

BLUE MOUNTAIN ACTION COUNCIL
Walla Walla, Washington

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**
March 31, 2025

BLUE MOUNTAIN ACTION COUNCIL
Walla Walla, Washington

AUDITED FINANCIAL STATEMENTS
March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Blue Mountain Action Council

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Blue Mountain Action Council (a nonprofit corporation) which comprise the statement of financial position as of March 31, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Mountain Action Council as of March 31, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue Mountain Action Council 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 opinions.

Responsibilities of Management for the Financial Statements

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

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 Blue Mountain Action Council'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 and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blue Mountain Action Council'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 Blue Mountain Action Council'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of Blue Mountain Action Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts,

and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Mountain Action Council's internal control over financial reporting and compliance.

Schmid & Schmid CPAs PLLC

Spokane, WA
December 12, 2025

BLUE MOUNTAIN ACTION COUNCIL
Walla Walla, Washington

STATEMENT OF FINANCIAL POSITION
As of March 31, 2025

A S S E T S

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,507,294
Restricted cash	550,272
Accounts receivable	1,710,880
Inventory	95,004
Prepaid expenses	25,253
Total current assets	<u>3,888,703</u>

OTHER ASSETS:

Finance lease right of use asset	24,782
Property and equipment, net of depreciation	11,040,148
Rent deposit	4,365
Total other assets	<u>11,069,295</u>
TOTAL ASSETS	<u><u>\$ 14,957,998</u></u>

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:

Accounts payable	\$ 358,990
Accrued liabilities	467,176
Prepaid tenant rent	749
Deferred revenue	833,047
Tenant security deposits	29,517
Finance lease right of use liabilities - current portion	8,462
Current portion of long term debt	101,885
Total current liabilities	<u>1,799,826</u>

LONG TERM DEBT:

Finance lease liabilities	16,320
Long term debt less current portion	3,670,558
Total long term liabilities	<u>3,686,878</u>

NET ASSETS:

Without donor restriction	6,452,364
With donor restriction	3,018,930
Total net assets	<u>9,471,294</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 14,957,998</u></u>

See accompanying independent auditor's report and notes to the financial statements

BLUE MOUNTAIN ACTION COUNCIL
Walla Walla, Washington

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended March 31, 2025

NET ASSETS WITHOUT DONOR RESTRICTION

REVENUE, GAINS AND SUPPORT:

Governmental grants	\$ 11,821,823
Rental Income	1,051,120
Contributions	643,890
Other grants	533,178
Contract services	927,201
Interest income	36,154
Miscellaneous income	392,578
In-kind revenue	<u>3,325,244</u>
Total revenue, gains and support	<u>18,731,188</u>

EXPENSES:

Program services	17,472,692
Management and general	<u>1,118,468</u>
Total expenses	<u>18,591,160</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	140,028
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NET ASSETS WITHOUT DONOR RESTRICTION - Beginning of year	<u>6,312,336</u>
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NET ASSETS WITHOUT DONOR RESTRICTION - End of year	<u><u>6,452,364</u></u>
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NET ASSETS WITH DONOR RESTRICTION

CHANGE IN NET ASSETS WITH DONOR RESTRICTION	-
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NET ASSETS WITH DONOR RESTRICTION - Beginning of year	<u>3,018,930</u>
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NET ASSETS WITH DONOR RESTRICTION - End of year	<u><u>\$ 3,018,930</u></u>
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See accompanying independent auditor's report and notes to the financial statements.

BLUE MOUNTAIN ACTION COUNCIL
Walla Walla, Washington

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2025

	Program Services	Support Services	Total
Salaries	\$ 3,424,003	\$ 693,718	\$ 4,117,721
Payroll taxes	311,118	60,919	372,037
Employee benefits	751,766	130,635	882,401
Professional services	118,347	6,345	124,692
Beneficiary disbursements	4,967,378	-	4,967,378
Travel	200,333	5,003	205,336
Rent expense	176,866	56,062	232,928
Maintenance and repair	998,441	74,943	1,073,384
Utilities	202,531	-	202,531
Real estate taxes	9,145	-	9,145
Insurance	50,376	29,052	79,428
Supplies	336,185	9,114	345,299
Communications	51,724	5,197	56,921
Contract services	288,796	-	288,796
Other support services	195,127	-	195,127
Volunteer costs	1,107	566	1,673
Training	98,953	17,020	115,973
Bad debt	120	-	120
Interest expense	71,989	-	71,989
Administrative support	1,275,077	-	1,275,077
In-kind expense	3,325,244	-	3,325,244
Miscellaneous	139,026	29,894	168,920
Total expense before depreciation	16,993,652	1,118,468	18,112,120
Depreciation	479,040	-	479,040
Total expenses	<u>\$ 17,472,692</u>	<u>\$ 1,118,468</u>	<u>\$ 18,591,160</u>

See accompanying independent auditor's report and notes to the financial statements.

BLUE MOUNTAIN ACTION COUNCIL
Walla Walla, Washington

STATEMENT OF CASH FLOWS
For the year ended March 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 140,028
Adjustments to reconcile changes in net assets to net cash from (used by) operating activities:	
Depreciation	479,040
(Increase) / Decrease in:	
Accounts receivable	73,001
Inventory	(23,046)
Prepaid expenses	2,643
Increase / (Decrease) in:	
Accounts payable	117,957
Accrued liabilities	66,337
Deferred revenue	(294,463)
Tenant security deposits	(3,563)
Net cash from (used by) operating activities	<u>557,934</u>

CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(29,586)</u>
Net cash from (used by) investing activities	<u>(29,586)</u>

CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES:

Net payments on long term debt	<u>(139,735)</u>
Net cash from (used by) financing activities	<u>(139,735)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 388,613

CASH AND CASH EQUIVALENTS - Beginning of year 1,668,953

CASH AND CASH EQUIVALENTS - End of year \$ 2,057,566

RECONCILIATION OF CASH:

Cash - operations	\$ 1,507,294
Tenant deposits held in trust	37,617
Funded reserves:	
Replacement reserve	341,869
Other reserve	170,786
	<u><u>\$ 2,057,566</u></u>

See accompanying independent auditor's report and notes to the financial statements.

