

NEXT STEP HOUSING & AFFILIATE
(A Not for Profit Organization)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Next Step Housing and Affiliate
Yakima, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Next Step Housing and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Next Step Housing and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information shown on pages 22 to 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loveridge Hunt + Co, P&LLC

Bellevue, Washington

July 13, 2023

NEXT STEP HOUSING
(A Not for Profit Organization)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 527,995	\$ 1,245,555
Developer fee receivable	-	898,174
Prepaid assets	80,275	68,079
Accounts receivable - affiliates	51,993	36,608
	660,263	2,248,416
Property and equipment, at cost:		
Buildings and land improvements	16,585,055	12,254,496
Furnishings and equipment	736,204	446,572
Land	670,833	478,623
	17,992,092	13,179,691
Less accumulated depreciation	(7,175,491)	(4,688,234)
	10,816,601	8,491,457
Other assets:		
General operating/replacement reserves	1,013,323	839,242
Security deposit	46,399	36,765
Investment in LLC's	(100)	152,282
Investment - certificate of deposit	2,000,000	-
Accrued interest receivable - affiliates	-	185,800
Notes receivable - affiliates	1,739,032	2,211,500
	4,798,654	3,425,589
	\$ 16,275,518	\$ 14,165,462

NEXT STEP HOUSING
(A Not for Profit Organization)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

	December 31,	
	2022	2021
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 33,657	\$ 30,095
Developer fee payable (See Note 5)	70,000	75,355
Current portion of long term debt	11,000	13,000
Security deposit	46,099	36,765
	160,756	155,215
Long-term liabilities:		
Developer fee payable, net of current portion (See note 5)	491,846	563,684
Long term debt, net of current portion and debt issuance costs	1,568,577	16,250
	2,060,423	579,934
Total liabilities	2,221,179	735,149
Net assets:		
Net assets with donor restrictions	6,071,872	6,317,719
Net assets without donor restrictions	7,982,467	7,112,594
Total net assets	14,054,339	13,430,313
	\$ 16,275,518	\$ 14,165,462

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

NEXT STEP HOUSING
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CONSOLIDATED STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2022	2021
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Program revenue:		
Contributions	\$ 36,265	\$ 20,749
Management and administration fees (see Note 6)	61,367	66,101
Continuum of Care grant revenue	110,323	106,728
Other income	71,884	90,227
Residential rent	621,543	518,642
Rent subsidy - Section 8	302,985	196,784
Grants	-	49,820
Development fees	-	25,942
	1,204,367	1,074,993
Expenses:		
Housing and rehabilitation program	1,203,224	1,010,317
Management and general	32,553	543,674
	1,235,777	1,553,991
Change in net assets without donor restrictions	(31,410)	(478,998)
Released from restriction	245,847	245,847
Change in net assets due to assignment of PTP (Note 1)	655,436	-
Net assets without donor restrictions, beginning of year	7,112,594	7,345,745
Net assets without donor restrictions, end of year	7,982,467	7,112,594
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Net change in net assets with donor restrictions (Note 2)	(245,847)	(184,252)
Net assets with donor restrictions, beginning of year	6,317,719	6,501,971
Net assets with donor restrictions, end of year	6,071,872	6,317,719
Changes in net assets	624,026	(417,403)
Net assets, beginning of the year	13,430,313	13,847,716
Total net assets, end of year	\$ 14,054,339	\$ 13,430,313

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

NEXT STEP HOUSING
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 with Comparative Totals
for the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total 2022</u>	<u>Total 2021</u>
Accounting	\$ 49,389	\$ -	\$ 49,389	\$ 41,656
Administrative				
employee benefits	16,646	6,408	23,054	26,331
Administrative salaries				
and payroll taxes	112,628	-	112,628	676,725
Case management salaries				
and payroll taxes	64,632	-	64,632	71,605
Depreciation	458,798	-	458,798	366,007
Insurance	80,244	-	80,244	53,162
Interest (See Note 3)	816	875	1,691	876
Janitorial	3,768	-	3,768	6,126
Maintenance employee				
benefits	12,237	-	12,237	8,747
Maintenance salaries and				
payroll taxes	126,202	-	126,202	94,037
Maintenance supplies	47,359	46	47,405	38,119
Marketing	25,722	6,585	32,307	6,642
Office supplies	6,269	6,346	12,615	11,739
Other	-	2,597	2,597	799
Professional fees	15,178	-	15,178	2,081
Property taxes	5,393	-	5,393	4,739
Repairs	36,370	-	36,370	13,643
Telephone	2,057	9,511	11,568	15,281
Training and meetings	2,478	185	2,663	2,712
Travel	206	-	206	737
Utilities	135,967	-	135,967	112,227
Amortization	<u>865</u>	<u>-</u>	<u>865</u>	<u>-</u>
 Total expenses	 <u>\$ 1,203,224</u>	 <u>\$ 32,553</u>	 <u>\$ 1,235,777</u>	 <u>\$ 1,553,991</u>

