

SPOKANE NEIGHBORHOOD ACTION PARTNERS

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**SPOKANE NEIGHBORHOOD ACTION PARTNERS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Spokane Neighborhood Action Partners
Spokane, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Spokane Neighborhood Action Partners (SNAP), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related consolidated notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SNAP as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information shown on pages 31 through 37 and pages 50 through 52 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of SNAP. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of SNAP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of SNAP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SNAP's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Spokane, Washington
June 20, 2018

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 4,785,508	\$ 4,102,243
Restricted Cash	1,664,896	1,558,190
Total Cash and Cash Equivalents	6,450,404	5,660,433
Accounts Receivable, Primarily Grantor Agencies	1,207,936	1,708,417
Pledges Receivable, Less Discount of \$14,156 and \$1,496 for 2017 and 2016, Respectively	252,773	243,484
Related Party Accounts Receivable, Less Allowance of \$117,000 and \$106,420 for 2017 and 2016, Respectively	-	11,167
Loans Receivable, Less Allowance and Discount of \$2,400,172 and \$2,584,146 for 2017 and 2016, Respectively	3,160,816	3,367,438
Related Party Note Receivable, Less Allowance of \$150,000 for 2017 and 2016, Less Discount of \$488,458 and \$494,929 for 2017 and 2016, Respectively	148,492	142,021
Inventory	71,626	82,333
Prepaid Expenses	117,159	144,529
Investments	635,371	585,810
Beneficial Interest in Assets Held by Inland Northwest Community Foundation	174,557	63,017
Property and Equipment, Net	8,972,644	9,139,977
Other Assets	111,110	160,229
Total Assets	\$ 21,302,888	\$ 21,308,855
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,004,487	\$ 921,462
Funds Held for Others	42,424	33,955
Revolving Loan Funds Payable	503,758	674,355
Loans and Mortgages Payable	5,557,003	5,668,921
Deferred Revenues	478,454	452,673
Total Liabilities	7,586,126	7,751,366
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	8,380,197	8,395,564
Unrestricted, Board Designated	1,758,000	1,492,854
Temporarily Restricted	3,578,565	3,669,071
Total Net Assets	13,716,762	13,557,489
Total Liabilities and Net Assets	\$ 21,302,888	\$ 21,308,855

See accompanying Notes to Consolidated Financial Statements.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Governmental Awards	\$ 11,031,053	\$ -	\$ 11,031,053
Public Support and Private Donations	10,080,635	44,658	10,125,293
Client Fees and Matching Contributions	2,458,190	217,351	2,675,541
Other Income (Expense)	192,012	-	192,012
In-Kind	2,335	-	2,335
Interest Income	135,978	-	135,978
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	352,515	(352,515)	-
Total Revenue and Other Support	24,252,718	(90,506)	24,162,212
EXPENSES			
Program Services:			
Community Action	13,061,245	-	13,061,245
Housing Services	6,927,176	-	6,927,176
Financial Stability	2,223,703	-	2,223,703
Supporting Services:			
Community Action	1,358,573	-	1,358,573
Housing Services	385,846	-	385,846
Financial Stability	46,396	-	46,396
Total Expenses	24,002,939	-	24,002,939
CHANGES IN NET ASSETS	249,779	(90,506)	159,273
Net Assets – Beginning of Year	9,888,418	3,669,071	13,557,489
NET ASSETS – END OF YEAR	\$ 10,138,197	\$ 3,578,565	\$ 13,716,762

See accompanying Notes to Consolidated Financial Statements.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Governmental Awards	\$ 12,407,083	\$ -	\$ 12,407,083
Public Support and Private Donations	8,294,246	176,724	8,470,970
Client Fees and Matching Contributions	1,883,556	624,425	2,507,981
Other Income (Expense), Including Developer Fees and Gain from Debt Extinguishment of \$2,145,527	360,862	1,858,909	2,219,771
In-Kind	91,127	-	91,127
Interest Income	361,852	-	361,852
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	65,319	(65,319)	-
Total Revenue and Other Support	23,464,045	2,594,739	26,058,784
EXPENSES			
Program Services:			
Community Action	11,624,842	-	11,624,842
Housing Services	7,125,497	-	7,125,497
Financial Stability	2,670,874	-	2,670,874
Supporting Services:			
Community Action	1,338,215	-	1,338,215
Housing Services	359,460	-	359,460
Financial Stability	60,220	-	60,220
Total Expenses	23,179,108	-	23,179,108
CHANGES IN NET ASSETS	284,937	2,594,739	2,879,676
Net Assets – Beginning of Year	9,603,481	1,074,332	10,677,813
NET ASSETS – END OF YEAR	\$ 9,888,418	\$ 3,669,071	\$ 13,557,489

See accompanying Notes to Consolidated Financial Statements.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Program Services	Supporting Services	Total Expenses	Program Services	Supporting Services	Total Expenses
Salaries	\$ 4,015,171	\$ 1,411,285	\$ 5,426,456	\$ 3,988,324	\$ 1,283,228	\$ 5,271,552
Employee Benefits and Payroll Taxes	1,542,698	491,565	2,034,263	1,408,973	415,720	1,824,693
Total Salaries and Related Expenses	<u>5,557,869</u>	<u>1,902,850</u>	<u>7,460,719</u>	<u>5,397,297</u>	<u>1,698,948</u>	<u>7,096,245</u>
Specific Assistance to Individuals	13,055,782	-	13,055,782	12,619,825	-	12,619,825
Subcontracted Services	145,089	-	145,089	251,649	-	251,649
Utilities	9,137	41,580	50,717	9,100	39,876	48,976
Occupancy	300,045	(83,147)	216,898	307,476	(92,621)	214,855
Building Maintenance	40,110	22,204	62,314	(15,142)	29,682	14,540
Communications	55,637	74,515	130,152	62,263	64,885	127,148
Supplies	117,261	102,580	219,841	138,333	88,765	227,098
Printing and Copying	14,885	13,644	28,529	20,045	13,685	33,730
Insurance	179,602	13,869	193,471	173,225	15,713	188,938
Expendable Tools	28,364	-	28,364	26,734	-	26,734
Transportation	44,749	2,984	47,733	43,574	2,590	46,164
Vehicle Maintenance	12,712	460	13,172	13,184	284	13,468
Travel	21,416	18,648	40,064	12,500	18,779	31,279
Dues, Memberships, and Registrations	2,784	12,680	15,464	2,995	14,340	17,335
Training	58,403	8,181	66,584	42,646	3,264	45,910
Professional Fees	134,504	159,499	294,003	125,558	154,653	280,211
Interest Expense	74,543	33,210	107,753	73,199	33,281	106,480
In-Kind	847	1,489	2,336	8,762	82,366	91,128
Miscellaneous	22,826	28,985	51,811	22,197	36,060	58,257
Property Management - Coast/G&B	1,487,621	-	1,487,621	1,371,211	-	1,371,211
Pooled General Expense	315,458	(315,458)	-	270,142	(270,142)	-
Pooled Network Expense	276,831	(276,831)	-	207,132	(207,133)	(1)
Management Fees	17,664	(17,664)	-	12,197	(12,197)	-
Total Expenses Before Depreciation	<u>21,974,139</u>	<u>1,744,278</u>	<u>23,718,417</u>	<u>21,196,102</u>	<u>1,715,078</u>	<u>22,911,180</u>
Depreciation	237,985	46,537	284,522	225,111	42,817	267,928
Total Expenses	<u>\$ 22,212,124</u>	<u>\$ 1,790,815</u>	<u>\$ 24,002,939</u>	<u>\$ 21,421,213</u>	<u>\$ 1,757,895</u>	<u>\$ 23,179,108</u>

See accompanying Notes to Consolidated Financial Statements.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 159,273	\$ 2,879,676
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	284,522	267,928
Gain on Disposal of Property	-	(30,745)
Loss from Investments in Partnerships	48	40
Change in Value of Beneficial Interest in Assets Held by Inland Northwest Community Foundation	(111,540)	(2,949)
Gain on Debt Extinguishment	-	(2,145,527)
Change in Assets and Liabilities:		
Receivables	491,192	(193,708)
Related Party Receivables	11,167	15,535
Prepaid Expenses	27,370	(36,894)
Inventory	10,707	(2,461)
Other Assets	49,119	24,946
Accounts Payable, Accrued Expenses, and Other Liabilities	83,025	(72,114)
Loan Funds Payable	(170,597)	193,574
Refundable Advances	8,469	(28,225)
Deferred Revenues	25,781	(1,323,573)
Net Cash Provided (Used) by Operating Activities	868,536	(454,497)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property	-	37,745
Purchases of Property, Plant, and Equipment	(117,190)	(141,815)
Loans Receivable Payments	1,074,769	1,142,415
Loans Receivable Issued	(868,146)	(1,252,585)
Related Party Note Receivable Issued	(6,471)	(6,164)
Purchase of Investments	(49,609)	67,644
Net Cash Provided (Used) by Investing Activities	33,353	(152,760)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(111,918)	(111,158)
Net Cash Used by Financing Activities	(111,918)	(111,158)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	789,971	(718,415)
Cash and Cash Equivalents – Beginning of Year	5,660,433	6,378,848
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 6,450,404	\$ 5,660,433
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 69,625	\$ 70,493

See accompanying Notes to Consolidated Financial Statements.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Spokane Neighborhood Action Partners (SNAP) serving Spokane County, Washington, administers grants and contracts in three core main program areas: Community Action, Financial Stability, and Housing Services. The Community Action Core focuses on efforts that catalyze greater community engagement in the issues and causes of poverty, through programs that provide heating assistance and services for the homeless, and the Community Services Block Grant (CSBG) Program. The Financial Stability Core offers services that strengthen or grow financial potential through programs that teach people how to manage their money, clean up their credit, become responsible homeowners, and develop small businesses. The Housing Services Core helps people acquire and sustain decent, affordable housing with programs that provide weatherization and repairs for housing, conservation education, and long-term care ombudsman.

Principles of Consolidation

The consolidated financial statements include the accounts of Spokane Neighborhood Action Partners (SNAP), SNAP Financial Access, and Pine Villa Associates, LLC (collectively referred to as SNAP). All significant intercompany transactions and balances have been eliminated.

SNAP Financial Access is a wholly owned subsidiary of Spokane Neighborhood Action Partners (SNAP). It was incorporated in January 2005 as Neighborhood Assets and changed its name to SNAP Financial Access in 2009. It was incorporated for the purpose of becoming a Community Development Financial Institution (CDFI) with the goal of increasing the availability of housing and economic opportunity for low-income people by providing training, counseling, and capital.

During 2007, SNAP Financial Access received its CDFI Certification from the Department of Treasury and received an Internal Revenue Service (IRS) Tax Exemption as a 501(c)(3) organization.

Pine Villa Associates, LLC is a wholly owned subsidiary of SNAP. It was formed in 2014 and consists of an apartment complex located at 33 E. Graves Road in Spokane, Washington.

Basis of Accounting

SNAP's accounting records are maintained on the accrual method of accounting.

Financial Statement Presentation

The consolidated financial statements of Spokane Neighborhood Action Partners have been prepared in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Financial Statements of Not-for-Profit Organizations*.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Accounting Estimates

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of certain assets and liabilities as of the date of the consolidated financial statements. Actual results could differ, either positively or negatively, from those estimates.

Significant estimates include the allowance for doubtful accounts on loans, present value discount of long-term receivables, the provision for depreciation, and the allocation of expenses by function.

Cash and Cash Equivalents

Cash and cash equivalents include all cash accounts, money market accounts, and temporary cash investments with an original maturity of three months or less.