Blue Mountain Action Council
Walla Walla, Washington

NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 1 - NATURE OF ORGANIZATION:

Blue Mountain Action Council (the Council) is a non-profit corporation formed for the purpose of aiding low-income persons with improving their standard of living through education, economic assistance, dissemination of information, and other forms of assistance in Walla Walla, Washington. Eligibility for services is based on need as determined by income, employment status, education, family size, or other factors. The Council services are contingent upon availability of resources.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The summary of significant accounting policies of the Council are presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting - The Council reports its revenues and expenses on the accrual basis of accounting. Further, in order to ensure the observance of the limitations and restrictions placed on the use of grants and other resources available to the Council, the accounts are maintained by program. Revenue and expenses are recorded for accounting purposes by program in accordance with the activities or objectives specified.

Financial Statement Presentation - As required by accounting principles generally accepted in the United States of America, the Council reports information regarding its financial position and activities according to two classes of net assets (without donor restrictions or with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Classification of Net Assets - Net assets of the Council are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include depreciation expense and the allocation of functional expenses.

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid investments with maturities of three months or less at the time of purchase.

Accounts Receivable - The Council considers accounts and grants receivable to be fully collectible. Accordingly, management has set the allowance for credit losses at zero. No receivables are collateralized.

Right of Use Leased Assets and Liabilities - Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Valuation of Long-Lived Assets - The Council, 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 reported at the lower of cost or fair value. At March 31, 2025, no assets had been written down.

Inventory - Inventory is stated at the lower of cost or market and consists of materials and supplies for the weatherization of homes as part of the Council's programs.

Property and Equipment - Land, building and improvements are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. The Council's capitalization policy is \$5,000. Depreciation is provided over the estimate service lives (3 to 40 years) of the assets under the straight-line method. The estimated service life of the assets for depreciation purposes may ultimately be different than their actual economic useful life.

Fair Value of Financial Instruments - The carrying value of the Council's accounts receivable, inventory, prepaid expenses, rent deposits, notes receivables, accounts payable, accrued liabilities, tenant security deposits and deferred revenue approximates fair value because of the short-term maturity of those instruments.

Contributions - All contributions are considered to be without donor restriction unless specifically restricted by the donor. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as released from restriction.

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

In-Kind Contributions - In-kind contributions consisting of materials, supplies, equipment and services are accounted for as revenue and expenditures in the period received. Values are based on the market value for goods and services contributed. In-kind contributions relate primarily to the food distribution program.

Revenue Recognition, Expense Reimbursement Contracts - As the Council incurs expenses in compliance with the restrictions of the grantor, the funds are considered to be earned and reported as revenues. Any excess of expenses incurred over cash received is recorded as a receivable. Conversely, any cash received in excess of expenses incurred is recorded as restricted cash and deferred revenue.

All of the Organization's revenue is recognized at a point in time based on the transfer of control. None of the Organization's contracts contain variable consideration or contract modifications. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized is consistent with how revenue is recognized under the standard.

Deferred Revenue - The excess of funding over expenses is recognized as deferred revenue on the statement of financial position until such time as those funds and related expenses are settled.

Rental Income and Prepaid Rents - The rental property is generally leased to tenants under one-year leases. Rental revenue is recognized monthly as it is accrued on the first day of each month. Advance receipts of rental income are deferred and classified as liabilities until earned.

Functional Allocation of Expenses - The Council allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly, according to their natural expenditure classification. Other expenses that are common to several functions are allocated according to the approved cost allocation plan.

Income Tax Status - The Council is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for income taxes have been made in these financial statements. The Council is subject to audit or examination by various regulatory jurisdictions.

Advertising Costs - Advertising costs are charged to expense as incurred.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

Date of Management Review - Management has evaluated subsequent events through December 12, 2025, the date the financial statements were available to be issued.

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 3 - RESTRICTED CASH:

Restricted cash in the accompanying statement of financial position is comprised of the following at March 31:

Tenant deposits	\$ 37,617
Operating reserves	170,786
Replacement reserves	<u>341,869</u>
	<u>\$ 550,272</u>

NOTE 4 - ACCOUNTS/GRANTS RECEIVABLE:

Based on management's experience with accounts receivable, as of March 31, 2025, all grants /accounts receivable are expected to be collected within one year of the reporting date.

As of March 31, 2025, accounts receivable aged over 90 days totaled \$137,907.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment at March 31, 2025 consist of the following:

Land	\$ 1,389,713
Buildings and improvements	14,159,422
Furniture and equipment	<u>1,103,279</u>
	16,652,414
Less: accumulated depreciation	<u>(5,612,266)</u>
Total property and equipment, net of depreciation	<u>\$ 11,040,148</u>

NOTE 6 - LONG-TERM DEBT:

Long-term debt consisted of the following at March 31, 2025:

Note payable with the Department of Housing and Urban Development HOME Investment Partnership Program.

The mortgage term is 50 years and the payments were deferred 5 years and amortized over 45 years. This mortgage is collateralized by County Housing. Fixed interest rate at 0%.

Annual payments of \$3,777. The note matures December 31, 2047. \$ 86,866

Note payable to Banner Bank. Mortgage is collateralized by Real estate at 1912 K Street and 152 NW Earl Lane. Monthly payments are \$1,244 with a fixed interest rate of 5.5% for 81 months; then starting October 1, 2019 an additional 84 months at the Bullet rate 7-year FHLB Fixed Rate Advance plus 4.21%.