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

NEXT STEP HOUSING
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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ (31,410)	\$ (417,403)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation expense	458,798	366,007
Amortization of debt issuance costs	1,691	876
Loss (gain) on investment in Pear Tree Place, LLC	-	(30)
Loss (gain) on investment in Bicycle Apartments LLC	100	71
Changes in certain assets and liabilities:		
Developer fee receivable	898,174	-
Prepaid assets	(12,196)	(32,086)
Accounts receivable - affiliates	(15,385)	47,877
Accrued interest receivable - affiliates	103,800	(61,028)
Accounts payable	3,562	(2,225)
Developer fee payable	(77,193)	419,138
Security deposit	9,334	1,325
Net cash flows provided by operating activities	1,339,275	322,522
Cash flows from investing activities:		
Payments for property and equipment	(18,250)	(110,843)
Assignment of PTP interest	97,384	-
Note receivable - affiliate	10,968	(49,820)
Net cash flows provided/(used) by investing activities	90,102	(160,663)
Cash flows from financing activities:		
Payments on long term debt	(20,000)	(20,000)
Transfer of cash as part of assumption of PTP	56,778	-
Net cash provided (used) by financing activities	36,778	(20,000)
Net increase in cash and restricted cash	1,466,155	141,859
Cash and restricted cash - beginning of year	2,121,562	1,979,703
Cash and restricted cash - end of year	\$ 3,587,717	\$ 2,121,562

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CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)

	Years Ended December 31,	
	2022	2021
Supplemental schedule of non-cash investing and financing activities:		
Increase in fixed asset through assumption of PTP	\$ 4,794,151	\$ -
Decrease in Investment in LLC's through assumption of PTP	\$ 152,353	\$ -
Decrease in Accrued interest receivable - affiliates through assumption of PTP	\$ 82,000	\$ -
Decrease in Note receivable - affiliate	\$ 461,500	\$ -
Increase in long term debt through assumption of PTP	\$ 1,600,000	-
Increase in debt issuance cost through assumption of PTP	\$ 31,364	-

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

NEXT STEP HOUSING
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PURPOSE

Next Step Housing (the Organization) is a nonprofit organization formed in the State of Washington. The purpose of the Organization is to provide quality, affordable, clean and sober, permanent housing with supportive services to special needs individuals and families in the Yakima Valley.

As of December 31, 2022 and 2021, the Organization consisted of six Alcohol and Drug Free Communities (ADFC's): The Clean House Apartments, the Lamplighter Apartments, the Sommerset Apartments, Pear Tree Place I, Pear Tree Place II, and Pear Tree Place III. The Organization is also the Managing Member of Bicycle Apartments, LLC. In 2021, Enterprise has a 99.99% ownership interest in Pear Tree Place, LLC (Pear Tree Place I), as a result the financial statements of Pear Tree Place, LLC are not consolidated within the Organization. At the end of April 2022, Enterprise assigned its interest in Pear Tree Place, LLC to the Organization. As a result, in 2022 Pear Tree Place, LLC is consolidated into the financial statements of the Organization. The consolidated financial statements include the accounts of Next Step Housing and Pear Tree Place, LLCs, collectively referred to as the "Organization." All significant intercompany accounts and transactions have been eliminated in consolidation.

The Organization was the initial sole member of Bicycle Apartments, LLC. On May 5, 2017, the Operating Agreement of Bicycle Apartments, LLC was amended to substitute Bicycle Apartments GP, LLC, as the sole member. The Organization is now the sole member of Bicycle Apartments GP, LLC. As of August 1, 2019 Boston Capital acquired 99.99% ownership interest in Bicycle Apartments, LLC, as a result the financial statements of Bicycle Apartments, LLC are not consolidated with the Organization.

During the years ended December 31, 2022 and 2021, the Organization received Section 8 rental assistance in the amount of \$302,985 and \$196,784, respectively, from the Housing Authority of the City of Yakima, representing 25% and 18% of total revenue in each year, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accrual method of accounting is used for financial statement purposes in accordance with accounting principals generally accepted in the United States of America.

Reclassification

Certain amounts as previously presented have been reclassified to conform with the current year presentation.

Marketing Costs

Marketing costs are expensed as incurred. Marketing expenses totaled \$32,307 and \$6,642 for the years ended December 31, 2022 and 2021, respectively.

Accounts and Grant Receivable

Accounts and grants receivable are stated at net realizable value.

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NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Functional Expenses

The costs of providing programs and activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated between programs. No fundraising costs were incurred during the years ended December 31, 2022 and 2021.

Revenue Recognition

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when performance obligations are satisfied.

Grant and Management fee income is recognized as earned when the Organization fulfills its obligation under the grant or management agreement.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, investment instruments purchased with a maturity of three months or less are considered to be cash equivalents. As of December 31, 2022 cash equivalents totaled \$2,000,000 (CD). As of December 31, 2021, there were no cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	December 31, <u>2022</u>	December 31, <u>2021</u>
Cash	\$ 527,995	\$ 1,245,555
Investment - certificate of deposit	2,000,000	-
General operating/replacement reserves	1,013,323	839,242
Security deposit	<u>46,399</u>	<u>36,765</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 3,587,717</u>	<u>\$ 2,121,562</u>

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction period expires or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When restrictions imposed on contributions received are met in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

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NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Contributions - (Continued)

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. Conditional contributions received are accounted as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome. Unconditional contributions with no purpose or time restricted are recognized as revenue without donor restrictions.

