MULTI-SERVICE CENTER

Consolidated Financial Statements

For the Year Ended June 30, 2023

Table of Contents

Clark Nuber PS

Independent Auditor's Report

To the Board of Directors
Multi-Service Center
Federal Way, Washington

Opinion

We have audited the financial statements of Multi-Service Center (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental 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 the Organization 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the Organization adopted new accounting guidance for leases under Topic 842. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CN

T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 GAAS 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 GAAS 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 the Organization'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.

Clark Nuber PS

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’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 supplementary information, including comparative totals, shown on pages 24 to 26 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 consolidated 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 GAAS. 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 August 1, 2024 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

Clark Nuber P.S.

Certified Public Accountants
August 1, 2024

MULTI-SERVICE CENTER

Consolidated Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,778,764	$ 3,313,167
Deposits held in trust	311,047	307,180
Accounts receivable, net	343,759	318,228
Grants receivable	3,866,181	1,639,070
Inventory	67,467	135,863
Prepaid expenses and other current assets	464,896	284,751
Total Current Assets	**6,832,114**	**5,998,259**
Restricted deposits and funded reserves	3,047,977	3,080,565
Investments	1,820,108	742,915
Other long-term assets	194,697	234,257
Operating right-of-use asset	522,890	
Property and equipment, net	51,121,242	52,576,401
Total Assets	**$ 63,539,028**	**$ 62,632,397**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 2,733,227	$ 1,031,834
Accrued liabilities	1,603,846	1,286,839
Deferred revenue	81,798	202,707
Deposits held in trust	310,840	302,937
Current portion of operating lease liability	147,197	
Current portion of long-term debt	535,613	535,613
Total Current Liabilities	**5,412,521**	**3,359,930**
Accrued interest	1,427,175	1,330,488
Operating lease liability, less current portion	386,517	
Long-term debt, less current portion	48,833,439	49,297,158
Total Liabilities	**56,059,652**	**53,987,576**
Net Assets:		
Without donor restrictions-		
Undesignated	4,682,238	7,077,961
Board designated	1,487,165	1,483,990
Noncontrolling interest in consolidated subsidiaries	506,397	(563,044)
Total without donor restrictions	6,675,800	7,998,907
With donor restrictions	803,576	645,914
Total Net Assets	**7,479,376**	**8,644,821**
Total Liabilities and Net Assets	**$ 63,539,028**	**$ 62,632,397**

See accompanying notes.

MULTI-SERVICE CENTER

Consolidated Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Revenue and Support				
Public Support:				
Federal	$ 14,805,200	$ 159,837	$ 14,965,037	$ 14,577,584
State	587,689	10,000	597,689	111,799
City and county	1,568,363	14,038	1,582,401	2,814,030
Total public support	16,961,252	183,875	17,145,127	17,503,413
Private Support:				
Individuals	601,991	43,074	645,065	769,898
Corporate	228,731	10,000	238,731	238,139
United Way		91,120	91,120	228,526
Foundations	28,427	295,890	324,317	297,121
Organizations	1,229,861	50	1,229,911	1,293,005
In-kind	2,828,765		2,828,765	2,539,828
Total private support	4,917,775	440,134	5,357,909	5,366,517
Earned Income:				
Fees for service	18,195		18,195	109,861
Developer fee revenue	233,011		233,011	
Rental income	7,431,412		7,431,412	7,038,149
Other income	1,785,237		1,785,237	1,060,820
Total earned income	9,467,855		9,467,855	8,208,830
Total Revenue and Support	**31,346,882**	**624,009**	**31,970,891**	**31,078,760**
Net assets released from restriction	466,347	(466,347)		
Expenses:				
Program services	30,821,364		30,821,364	31,137,527
Management and general	1,791,697		1,791,697	1,565,616
Development	512,830		512,830	439,196
Total Expenses	**33,125,891**		**33,125,891**	**33,142,339**
Change in net assets before equity activity	(1,312,662)	157,662	(1,155,000)	(2,063,579)
Distributions and syndication	(10,445)		(10,445)	(27,875)
Total Change in Net Assets	**(1,323,107)**	**157,662**	**(1,165,445)**	**(2,091,454)**
Net assets, beginning of year	7,998,907	645,914	8,644,821	10,696,314
Net Assets, End of Year	**$ 6,675,800**	**$ 803,576**	**$ 7,479,376**	**$ 8,604,860**

See accompanying notes.