Restricted Cash

Restricted cash includes cash held for others (client deposits) of \$42,424 and \$33,955 and cash held for client loan programs of \$449,120 and \$446,277 (loan loss reserves and SBA), and Board designated cash for properties and operating reserves of \$1,173,352 and \$1,077,958 as of December 31, 2017 and 2016, respectively.

Receivables

Accounts receivable are stated at amounts billed to the contractor or government agency. Accounts receivable are unsecured and do not accrue interest. An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year-end are fully collectible. Receivables are considered past due if not collected within 90 days. SNAP does not charge interest on past due receivables. As of December 31, 2017, all receivables are current. There were no bad debts incurred during the years ended December 31, 2017 and 2016.

Loans Receivable

SNAP obtains funds to loan to individuals. As further discussed in Note 11, an allowance for estimated uncollectible amounts is provided, and amounts are recorded at their discounted present value if the terms do not include regular monthly payments. The allowance for estimated uncollectible amounts is based on expected nonpayment of loans granted to low-income individuals.

Inventory

As of January 1, 2017, SNAP adopted Accounting Standards Update (ASU) 2015-11, *Inventory: Simplifying the Measurement of Inventory*. This update requires inventory to be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Adoption of this update is on a prospective basis. Inventories are stated at the lower of cost, determined on a first in, first out basis, or net realizable value.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in partnerships are valued using the equity method of accounting (see Note 12).

Property and Equipment

Property, equipment, and improvements are capitalized at cost; donated assets are valued at their estimated fair value when donated. Assets over \$5,000 are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of the assets, which are as follows:

Equipment	3 – 7 Years
Buildings and Residences	50 Years
Leasehold Improvements	Useful Life Varies on Improvement

Equipment purchased for grant programs in which SNAP does not obtain title is recorded as an expense and is charged against the related grant program. SNAP uses federally owned vehicles and equipment with an initial cost of \$140,272 and \$140,678 at December 31, 2017 and 2016, respectively.

If SNAP retains title, the assets are capitalized and depreciated over their estimated useful lives.

Long-Lived Assets

SNAP, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are recorded at the lower of cost or fair value.

Deferred Revenues

SNAP receives payment for some services in advance. The payments are recorded as deferred revenues and are recognized as revenue when the services are rendered.

Income Tax Status

Spokane Neighborhood Action Partners is a nonprofit entity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not classified as a private foundation.

SNAP Financial Access is a nonprofit entity exempt from federal income taxes under Section 501(c)(3) of the IRC and is not classified as a private foundation.

Pine Villa Associates is a single owner (SNAP), LLC, and by default is disregarded as an entity separate from its owner.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Assets

Unrestricted net assets include resources that are not temporarily or permanently restricted by the donor and are available for the operations of SNAP without limitation. Unrestricted net assets also include resources restricted by donor-imposed criteria for which the restrictions are met within the same time period as the funds are received.

Board-Designated Net Assets

Board-designated net assets are the following as of December 31:

	2017	2016
Pay for Major Repairs on SNAP's Properties	\$ 904,140	\$ 758,070
Operating Reserve	660,092	601,878
Endowment Fund	193,768	132,906
Total	\$ 1,758,000	\$ 1,492,854

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by SNAP has been limited by donors to a specific time period or purpose (see Note 14). Upon the fulfillment of the purposes for which the net assets were restricted, expiration of a donor-imposed restriction or withdrawal of a restriction by a donor, temporarily restricted net assets are reclassified to unrestricted net assets.

Other Income (Expense)

Other income (expense) resulted from a new recoverable grant agreement with Commerce and the analysis of two housing-related revolving loan funds, (SNAP Project #270 and SFA Project #758) and their level of contingency in terms of liability. SNAP and SFA have removed the RLF payables from its books resulting in other income for the year ended December 31, 2016. Gain from extinguishment of debt included in other income is \$2,145,527 for the year ended December 31, 2016. SNAP and SFA must continue to comply with the requirements of the contracts for the duration of the term; 2022 for SNAP Project #270 and 2030 for the SFA Project #758.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation with no effect on previously reported change in net assets or net asset amounts.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Effective in Future Accounting Periods

Nonprofit Financial Statements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 Not-For-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal year beginning after December 15, 2017, with early adoption permitted. Management will be evaluating the effects of this new standard.

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on the entity's combined financial statements.

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The standard will be effective for the entity for annual periods beginning after December 15, 2019, however, early application is permitted. Management is currently evaluating the impact this guidance will have on its combined financial statements.

Subsequent Events

Subsequent events have been evaluated through June 20, 2018, which is the date the consolidated financial statements were available to be issued.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 RETIREMENT PLAN

SNAP has a 403(b) tax deferred annuity retirement plan (the Plan). The Plan covers substantially all employees. An employee must be employed by SNAP for one year and have worked for 1,000 hours to participate.

SNAP funds a contribution, which is equal to 6% of covered employees' compensation.

Retirement plan expense for SNAP was \$291,388 and \$268,831 in 2017 and 2016, respectively.

NOTE 3 DONATED GOODS AND SERVICES

A substantial number of volunteers have donated significant amounts of time to SNAP's program services and to its fundraising campaigns. No amounts have been recognized in the consolidated statement of activities since jobs done by SNAP's volunteers do not fall into the criteria established by FASB in this area.

Donated goods, including software, are recorded at fair value at the date of donation.

SNAP records donated services that meet the criteria established by FASB, including advertising, at the estimated fair value of the services received on the date of donation.

In-kind revenues recording these donations consist of the following:

	2017	2016
Donated Goods and Services, Recorded as In-Kind	<u>\$ 2,335</u>	<u>\$ 91,127</u>

NOTE 4 UNEMPLOYMENT BENEFITS

SNAP has elected to provide unemployment benefits through the 501(c) Agencies Trust (the Trust). SNAP makes payments into the Trust to fund benefit and required reserves, and the Trust administers the plan and remits benefits to eligible recipients.

At December 31, 2017 and 2016, SNAP had funds on deposit with the Trust of \$111,110 and \$160,230, respectively. A corresponding liability has been accrued for the estimated cost of claims at December 31, 2017 and 2016 of \$111,110 and \$160,230, respectively.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LOANS AND MORTGAGES PAYABLE

	2017			2016
	Current Portion	Long-Term Portion	Balance	Balance
Patrician Apartments: 102 East Second				
Noninterest-bearing note payable to Washington State Department of Commerce; due and payable on December 31, 2042; secured by real estate.	\$ -	\$ 155,000	\$ 155,000	\$ 155,000
Noninterest-bearing note payable to the City of Spokane; due and payable upon sale of Patrician Apartments, refinancing, change of use, or March 31, 2024. The note is secured by a deed of trust on real estate.	-	197,500	197,500	197,500
Total Patrician Apartments	-	352,500	352,500	352,500
Avondale Apartments: 229 West Second				
Noninterest-bearing note payable to the Washington State Department of Commerce; due and payable in annual installments of \$7,323, Secured by real estate, matures December 31, 2042.	7,323	175,748	183,071	190,394
Pacific Apartments: 2701-21 East Pacific				
Noninterest-bearing note payable to State Housing Finance Unit. The loan balance will be forgiven on December 31, 2026; secured by real estate.	-	358,089	358,089	358,089
Windsor Apartments: 9522 East 8th				
Noninterest-bearing note payable to Washington State Department of Commerce; due and payable in annual installments of \$4,200, secured by real estate; matures June 30, 2046.	4,200	117,600	121,800	126,000

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LOANS AND MORTGAGES PAYABLE (CONTINUED)

	2017			2016
	Current Portion	Long-Term Portion	Balance	Balance
Windermere Apartments: 907/916 East Sinto				
Note payable to Washington State Department of Commerce; payable in annual installments of \$9,197, including interest at 1%. Final payment shall be due September 30, 2049; secured by real estate.	\$ 6,689	\$ 244,097	\$ 250,786	\$ 257,408
Collins Apartments: 204 South Wall				
Noninterest-bearing note payable to the City of Spokane; due and payable when the Collins Apartments are sold. Secured by real estate. This is a forgivable loan if the property is not sold, refinanced or transferred. Matures in 2044.	-	117,000	117,000	117,000
Note payable to Washington State Department of Commerce payable in annual installments of \$5,489, including interest at 1%. Final payment shall be due on June 30, 2049. Secured by real estate.	3,992	145,676	149,668	153,620
Note payable to Washington State Department of Commerce; payable in annual installments of \$8,679, including interest at 1%. Final payment shall be due on June 30, 2049. Secured by real estate.	<u>6,312</u>	<u>230,349</u>	<u>236,661</u>	<u>242,911</u>
Total Collins Apartments	10,304	493,025	503,329	513,531
Belamy: 2108 East First				
Note payable to Washington State Department of Commerce; payable in annual installments of \$2,551, including interest of 1%, matures in December 2047; secured by real estate.	1,893	63,955	65,848	67,723
Resident Court: 1203 West 5th				
Note payable to the State Housing Finance Unit bearing interest of 1% for 50 years. Payable in interest only installments of \$7,439 until January 1, 2019. Payments will then be \$25,296 annually, including interest at 1%; secured by real estate. Matures January 1, 2053.	-	743,928	743,928	743,928

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LOANS AND MORTGAGES PAYABLE (CONTINUED)

	2017			2016
	Current Portion	Long-Term Portion	Balance	Balance
Alexandria: 623 South Howard				
Note payable to Washington State Department of Commerce, noninterest bearing for 40 years. This is a forgivable loan if the property is not sold, refinanced or transferred. Matures in 2044.	\$ -	\$ 508,224	\$ 508,224	\$ 508,224
Note payable to Washington State Department of Commerce, payments deferred for 40 years, with interest at 0.5% accruing during deferral. Matures in 2043.	-	145,888	145,888	145,888
Note payable to Washington State Department of Commerce, payments deferred for 40 years, with interest at 0.5% accruing during deferral. Matures in 2043.	-	254,112	254,112	254,112
Total Alexandria Apartments	-	908,224	908,224	908,224
St. Annes Triplex: 2111-17/21 East Pacific				
Note payable to Washington State Department of Commerce; payable in annual installments of \$2,172, including interest at 1%, matures in December 2043; secured by real estate.	2,150	53,273	55,423	57,573
Pine Villa: 33 E. Graves Rd.				
Note payable to the County of Spokane; bearing interest at 3.5%. Payments and accrual of interest deferred through May of 2012. Starting on June 1, 2012 monthly payments of \$2,863 began. Matures June, 2042.	14,828	549,991	564,819	579,138
Promissory note payable to Smith-Barbieri; bearing interest at 1%. Principal and interest in the amount of \$296 are due each month. Matures August 1, 2043 unsecured.	2,759	77,551	80,310	83,041
Total Pine Villa	17,587	627,542	645,129	662,179

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LOANS AND MORTGAGES PAYABLE (CONTINUED)

	2017			2016
	Current Portion	Long-Term Portion	Balance	Balance
Fort Wright: 3102 W. Fort George Wright Dr.				
Note payable to Washington Trust Bank, bearing interest at 3.69% fixed for 3 years. The loan will then re-price every 3 years at the three year Federal Home Loan Bank Rate plus 2.375% with a floor of 3.7%. In 2016, the interest rate for the loan was amended from a variable rate to a fixed rate of 4.18% per annum. A final outstanding payment of outstanding principal plus accrued interest is due December 6, 2023. Secured by real estate.	\$ 62,496	\$ 687,520	\$ 750,016	\$ 812,512
Note payable to Washington State Department of Commerce, Capital Programs Unit, payments deferred for 10 years, with interest at 5% compounded annually. Matures in 2023, at which time loan is forgiven. Secured by real estate.	-	618,860	618,860	618,860
Total Fort Wright	62,496	1,306,380	1,368,876	1,431,372
Total Long-Term Debt	\$ 112,642	\$ 5,444,361	\$ 5,557,003	\$ 5,668,921

Aggregate maturities required on principal under long-term obligations for each of the succeeding years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 112,642
2019	131,242
2020	132,134
2021	133,151
2022	133,151
Thereafter	4,914,683
Total	\$ 5,557,003

The note payable to Washington Trust Bank on the Fort Wright property contains certain loan covenants.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Nondepreciable:		
Land	\$ 1,660,664	\$ 1,660,664
Construction in Progress	49,250	49,250
Total Nondepreciable	<u>1,709,914</u>	<u>1,709,914</u>
Depreciable:		
Buildings and Residences	11,785,922	11,729,094
Equipment	521,036	460,675
Total Depreciable	<u>12,306,958</u>	<u>12,189,769</u>
Total	14,016,872	13,899,683
Less: Accumulated Depreciation	5,044,228	4,759,706
Total	<u>\$ 8,972,644</u>	<u>\$ 9,139,977</u>

NOTE 7 CONCENTRATION OF CREDIT RISK

A significant portion of SNAP's funding is derived from grants funded through the Washington State Department of Commerce. These programs are funded primarily by federal funding through congressional budget appropriations.