Basis of Presentation

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Activity relating to the net assets with donor restrictions during the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2021	Contributions Received	Released	December 31, 2022
<u>Forgivable Grants:</u>				
Lamplighter	481,192	-	(12,124)	469,068
Sommerset	1,127,924	-	(67,083)	1,060,841
Clean House	220,863	-	(7,888)	212,975
Pear Tree Place II	2,408,551	-	(83,053)	2,325,498
Pear Tree Place III	<u>2,079,189</u>	<u>-</u>	<u>(75,699)</u>	<u>2,003,490</u>
	<u>\$ 6,317,719</u>	<u>\$ -</u>	<u>\$ (245,847)</u>	<u>\$ 6,071,872</u>
	December 31, 2020	Contributions Received	Released	December 30, 2021
<u>Forgivable Grants:</u>				
Lamplighter	\$ 431,721	\$ 61,595	\$ (12,124)	\$ 481,192
Sommerset	1,195,007	-	(67,083)	1,127,924
Clean House	228,751	-	(7,888)	220,863
Pear Tree Place II	2,491,604	-	(83,053)	2,408,551
Pear Tree Place III	<u>2,154,888</u>	<u>-</u>	<u>(75,699)</u>	<u>2,079,189</u>
	<u>\$ 6,501,971</u>	<u>\$ 61,595</u>	<u>\$ (245,847)</u>	<u>\$ 6,317,719</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Government Grants

Government grants are subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can be reasonably determined, which is normally upon notification by such government agency. During the years ended December 31, 2022 and 2021, no such adjustments were made.

Federal Income Tax

The Organization is exempt from federal income taxes as an entity described in Section 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for federal income taxes in these financial statements and no federal income taxes were paid. Management believes that the Organization has adequately addressed all relevant tax positions and there are no unrecorded tax liabilities. Generally, the Organization's tax returns remain open for three years for federal income tax examination.

Concentration of Credit

Management maintains the Organization's cash in bank deposit accounts, that at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Amortization of Debt Issuance Costs

Debt issuance (loan) costs related to a recognized debt liability are presented in the statements of financial position as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs are reported as interest expense in accordance with ASU 2015-03. See Note 3 for additional information. Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method. This does not result in a significant difference from the effective interest rate method.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

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NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Investment in Property and Equipment

All expenditures for land, land improvements, building and equipment are capitalized at cost or fair value if donated and depreciated by straight-line and accelerated methods. Assets purchased for specific grant purposes are recorded in the appropriate fund. Expenditures for maintenance, repairs and renewals are charged to expense as incurred whereas major betterments and new items over \$2,500 are capitalized as additions to property and equipment. The Organization provides for depreciation of property and equipment using the straight-line method. Estimated useful lives are as follows:

Buildings and land improvements	10-40 years
Furnishings and equipment	5-7 years

Impairment

The Organization reviews its investment in real estate for impairment when events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. During 2022 and 2021, no impairment losses were recognized.

Eliminations

The additional information for the year ended December 31, 2022 and 2021, includes intercompany revenue and expenses totaling \$71,751 and \$74,025, respectively. The amounts are eliminated in the consolidation presentation of the basic financial statements.

Subsequent Events

Management of the Organization has evaluated events and transactions occurring after December 31, 2022 through July 13, 2023, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LONG-TERM DEBT

As of December 31, 2022 and 2021, the Organization long-term debt was as follows:

	<u>2022</u>	<u>2021</u>
Note payable to the Washington State Department of Commerce, in the amount of \$100,000. The note payable is due in quarterly installments beginning September 18, 2018. The installments begin at \$5,000 per quarter and are reduced annually until the quarterly payments are \$750. The note bears no interest, matures on June 30, 2026, and is collateralized by Sommerset land and building.	\$ 11,000	\$ 31,000
The mortgage note in the amount of \$1,600,000 is payable to the Washington Housing Trust Fund at a zero rate of interest. The full principal loan amount shall be due and payable on or before May 1, 2048.	1,600,000	-
Less: Current Portion	11,000	13,000
Less: Unamortized Debt Issuance Costs	<u>31,423</u>	<u>1,750</u>
Total	<u>\$ 1,568,577</u>	<u>\$ 16,250</u>

The Organization is subject to loan covenants regarding certain financial statement amounts, ratios, and activities. The Organization is in compliance with the loan covenants. As of December 31, 2022 and 2021, it is not practicable to make a reasonable estimate of fair value for the long term debt.