Final payment of principal and interest is due October 1, 2026. 124,706

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 6 - LONG-TERM DEBT (Continued):

Note payable to Banner Bank. Mortgage is collateralized by real estate at 212 & 216 Orchard Street and 97 Garden St. Monthly payments are \$1,244 with a fixed interest rate of 5.5% for 82 months; then starting October 1, 2019 an additional 84 months at the at a bullet rate 7-year FHLB Fixed Rate Advance plus 4.21%. Final payment of principal and interest is due October 1, 2026.	\$ 71,552
Note payable to Banner Bank. Mortgage is collateralized by real estate at 921 Cherry St. in Walla Walla, WA. Monthly payments are \$1,244 with a fixed interest rate of 5.5% for 82 months; then starting October 1, 2019 an additional 84 months at the at a bullet rate 7-year FHLB Fixed Rate Advance plus 4.21%. Final payment of principal and interest is due October 1, 2026.	68,351
Note payable to the State of Washington Department of Commerce collateralized by real estate at the Normandy House. Quarterly payments beginning December 31, 2009 in the amount of \$1,124 at 1% interest rate. The note matures on September 30, 2048.	251,563
Note payable to Banner Bank collateralized by real estate at <i>Whitman Court</i> Apartments. Monthly payments in the amount of \$3,839 at 4.25% interest rate. The note matures on April 1, 2037.	433,724
State of Washington Department of Commerce HOME loan of \$450,000 to <i>Whitman Court</i> , amortized for 30 years with interest of 1% compounded quarterly. Quarterly payments of \$4,345 beginning September 1, 2004 for 29 years. The final payment of principal and interest is due on or before June 1, 2034.	157,489
State of Washington Department of Commerce HOME loan of \$10,000 to <i>Whitman Court</i> , will be deferred for 30 years with interest Accruing at the rate of 1% compounded quarterly during the deferral period. The new principal balance of \$13,493, including accrued interest shall then be amortized for 10 years with interest at the rate of 1% compounded quarterly. The first quarterly payment of \$355 shall be due on September 1, 2034 and then due quarterly for 9 years. The final payment of principal and interest shall be due on or before June 1, 2044.	12,303

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 6 - LONG-TERM DEBT (Continued):

State of Washington Department of Commerce HTF loan of \$340,000 to *Whitman Court*, will be deferred for 30 years with interest accruing at the rate of 1% compounded quarterly during the deferral period. The new principal balance of \$458,780, including accrued interest shall then be amortized for 10 years with interest at the rate of 1% compounded quarterly. The first quarterly payment of \$12,067 shall be due on September 1, 2034 and then due quarterly for 9 years. The final payment of principal and interest shall be due on or before June 1, 2044. \$ 418,295

Notes payable to the State of Washington Department of Commerce collateralized by real estate at Carrie House Apartments. Two notes (total \$375,000): Quarterly payments in the amount of \$1,174 at 1% interest rate (original note \$150,000). Interest beginning February 28, 2015, payments deferred to February 28, 2016. Note to be paid in full November 30, 2054. Second note (\$225,000) is 0% interest, due in full on November 30, 2054. 345,716

Note payable to Baker Boyer Bank. Mortgage is collateralized by real estate at 717 Carrie Avenue in Walla Walla, Washington. Monthly payments are \$629 beginning March 15, 2018 with a fixed interest rate of 4.5% for 60 months, then 299 monthly payments of \$629 beginning March 15, 2023 with variable interest calculated using an interest rate based on the Federal Home Loan Bank Des Moines 5 year monthly average, plus a margin of 1.880%. Final payment of principal and interest is due February 15, 2048. 132,841

Note payable to Baker Boyer Bank. Mortgage is collateralized by real estate at 520 S 3rd Avenue in Walla Walla, Washington. Monthly payments are \$776 beginning March 15, 2018 with a fixed interest rate of 4.5% for 60 months, then 299 monthly payments of \$776 beginning March 15, 2023 with variable interest calculated using an interest rate based on the Federal Home Loan Bank Des Moines 5-year monthly average, plus a margin of 1.880%. Final payment of principal and interest is due February 15, 2048. 107,625

Note payable to Banner Bank in the amount of \$101,938. Loan is collateralized by real estate at 315 White St. in Walla Walla, Washington. Loan payments of \$832 will be made monthly beginning October 1, 2020 for 120 months. Beginning October 1, 2030 loan payments of \$822 will be made monthly for 60 months. The final payment is due September 1, 2035. Interest rate based upon the U.S. Prime Rate as published by The Wall Street Journal plus a margin of 1.5000%.

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 6 - LONG-TERM DEBT (Continued):

Loan matures on September 1, 2035. \$ 79,349

Note payable to Banner Bank up to \$2,500,000 entered into on July 30, 2019. Mortgage is collateralized by real estate at 8 E Cherry Street in Walla Walla, Washington. BMAC will make monthly payments of accrued interest only beginning August 1, 2019 with a fixed interest rate of 3.75%. On August 5, 2020 this note converted to a term loan in the amount of \$1,680,000 with an interest rate of 3.75%. Monthly payments of principal and interest beginning September 2020, and a final payment of principal and interest due August 5, 2030.