SNAP maintains cash and cash equivalents on deposit at various institutions. The amount on deposit fluctuates and at times exceeds the insured limit by the Federal Deposit Insurance Corporation (FDIC). However, SNAP's accounts are identified as public deposit accounts and are protected under the Washington Public Deposit Protection Act which provides collateralization for public deposits above the FDIC insurance coverage.

NOTE 8 OPERATING LEASES

SNAP leases office space for various office locations. The following is a schedule of total minimum lease payments on leases with terms greater than one year.

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 207,966
2019	199,850
2020	199,850
Total	<u>\$ 607,666</u>

The above schedule includes lease payments for one year leases that SNAP has the option to renew, SNAP's intention is to continue to rent the space therefore the lease payments for future leases is included above.

Rental expense was \$205,782 and \$195,733 for the years ended December 31, 2017 and 2016, respectively.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 9 RELATED PARTY TRANSACTIONS

SNAP is the managing member of Riverwalk Point I LLC (RWP I), a limited liability company. RWP I was formed for the purpose of constructing and operating a low-income rental housing project. The project consists of 53 units located in Spokane, Washington. SNAP provides management services to the project. The Limited Liability Company Agreement provides for various obligations of the general member, including its obligations to provide funds for any development and operating deficits.

In 2013, the RWP I developer fee was paid in full. SNAP has a note receivable from RWP I in the amount of \$150,000, to be paid out of excess revenues. During 2006, SNAP determined that the note receivable from Riverwalk was most likely uncollectible and has recorded an allowance for estimated uncollectible amounts of \$150,000. Management fees paid by RWP I to SNAP were \$-0- for the years ended December 31, 2017 and 2016, respectively. During 2006, RWP I purchased additional land from SNAP, a note in the amount of \$31,950 was issued, and a discount of \$10,448 and \$10,869 recorded at December 31, 2017 and 2016, respectively.

SNAP is the managing member of Riverwalk Point II LLC (RWP II), a limited liability company. RWP II was formed for the purpose of constructing and operating a low-income rental housing project. The project consists of 51 units placed in service in February 2009 located in Spokane, Washington. The Limited Liability Company Agreement provides for various obligations of the general member, including its obligations to provide funds for any development and operating deficits.

During 2008, SNAP provided RWP II with a loan in the amount of \$605,000. The loan bears interest at the rate of 5% per year. Payments of principal and interest are due on a yearly basis beginning July 1, 2009. Payments are subject to availability of cash flow at RWP II. The loan matures on May 31, 2049. As of December 31, 2017, a note in the amount of \$126,990, net of discount of \$478,010, is deferred to be paid after payment of the developer fee. As of December 31, 2016, a note in the amount of \$120,940, net of discount of \$484,060, is deferred to be paid after payment of the developer fee.

In 2017, the RWP II developer fee was paid in full. Amounts receivable from RWP II at December 31, 2016 included a developer fee, of which \$11,167, net of discount of \$2,420, is deferred to be paid out of excess revenues. SNAP also has a company management fee as of December 31, 2017 and 2016, of \$117,000 and \$104,000, respectively, due from RWP II. Repayment will not occur until the developer fee is paid in full. During 2017 and 2016, SNAP's management determined that the receivable from RWP II was most likely uncollectible and has recorded an allowance for estimated uncollectible amounts of \$117,000 and \$104,000 at December 31, 2017 and 2016, respectively.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 10 CONTINGENT LIABILITIES

SNAP acquired residences through its Spokane Home Ownership Program. Twenty-nine of these residences have been sold to low-income individuals when they were able to assume the cost of ownership. If the purchaser sells the home within five years of purchasing it, SNAP will receive any resulting net proceeds.

Although the individual homeowners are obligated to make the monthly mortgage payments, SNAP is retained as the secondary borrower on the above mortgages, which totaled \$-0- and \$9,554 at December 31, 2017 and 2016, respectively. The maximum amount SNAP could be required to pay under these guarantees was \$-0- and \$9,554 at December 31, 2017 and 2016, respectively. The related real estate contracts are assigned to the mortgagor as collateral and should cover all unpaid balances.

NOTE 11 CLIENT LOAN PROGRAMS

SNAP and its subsidiary, SNAP Financial Access, currently administer several loan programs.

The State HOME Rehabilitation program (Project #272) allows clients to receive either a grant or loan, depending on their income, and the loans only need to be repaid on the sale or change of use of the property. SNAP has chosen to record these loans and set up an allowance for the full amount of the loans. Revenues will be recognized when repayments are received. Repayments are remitted back to Commerce as the HOME Rehabilitation program has been terminated and reverted back to the State.

The HAP and HTF Rehabilitation program (Project #270) is a consolidated revolving loan program designed to help low-income individuals finance home improvements. These loans are deferred for five years and can be deferred for an additional five years if the individual still qualifies for the low-income deferral. The HTF loans are not payable until the property is sold, and if the purchaser is qualified, the loan may be transferred to the new owner. A revolving loan fund payable was established, which represents the amount of money that would revert back to the State should the program terminate. As of 2017, we have met all the terms for a substantial duration of the agreement(s) and determined there is a low contingency funds will revert back to the State, therefore we have removed the RLF payables from our books.

Northwest Business Development Association provided SNAP Financial Access (Project #702) with a \$100,000 0% forgivable loan and a \$50,000 grant used to establish a NWBDA micro enterprise revolving loan fund. These loans are to provide financing for businesses in Spokane County, which are unable to obtain adequate financing from conventional lenders. These loans bear interest rates of 8%. The SNAP Financial Access loan is forgiven in the amount of \$10,000 per year and has been completely forgiven.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 CLIENT LOAN PROGRAMS (CONTINUED)

The City of Spokane Community Development Block Grant (CDBG) Loan program, SNAP Financial Access (Project #711), was created to provide financing for businesses, located within the City of Spokane, which are unable to obtain adequate financing from conventional lenders or from other existing loan sources in the community. These funds shall only benefit low and moderate-income persons residing in the City of Spokane. These loans bear interest at rates ranging from 6% to 8%. A revolving loan fund payable was established, which represents the amount of money that would revert back to the City should the program terminate. This program was terminated as of September 2017 and all funds were repatriated back to the City of Spokane as of October 2017.

The County of Spokane CDBG Loan program (Project #705) was created to provide financing for businesses, located within the County of Spokane, which are unable to obtain adequate financing from conventional lenders or from other existing loan sources in the community. The funds shall only benefit low and moderate-income persons residing in the County of Spokane. These loans bear interest at rates of 8%. A revolving loan fund payable was established, which represents the amount of money that would revert back to the County should the program terminate.

The AVISTA Loan Fund (Project #713) is supported by an MOU between SNAP Financial Access and AVISTA to provide financing to aid startup businesses created by successful graduates of community college, business centers, and high school entrepreneur programs who are participating in the AVISTA Business Entrepreneurship Network. Loans provided to those qualified clientele are done so at an interest rate of 8%.

DHHS Community Economic Development (CED) Revolving Loan Fund (Project #720) for Project I was established to allow for a sustainable lending operation for local Spokane-area businesses that could use such financing to perpetuate the use of green technologies or environmentally beneficial business practices. Businesses could also utilize this financing to create, at a minimum, one new employment position. These loans bear interest at rates of 8%.

The DHHS Micro Enterprise Refugee Revolving Loan Fund (Project #731) for Project I was established to increase the standard of living for refugee families, help foster integration in the community, and to develop refugee-friendly employers, through self-employment and small business expansion. This is accomplished by providing access to financing that might not be available from conventional loan sources in the community. These loans bear interest at rates ranging from 6% to 8%.

DHHS Micro Enterprise Refugee Revolving Loan Fund (Project #732) for Project II was established to increase the standard of living for refugee families, assist in fostering integration into the community, and to develop refugee-friendly employers, through self-employment and small business expansion. This is accomplished by providing access to financing that might not be available from conventional loan sources in the community. These loans bear interest at rates ranging from 6% to 8%.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 CLIENT LOAN PROGRAMS (CONTINUED)

DHHS Micro Enterprise Refugee Revolving Loan Fund (Project #733) for Project III was established to increase the standard of living for refugee families, assist in fostering integration into the community, and to develop refugee-friendly employers, through self-employment and small business expansion. This is accomplished by providing access to financing that might not be available from conventional loan sources in the community. These loans bear interest at rates ranging from 6% to 8%.

The United States Small Business Administration (SBA) Micro Loan Program (Project #709) was established to relend as microloans to eligible small business concerns. It is a loan made from the SBA to SNAP Financial Access. The funds in the SBA Micro Loan Fund and SBA Loan Loss Reserve accounts cannot be accessed by anyone without SBA approval. Microloans may be used for working capital, inventory, supplies, furniture, fixtures, machinery, and/or equipment. The maximum allowable term for a microloan is six years at a fixed interest rate. The SNAP Financial Access loan from SBA has an interest rate of 0.75% and is payable over 10 years. The monthly payment amount is \$2,023 and the maturity date is December 2020.

The United States Small Business Administration (SBA) Micro Loan Program (Project #714) was established to relend as microloans to eligible small business concerns. It is a loan made from the SBA to SNAP Financial Access. The funds in the SBA Micro Loan Fund and SBA Loan Loss Reserve accounts cannot be accessed by anyone without SBA approval. Microloans may be used for working capital, inventory, supplies, furniture, fixtures, machinery, and/or equipment. The maximum allowable term for a microloan is six years at a fixed interest rate. The SNAP Financial Access loan from SBA has an interest rate of 0% and is payable over 10 years. Monthly payment amount is \$2,014 and the maturity date is July 2023.

The United States Small Business Administration (SBA) Micro Loan Program (Project #721) was established to relend as microloans to eligible small business concerns. It is a loan made from the SBA to SNAP Financial Access. The funds in the SBA Micro Loan Fund and SBA Loan Loss Reserve accounts cannot be accessed by anyone without SBA approval. Microloans may be used for working capital, inventory, supplies, furniture, fixtures, machinery, and/or equipment. The maximum allowable term for a microloan is six years at a fixed interest rate. The SNAP Financial Access loan from SBA has an interest rate of 0.125% and is payable over 10 years.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 CLIENT LOAN PROGRAMS (CONTINUED)

The Washington State Attorney General Foreclosure Prevention Loan Program (Project #750) was established via a legal settlement between the state of Washington and the nation's five largest private mortgage servicing firms. The funds were awarded to SNAP Financial Access from the initial proposal of lending to individuals who were in immediate danger of foreclosure. The overall goal of the program is to make loans to individuals who currently have mortgages/liens that are at high interest rates, or have monthly payment levels that are unable to be satisfied by the client in their current situation. Refinancing current mortgages, bundling additional liens with those mortgages, and/or addressing current rehabilitation of the underlying properties are the current use and purpose of the programs funds. Repayments from these loans are to fund a revolving loan fund that would further the goals of the program beyond the initial funding amount. Loans were made to clients at a rate of 4% to 4.5%; and were done so with the inclusion of an escrow function conducted by SNAP Financial Access.