Estimated future maturities of long-term debt for each of the next five fiscal years are as follows:

2023	\$	11,000
2024		-
2025		-
2026		-
2027		-
2028 and thereafter		<u>1,600,000</u>
TOTAL	\$	<u>1,611,000</u>

NOTE 4 - RESERVES

General Operating and Replacement Reserves Account

The Organization has a General Operating and Replacement Reserve Account for all the properties in its portfolio which are deposited in a Wells Fargo bank account. The reserve accounts are funded by surplus operating revenues at year end as well as other sources. At December 31, 2022 and 2021, the balance in the reserve accounts was \$1,013,323 and \$839,242, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Housing Trust Fund Covenant Agreements

The Organization is subject to five Low Income Housing Covenant Agreements, as follows:

<u>Property</u>	<u>Commitment</u>
Clean House	50 years ending December 31, 2049
Lamplighter	60 years ending August 31, 2060
Sommerset	40 years ending September 30, 2043
Pear Tree Place I	40 years ending May 1, 2048
Pear Tree Place II	40 years ending January 31, 2050
Pear Tree Place III	40 years ending November 30, 2053

These covenants are a condition for financial assistance provided by the Housing Trust Fund of the Office of Community Development, a department of the State of Washington (the Department), for the purchase and development of six apartment buildings. If a violation of any of the covenants occurs, the department may, after 30 days' notice to the Organization, institute and prosecute any proceedings at law. If the properties are sold, refinanced or changed in use without the Department's approval prior to the end of the commitment, the grant is recoverable. The recoverable grants are secured by deeds of trust and promissory notes in favor of the Department. It is the intent and purpose of the Organization to comply with the requirements through the commitment period, and as such the recoverable grant were included in grant income upon receipt of the related funds.

Yakima County 20/60 Program Affordable Housing Agreement - Pear Tree Place I

As a provision of the Yakima County 20/60 Program Affordable Housing Agreement, Pear Tree Place I is to remain affordable to very-low income households, as defined in the Agreement, until 2047.

Yakima County 20/60 Program Affordable Housing Agreement - Pear Tree Place II

As a provision of the Yakima County 20/60 Program Affordable Housing Agreement, Pear Tree Place II is to remain affordable to very-low income households, as defined in the Agreement, for a period of at least 25 years, beginning 2008.

Federal Home Loan Bank of Seattle Subsidy Compliance Period

During 2013, the Organization received a subsidy from the Federal Home Loan Bank of Seattle for the development of Pear Tree Place III. As a provision of the subsidy agreement, Pear Tree Place III is to provide a combination of units including 17 housing for homeless veterans and 6 people living with Development Disabilities with incomes ranging from 30% to 80% of area median income for a period of at least 15 years, beginning 2013.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 - COMMITMENTS AND CONTINGENCIES - (CONTINUED)

Recoverable Grant from the Housing Preservation Program - for Sommerset

During 2019, the Organization received a subsidy for financial assistance provided by the Housing Trust Fund of the Office of Community Development, a department of the State of Washington (the Department), for the rehabilitation of Sommerset Apartments. The recoverable grant will have no expectation of repayment if the terms and conditions of the contract have been met through the commitment period, as defined in the contract. The commitment period is not less than 15 years. If the property is sold, refinanced or changed in use without the Department's approval prior to the end of the commitment, the grant is recoverable. The recoverable grant is secured by a promissory note in favor of the Department. It is the intent and purpose of the Organization to comply with the requirements through the commitment period, and as such the recoverable grant is recorded as a net asset with donor restrictions.

Recoverable Grant from the Housing Preservation Program - for Lamplighter

During 2020, the Organization received a subsidy for financial assistance provided by the Housing Trust Fund of the Office of Community Development, a department of the State of Washington (the Department), for the rehabilitation of Lamplighter Apartments. The recoverable grant will have no expectation of repayment if the terms and conditions of the contract have been met through the commitment period, as defined in the contract. The commitment period is not less than 45 years. If the property is sold, refinanced or changed in use without the Department's approval prior to the end of the commitment, the grant is recoverable. The recoverable grant is secured by a promissory note in favor of the Department. It is the intent and purpose of the Organization to comply with the requirements through the commitment period, and as such the recoverable grant is recorded as a net asset with donor restrictions.

Memorandum of Understanding regarding Developer Fee Payable

The Organization signed a memorandum of understanding with the former Executive Director on February 25, 2021 that sets forth the employee will stay on the Organization's payroll as an Executive Consultant beginning January 1, 2022 through December 31, 2030. The Organization has accrued this expense as a payable in the amount of \$639,039 to be paid out according to the eight-year term of the agreement. As of December 31, 2022 and 2021, the amount payable totaled \$561,846 and \$639,039 and is presented on the balance sheet as Developer Fee Payable.

NOTE 6 - RELATED PARTY TRANSACTIONS

Note Receivable From Pear Tree Place I (City of Yakima Loan)

The Organization provided a subordinate mortgage to Pear Tree Place I in the amount of \$200,000. The mortgage note bears interest at 5% per annum, is receivable subject to cash flow and matures in 2047. There was no interest charged on the note in 2022. During 2021, interest charged on the note totaled \$10,000. See Note 1 regarding Enterprise assignment of its interest in Pear Tree Place LLC to the Organization. As a result of the assignment, as of December 31, 2022, this note, and related accrued interest is eliminated on the consolidated financial statements of the Organization. During 2021, payments totaled \$10,000. As of December 31, 2021, accrued interest receivable totaled \$85,331. As of December 31, 2021, the note receivable, including accrued interest, totaled \$285,331.