	<u>1,482,063</u>
Total mortgages payable (without donor restriction)	\$ 3,772,443
Less: current portion	<u>101,885</u>
Non-current portion	<u>\$ 3,670,558</u>

The following is a schedule of principal payments required:

For the years ending March 31,	
2026	\$ 101,885
2027	105,856
2028	109,998
2029	114,317
2030	115,853
Thereafter	<u>3,224,534</u>
Total principal payments	<u>\$ 3,772,443</u>

NOTE 7 - NET ASSETS WITH DONOR-IMPOSED RESTRICTIONS:

Net assets with donor-imposed restrictions includes grants and loans that can be recovered if the property is not utilized according to the original contract (recoverable grants and forgivable loans). The commitment period for recoverable grants and forgivable loans are 15 to 50 years. Net assets with donor-imposed restrictions at March 31, 2025 were:

Recoverable Grants and Forgivable Loans:

Lincoln Terrace FHLB Grant	\$ 107,988
Whitman Court FHLB Grant	342,951
K Street Loan	75,000
Self-Help Housing	226,563
Earl Lane HTF Loan	45,614
Francis Street Loan	82,500
Lincoln Terrace HTF Loan	<u>2,138,314</u>
Total Net Assets With Donor Restriction	<u>\$ 3,018,930</u>

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 8 - LEASES:

The Organization leases certain office facilities and equipment at various terms under long-term non-cancelable operating and finance lease agreements. The leases expire at various dates through 2029. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The Organization rents office space under various lease agreements with monthly rents ranging from \$250 - \$950 per month. For the year ending March 31, 2025, rent expense was \$243,379.

The right-of-use assets and lease liabilities at March 31, 2025 are as follows:

Lease Assets – Classification in Statement of Financial Position	
Finance right-of-use assets	\$ <u>24,782</u>

Lease Liabilities – Classification in Statement of Financial Position	
Finance lease liabilities	\$ <u>24,782</u>

Maturities of lease liabilities under noncancellable operating leases are as follows:

March 31, 2026	\$ 8,462
2027	8,462
2028	6,205
2029	<u>2,654</u>
Total undiscounted lease payments	25,783
Less imputed interest	<u>1,001</u>
Total lease liabilities	\$ <u>24,782</u>

NOTE 9 - EMPLOYEE RETIREMENT PLAN:

Beginning June 1, 2005, the Council provided its eligible employees a retirement benefit through a SEP IRA Plan. Eligible employees must be over 21 years of age and must have worked at least one year with a minimum of 1,000 hours. Both full-time and part-time employees are covered. The Council funds 8 percent of eligible compensation. Beginning January 1, 2019, the Council switched to a 401(k) plan where employees receive a 5% earning base amount plus an employer match of up to an additional 3%. The expense incurred by the Council for the year ended March 31, 2025 was \$332,638.

Blue Mountain Action Council
Walla Walla, Washington
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

The Council receives a significant portion of its revenues from government grants and contracts. The amount of funding each year is dependent upon competition within the state for a limited amount of budgeted government funding. In addition, all grants and contracts are subject to audit by state and/or federal agencies. There exists a contingency to refund any amount that may be out of compliance with state or federal contracts or regulations.

The Council has entered into certain forgivable mortgages or recoverable grants to purchase properties. If the Council retains the property and maintains proper utilization of the property the debt is forgiven at the end of the commitment period or the refundable portion of the grant is removed. If the Council fails to meet these requirements the loan is due in full or the grant must be repaid. Contingent grants and forgivable loans have been booked as income in the year they were received and are included in net assets with donor restrictions until the commitment has been fulfilled. See Note 7.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK:

The Council maintains cash and cash equivalents balances in financial institutions, which from time to time exceeds amounts insured by the Federal Deposit Insurance Corporation (FDIC). As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all funds are insured up to \$250,000 by the FDIC.

NOTE 12 - LIQUIDITY & AVAILABILITY OF FUNDS:

The Council has \$3,768,446 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$2,057,566 and \$1,710,880 of accounts receivable. Of the \$2,057,566 in cash, \$550,272 is subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position. Therefore, \$3,218,174 is available for general expenditure within one year of the statement of financial position.

NOTE 13 - SUBSEQUENT EVENTS:

Management has evaluated events from March 31, 2025 through December 12, 2025 (the date the financial statements were available to be issued) and has identified no events that, if disclosed, would influence the reader's opinion concerning these financial statements.

Blue Mountain Action Council
State Grant Awards Summary
For the year ended March 31, 2025