In 2016, the Washington State Department of Commerce Housing Trust Fund DAP 7 Program agreement (Project #758) consolidated and assigned the Airway Towers Revolving Loan Fund Program (Project #558) with the State DAP Revolving Loan Fund (Project #586). In doing so, the new DAP 7 Program was transferred from SNAP to SNAP Financial Access via a re-assignment agreement. The DAP 7 Program provides funding for loans to low and moderate income homebuyers and homeowners. Repaid funds from loans are to be used to support additional housing or homeownership retention for homebuyers and homeowners.

The original HTF Airway Towers Revolving loan fund (SNAP Project #558) had been established from the sale of homes in the Airway Towers project. The original DAP (SNAP Project #586) issued loans to qualified first-time homebuyers to assist them in making the down payment for the purchase of their primary residence. A Revolving loan fund payable had been established, for both programs which represented the amount of money that would revert back to the State should the programs terminate. With the consolidation of these two programs, we had met all the terms of the agreement for a substantial duration of the agreement(s) and determined there was a low contingency funds will revert back to the State, therefore we have removed the RLF payables from our books.

The United States Treasury Community Development Financial Institution (CDFI) Fund's Financial Assistance Grant Loan Program (Project #760), is a grant issued to SNAP Financial Access, a certified CDFI, to provide its community with Financial Products. The Financial Products that SNAP Financial Access selected to provide with the Financial Assistance Grant, are small business loans to existing or startup business entities within the local community. Proceeds from the CDFI Fund's Financial Assistance grant amounted to an initial funding of a \$300,000 advance, specified for Financial Products from a total advanced funding award of \$600,000. Lending activity via the grant is designed to produce a revolving loan fund once the initial awarded funds have been spent. Loans currently bear interest rates at 8% with a maximum ceiling of financing of \$75,000 per client.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 CLIENT LOAN PROGRAMS (CONTINUED)

The United States Treasury Community Development Financial Institution (CDFI) Fund's Financial Assistance Grant Loan Program (Project #761), is a grant issued to SNAP Financial Access, a certified CDFI, to provide its community with Financial Products. The Financial Products that SNAP Financial Access selected to provide with the Financial Assistance Grant, are small business loans to existing or startup business entities within the local community. Proceeds from the CDFI Fund's Financial Assistance grant amounted to an initial funding of a \$300,000.00 advance, specified for Financial Products from a total advanced funding award of \$700,000.00. Lending activity via the grant is designed to produce a revolving loan fund once the initial awarded funds have been spent. Loans currently bear interest rates at 8% with a maximum ceiling of financing of \$75,000 per client.

The Knox Loan Program (Project #502) was established to facilitate the sale of a SNAP property located at 613 W. Knox Avenue in Spokane, Washington. The 30-year loan was made to a buyer at a rate of 5% per year. In 2017, this loan was paid in full.

SNAP's Home Loss Prevention loan program (Project #171) and Spokane Home Ownership Program (Project #570) involve set due dates that are not contingent upon the sale of the home.

The following is a recap of loans receivable and revolving loan funds payable for the years ended December 31:

Project Number	2017					
	Gross Loan Receivable	Allowance for Doubtful Accounts	Discount for Present Value	Net Receivable	Net Payable	Cash Available
Project #171	\$ 12,994	\$ 2,649	\$ -	\$ 10,345	\$ -	\$ 5,136
Project #270	447,903	-	111,940	335,963	-	192,010
Project #272	23,840	23,840	-	-	-	-
Project #570	-	-	-	-	-	17,694
Project #702	12,224	-	-	12,224	-	59,372
Project #705	33,610	-	-	33,610	88,837	47,381
Project #709	35,013	-	-	35,013	72,154	69,092
Project #713	21,692	-	-	21,692	-	23,678
Project #714	72,564	-	-	72,564	134,930	95,289
Project #720	102,926	-	-	102,926	-	52,082
Project #721	166,377	-	-	166,377	207,837	80,888
Project #731	75,063	-	-	75,063	-	47,681
Project #732	80,574	-	-	80,574	-	151,741
Project #733	22,832	-	-	22,832	-	151,802
Project #750	2,165,884	-	1,410,100	755,784	-	557,606
Project #758	1,974,552	-	851,643	1,122,909	-	844,403
Project #760	259,091	-	-	259,091	-	49,454
Project # 761	53,849	-	-	53,849	-	69,349
Total	<u>\$ 5,560,988</u>	<u>\$ 26,489</u>	<u>\$ 2,373,683</u>	<u>\$ 3,160,816</u>	<u>\$ 503,758</u>	<u>\$ 2,514,658</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
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NOTE 11 CLIENT LOAN PROGRAMS (CONTINUED)

2016						
Project Number	Gross Loan Receivable	Allowance for Doubtful Accounts	Discount for Present Value	Net Receivable	Net Payable	Cash Available
Project #171	\$ 13,144	\$ 2,649	\$ -	\$ 10,496	\$ -	\$ 14,940
Project #270	502,206	-	119,913	382,293	-	172,996
Project #272	23,840	23,840	-	-	-	-
Project #502	80,898	-	51,718	29,180	-	11,599
Project #570	9,626	-	2,413	7,213	-	3,449
Project #586	-	-	-	-	-	10
Project #702	36,185	-	-	36,185	-	35,184
Project #705	51,070	-	-	51,070	88,837	34,057
Project #709	71,204	-	-	71,204	95,695	90,492
Project #711	110,726	-	-	110,725	110,726	84,805
Project #713	18,705	-	-	18,705	-	27,440
Project #714	142,789	-	-	142,789	159,097	54,625
Project #720	81,332	-	-	81,332	-	106,314
Project #721	30,000	-	-	30,000	220,000	224,495
Project #731	98,964	-	-	98,964	-	26,540
Project #732	67,942	-	-	67,942	-	166,345
Project #733	69,469	-	-	69,469	-	104,868
Project #750	2,183,548	-	1,417,057	766,491	-	501,809
Project #758	2,151,182	-	966,556	1,184,625	-	740,698
Project #760	208,755	-	-	208,755	-	92,699
Total	\$ 5,951,585	\$ 26,489	\$ 2,557,657	\$ 3,367,438	\$ 674,355	\$ 2,493,365

Certain revolving loan funds payable contain scheduled principal payments. Aggregate maturities required on these revolving loans for each of the succeeding years at December 31 are as follows:

Year Ending December 31,	Amount
2018	\$ 47,994
2019	48,170
2020	48,153
2021	24,394
2022	24,167
Thereafter	14,207
Total	\$ 207,085

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 12 INVESTMENTS

L&S Columbia, Ltd

In December 2000, SNAP was donated a 99% limited partnership interest in L&S Columbia, Ltd., which in turn owns 95% of two subsidiary limited partnerships: *L&S Kettle Falls Limited* (dba: Woodhaven, a 18-unit, low-income housing project located at 465 W 6th, Kettle Falls, WA 99141) and *L&S Investments* (Republic Gardens, a 17-unit, low-income housing project located at 627 South Madison, Republic, WA 99166). The remaining 5% of the two subsidiary partnerships is owned by Lisa and Mike Sullivan, whom are also the general partners (each have a .5% interest) in L&S Columbia Ltd.

At December 31, 2017 and 2016, the partnership had a negative net worth and, accordingly, no asset is recorded on the statement of financial position.

L&S Wilbur Associates, Ltd.

In December 2017, SNAP was donated a 24.75% limited partnership interest in Wilbur Associates, Ltd., which owns 100% interest in the Hillcrest Village property. The Hillcrest Village property is located at 501 NW Armstrong Ave. in Wilbur, Washington and consists of a 20-unit, single-story affordable housing community complex. At December 31, 2017, SNAP's interest in the partnership had a value of \$49,610.

Riverwalk Point I LLC

SNAP is the general managing member of Riverwalk Point I. SNAP is a 0.01% participant in the income/loss of the 53-unit, low-income housing, tax credit project located in Spokane, Washington.

SNAP's invested capital in Riverwalk Point I at December 31, 2017 and 2016 was \$128,448 and \$128,466, respectively. At the end of the tax credit period, in 2018, SNAP will have the option to purchase the interest from the investor limited member, whose total capital contribution to the project approximated \$3,645,000.

As discussed in Note 9, certain amounts were due to and due from SNAP and Riverwalk Point I.

Riverwalk Point II LLC

SNAP is the general managing member of Riverwalk Point II. SNAP is a 0.01% participant in the income/loss of the 51-unit, low-income housing, tax credit project located in Spokane, Washington.

SNAP's invested capital in Riverwalk Point II at December 31, 2017 and 2016, was \$457,313 and \$457,343, respectively. At the end of the tax credit period, in 2024, SNAP will have the option to purchase the interest from the investor limited member, whose total capital contribution to the project approximated \$5,646,947.

As discussed in Note 9, certain amounts were due to SNAP from Riverwalk Point II.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 13 BENEFICIAL INTEREST IN ASSETS HELD BY INLAND NORTHWEST COMMUNITY FOUNDATION

During 2012, SNAP's board of directors authorized the establishment of the Spokane Neighborhood Action Partners Fund (the Fund) with Inland Northwest Community Foundation, Spokane, Washington (INWCF), a nonprofit corporation, by the transfer of \$50,000 to that foundation. The Fund is considered an agency endowment fund of INWCF and SNAP is the Fund's designated beneficiary. Accordingly, SNAP has a beneficial interest in the Fund's assets held by INWCF. The distributable income of the Fund is subject to assessment for the costs of fund administration by INWCF and will be distributed to SNAP, to be used for its charitable purposes, provided that at the time of such distribution SNAP has retained its nonprofit tax status. The board further resolved that SNAP's CEO, Board Chair, and Board Secretary Treasurer, or any one of them, are authorized and directed to act on behalf of the board of directors in all matters relating to any endowment fund at INWCF for which the corporation is a beneficiary, including but not limited to, receiving distributions, accounting for such. In 2018, Inland Northwest Community Foundation changed its name to INNOVIA Foundation.

Upon majority approval of the boards of directors of SNAP and INWCF, any part of the investment earnings, or any portion not restricted by the original donor of the gift in excess of \$5,000 may be distributed to SNAP to be used to support SNAP's charitable mission, provided any permanently restricted endowed funds are protected.

SNAP has granted variance power to INWCF; therefore, INWCF has the power to modify gift restrictions that are no longer practicable or capable of fulfillment.

The investment is reported in the statements of financial position as is described as beneficial interest in assets held by INWCF in the amount of \$174,557 and \$63,017 as of December 31, 2017 and 2016, respectively.

Since this account resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted board designated net assets. The INWCF's spending policy are designed to protect the long-term viability of endowments by addressing the distribution of assets, investment authority, delegation of investment management, standards of conduct and releasing of restrictions on the use of the endowment or investments. The distributable amount is based on the average market value over a 13-quarter rolling average. During the fiscal years ended December 31, 2017 and 2016, \$-0- was transferred from the board designated endowment fund to operations.