NEXT STEP HOUSING
(A Not for Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Note Receivable From Pear Tree Place I (Yakima County 2060 Loan)

The Organization provided a subordinate mortgage to Pear Tree Place I in the amount of \$161,500. The mortgage note bears interest at 1% per annum, is receivable subject to cash flow and matures in 2047. See Note 1 regarding Enterprise assignment of its interest in Pear Tree Place LLC to the Organization. As a result of the assignment, as of December 31, 2022, this note, and related accrued interest is eliminated on the consolidated financial statements of the Organization. During 2021, interest charged on the note totaled \$1,615. During 2021, cash received for interest totaled \$1,615. As of December 31, 2021, the note receivable totaled \$161,502 with no accrued interest.

Note Receivable From Pear Tree Place I (WCRA Payoff)

During 2011, the Organization provided a subordinate mortgage to Pear Tree Place I in the amount of \$106,471. The note is receivable from available cash flows, as defined in the agreement, at a 2% rate of interest. See Note 1 regarding Enterprise assignment of its interest in Pear Tree Place LLC to the Organization. As a result of the assignment, as of December 31, 2022, this note, and related accrued interest is eliminated on the consolidated financial statements of the Organization. During 2021, interest charged on the note totaled \$2,000. As of December 31, 2021, there was no accrued interest. The unpaid principal balance shall become due and receivable on January 1, 2048. As of December 31, 2021, the note receivable totaled \$100,000.

Note Receivable From Bicycle Apartments, LLC (City of Yakima loan)

During 2019, the Organization provided a note to Bicycle Apartments, LLC in the amount of \$1,000,000. The note is payable from available cash flows and matures in 2061, at a 3% rate of interest. During 2022 and 2021, interest charged on the note totaled \$29,670 and \$34,220, respectively. As of December 31, 2022 and 2021, the note receivable totaled \$989,032 and \$1,000,000, respectively. There was no accrued interest received in 2022. During 2021, the accrued interest receivable totaled \$58,123.

Note Receivable From Bicycle Apartments, LLC (Federal Home Loan Bank loan)

The Organization provided a note to Bicycle Apartments, LLC in the amount of \$750,000. The note is payable based on available cash flows and matures in 2061, at a 3% rate of interest. During 2022 and 2021, interest charged on the note totaled \$23,871 and \$26,808, respectively. As of December 31, 2022 and 2021, the note receivable totaled \$750,000 each year. There was no accrued interest receivable on the note in 2022. During 2021, the accrued interest receivable on the note \$45,675.

As of December 31, 2022 and 2021, it is not practicable to make a reasonable estimate of fair value for the notes receivable.

NEXT STEP HOUSING
(A Not for Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Investment in Pear Tree Place, LLC (Pear Tree Place I)

Effective October 26, 2005, the Organization formed a limited liability company, Pear Tree Place, LLC (the Company). The Company was formed to build a new housing development for individuals and families in recovery from substance abuse with established sobriety, and/or living with Developmental Disabilities, and/or homeless. Next Step Housing is the Managing Member with .01% ownership. As Managing Member, Next Step Housing has authorization to make decisions with respect to acquisition, construction, rehabilitation, development, operations, management and maintenance of the apartment complex. During 2007, development of Pear Tree Place I was completed. See Note 1 regarding Enterprise assignment of its interest in Pear Tree Place LLC to the Organization. As a result of the assignment, as of December 31, 2022, the Organization has eliminated its investment in Pear Tree Place, LLC. As of December 31, 2021, the Organization had \$152,353, in equity investment in the Company. As of December 31, 2021, the Company had total assets of approximately \$2.98 million and equity of approximately \$847 thousand.

Investment in Bicycle Apartments LLC

Effective December 2015, the Organization formed a limited liability company, Bicycle Apartments LLC (the Company). The Company was organized to acquire, finance, own, construct, maintain, improve, and operate a 80-unit apartment complex located in Yakima, Washington which was completed in November 2020. Next Step Housing through Bicycle Apartments GP LLC, a Washington Limited Liability Company, is the Managing Member with .01% ownership. As Managing Member, Next Step Housing through Bicycle Apartments GP LLC has authorization to make decisions with respect to acquisition, construction, rehabilitation, development, operations, management and maintenance of the apartment building.

Accounts Receivable - Affiliate (Pear Tree Place I)

Under the terms of the Operating Agreement with Pear Tree Place I, the Organization is entitled to a company administration fee totaling \$5,000 each year. The fee is to increase 3% per year after 2008. The fee is payable from available cash flow, as defined in the operating agreement and is cumulative. During 2022, no fee was earned or received due to Enterprise's assignment of its interest in Pear Tree Place, LLC to the Organization, see Note 1. During 2021, \$7,344 was earned and received. As of December 31, 2022 and 2021, there was no company administration fee receivable. The company administration fee is included in management and administration fees on the statements of activities.

Property Management Fees - (Pear Tree Place I)

In accordance with the property management agreement, the Organization receives a property management fee equal to 8% of actual rent collections for services rendered in connection with the leasing and operation of Pear Tree Place I. During 2022 and 2021, the property management fees charged and totaled \$5,051 and \$14,069, respectively. The fees in 2022 were charged and received before Enterprise assigned its interest to the Organization. See Note 1 for further information. As of December 31, 2021, there was a total property management fee receivable of \$1,241. The property management fee receivable is included in accounts receivable - affiliate on the statements of financial position as of December 31, 2021. The property management fee is included in management and administration fees on the statement of activities.