Agency or Name of Program	DUNS Number	Name of Contract	Contract I.D. No.	Contract Award	Contract Beginning Balance	Total Current Year Contract Revenue	Total Current Year Expenditures	Passed Thru to Sub-recipients	Unexpended Contract Balance
City of Walla Walla									
Blue Mountain Thrive	NA	Blue Mountain Thrive	Blue Mountain Thrive	30,000.00	30,000.00	5,997.88	5,997.88	-	24,002.12
TOTAL City of Walla Walla				30,000.00	30,000.00	5,997.88	5,997.88	-	24,002.12
Columbia County									
Commerce Columbia CHG Public Health	NA	Columbia County Public Health	24-07	36,770.00	36,770.00	32,499.20	32,499.20	-	4,270.80
TOTAL Columbia County				36,770.00	36,770.00	32,499.20	32,499.20	-	4,270.80
Greater Columbia Accountable Community of Health									
GNC Community Based Care Coordination	NA	CBCC SOW BMAC	2025 CBCC TRSP	388,836.11	388,836.11	2,191.97	2,191.97	-	386,644.14
TOTAL Greater Columbia Accountable Community of Health				388,836.11	388,836.11	2,191.97	2,191.97	-	386,644.14
Multi-Service Center									
WA State Long-Term Ombudsman	NA	WA State Long-Term Ombudsman	LTCOP 2324-15	124,027.39	124,027.39	124,027.39	124,027.39	-	-
WA State Long-Term Ombudsman	NA	WA State Long-Term Ombudsman	LTCOP 2324-15	83,269.00	83,269.00	330.57	330.57	-	82,938.43
TOTAL Multi-Service Center				207,296.39	207,296.39	124,357.96	124,357.96	-	82,938.43
Rural Resources-Eastern WA Partnership Workforce Development Council									
Community Reinvestment Fund	NA	Community Reinvestment Fund	PY24-BMAC CRF	212,689.00	212,689.00	64,320.05	64,320.05	-	148,368.95
State Economic Security for All	NA	State Economic Security for All	PY25-BMAC STEC	65,908.00	65,908.00	12,532.94	12,532.94	-	53,375.06
TOTAL Rural Resources-Eastern WA Partnership Workforce Development Council				278,597.00	278,597.00	76,852.99	76,852.99	-	201,744.01
WA Dept of Agriculture									
Food Assistance	04-019-6040	Commodity Supplemental Food Program GAP	K5500	14,980.66	14,980.66	8,677.58	8,677.58	-	6,303.08
Food Assistance	04-019-6040	Emergency Food Assistance Program	K4493	461,758.79	349,847.11	293,420.48	293,420.48	-	56,426.63
TOTAL WA Dept of Agriculture				476,739.45	364,827.77	302,098.06	302,098.06	-	62,729.71
WA Dept of Commerce									
Energy Division Weatherization Program	NA	State HEAP Weatherization	S24-32610-402	135,392.00	135,392.00	76,671.37	76,671.37	-	58,720.63
Energy Division Weatherization Program	NA	Home Rehab Grant Program Wx	S23-92402-402	500,000.00	500,000.00	167,125.75	167,125.75	-	332,874.25
Energy Division Weatherization Program	NA	Weatherization Plus Health	S23-92401-402	477,075.00	376,664.23	319,397.55	319,397.55	-	57,266.68
Total Energy Division Weatherization Program Thru Commerce				1,112,467.00	1,012,056.23	563,194.67	563,194.67	-	448,861.56
Community Service Division Community Economic Opportunity Unit	40196040	State Home Energy Assistance Program	S24-32608-053	156,635.00	156,635.00	153,756.67	153,756.67	-	2,878.33
Community Service Division Community Economic Opportunity Unit	40196040	Working Families Tax Credit Outreach Program	S24-32013-003	200,000.00	157,048.86	124,826.87	124,826.87	-	32,221.99
Community Service Division Community Economic Opportunity Unit	40196040	Asset Building Program	S24-32010-001	145,806.00	99,262.00	99,262.00	99,262.00	-	-
Community Service Division Community Economic Opportunity Unit	40196040	Community Services Block Grant	S24-32101-202	36,739.00	20,525.05	14,284.94	14,284.94	-	6,240.11
Community Service Division Community Economic Opportunity Unit	40196040		S24-32B902-202	90,804.00	88,898.25	68,270.97	68,270.97	-	20,627.28
Total Community Service Division Programs Thru Commerce				629,984.00	522,369.16	460,401.45	460,401.45	-	61,967.71
Housing Division Office of Apple Health & Home & Permanent Supportive Housing	NA	Carrie House HTF Operations & Maintenance	24-49102-004	6,752.00	1,649.27	1,649.27	1,649.27	-	-
Housing Division Office of Apple Health & Home & Permanent Supportive Housing	NA	Lincoln Terrace HTF Operations & Maintenance	24-49102-005	40,494.00	26,153.10	23,681.30	23,681.30	-	2,471.80
Housing Division Homelessness Assistance Unit	NA	Columbia County Consolidated Homeless Grant	24-46108-07	358,372.73	225,985.11	167,879.47	167,879.47	-	58,105.64
Housing Division Homelessness Assistance Unit	NA	Walla Walla County Consolidated Homeless Grant	23-26	3,294,254.00	2,264,986.49	1,619,714.03	1,619,714.03	-	645,272.46
Housing Division Homelessness Assistance Unit	NA	Walla Walla County Emergency Housing Fund	23-46	142,335.00	99,962.98	99,962.98	99,962.98	-	-
Total Housing Division Programs Thru Commerce				3,842,207.73	2,618,736.95	1,912,887.05	1,912,887.05	-	705,849.90
Office of Homeless Youth		Anchor Community Initiative	24-46317-201	1,063,400.00	622,879.15	469,928.53	469,928.53	144,425.32	152,950.62
Office of Homeless Youth		System of Care	24-46323-201	267,684.00	161,689.92	127,468.46	127,468.46	-	34,221.46
Total Office of Homeless Youth Programs Thru Commerce				1,331,084.00	784,569.07	597,396.99	597,396.99	144,425.32	187,172.08
TOTAL WA Dept of Commerce				6,915,742.73	4,937,731.41	3,533,880.16	3,533,880.16	144,425.32	1,403,851.25
WA Dept of Social & Health Services									
ALTC Ramps and Misc Repairs	NA	ALTC Ramps & Repair	2112-13949	Fee for Service	NA	8,613.29	4,452.29	-	-
ALTC Ramps and Misc Repairs	NA	ALTC Ramps & Repair	2512-62196	Fee for Service	NA	-	417.40	-	-
TOTAL WA Dept of Social & Health Services				-	-	8,613.29	4,869.69	-	-

See Independent Auditor's Report.

Blue Mountain Action Council
State Grant Awards Summary
For the year ended March 31, 2025

Agency or Name of Program	DUNS Number	Name of Contract	Contract I.D. No.	Contract Award	Contract Beginning Balance	Total Current Year Contract Revenue	Total Current Year Expenditures	Passed Thru to Sub-recipients	Unexpended Contract Balance
Misc. State Grants									
Walla Walla Community College		FAFSA Promotion	2024-2025		80,000.00	80,000.00	2,078.11	2,078.11	- 77,921.89
General Fund - Pre-Development Knoblock		Pre-Development - Knoblock	2024-2025	NA	NA	33,792.87	33,792.87	-	-
WA Health Care Authority		Foundational Community Support		Fee for Service	NA	43,716.55	23,829.69	-	-
TOTAL Misc. State Grants					80,000.00	80,000.00	79,587.53	59,700.67	- 77,921.89
TOTAL STATE OF WASHINGTON					8,413,981.68	6,324,058.68	4,166,079.04	4,142,448.58	144,425.32 2,244,102.35

See Independent Auditor's Report.