The following table illustrates the diversification plan of INWCF:

Fixed Income	28%
Non-U.S. Equity	16%
U.S. Large Cap Equity	17%
Real Return Strategies	10%
Real Estate	10%
Alternate Investments	10%
Other	9%

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of December 31:

	<u>2017</u>	<u>2016</u>
Local Minor Home Repair Program	\$ 11,617	\$ 10,000
Homeless Special	3,393	3,845
Urgent Care Transport Program	-	67,774
Weatherization, Primarily Avista	294,332	262,894
Utility Bills, Avista Project Share/Modern Help	39,667	244,174
Housing Rehabilitation Program	474,139	505,249
CDFI Revolving Loan Funds	2,755,417	2,575,135
Total	<u>\$ 3,578,565</u>	<u>\$ 3,669,071</u>

Temporarily restricted net assets released from restrictions were as follows during the year ending December 31:

	<u>2017</u>	<u>2016</u>
Homeless Special	\$ 452	\$ -
Urgent Care Transport Program	67,774	-
Weatherization, Primarily Avista	8,056	-
Utility Bills, Avista Project Share/Modern Help	208,054	4,456
Housing Rehabilitation Program	31,110	-
CFDI Revolving Loan Funds	37,069	60,863
Total	<u>\$ 352,515</u>	<u>\$ 65,319</u>

NOTE 15 PLEDGES RECEIVABLE

Pledges receivable are as follows at December 31:

	<u>2017</u>	<u>2016</u>
Receivables to be Collected in Less Than One Year	\$ 99,009	\$ 218,500
Receivables to be Collected in One to Five Years	167,920	26,480
Total	266,929	244,980
Less: Discount to Present Value (3.25%)	(14,156)	(1,496)
Net Pledges Receivable	<u>\$ 252,773</u>	<u>\$ 243,484</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 16 UNCERTAIN TAX POSITIONS

SNAP files income tax returns in the U.S. federal jurisdiction. Currently, there is no examination or pending examination with the IRS.

SNAP adopted the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, on January 1, 2009. As of December 31, 2017 and 2016, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

SNAP recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2017 and 2016, SNAP recognized \$-0- in interest and penalties. SNAP recognized \$-0- for the payment of interest and penalties accrued at December 31, 2017 and 2016.

NOTE 17 FAIR VALUE MEASUREMENTS

FASB 820 provides the 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 defined by FASB ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to SNAP's needs.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. SNAP's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

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, 2017 and 2016.

Beneficial Interest in Assets Held by Inland Northwest Community Foundation

Valued at fair value based on unadjusted quoted market prices of the underlying investments.

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

The following tables disclose, by level within the fair value hierarchy, SNAP's assets measured and reported on the statements of financial position at fair value on a recurring basis as of December 31:

	2017			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Inland Northwest Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,557</u>	<u>\$ 174,557</u>
	2016			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Inland Northwest Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,017</u>	<u>\$ 63,017</u>

The following sets forth a summary for the years ended December 31 of changes in the fair value of beneficial interest in assets held by Inland Northwest Community Foundation, the organization's Level 3 asset:

	2017	2016
Balance – Beginning of Year	\$ 63,017	\$ 60,068
Change in Value, Net	111,540	2,949
Balance – End of Year	<u>\$ 174,557</u>	<u>\$ 63,017</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

	Spokane Neighborhood Action Partners	SNAP Financial Access	Pine Villa	Total
ASSETS				
Cash and Cash Equivalents	\$ 2,401,119	\$ 2,262,058	\$ 122,331	\$ 4,785,508
Restricted Cash	951,777	449,120	263,999	1,664,896
Total Cash and Cash Equivalents	<u>3,352,896</u>	<u>2,711,178</u>	<u>386,330</u>	<u>6,450,404</u>
Accounts Receivable, Primarily Grantor Agencies	1,107,393	97,504	3,039	1,207,936
Pledges Receivable, Primarily Grantor Agencies	252,773	-	-	252,773
Loans Receivable	346,308	2,814,508	-	3,160,816
Related Party Note Receivables	148,492	-	-	148,492
Inventory	71,626	-	-	71,626
Prepaid Expenses	113,238	-	3,921	117,159
Investments	809,928	-	-	809,928
Property and Equipment, Net	8,242,657	-	729,987	8,972,644
Other Assets	111,110	-	-	111,110
Total Assets	<u>\$ 14,556,421</u>	<u>\$ 5,623,190</u>	<u>\$ 1,123,277</u>	<u>\$ 21,302,888</u>
LIABILITIES AND NET ASSETS				
Accounts Payable and Accrued Expenses	\$ 990,187	\$ 2,780	\$ 11,520	\$ 1,004,487
Funds Held for Others	33,549	(2,416)	11,291	42,424
Revolving Loan Funds Payable	-	503,758	-	503,758
Loans and Mortgages Payable	4,911,874	-	645,129	5,557,003
Deferred Revenues	106,853	359,068	12,533	478,454
Total Liabilities	<u>6,042,463</u>	<u>863,190</u>	<u>680,473</u>	<u>7,586,126</u>
NET ASSETS				
Unrestricted	6,196,809	2,004,583	178,805	8,380,197
Unrestricted, Board-Designated	1,494,001	-	263,999	1,758,000
Temporarily Restricted	823,148	2,755,417	-	3,578,565
Total Net Assets	<u>8,513,958</u>	<u>4,760,000</u>	<u>442,804</u>	<u>13,716,762</u>
Total Liabilities and Net Assets	<u>\$ 14,556,421</u>	<u>\$ 5,623,190</u>	<u>\$ 1,123,277</u>	<u>\$ 21,302,888</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

	Spokane Neighborhood Action Partners	SNAP Financial Access	Pine Villa	Consolidated Total
REVENUE, SUPPORT, AND OTHER				
Unrestricted:				
Governmental Awards	\$ 10,330,391	\$ 700,662	\$ -	\$ 11,031,053
Public Support and Private Donations	9,828,797	249,142	2,696	10,080,635
Client Fees and Matching Contributions	1,331,106	720,998	406,086	2,458,190
Other Income (Expense), Including				
Developer Fees	111,042	80,970	-	192,012
In-Kind	1,814	521	-	2,335
Interest Income	9,132	126,553	293	135,978
Net Assets Released from Restrictions	315,445	37,070	-	352,515
Total Unrestricted	<u>21,927,727</u>	<u>1,915,916</u>	<u>409,075</u>	<u>24,252,718</u>
Temporarily Restricted:				
Public Support and Private Donations	44,658	-	-	44,658
Client Fees and Matching Contributions	-	217,351	-	217,351
Net Assets Released from Restrictions	(315,445)	(37,070)	-	(352,515)
Total Temporarily Restricted	<u>(270,787)</u>	<u>180,281</u>	<u>-</u>	<u>(90,506)</u>
Total Revenue, Support, and Other	21,656,940	2,096,197	409,075	24,162,212
EXPENSES AND LOSSES				
Program Services:				
Community Action	13,061,245	-	-	13,061,245
Housing Services	6,554,520	-	372,656	6,927,176
Financial Stability	551,956	1,671,747	-	2,223,703
Support Services:				
Community Action	1,358,573	-	-	1,358,573
Housing Services	385,846	-	-	385,846
Financial Stability	9,678	36,718	-	46,396
Total Expenses and Losses	<u>21,921,818</u>	<u>1,708,465</u>	<u>372,656</u>	<u>24,002,939</u>
CHANGES IN NET ASSETS	(264,878)	387,732	36,419	159,273
Net Assets – Beginning of Year	<u>8,778,836</u>	<u>4,372,268</u>	<u>406,385</u>	<u>13,557,489</u>
NET ASSETS – END OF YEAR	<u>\$ 8,513,958</u>	<u>\$ 4,760,000</u>	<u>\$ 442,804</u>	<u>\$ 13,716,762</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULES OF PUBLIC SUPPORT AND PRIVATE DONATIONS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	2017	2016
United Way of Spokane County:		
CHC-Mortgage Assistance Program	\$ 22,300	\$ 20,570
Financial Access	30,725	32,265
Resource Development	8,124	8,086
Vending Revenues - Various Properties	9,914	11,647
Project Share:		
Avista	206,279	460,290
Inland Power & Light	33,347	19,479
Modern Electric	20,000	-
Utility Customers and Other Private Donations	85,594	72,634
Avista - Utility Conservation Program	1,336,475	1,344,705
Avista - LIRAP - Low Income Rate Assistance Program	7,262,510	5,353,461
Avista - Retrofit Program	148,281	247,330
Building Performance Center (BPC)	-	7,500
Comprehensive Housing Counseling:		
Wells Fargo	9,000	8,000
Washington Trust Bank	-	10,000
Bank of America	9,000	10,000
Other Support	16,400	4,582
Foundations and Other Public Support:		
Empire Health Foundation	1,100	17,115
US Bank Foundation	-	10,000
Ombudsman Program	13,592	11,445
Women's Business Center	141,617	88,754
Other Financial Institutions	50,000	83,125
Valley Rotary	20,000	-
Forgivable Loan Payable	-	10,000
Other Institutions:		
RWPI Investment	51	58
URGENT Care Pilot Program	51,037	168,000
Asset Management	97,519	1,740
Other - Public Support and Private Donations	552,428	470,184
	\$ 10,125,293	\$ 8,470,970
Total		

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF PROGRAM SERVICES DETAIL BY PROGRAM
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

	Community Action	Housing Services	Financial Stability	Total
Salaries	\$ 1,837,364	\$ 1,497,069	\$ 680,738	\$ 4,015,171
Employee Benefits and Payroll Taxes	698,232	589,094	255,372	1,542,698
Total Salaries and Related Expenses	<u>2,535,596</u>	<u>2,086,163</u>	<u>936,110</u>	<u>5,557,869</u>
Specific Assistance to Individuals	9,646,275	2,418,913	990,594	13,055,782
Subcontracted Services	153,489	(8,400)	-	145,089
In-Kind	326	-	521	847
Building Maintenance	3,505	36,605	-	40,110
Occupancy	121,594	117,834	60,617	300,045
Utilities	3,015	6,122	-	9,137
Communications	32,980	9,203	13,454	55,637
Supplies	50,276	38,591	28,394	117,261
Printing and Copying	4,643	5,537	4,705	14,885
Insurance	46,999	128,419	4,184	179,602
Expendable Tools	-	28,364	-	28,364
Transportation	9,893	29,776	5,080	44,749
Vehicle Maintenance	-	12,712	-	12,712
Travel	16,182	-	5,234	21,416
Dues, Memberships, and Registration	1,090	24	1,670	2,784
Training	17,644	31,590	9,169	58,403
Professional Fees	71,850	50,769	11,885	134,504
Interest Expense	35,995	37,669	879	74,543
Miscellaneous	6,073	16,538	215	22,826
Property Management - Coast/G&B	-	1,487,621	-	1,487,621
Pooled General Expense	163,302	50,553	101,603	315,458
Pooled Network Expense	121,336	106,106	49,389	276,831
Management Fees	17,664	-	-	17,664
Total Expenses Before Depreciation	<u>13,059,727</u>	<u>6,690,709</u>	<u>2,223,703</u>	<u>21,974,139</u>
Depreciation	1,518	236,467	-	237,985
Total Expenses Plus Depreciation	<u>\$ 13,061,245</u>	<u>\$ 6,927,176</u>	<u>\$ 2,223,703</u>	<u>\$ 22,212,124</u>

SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF PROGRAM SERVICES DETAIL BY PROGRAM
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	Community Action	Housing Services	Financial Stability	Total
Salaries	\$ 1,827,572	\$ 1,440,120	\$ 720,632	\$ 3,988,324
Employee Benefits and Payroll Taxes	597,955	549,625	261,393	1,408,973
Total Salaries and Related Expenses	<u>2,425,527</u>	<u>1,989,745</u>	<u>982,025</u>	<u>5,397,297</u>
Specific Assistance to Individuals	8,336,570	2,951,579	1,331,676	12,619,825
Subcontracted Services	259,449	(7,800)	-	251,649
In-Kind	400	-	8,362	8,762
Building Maintenance	(9,483)	(5,659)	-	(15,142)
Occupancy	124,366	119,627	63,483	307,476
Utilities	2,957	6,003	140	9,100
Communications	23,012	8,625	30,626	62,263
Supplies	69,532	37,973	30,828	138,333
Printing and Copying	6,747	7,637	5,661	20,045
Insurance	38,522	129,435	5,268	173,225
Expendable Tools	-	26,734	-	26,734
Transportation	6,773	29,638	7,163	43,574
Vehicle Maintenance	-	13,184	-	13,184
Travel	6,322	1,109	5,069	12,500
Dues, Memberships, and Registration	469	-	2,526	2,995
Training	6,057	28,193	8,396	42,646
Professional Fees	59,078	23,336	43,144	125,558
Interest Expense	34,280	38,004	915	73,199
Miscellaneous	4,362	9,394	8,441	22,197
Property Management - Coast/G&B	-	1,371,211	-	1,371,211
Pooled General Expense	125,622	46,673	97,847	270,142
Pooled Network Expense	90,565	77,263	39,304	207,132
Management Fees	12,197	-	-	12,197
Total Expenses Before Depreciation	11,623,324	6,901,904	2,670,874	21,196,102
Depreciation	1,518	223,593	-	225,111
Total Expenses Plus Depreciation	<u>\$ 11,624,842</u>	<u>\$ 7,125,497</u>	<u>\$ 2,670,874</u>	<u>\$ 21,421,213</u>

SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF SUPPORTING SERVICES DETAIL BY PROGRAM
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	Community Action	Housing Services	Financial Stability	Total
Salaries	\$ 1,316,994	\$ 81,121	\$ 13,170	\$ 1,411,285
Employee Benefits and Payroll Taxes	460,585	26,271	4,709	491,565
Total Salaries and Related Expenses	<u>1,777,579</u>	<u>107,392</u>	<u>17,879</u>	<u>1,902,850</u>
Occupancy	(89,454)	5,274	1,033	(83,147)
Utilities	41,580	-	-	41,580
Building Maintenance	22,204	-	-	22,204
Communications	73,899	616	-	74,515
Supplies	97,409	4,969	202	102,580
Printing and Copying	12,293	1,334	17	13,644
Insurance	12,464	1,341	64	13,869
Transportation	2,317	667	-	2,984
Vehicle Maintenance	460	-	-	460
Travel	18,648	-	-	18,648
Dues, Membership, Registration	9,947	2,733	-	12,680
Training	6,822	1,359	-	8,181
In-Kind	1,489	-	-	1,489
Professional Fees	158,992	334	173	159,499
Interest Expense	33,210	-	-	33,210
Miscellaneous	27,416	1,569	-	28,985
Pooled General Expense	(583,186)	241,696	26,032	(315,458)
Pooled Network Expense	(284,389)	6,562	996	(276,831)
Management Fees	(27,664)	10,000	-	(17,664)
Total Expenses Before Depreciation	<u>1,312,036</u>	<u>385,846</u>	<u>46,396</u>	<u>1,744,278</u>
Depreciation	46,537	-	-	46,537
Total Expenses Plus Depreciation	<u>\$ 1,358,573</u>	<u>\$ 385,846</u>	<u>\$ 46,396</u>	<u>\$ 1,790,815</u>

SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF SUPPORTING SERVICES DETAIL BY PROGRAM
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	Community Action	Housing Services	Financial Stability	Total
Salaries	\$ 1,175,926	\$ 88,041	\$ 19,261	\$ 1,283,228
Employee Benefits and Payroll Taxes	382,577	26,068	7,075	415,720
Total Salaries and Related Expenses	<u>1,558,503</u>	<u>114,109</u>	<u>26,336</u>	<u>1,698,948</u>
Occupancy	(99,589)	5,742	1,226	(92,621)
Utilities	39,876	-	-	39,876
Building Maintenance	29,682	-	-	29,682
Communications	64,427	458	-	64,885
Supplies	86,951	1,799	15	88,765
Printing and Copying	10,815	2,851	19	13,685
Insurance	13,965	1,636	112	15,713
Transportation	2,269	321	-	2,590
Vehicle Maintenance	284	-	-	284
Travel	18,779	-	-	18,779
Dues, Membership, Registration	11,772	2,568	-	14,340
Training	3,114	150	-	3,264
In-Kind	82,366	-	-	82,366
Professional Fees	152,188	578	1,887	154,653
Interest Expense	33,281	-	-	33,281
Miscellaneous	33,808	2,202	50	36,060
Pooled General Expense	(520,450)	220,747	29,561	(270,142)
Pooled Network Expense	(214,446)	6,299	1,014	(207,133)
Management Fees	(12,197)	-	-	(12,197)
Total Expenses Before Depreciation	<u>1,295,398</u>	<u>359,460</u>	<u>60,220</u>	<u>1,715,078</u>
Depreciation	42,817	-	-	42,817
Total Expenses Plus Depreciation	<u>\$ 1,338,215</u>	<u>\$ 359,460</u>	<u>\$ 60,220</u>	<u>\$ 1,757,895</u>



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

Board of Directors
Spokane Neighborhood Action Partners
Spokane, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Spokane Neighborhood Action Partners (SNAP), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered SNAP'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 SNAP's internal control. Accordingly, we do not express an opinion on the effectiveness of SNAP'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 a part of obtaining reasonable assurance about whether SNAP's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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.



CliftonLarsonAllen LLP

Spokane, Washington
June 20, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Spokane Neighborhood Action Partners
Spokane, Washington

Report on Compliance for Each Major Federal Program

We have audited Spokane Neighborhood Action Partners (SNAP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SNAP's major federal programs for the year ended December 31, 2017. SNAP'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for SNAP's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 SNAP'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 on SNAP's compliance.

Opinion on Each Major Federal Program

In our opinion, SNAP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of SNAP 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 SNAP'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 the Uniform Guidance, 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 SNAP'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Spokane, Washington
June 20, 2018

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|---|-------------------|------------------------|
| 1. Type of auditor’s report issued: | <i>Unmodified</i> | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | <u>X</u> no |
| • Reportable condition(s) identified that are not considered to be material weaknesses? | _____ yes | <u>X</u> none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | <u>X</u> no |

Federal Awards

- | | | |
|---|-------------------|------------------------|
| 1. Internal control over major programs: | | |
| • Material weakness(es) identified? | _____ yes | <u>X</u> no |
| • Reportable condition(s) identified that are not considered to be material weaknesses? | _____ yes | <u>X</u> none reported |
| 2. Type of auditor’s report issued on compliance for major programs: | <i>Unmodified</i> | |
| 3. Audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule? | _____ yes | <u>X</u> no |

Identification of Major Federal Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> yes _____no

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2017.

Section III - Federal Award Findings and Questioned Costs

No matters were reported for the year ended December 31, 2017.

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Fund Number	CFDA Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Amounts Passed Through to Subrecipients	Expenditures During the Year	Unexpended Balance of Award at End of Year
U.S. Department of Health and Human Services										
DHHS Community Economic Development	720	93.570	90EE0857/01	01/01/17-12/31/17	\$ 106,314	\$ 106,314	\$ 32,448	\$ -	\$ 86,682	\$ 52,080
DHHS Refugee IDA #02	345	93.576	90ZI0115-02-00	09/30/16-09/29/17	127,433	114,715	117,304	-	31,483	83,232
DHHS Refugee IDA #03	345	93.576	90ZI0115-03-00	09/30/17-09/29/18	127,433	127,433	8,421	-	11,658	115,775
DHHS-Refugee Revolving Loan Fund #01	731	93.576	90RG0052	01/01/17-12/31/17	26,518	26,518	59,303	-	38,205	47,616
DHHS-Refugee Revolving Loan Fund #02	732	93.576	90RG0077	01/01/17-12/31/17	166,302	166,302	53,126	-	68,612	150,816
DHHS-Refugee Revolving Loan Fund #03	733	93.576	90RG0109	01/01/17-12/31/17	104,869	104,869	49,896	-	2,994	151,771
					<u>552,555</u>	<u>539,837</u>	<u>288,050</u>	<u>-</u>	<u>152,952</u>	<u>549,210</u>
Passed through Washington State Department of Early Learning										
WA DEL Homeless Childcare Program	145	93.575	16-1064-02	07/01/16-06/30/17	55,670	29,150	23,789	-	12,461	16,689
					<u>55,670</u>	<u>29,150</u>	<u>23,789</u>	<u>-</u>	<u>12,461</u>	<u>16,689</u>
Passed through Department of Commerce - Housing										
LIHEAP Weatherization Program	209	93.568	F16-43101-423-B	01/01/16-09/30/17	1,174,321	636,488	686,031	-	636,488	-
LIHEAP Weatherization Program	209	93.568	F17-53101-423-A	10/01/17-09/30/18	1,177,304	1,177,304	200,502	-	315,030	862,274
Passed through Department of Commerce - Community Services										
LIHEAP - EAP	411	93.568	F16-32606-054	10/01/15-03/31/17	4,119,110	-	177,632	-	-	-
LIHEAP - EAP	411	93.568	F17-32606-054-B	10/01/16-03/31/18	3,746,113	3,470,482	3,726,226	-	3,469,922	560
LIHEAP - EAP	411	93.568	F18-32606-054	10/01/17-03/31/19	3,524,384	3,524,384	-	-	-	3,524,384
					<u>13,741,232</u>	<u>8,808,658</u>	<u>4,790,391</u>	<u>-</u>	<u>4,421,440</u>	<u>4,387,218</u>
Passed through Department of Commerce - Community Services										
Community Services Block Grant	110	93.569	F17-32101-028	01/01/16-09/30/18	522,415	522,415	79,467	-	168,212	354,203
Community Services Block Grant	100	93.569	F16-32101-028	10/01/15-09/30/17	538,016	362,527	362,528	-	362,527	-
					<u>1,060,431</u>	<u>884,942</u>	<u>441,995</u>	<u>-</u>	<u>530,739</u>	<u>354,203</u>
Passed through Aging & Long Term Care of Eastern Washington										
Minor Home Repair IIIB	220	93.044	2017:57:14	01/01/17-12/31/17	15,527	15,527	11,117	-	12,535	2,992
LTC Ombudsman Program ALTCEW	123	93.044	14-15:88:14 (7)	01/01/16-12/31/16	15,268	-	129	-	-	-
LTC Ombudsman Program ALTCEW	123	93.044	14-17:88:14 (8)	01/01/17-12/31/17	15,268	15,268	13,867	-	15,268	-
					<u>46,063</u>	<u>30,795</u>	<u>25,113</u>	<u>-</u>	<u>27,803</u>	<u>2,992</u>
Passed through South King County Multi-Service Center										
LTC Ombudsman Program SKC	122	93.778	LTCOP 1617-3	07/01/16-06/30/17	134,217	78,325	92,147	-	70,923	7,402
LTC Ombudsman Program SKC	122	93.778	LTCOP 1718-3	07/01/17-06/30/18	133,607	133,607	19,926	-	36,508	97,099
					<u>267,824</u>	<u>211,932</u>	<u>112,073</u>	<u>-</u>	<u>107,431</u>	<u>104,501</u>
Total U.S. Department of Health and Human Services					<u>15,830,089</u>	<u>10,611,628</u>	<u>5,713,859</u>	<u>-</u>	<u>5,339,508</u>	<u>5,466,893</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Fund Number	CFDA Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Amounts Passed Through to Subrecipients	Expenditures During the Year	Unexpended Balance of Award at End of Year
U.S. Department of Energy										
Passed through Department of Commerce - Housing										
DOE Weatherization	205	81.042	F16-43103-423	07/01/16-06/30/17	\$ 321,417	\$ 173,015	\$ 187,017	\$ -	\$ 173,015	\$ -
DOE Weatherization	205	81.042	F17-53103-423	07/01/17-06/30/18	339,624	339,624	148,072	-	176,071	163,553
Total U.S. Department of Energy					<u>661,041</u>	<u>512,639</u>	<u>335,089</u>	<u>-</u>	<u>349,086</u>	<u>163,553</u>
U.S. Department of Housing and Urban Development										
Passed through City of Spokane - Community, Housing, & Human Services										
SHP-Small Cities	158	14.267	WA0119L0T021407	01/01/16-12/31/16	147,360	-	27,833	-	-	-
SHP-Small Cities	158	14.267	WA0119L0T021508	01/01/17-12/31/17	149,824	149,824	130,087	-	149,824	-
Rapid Rehousing for Families	159	14.267	WA0122L0T021508	08/01/16-07/31/17	169,803	50,477	101,746	-	48,424	2,053
Rapid Rehousing for Families	159	14.267	WA0122L0T021609	08/01/17-07/31/18	168,803	168,803	40,912	-	55,667	113,136
Coordinated Assessment - SHCA	160	14.267	WA0330L0T021500	01/01/17-12/31/17	141,273	141,273	127,310	-	141,273	-
Rural Rental Assistance Program	167	14.267	WA0118L0T021508	09/01/16-08/31/17	132,056	67,825	79,238	-	55,864	11,961
Comprehensive Housing and Support Services	168	14.267	WA0113L0T021508	08/01/16-07/31/17	109,132	54,239	65,243	-	47,691	6,548
Comprehensive Housing and Support Services	168	14.267	WA0113L0T021609	08/01/17-07/31/18	109,410	109,410	35,994	-	45,890	63,520
RRH for Households Without Children	175	14.267	WA0331L0T021500	12/01/16-11/30/17	195,834	183,985	193,544	-	181,695	2,290
RRH for Households Without Children	175	14.267	WA0331L0T021601	12/01/17-11/30/18	194,834	194,834	-	-	13,801	181,033
					<u>1,518,329</u>	<u>1,120,670</u>	<u>801,907</u>	<u>-</u>	<u>740,129</u>	<u>380,541</u>
Passed through City of Spokane - Community, Housing, & Human Services										
Spokane City Relocation	106	14.251	OPR 2017-0226	10/01/16-09/30/19	40,000	35,519	23,814	-	19,683	15,836
Passed through City of Spokane - Community, Housing, & Human Services										
City Rapid Rehousing ESG	174	14.231	E16-MC-53-0006	07/01/16-12/31/17	90,074	84,510	85,468	-	84,422	88