NEXT STEP HOUSING
(A Not for Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Advances Receivable - (Pear Tree Place I)

During 2022, Enterprise assigned its interest in Pear Tree Place, LLC to the Organization. As a result intercompany accounts are eliminated and there is no advances receivable from Pear Tree Place I as of December 31, 2022. As of December 31, 2021, Pear Tree Place I was obligated to repay the Managing Member (NSH) \$10,334, for operating and other costs paid on its behalf. The advances to the Managing Member are included in accounts receivable - affiliate on the statements of financial position as of December 31, 2021.

Accounts Receivable - Affiliate (Bicycle Apartments, LLC)

As part of the Organization's development of Bicycle Apartments, LLC, from time to time it will pay for development costs on behalf of Bicycle Apartments, LLC. As of December 31, 2022 and 2021, the account receivable - affiliate totaled \$51,993 and \$21,318, respectively.

Property Management Fees - (Bicycle Apartments, LLC)

In accordance with the Operating Agreement, the Organization receives a property management fee equal to 7% of actual rent collections for services rendered in connection with the leasing and operations of Bicycle Apartments, LLC. For the year ended December 31, 2022 and 2021 property management fees totaled \$56,316 and \$44,688, respectively. As of December 31, 2022 there was no property management fee receivable. As of December 31, 2021, there was a total property management fee receivable of \$3,715. The property management fee is included in management and administrative fees on the statements of activities.

Developer Fees Receivable - Affiliate (Bicycle Apartments, LLC)

Pursuant to the Development Fee Agreement, the Organization is entitled to a development fee in the amount of \$1,499,076. Per the WSHFC limitation on the developer fee charged, the total was changed to \$1,409,639. As of December 31, 2022 there was no outstanding developer fee receivable. As of December 31, 2021, the developer fee receivable totaled \$898,174.

NOTE 7 - GRANT REVENUE

Continuum of Care Grants

Sommerset Apartments has 11 apartments and Pear Tree Place III has 8 apartments qualifying for grant funds through the Housing and Urban Development Continuum of Care McKinney Homeless Program. The grant agreements reimburse 11/41sts and 8/24ths of the operating and maintenance expenses for Sommerset and Pear Tree Place III, respectively, for the year. The calculation is based on the number of qualifying units over total number of units. The residents of these qualifying apartments receive Case Management Services provided by Next Step Housing under the grants and only pay 30% of their income in rent less a utilities allowance and an annual disability allowance. The grant revenue for this program for 2022 and 2021, totaled \$110,323 and \$106,728, respectively.

NEXT STEP HOUSING
(A Not for Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - GRANT REVENUE - (CONTINUED)

City of Yakima Grant

During 2019, Next Step Housing entered into a grant agreement with the City of Yakima Office of Neighborhood Development Services in the amount of \$1,000,000 for the development of Bicycle Apartments. As of December 31, 2019, the Organization received \$989,032 which was loaned to Bicycle Apartments, LLC (see note 6).

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources. The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows:

	<u>December 31,</u> 2022	<u>December 31,</u> 2021
Cash and cash equivalents	\$ 527,995	\$ 1,245,555
Accounts receivable - affiliate	51,993	36,608
Developer fee receivable	-	898,174
	<u>\$ 579,988</u>	<u>\$ 2,180,337</u>

SUPPLEMENTAL INFORMATION

NEXT STEP HOUSING
(A Not for Profit Organization)