Blue Mountain Action Council
Schedule of Federal Awards
For the year ended March 31, 2025

Federal Agency Passthrough Entity Name of Program	ALN or Other No.	Name of Contract	Contract I.D. No.	Contract Award	Contract Beginning Balance	Total Current Year Contract Revenue	Total Current Year Expenditures	Passed Thru to Sub-recipients	Unexpended Contract Balance
<u>U.S. Dept of Agriculture</u>									
<u>Passthrough WA Dept of Agriculture</u>									
Food Assistance - Local Food Purchasing Asst (LFPA) & LFPA Plus	Subrecipient	10.182	LFPA Plus	K4284	116,093.26	88,031.55	76,439.14	-	11,592.41
The Emergency Food Assistance Program-Commodity Credit Corporation (CCC)	Subrecipient	10.187	TEFAP CCC	K5095	54,503.91	47,420.67	46,232.82	-	1,187.85
Food Assistance - Local Food Purchasing Asst (LFPA) & LFPA Plus	Subrecipient	10.182	LFPA	K4284	161,061.09	113,029.79	24,232.14	-	89,797.65
The Emergency Food Assistance Program-Reach & Resiliency	Subrecipient	10.568	TEFAP - Reach & Resiliency	K4632	171,283.06	84,984.26	84,984.26	-	0.00
The Emergency Food Assistance Program (TEFAP)	Subrecipient	10.568	TEFAP	K4739	186,736.62	90,332.92	90,332.92	-	-
The Emergency Food Assistance Program (TEFAP)	Subrecipient	10.568	TEFAP	K5699	171,250.12	171,250.12	110,243.89	-	61,006.23
The Emergency Food Assistance Program (TEFAP)-Food Commodities	Subrecipient	10.569	TEFAP - FOOD ONLY	K4739			812,036.86	-	-
The Emergency Food Assistance Program (TEFAP)-Food Commodities	Subrecipient	10.569	TEFAP - FOOD ONLY	K5699			626,643.56	-	-
					860,928.06	595,049.31	1,871,145.59	-	162,584.14
Commodity Supplemental Food Program	Subrecipient	10.585	CSFP	K4726	21,370.00	8,544.89	8,544.89	-	0.00
Commodity Supplemental Food Program	Subrecipient	10.585	CSFP	K5717	21,370.00	21,370.00	10,230.54	-	11,139.46
Commodity Supplemental Food Program -Food Commodities	Subrecipient	10.569	CSFP - FOOD ONLY	K4726			28,333.44	-	-
Commodity Supplemental Food Program -Food Commodities	Subrecipient	10.569	CSFP - FOOD ONLY	K5717			46,001.20	-	-
					42,740.00	29,914.89	93,110.07	-	11,139.46
Total Passthrough WA Dept of Agriculture					903,668.06	624,964.20	1,964,255.66	-	173,723.60
<u>Passthrough People for People BFOP</u>									
Basic Food Education Outreach	Subrecipient	10.561	Basic Food Outreach Program	2213-44421	138,626.00	102,326.00	67,656.00	-	34,670.00
Total U.S. Dept of Agriculture					1,042,294.06	727,290.20	2,031,911.66	-	208,393.60
<u>U.S. Department of Energy</u>									
<u>Passthrough Washington State Department of Commerce</u>									
DOE Weatherization Assistance Program	Subrecipient	81.042	DOE-Weatherization	F23-53103-402	179,645.00	95,825.91	65,639.91	-	30,186.00
DOE Weatherization Assistance Program	Subrecipient	81.042	DOE-Weatherization	F24-53103-402	94,709.00	94,709.00	54,197.65	-	40,511.35
Bipartisan Law Infrastructure	Subrecipient	81.042	DOE BIL Wx	F22-92401F-402	200,291.00	153,539.63	117,467.28	-	36,094.30
					474,645.00	344,074.54	237,304.84	-	106,791.65
BPA Weatherization Assistance Program	Subrecipient	81.999	BPA - 21/22	F21-53104-402	64,721.00	56,776.40	32,177.41	-	24,644.00
Total U.S. Department of Energy					539,366.00	400,850.94	269,482.25	-	131,435.65
<u>U.S. Depart of Health & Human Services</u>									
<u>Passthrough Multi-Service Center</u>									
WA State Long-Term Ombudsman Program	Subrecipient	93.558	WA State Long-Term Ombudsman	LTCOP 2425-15	36,872.00	36,872.00	9,229.76	-	27,642.24
<u>Passthrough Washington State Department of Commerce</u>									
Community Services Block Grant	Subrecipient	93.569	CSBG - 2023	F23-32101-002	155,063.00	96,200.14	96,200.14	-	(3,480.24)
Community Services Block Grant	Subrecipient	93.569	CSBG - 2024	F24-32101-002	156,122.00	156,122.00	70,785.19	-	85,336.81
					311,185.00	252,322.14	166,985.33	-	81,856.57
Commerce Workfirst Program	Subrecipient	93.558	Workfirst 2024	S24-32710-001	428,000.00	227,757.31	184,346.52	-	83,447.27
LIHEAP Weatherization Services	Subrecipient	93.568	LIHEAP Wx 21/22	F21-53101-402	164,303.00	34,614.00	34,614.00	-	-
LIHEAP Weatherization Services	Subrecipient	93.568	LIHEAP Wx 22/23	F23-53101-402	170,994.00	12,625.72	12,625.72	-	(0.00)
LIHEAP Weatherization Services	Subrecipient	93.568	LIHEAP Wx 23/24	F24-53101-402	160,909.00	160,909.00	90,909.00	-	70,000.00
LIHEAP Weatherization Asst Program	Subrecipient	93.568	LIHEAP Wx 24/25	F25-53101-402	91,711.00	91,711.00	25,121.82	-	66,589.18
HHS - LIHEAP Supplemental Program	Subrecipient	93.568	LIHEAP Wx - Supplemental	F23-5310S-402	98,860.00	38,096.22	38,096.22	-	-
IJJA LIHEAP	Contractor	93.568	LIHEAP IJJA	23-3260I-053	16,490.00	16,490.00	16,490.00	-	-
LIHEAP Energy Asst Program Supplemental	Subrecipient	93.568	LIHEAP Energy Supplemental	23-326CR-053	241,249.00	21.00	21.00	-	-
Low Income Home Energy Asst Program (LIHEAP)	Subrecipient	93.568	LIHEAP Energy 22-25	23-32606-053	950,519.00	467,805.20	467,805.20	-	-
Low Income Home Energy Asst Program (LIHEAP)	Subrecipient	93.568	LIHEAP Energy 23-25	24-32606-053	692,107.00	239,537.61	239,537.61	-	452,569.39
LIHWAP ARP FY22	Subrecipient	93.568	LIHWAP -ARP	24-32607-053	69,407.00	24,834.87	24,834.87	-	(0.00)
					2,656,549.00	1,539,214.01	950,055.44	-	589,158.57
Total Passthrough Washington State Department of Commerce					3,395,734.00	2,019,293.46	1,301,387.29	-	754,462.41
Total Department of Health & Human Services					3,432,606.00	2,056,165.46	1,310,617.05	-	782,104.65
<u>U.S. Dept of Housing and Urban Development</u>									
<u>Directly contracted with HUD</u>									
Continuum of Care Program - McKinney-Vento Homeless Asst		14.267	HUD McKinney-Vento COC	WA0104L0T012215	316,800.00	180,756.07	180,756.07	-	0.00
Continuum of Care Program - McKinney-Vento Homeless Asst		14.267	HUD McKinney-Vento COC	WA0104L0T012216	340,788.00	340,788.00	155,120.58	-	185,637.42
Youth Homelessness Demonstration Grant		14.267	HUD YHDP	WA0571Y0T012100	200,000.00	188,409.58	104,778.04	-	83,631.54
					857,588.00	709,953.65	440,654.69	-	269,268.96