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Fund Number	CFDA Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Amounts Passed Through to Subrecipients	Expenditures During the Year	Unexpended Balance of Award at End of Year
Passed through City of Spokane - Community, Housing, & Human Services										
Alexandria ADA Concrete Ramp Capital Improvement	081	14.218	OPR 2018-0013	07/01/17-12/31/18	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Collins Apt Capital Improvement Project	081	14.218	OPR 2018-0014	07/01/17-12/31/18	56,850	56,850	-	-	-	56,850
Pacific Apt Playground Equipment Capital Improvement Project	081	14.218	OPR 2018-0081	07/01/17-12/31/18	22,000	22,000	-	-	-	22,000
City Single Family Rehab Program	222	14.218	OPR 2015-0266C	01/01/15-12/31/16	1,752,946	-	93,971	-	-	-
City Single Family Rehab Program	222	14.218	OPR 2016-0917	01/01/17-12/31/17	1,127,942	1,127,942	696,553	-	780,431	347,511
CD-City Minor Home Repair	225	14.218	OPR 2016-0190	11/01/15-12/31/16	670,418	-	43,362	-	-	-
CD-City Minor Home Repair	225	14.218	OPR 2016-0916 (A)	01/01/17-01/31/18	617,160	617,160	374,231	-	495,939	121,221
City of Spokane CDBG Housing Counseling Program	582	14.218	OPR 2017-0742	07/01/17-06/30/18	70,000	70,000	13,801	-	16,676	53,324
City of Spokane CDBG Micro Loan Consolidated	711	14.218	OPR 2016-0157	10/01/15-12/31/16	190,964	70,000	71,158	-	70,000	-
Passed through Spokane County Community Services, Housing and Community Development Department										
Emergency Health&Safety Repairs and Accessibility	224	14.218	16-12	07/01/16-06/30/17	149,422	100,695	115,944	-	100,695	-
Emergency Health&Safety Repairs and Accessibility	224	14.218	17-10	07/01/17-06/30/18	115,000	115,000	71,054	-	80,606	34,394
County CDBG Loan Fund 16	705	14.218	16-13	07/01/16-06/30/17	55,000	37,820	41,823	-	37,820	-
County CDBG Loan Fund 16	705	14.218	17-11	07/01/17-06/30/18	35,000	35,000	18,178	-	26,060	8,940
					<u>4,872,702</u>	<u>2,262,467</u>	<u>1,540,075</u>	-	<u>1,608,227</u>	<u>654,240</u>
Passed through Washington State Housing Finance Commission										
Super NOFA 2013	565	14.169	Super NOFA 15	10/01/15-03/31/17	42,000	18,402	15,364	-	8,131	10,271
Super NOFA 2014	565	14.169	Super NOFA 16	10/01/16-03/31/18	56,000	56,000	12,411	-	21,860	34,140
					<u>98,000</u>	<u>74,402</u>	<u>27,775</u>	-	<u>29,991</u>	<u>44,411</u>
Passed through Enterprise Community Partners, Inc Enterprise Community Partners, Inc HUD Section 4										
Enterprise Community Partners, Inc HUD Section 4	500	14.252	16SG0580	12/01/16-01/31/19	15,000	15,000	1,050	-	1,050	13,950
Passed through WA State Department of Commerce										
Collins Apartments	515	14.239	98-40497-207	06/30/98-06/30/49	215,135	153,621	-	-	153,621	-
2108 E. First Avenue	516	14.239	96-404-107	06/30/00-06/30/49	100,000	67,722	-	-	67,722	-
Alexandria Apartments	539	14.239	04-40403-030	10/16/03-06/30/44	508,224	508,224	-	-	508,224	-
Alexandria Apartments	539	14.239	04-40403-030	10/16/03-06/30/44	145,888	145,888	-	-	145,888	-

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Fund Number	CFDA Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Amounts Passed Through to Subrecipients	Expenditures During the Year	Unexpended Balance of Award at End of Year
Passed through City of Spokane Department of Community Development										
Patrician Apartments	507	14.239	OPR 94-251	03/22/94-12/31/24	\$ 197,500	\$ 197,500	\$ -	\$ -	\$ 197,500	\$ -
Passed through Spokane County Housing and Community Development										
Pine Villa	501	14.239	Pine Villa	01/01/99-09/01/23	637,645	579,138	-	-	579,138	-
					<u>1,804,392</u>	<u>1,652,093</u>	<u>-</u>	<u>-</u>	<u>1,652,093</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development					<u>8,438,497</u>	<u>5,244,661</u>	<u>2,480,089</u>	<u>-</u>	<u>4,135,595</u>	<u>1,109,066</u>
Bonneville Power Administration										
Passed through Department of Commerce - Housing										
BPA Weatherization	219	81.U01	F15-43104-423B	10/01/15-09/30/17	293,794	104,280	115,780	-	104,280	-
BPA Weatherization	219	81.U01	F17-53104-423	10/01/17-09/30/18	142,434	142,434	24,000	-	35,497	106,937
Total Bonneville Power Administration					<u>436,228</u>	<u>246,714</u>	<u>139,780</u>	<u>-</u>	<u>139,777</u>	<u>106,937</u>
U.S. Department of Labor										
Passed through Aging & Long Term Care of Eastern Washington										
Altcew Title V 2016	121	17.235	16-17:5.83:14 (1)	07/01/16-06/30/17	11,611	6,259	7,071	-	6,165	94
Altcew Title V 2016-2017	121	17.235	17-18:5.83:14	07/01/17-06/30/18	12,709	12,709	5,209	-	5,209	7,500
Total U.S. Department of Labor					<u>24,320</u>	<u>18,968</u>	<u>12,280</u>	<u>-</u>	<u>11,374</u>	<u>7,594</u>
U.S. Department of Veterans Affairs										
VA Collins Lobby Security Upgrade	081	20.812	PO#653-C75016	10/01/16-12/31/16	38,897	-	38,897	-	-	-
Total U.S. Department of Veterans Affairs					<u>38,897</u>	<u>-</u>	<u>38,897</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Treasury										
U.S. Treasury CDFI Financial Assistance Grant	760	21.020	131FA011523	01/01/17-12/31/17	91,245	91,245	107,596	-	149,426	49,415
U.S. Treasury CDFI Financial Assistance Grant	761	21.020	161FA020469	09/27/16-12/31/19	700,000	700,000	300,000	-	255,947	444,053
Total U.S. Department of Treasury					<u>791,245</u>	<u>791,245</u>	<u>407,596</u>	<u>-</u>	<u>405,373</u>	<u>493,468</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Fund Number	CFDA Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Amounts Passed Through to Subrecipients	Expenditures During the Year	Unexpended Balance of Award at End of Year
U.S. Small Business Administration										
U.S. Micro Loan	714	59.046	6124795004	07/05/13-07/05/23	\$ 200,000	\$ 24,589	\$ 78,382	\$ -	\$ 37,733	\$ 65,238
SBA Prime TA Grant #02	717	59.046	SBAHQ-16-Y-0132	07/01/16-06/30/17	53,541	27,156	35,397	-	19,567	7,589
SBA Prime TA Grant 2016	717	59.046	SBAHQ-17-Y-0136	07/01/17-06/30/18	68,941	68,941	-	-	31,736	37,205
					<u>322,482</u>	<u>120,686</u>	<u>113,779</u>	<u>-</u>	<u>89,036</u>	<u>110,032</u>
SBA Women's Business Center 2016	716	59.043	SBAHQ-13-W-0052	09/30/16-09/29/17	150,000	110,536	118,250	-	110,536	-
SBA Women's Business Center 2016	716	59.043	SBAHQ-13-W-0052	09/30/17-09/29/18	150,000	150,000	5,785	-	46,535	103,465
Total U.S. Small Business Administration					<u>622,482</u>	<u>381,222</u>	<u>237,814</u>	<u>-</u>	<u>246,107</u>	<u>213,497</u>
Total Federal Assistance Awards					<u>\$ 26,842,799</u>	<u>\$ 17,807,077</u>	<u>\$ 9,365,404</u>	<u>\$ -</u>	<u>\$ 10,626,820</u>	<u>\$ 7,561,008</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2017**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spokane Neighborhood Action Partners (SNAP) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 INDIRECT COSTS

Spokane Neighborhood Action Partner's Cost Allocation Policy is based on the Direct Allocation method described in 2 CFR 200 Appendix IV B.4. This Direct Allocation Method treats all costs as direct costs except general administration and general expenses. SNAP did not elect to use the 10% de minimus rate.