SCHEDULE OF SOURCES AND USES OF FUNDS

Year Ended December 31, 2022

	Permanent Housing						Administration & Development	Total	
	PTP1	CHA	Lampighter	Somerset	PTP 2	PTP 3	Subtotal		NSH
REVENUES									
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,265	\$ 36,265
In-house management fees*	-	-	-	-	-	-	-	71,719	71,719
Management fees	-	-	-	-	-	-	-	61,367	61,367
McKinney operational grants	-	-	-	59,185	-	51,138	110,323	-	110,323
Other income	3,288	1,835	3,474	6,109	-	2,432	17,138	54,746	71,884
Rent revenue	149,778	132,582	97,101	275,461	129,793	139,813	924,528	-	924,528
Developer fee income	-	-	-	-	-	-	-	898,174	898,174
Grant income	-	-	-	-	-	-	-	-	-
Total revenue	<u>153,066</u>	<u>134,417</u>	<u>100,575</u>	<u>340,755</u>	<u>129,793</u>	<u>193,383</u>	<u>1,051,989</u>	<u>1,122,271</u>	<u>2,174,260</u>
EXPENSES									
Accounting	10,950	6,358	4,624	13,584	6,903	6,970	49,389	-	49,389
Administrative benefits	3,750	1,691	3,019	4,626	4,464	4,464	22,014	1,040	23,054
Administrative salaries/taxes	-	13,002	9,014	20,934	13,607	17,749	74,306	115,515	189,821
Case management salaries/taxes	-	-	-	33,986	-	30,646	64,632	-	64,632
In-house management fees*	-	10,245	8,078	27,711	10,282	15,403	71,719	-	71,719
Insurance	12,188	8,088	9,869	26,160	9,927	14,012	80,244	-	80,244
Janitorial	-	275	590	1,722	-	1,011	3,598	170	3,768
Maintenance employee benefits	1,734	1,601	1,803	3,115	1,531	2,453	12,237	-	12,237
Maintenance salaries/taxes	22,837	16,802	13,794	34,719	13,856	24,194	126,202	-	126,202
Maintenance supplies	7,736	5,586	5,451	17,843	2,697	8,092	47,405	-	47,405
Marketing	989	5,681	5,414	6,796	5,770	5,857	30,507	1,800	32,307
Office supplies	-	110	80	1,381	120	1,330	3,021	9,594	12,615
Other	354	360	211	600	335	335	2,195	402	2,597
Professional fees	5,170	5,338	2,958	284	96	162	14,008	1,170	15,178
Property taxes	-	206	4,070	499	309	309	5,393	-	5,393
Repairs	18,319	7,294	433	3,991	1,942	4,391	36,370	-	36,370
Telephones	1,219	-	-	2,210	1,615	1,615	6,659	4,909	11,568
Training/meetings	157	188	136	450	205	435	1,571	1,092	2,663
Travel	34	28	21	61	31	31	206	-	206
Utilities	16,399	35,929	13,207	37,204	15,249	17,979	135,967	-	135,967
Total operating expenses	<u>101,836</u>	<u>118,782</u>	<u>82,772</u>	<u>237,876</u>	<u>88,939</u>	<u>157,438</u>	<u>787,643</u>	<u>135,692</u>	<u>923,335</u>
NET INCOME BEFORE DEPRECIATION AND AMORTIZATION	<u>\$ 51,230</u>	<u>\$ 15,635</u>	<u>\$ 17,803</u>	<u>\$ 102,879</u>	<u>\$ 40,854</u>	<u>\$ 35,945</u>	<u>\$ 264,346</u>	<u>\$ 986,579</u>	<u>\$ 1,250,925</u>
Mortgage principle reductions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Capital activities	<u>\$ -</u>	<u>\$ 4,279</u>	<u>\$ 1,239</u>	<u>\$ 6,760</u>	<u>\$ 1,858</u>	<u>\$ 4,114</u>	<u>\$ 18,250</u>	<u>\$ -</u>	<u>\$ 18,250</u>

* Eliminated in consolidation.

NEXT STEP HOUSING
(A Not for Profit Organization)

SCHEDULE OF SOURCES AND USES OF FUNDS - (CONTINUED)

Year Ended December 31, 2021

	Permanent Housing						Administration & Development	Total
	CHA	Lamplighter	Somerset	PTP 2	PTP 3	Subtotal	NSH	
REVENUES								
Contributions	\$ -	\$ 61,595	\$ -	\$ -	\$ -	\$ 61,595	\$ 20,749	\$ 82,344
In-house management fees*	-	-	-	-	-	-	74,025	74,025
Management fees	-	-	-	-	-	-	66,101	66,101
McKinney operational grants	-	-	57,954	-	48,774	106,728	-	106,728
Other income	2,201	2,981	6,951	-	3,451	15,584	74,643	90,227
Rent revenue	128,534	88,890	246,720	118,655	132,627	715,426	-	715,426
Developer fee income	-	-	-	-	-	-	25,942	25,942
Grant income	-	-	-	-	-	-	49,820	49,820
Total revenue	<u>130,735</u>	<u>153,466</u>	<u>311,625</u>	<u>118,655</u>	<u>184,852</u>	<u>899,333</u>	<u>311,280</u>	<u>1,210,613</u>
EXPENSES								
Accounting	6,882	5,005	14,754	7,507	7,508	41,656	-	41,656
Administrative benefits	2,336	3,082	5,515	4,495	4,495	19,923	6,408	26,331
Administrative salaries/taxes	28,453	17,965	56,051	26,905	34,513	163,887	93,700	257,587
Case management salaries/taxes	-	-	36,268	-	35,337	71,605	-	71,605
In-house management fees*	10,459	14,353	24,933	9,492	14,788	74,025	-	74,025
Insurance	6,970	7,286	22,099	7,588	9,219	53,162	-	53,162
Janitorial	1,247	780	3,013	-	1,086	6,126	-	6,126
Maintenance employee benefits	892	1,391	3,252	2,154	1,058	8,747	-	8,747
Maintenance salaries/taxes	11,393	10,882	36,416	20,687	14,659	94,037	-	94,037
Maintenance supplies	3,148	2,493	15,461	8,803	8,168	38,073	46	38,119
Marketing	10	7	20	10	10	57	6,585	6,642
Office supplies	459	370	2,678	742	1,144	5,393	6,346	11,739
Other	159	68	256	87	87	657	142	799
Professional fees	451	224	1,312	66	28	2,081	-	2,081
Property taxes	201	3,449	487	301	301	4,739	-	4,739
Repairs	5,494	952	1,403	2,301	3,493	13,643	-	13,643
Telephone	82	60	2,349	1,639	1,640	5,770	9,511	15,281
Training/meetings	418	304	893	456	456	2,527	185	2,712
Travel	-	-	-	-	-	-	737	737
Utilities	35,899	11,875	35,719	13,080	15,654	112,227	-	112,227
Total operating expenses	<u>114,953</u>	<u>80,546</u>	<u>262,879</u>	<u>106,313</u>	<u>153,644</u>	<u>718,335</u>	<u>123,660</u>	<u>841,995</u>
NET INCOME BEFORE DEPRECIATION AND AMORTIZATION	<u>\$ 15,782</u>	<u>\$ 72,920</u>	<u>\$ 48,746</u>	<u>\$ 12,342</u>	<u>\$ 31,208</u>	<u>\$ 180,998</u>	<u>\$ 187,620</u>	<u>\$ 368,618</u>
Mortgage principle reductions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Capital activities	<u>\$ 8,051</u>	<u>\$ 56,835</u>	<u>\$ 13,188</u>	<u>\$ 24,718</u>	<u>\$ 8,051</u>	<u>\$ 110,843</u>	<u>\$ -</u>	<u>\$ 110,843</u>
Reserve allocations	<u>\$ 7,700</u>	<u>\$ 5,600</u>	<u>\$ 16,450</u>	<u>\$ 5,100 **</u>	<u>\$ 8,400</u>	<u>\$ 43,250</u>	<u>\$ -</u>	<u>\$ 43,250</u>