Blue Mountain Action Council
Schedule of Federal Awards
For the year ended March 31, 2025

Federal Agency Passthrough Entity Name of Program	ALN or Other No.	Name of Contract	Contract I.D. No.	Contract Award	Contract Beginning Balance	Total Current Year Contract Revenue	Total Current Year Expenditures	Passed Thru to Sub-recipients	Unexpended Contract Balance
Continuum of Care	14.267	HUD Service Coordinator COC	Kiemle Hagood	68,052.00	24,632.00	24,632.00	23,777.67	-	854.33
Continuum of Care	14.267	HUD Service Coordinator COC	Widmeyer Corp	70,480.00	70,480.00	12,029.56	12,029.56	-	58,450.44
				138,532.00	95,112.00	36,661.56	35,807.23	-	59,304.77
<u>Passthrough Walla Walla County</u>									
Community Development Block Grant	Subrecipient 14.228	CDBG - Walla Walla Co FY22	22-62210-014	120,500.00	50,165.00	40,684.00	40,684.00	-	9,481.00
							-		
<u>Passthrough from the City of Walla Walla</u>									
Community Development Block Grant Entitlement	Subrecipient 14.228	City of WW Home Repair CDBG	B-20-MC-53-0025	79,261.73	12,356.39	12,356.39	12,356.39	-	(0.00)
Community Development Block Grant Entitlement	Subrecipient 14.228	City of WW Home Repair CDBG	B-22-MC-53-0025	63,000.00	55,000.00	54,018.64	54,018.64	-	981.36
Community Development Block Grant Coronavirus	Subrecipient 14.218	City of WW - 2020 CARES CDBG-CV	B-20-MC-53-0025	81,606.00	73,335.86	73,335.86	73,335.86	-	-
Community Development Block Grant Entitlement	Subrecipient 14.218	City of WW HUD CDBG Homeless Assistance Program	B23-MC-53-0025	58,250.00	51,337.29	51,337.29	51,337.29	-	-
Community Development Block Grant Entitlement	Subrecipient 14.218	City of WW HUD CDBG Homeless Assistance Program	B24-MC-53-0025	56,500.00	56,500.00	6,591.66	6,591.66	-	49,908.34
				338,617.73	248,529.54	197,639.84	197,639.84	-	50,889.70
<u>Passthrough Washington State Department of Commerce</u>									
Housing Division, Office of Homeless Youth	Subrecipient 14.276	YHDP Columbia/Garfield Rapid Rehousing	24-46307-007	118,741.00	59,618.12	59,618.12	59,618.12	-	-
Housing Division, Office of Homeless Youth	Subrecipient 14.276	YHDP Columbia/Garfield Rapid Rehousing	25-46307-007	20,476.00	20,476.00	20,476.00	20,476.00	-	-
				139,217.00	80,094.12	80,094.12	80,094.12	-	-
Total U.S. Dept of Housing and Urban Development				1,594,454.73	1,183,854.31	795,734.21	794,909.88	-	388,944.43
<u>U.S. Department of Labor</u>									
<u>Passthrough Rural Resources-Eastern WA Partnership Workforce Development Council</u>									
E & T/Workforce Innovation and Opportunity Act	Subrecipient 17.258	WIOA Adult 23-25	23 BMAC ADULT	126,500.00	46,151.50	46,151.50	46,151.50	-	-
E & T/Workforce Innovation and Opportunity Act	Subrecipient 17.258	WIOA Adult 24-26	24 BMAC ADULT	109,970.00	109,970.00	47,523.26	47,523.26	-	62,446.74
				236,470.00	156,121.50	93,674.76	93,674.76	-	62,446.74
E & T/Workforce Innovation and Opportunity Act	Subrecipient 17.259	WIOA Youth 23-24	22 BMACYouth	208,753.00	37,979.94	37,979.94	37,979.94	-	-
E & T/Workforce Innovation and Opportunity Act	Subrecipient 17.259	WIOA Youth 24-25	23 BMACYouth	152,562.00	64,383.55	64,383.55	64,383.55	-	-
				361,315.00	102,363.49	102,363.49	102,363.49	-	-
Total Passthrough Rural Resources-Eastern WA Partnership Workforce Development Council				597,785.00	258,484.99	196,038.25	196,038.25	-	62,446.74
Total U.S. Department of Labor				597,785.00	258,484.99	196,038.25	196,038.25	-	62,446.74
<u>U.S. Dept of the Treasury</u>									
<u>Passthrough WA Dept of Agriculture</u>									
Food Assistance - The Emergency Food Assistance Program (TEFAP) Gap Funding	Subrecipient 21.027	TEFAP GAP-Coronavirus Recovery	K4770	258,896.98	190,400.80	186,651.35	186,651.35	-	3,749.45
Commodity Supplemental Food Program (CSFP) GAP Funding	Subrecipient 21.027	CSFP GAP-Coronavirus Recovery	K4757	9,838.86	2,940.28	2,940.28	2,940.28	-	0.00
Emergency Food Assistance Program (EFAP)	Subrecipient 21.027	EFAP-Coronavirus Recovery	K4536	79,455.16	51,283.12	51,283.12	51,283.12	-	-
				348,191.00	244,624.20	240,874.75	240,874.75	-	3,749.45
<u>Passthrough Harvest Against Hunger</u>									
Farm to Food Pantry - WA Dept of Agriculture	Subrecipient 21.027	Farm to Food Pantry -Coronavirus Recovery	F2FP 2023-2025	34,098.46	24,237.54	24,237.54	24,237.54	-	-
<u>Passthrough City of College Place</u>									
CDBG Emergency Subsistence Payments Program	Subrecipient 21.019	City of College Place - ARPA Coronavirus Relief	20-654C-144	50,000.00	10,437.86	8,262.78	8,262.78	-	2,175.08
Total U.S. Dept of the Treasury				432,289.46	279,299.60	273,375.07	273,375.07	-	5,924.53
<u>U.S. Dept of Veterans Affairs</u>									
<u>Directly contracted with Department of Veteran Affairs</u>									