NOTE 3 FEDERAL LOANS

The federal loan programs listed subsequently are administered directly by SNAP, and balances and transactions relating to these programs are included in SNAP's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at December 31, 2017 consist of:

	FD Number	CFDA Number	Award Number	Period of Award	Total Authorized Loan	Balance Outstanding at End of Year	Balance Outstanding at Beginning of Year
U.S. Department of Housing and Urban Development							
Passed through WA State Department of Commerce							
Collins Apartments	515	14.239	98-40497-207	06/30/98-06/30/49	\$ 215,135	\$ 149,668	\$ 153,621
2108 E. First Avenue	516	14.239	96-404-107	06/30/00-06/30/49	100,000	65,848	67,722
Alexandria Apartments	539	14.239	04-40403-030	10/16/03-06/30/44	508,224	508,224	508,224
Alexandria Apartments	539	14.239	04-40403-030	10/16/03-06/30/44	145,888	145,888	145,888
Passed through City of Spokane Department of Community Development							
Patrician Apartments	507	14.239	OPR 94-251	03/22/94-12/31/24	197,500	197,500	197,500
Passed through Spokane County Housing and Community Development							
	501	14.239	Pine Villa	01/01/99-09/01/23	637,645	564,819	579,138
Total Loans					<u>\$ 1,804,392</u>	<u>\$ 1,631,947</u>	<u>\$ 1,652,093</u>

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Project Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Expenditures During the Year	Unexpended Balance of Award at End of Year
Washington State Department of Commerce								
CSBG-State 2015/2017	101	S16-32101-228	07/01/15-06/30/17	\$ 161,922	\$ 69,367	\$ 70,559	\$ 69,367	\$ -
CSBG-State 2017/2019	101	S18-32101-228	07/01/17-06/30/19	160,882	160,882	704	852	160,030
Matchmaker Weatherization and Health	206	S16-94102-423	03/01/16-06/30/17	218,082	203,243	181,558	178,152	25,091
Matchmaker Weatherization and Health	206	S18-92401-423	10/01/17-06/30/18	22,907	22,907	3,215	3,302	19,605
Matchmaker - Home Repair & Rehabilitation Prg	213	S15-94102-423 A	07/01/15-06/30/17	1,061,159	272,744	372,744	272,744	-
Washington HTF Revolving Loan Fund - Consolidated	270	2-91-491-20	04/01/91-09/30/22	736,038	172,836	94,055	74,881	192,010
Spokane Homeownership Opportunity Program - SHOP	570	2-90-491-38, 2-92-410-23A, 2-93-491-22A	07/30/90-12/31/17	40,906	27,060	2,725	9,678	20,107
Washington Revolving Loan Fund - Consolidated	758	09-94100-005	08/03/09-12/31/30	2,960,900	740,698	199,602	95,898	844,402
Passed through United Way of Spokane County								
Asset Building Project	703	UW 2017	01/01/17-12/31/17	28,150	28,150	28,150	28,150	-
Passed through City of Spokane								
Spokane City Single Homeless Coordinated Assessment	162	OPR-2016-0043	12/01/15-06/30/17	142,000	70,233	57,161	51,835	18,398
Spokane City Single Homeless Coordinated Assessment	162	OPR-2017-0570	07/01/17-06/30/19	13,250	13,250	8,939	10,674	2,576
Spokane City Youth Transitional Housing Program	163	OPR-2017-0569	07/01/17-06/30/19	4,755	4,755	1,605	1,780	2,975
Spokane City Rapid Re-Housing - CHG	164	2016-0435A	04/01/16-06/30/17	251,926	168,730	242,461	167,629	1,101
Spokane City Rapid Re-Housing - CHG	164	17-46108-30	07/01/17-06/30/19	184,290	184,290	23,697	31,192	153,098
Spokane City Young Adult Housing Program	166	OPR 2016-0919	09/01/16-06/30/17	209,801	187,965	191,428	187,964	1
Passed through Spokane County Community Services, Housing and Community Development Department								
Spokane County Homeless Housing Assistance	176	HCD HHAA 15-06	07/01/15-06/30/17	50,000	12,069	12,655	10,709	1,360
Spokane County Homeless Prevention	176	HHAA 17-07	07/01/17-06/30/19	328,325	328,325	37,775	55,258	273,067
Spokane County Re-Entry Service 2016-2017	177	16HCD1987	09/01/16-08/31/17	450,000	352,756	264,722	208,668	144,088
Spokane County CHG-RRH	179	17HCD2153	07/01/17-06/30/19	331,902	331,902	12,513	27,939	303,963
Washington State Housing Finance Commission								
WA ST HFC Foreclosure Fairness Act	564	HFC FAA #06	07/01/16-06/30/17	160,000	108,409	127,590	108,409	-
WA ST HFC Foreclosure Fairness Act	564	HFC FAA #06	07/01/17-06/30/18	160,000	181,831	93,360	107,921	73,910

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS (CONTINUED)
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Project Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Expenditures During the Year	Unexpended Balance of Award at End of Year
Other								
Passed through City of Spokane - Community, Housing, & Human Services								
SNAP General Costs City Grant	002	OPR 2015-1102	07/01/15-06/30/19	\$ 20,000	\$ 16,238	\$ 5,576	\$ 6,939	\$ 9,299
City HSG Ride to Care	108	OPR 2017-0244	01/01/17-12/31/17	46,000	46,000	26,211	44,491	1,509
Single's Coordinated Homeless Assessment (SHCA)	160	OPR 2016-0271	01/01/16-12/31/16	83,450	-	10,171	-	-
Youth Transitional Housing Program	163	OPR 2016-0199	01/01/16-06/30/17	13,673	4,558	3,933	3,049	1,509
Homeless Outreach Project	169	OPR 2016-0312	03/01/16-02/28/18	150,810	88,427	77,694	70,622	17,805
City Windstorm 2016 Emergency Work	229	OPR 2016-0565	07/19/16-12/31/16	200,000	-	9,641	-	-
Passed through Spokane County Community Services, Housing, and Community Development Department								
Homeless Student Pilot Project	147	16HCD1873	01/01/16-06/30/17	333,478	169,552	142,423	120,179	49,373
RRH for Families with Students	147	HHAA 17-06	07/01/17-06/30/19	247,875	247,875	21,100	47,306	200,569
Passed through Aging & Long Term Care of Eastern Washington								
ALTCEW-Minor Home Repair SCSA	220	2017:57:14	01/01/17-12/31/17	90,879	90,879	90,879	90,879	-
Passed through Avista Utilities								
Avista Weatherization Assistance	203	D-35126	01/01/16-12/31/16	1,335,000	-	105,670	-	-
Avista Weatherization Assistance	203	D-35141	01/01/17-12/31/17	1,335,000	294,837	1,174,510	1,329,987	139,360
Avista EE-Retrofit (CEEP)	217	D-35135 (1)	03/01/16-06/30/17	680,000	267,457	298,590	251,302	16,155
Avista UTILITY Retrofit	217	D-35135 (1)	03/01/16-06/30/17	420,000	172,670	178,120	148,281	24,389
LIRAP Avista Senior-Disabled Energy Assistance	412	R38980-Amend 1	10/01/15-09/30/17	82,868	25,986	8,591	25,986	-
LIRAP Avista Energy Assistance	412	R38980	10/01/16-09/30/17	5,800,834	5,011,257	4,905,961	4,814,288	196,969
LIRAP Avista Energy Assistance	412	R38980	10/01/17-09/30/18	6,285,669	6,139,473	2,269,532	2,448,244	3,691,229
Avista Project Share	440	PS 16-17	07/01/16-6/30/17	225,000	167,144	56,727	184,719	39,152
Avista Project Share	440	PS 17-18	07/01/17-6/30/18	225,000	39,152	89,390	98,895	29,647
Avista Project Share Mgt	441	2016-2017	07/01/16-06/30/17	233,829	71,136	98,698	90,925	78,909
Avista Project Share Mgt	441	2017-2018	07/01/17-06/30/18	229,800	78,909	74,234	152,563	580
Avista Loan Fund RLF	713	AVISTA RLF	04/01/17-04/22/22	50,000	27,440	8,692	12,476	23,656
Avista Loan Fund SBA WBC Donation	718	AVISTA Loan Fund	04/27/17-12/31/17	150,000	150,000	150,000	33,323	116,677
Passed through Modern Electric								
Modern Energy Project Share	442	Modern PS	10/01/16-09/30/17	10,000	5,919	10,000	12,587	3,332
Modern Energy Project Share	442	Modern PS	10/01/17-09/30/18	10,000	13,332	10,000	3,866	9,466

**SPOKANE NEIGHBORHOOD ACTION PARTNERS
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS (CONTINUED)
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Project Number	Awards Number	Period of Award	Total Authorized Award	Balance of Award at Beginning of Year	Funds Received During the Year	Expenditures During the Year	Unexpended Balance of Award at End of Year
Passed through Spokane Regional Clean Air Agency								
SRCAA - Vehicle Emissions Repair Program	127	SCRAA 2016	10/01/16-09/30/17	\$ 22,024	\$ 20,331	\$ 13,486	\$ 12,703	\$ 7,628
SRCAA - Vehicle Emissions Repair Program	127	SCRAA 2017	10/01/17-09/30/18	27,629	27,629	4,934	5,522	22,107
Passed through City of Spokane Valley								
City of Spokane Valley Windstorm Funding	229	01-21-2016 Letter	01/01/16-12/31/16	10,000	537	-	537	-
Passed through Neighborworks America								
Neighborworks America	500	Neighborworks America	12/01/16-11/30/18	15,000	15,000	-	13,162	1,838
Passed through Other								
Minor Home Repair Discretionary 2017	023	MHR	01/01/17-12/31/17	10,000	10,000	22,338	19,608	12,730
SNAP Special 2017	035	Special	01/01/17-12/31/17	15,000	46,520	15,885	24,126	38,279
SNAP Homeless Special 2017	060	HL Special	01/01/17-12/31/17	14,000	25,070	13,383	24,017	14,436
SNAP CapSys 2017	097	CapSys	01/01/17-12/31/17	3,000	10,352	3,000	3,633	9,719
HSSA Spokane Ride to Care	103	Ride to Care	01/18/17- 03/31/18	100,000	100,000	74,365	76,130	23,870
Urgent Care Transport	105	Urgent Care	01/01/17- 12/31/17	112,296	67,774	53,104	56,028	64,850
OMBUDS Misc 2017	124	OMBUDS	01/01/17-12/31/17	13,604	6,509	13,604	4,885	15,228
HL Services Transitional Leasing	183	HL	01/01/17-12/31/17	7,807	3,146	7,807	4,526	6,427
Landlord Match Discretionary 2017	214	LL Match	01/01/17-12/31/17	46,728	45,182	8,691	16,747	37,126
WA State Attorney Mortgage Settlement Grant	563	MSF Grant	01/01/17-09/30/17	474,354	44,415	10	44,425	-
NWBDA Revolving Loan Fund	702	NWBDA	01/01/17-12/31/17	35,184	35,184	26,904	2,743	59,345
BECU	703	BECU 2017	01/01/17-12/31/17	50,000	50,000	50,000	50,000	-
JP Morgan CHASE Foundation WBC Match	718	27528393	09/30/16-09/29/17	75,000	42,766	-	42,766	-
JP Morgan CHASE Foundation WBC Match	718	27528393	09/30/17-09/29/18	75,000	75,000	75,000	33,016	41,984
WA State Attorney Mortgage Settlement Revolving Loan	750	MSF Grant	01/01/17-12/31/17	2,600,000	492,884	352,111	295,620	549,375
Total State and Local Assistance Awards				<u>\$ 29,642,986</u>	<u>\$ 17,888,942</u>	<u>\$ 12,588,183</u>	<u>\$ 12,424,103</u>	<u>\$ 7,790,309</u>



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