  Email: clairenicholls@shoemakermfg.com	<b>DAN ARNOLD</b>  <b>EXECUTIVE PASTOR – MERCER CREEK CHURCH</b>  511 W. 13 <sup>th</sup> Ave. #1 Ellensburg, WA 98926 Home: 509-607-9385 Email: dan.arnold@mercercreek.org