VA Supportive Services for Veteran Families Program Shallow Rent Subsidy	64.033	SSVF - Shallow Rent Subsidy	20-ZZ-147SS	475,564.00	1,958.95	1,958.95	1,958.95	-	0.00
VA Supportive Services for Veteran Families Program	64.033	SSVF 2023	20-ZZ-147-23	1,076,862.52	213,344.67	213,344.67	213,344.67	42,656.46	0.00
VA Supportive Services for Veteran Families Program	64.033	SSVF 2024	20-ZZ-147-24	4,092,643.00	4,092,643.00	3,760,171.23	3,760,172.03	1,851,123.36	332,470.97
				5,645,069.52	4,307,946.62	3,975,474.85	3,975,475.65	1,893,779.82	332,470.97
Total U.S. Dept of Veterans Affairs				5,645,069.52	4,307,946.62	3,975,474.85	3,975,475.65	1,893,779.82	332,470.97
TOTAL FEDERAL FINANCIAL ASSISTANCE				13,283,864.77	9,213,892.12	8,852,633.34	8,815,186.61	1,893,779.82	1,911,720.57

See Independent Auditor's Report.

Blue Mountain Action Council
Walla Walla, Washington

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
March 31, 2025

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Blue Mountain Action Council under programs of the federal government for the year ended March 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Blue Mountain Action Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Blue Mountain Action Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATES:

The Organization has elected to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The Organization uses a lower indirect cost rate when required by the grant.

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*

Independent Auditor's Report

To the Board of Directors
Blue Mountain Action Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Blue Mountain Action Council (a non-profit organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Mountain Action Council'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 Blue Mountain Action Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Mountain Action Council'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Project'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.

Report on Compliance and Other Matters

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

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 (Continued)

Purpose of This Report

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

Schoedel & Schoedel

SCHOEDEL & SCHOEDEL, CPAs, PLLC
Spokane, WA
December 12, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

Independent Auditor's Report

To the Board of Directors
Blue Mountain Action Council

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Blue Mountain Action Council's, (a non-profit entity), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Blue Mountain Action Council's major federal programs for the year ended March 31, 2025. Blue Mountain Action Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blue Mountain Action Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Blue Mountain Action Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Blue Mountain Action Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Blue Mountain Action Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Blue Mountain Action Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (Continued)

conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Blue Mountain Action Council's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Blue Mountain Action Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Blue Mountain Action Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Blue Mountain Action Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

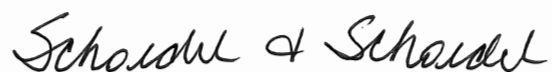
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (Continued)

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



SCHOEDEL & SCHOEDEL, CPAs, PLLC
Spokane, WA
December 12, 2025

Blue Mountain Action Council
Walla Walla, Washington

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2025

Section I- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the
financial statements audited were prepared in
accordance with U.S GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted:

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified: Yes X None reported

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

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Section 2
CFR 200.516(a)?

 Yes X No

Identification of major programs:

Assistance listing number
10.565, 10.568, 10.569

Name of Federal Program or Cluster
Emergency Food Assistance Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

Blue Mountain Action Council
Walla Walla, Washington

CORRECTIVE ACTION PLAN
March 31, 2025

None required for the fiscal year ending March 31, 2025.