* Eliminated in consolidation

** Additional \$900 deposit made above the minimum required deposit

Non-Audited Schedule

NEXT STEP HOUSING
(A Not for Profit Organization)

BOARD SUMMARY

		December 31,	
		2022	2021
<p>BOARD OF DIRECTORS</p> <p>Terry Wheat <i>President</i></p> <p>Gesa Federal Credit Union (Retired)</p> <p>Amanda Delp <i>Vice President</i></p> <p>Yakima Housing Authority</p> <p>Eliza Mancilla <i>Treasurer/CHDO Rep</i></p> <p>Opportunities Industrialization Center</p> <p>Arnoldo Hernandez <i>Community Rep</i></p> <p>DSHS DDD (Retired)</p> <p>T.J.Mattingly <i>Community Rep</i></p> <p>WA Resource & Development Council</p> <p>Kerri Faulkner <i>CHDO Rep</i></p> <p>Pear Tree Place I</p> <p>Lisa Baldoz <i>Community Rep</i></p> <p>WA State DOH</p>		<p>STATEMENTS OF FINANCIAL POSITION:</p> <p>ASSETS</p> <p>Cash \$ 527,995 \$ 1,245,555</p> <p>Developer fee receivable 898,174</p> <p>Cash reserves 1,013,323 839,242</p> <p>Security deposit 46,399 36,765</p> <p>Prepaid expenses 80,275 68,079</p> <p>Accounts receivable - affiliate 51,993 36,608</p> <p>Notes receivable - affiliate 1,739,032 2,397,300</p> <p>Investment in LLC (100) 152,282</p> <p>Building and improvements 16,585,055 12,254,496</p> <p>Less accumulated depreciation (7,175,491) (4,688,234)</p> <p>Furnishings and equipment 736,204 446,572</p> <p>Land <u>670,833</u> <u>478,623</u></p> <p>Total assets <u>\$ 14,275,518</u> <u>\$ 14,165,462</u></p> <p>LIABILITIES AND NET ASSET</p> <p>Accounts payable \$ 33,657 \$ 30,095</p> <p>Developer fee payable 561,846 639,039</p> <p>Security deposit 46,099 36,765</p> <p>Current portion of long term debt 11,000 13,000</p> <p>Long term debt 1,568,577 16,250</p> <p>Net assets with donor restrictions 6,071,872 6,317,719</p> <p>Net assets without donor restrictions <u>7,982,467</u> <u>7,112,594</u></p> <p>Total liabilities and net assets <u>\$ 16,275,518</u> <u>\$ 14,165,462</u></p>	

NEXT STEP HOUSING
(A Not for Profit Organization)

BOARD SUMMARY

		Years Ended December 31,	
		2022	2021
<p style="text-align: center;">BOARD OF DIRECTORS</p> <p>Ashley Whitefoot Erickson <i>CHDO Rep</i> Yakima Tribal Behavioral Health</p> <p>Tonilynn Parmetier <i>Community Rep</i> Savage Family Law, PLLC</p>	<p>STATEMENTS OF ACTIVITIES:</p> <p>REVENUE</p> <p>Grants \$ 110,323 \$ 168,323</p> <p>Rent collected 924,528 715,426</p> <p>Other revenue <u>169,516</u> <u>252,839</u></p> <p>Total revenue 1,204,367 1,136,588</p> <p>EXPENSES</p> <p>Housing and rehabilitation 1,203,224 1,010,317</p> <p>Management and administration <u>32,553</u> <u>543,674</u></p> <p>Total expenses <u>1,235,777</u> <u>1,553,991</u></p> <p>Change in net assets related to operations (31,410) (417,403)</p> <p>Assignment of Investor interest in PTP <u>655,436</u> <u>-</u></p> <p>Change in net assets <u>624,026</u> <u>(417,403)</u></p> <p>NET ASSETS:</p> <p>Beginning of year <u>13,430,313</u> <u>13,847,716</u></p> <p>End of year <u>\$ 14,054,339</u> <u>\$ 13,430,313</u></p>		