MULTI-SERVICE CENTER

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Energy Assistance	Long-Term Care Ombudsman	Education and Employment	Food and Clothing	Housing Support	Permanent Housing	Housing Entities	Other Program Services	Total Program Services	Development	General and Administration	Total Supporting Services	2023 Total	2022 Total
Salaries	$ 1,426,589	$ 875,040	$ 220,523	$ 422,094	$ 1,046,365	$ 311,433	$ 1,616,255	$ 234,379	$ 6,152,678	$ 242,142	$ 850,777	$ 1,092,919	$ 7,245,597	$ 6,332,045
Payroll taxes	115,984	70,786	7,561	33,945	95,873	26,969	139,910	18,939	509,967	19,032	94,195	113,227	623,194	557,947
Payroll benefits	266,645	106,991	42,867	86,584	135,698	22,385	56,611	47,525	765,306	44,531	165,410	209,941	975,247	987,253
Total Personnel Expenses	**1,809,218**	**1,052,817**	**270,951**	**542,623**	**1,277,936**	**360,787**	**1,812,776**	**300,843**	**7,427,951**	**305,705**	**1,110,382**	**1,416,087**	**8,844,038**	**7,877,245**
Direct client support	7,990,956		26,231	3,451,458	555,341			2,476	12,026,462	3,245	15,994	19,239	12,045,701	12,355,778
Consultants and professional services	18,046	234,071	3,013	7,932	29,048	10,700	121,102	2,092	426,004	12,821	134,666	147,487	573,491	511,319
Subcontractors		1,033,796							1,033,796				1,033,796	990,577
Occupancy	209,658	47,890	48,654	107,912	298,984	170,734	1,611,899	13,016	2,508,747	22,893	154,687	177,580	2,686,327	2,628,810
Small equipment	18,751	1,108	7,423		11,177				38,459				38,459	29,312
Repairs and maintenance	15,836		193	12,331	81,207	261,969	961,579	2,522	1,335,637		20,364	20,364	1,356,001	1,318,611
Depreciation and amortization				54,493	26,120	133,586	2,603,932		2,818,131		40,124	40,124	2,858,255	3,087,176
Insurance	4,761	500		22,161	41,442	37,784	222,849		329,497		37,043	37,043	366,540	344,588
Interest					245	840	1,364,435		1,365,520		249	249	1,365,769	1,306,795
Operating	103,146	153,704		26,883	79,695	112,212	730,988	12,021	1,218,649	27,608	143,845	171,453	1,390,102	1,443,629
Printing, postage and advertising	55,159	5,400	740	2,103	1,903	3,864	6,710	497	76,376	24,687	9,705	34,392	110,768	115,457
Technology	70,342	17,514	2,893	6,511	26,238	11,707	47,127	9,062	191,394	5,697	52,426	58,123	249,517	808,212
Professional development	3,359	25,533	984		4,154	5,342	15,530	1,203	56,105	44	32,681	32,725	88,830	88,044
Conferences, meetings and trainings	1,993	8,706	2,605	864	2,056	1,769		870	18,863	106,301	9,331	115,632	134,495	130,782
Travel	4,317	30,442	728	11,290	7,150	286	8,441	218	62,872	42	965	1,007	63,879	80,160
Miscellaneous	3,127	17,153	4	2,183	35,878			5,556	63,901	3,787	29,235	33,022	96,923	181,860
Total Expenses	**10,308,669**	**2,628,634**	**364,419**	**4,248,744**	**2,478,574**	**1,111,580**	**9,507,368**	**350,376**	**30,998,364**	**512,830**	**1,791,697**	**2,304,527**	**33,302,891**	**33,298,355**
Eliminations							(177,000)		(177,000)				(177,000)	(156,016)
Total Consolidated Expenses	**$ 10,308,669**	**$ 2,628,634**	**$ 364,419**	**$ 4,248,744**	**$ 2,478,574**	**$ 1,111,580**	**$ 9,330,368**	**$ 350,376**	**$ 30,821,364**	**$ 512,830**	**$ 1,791,697**	**$ 2,304,527**	**$ 33,125,891**	**$ 33,142,339**

See accompanying notes.

MULTI-SERVICE CENTER

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets before equity activity	$ (1,155,000)	$ (2,063,579)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	2,858,255	3,087,176
Debt issuance costs amortization	114,880	122,405
Realized and unrealized investment losses (gains)	(63,162)	149,420
Amortization of long-term assets	93,327	287
Loss on disposal of fixed assets		23,809
Changes in assets and liabilities:		
Accounts and grants receivable, net	(2,252,642)	551,600
Inventory	68,396	178,523
Prepaid expenses and other assets	(180,145)	(34,069)
Accounts payable and accrued liabilities	2,018,400	(789,182)
Lease liabilities net of right-of-use assets	10,824	
Deposits held in trust	7,903	8,448
Accrued interest	96,687	136,961
Deferred revenue	(120,909)	23,810
Net Cash Provided by Operating Activities	**1,496,814**	**1,395,609**
Cash Flows From Investing Activities:		
Acquisition of property and equipment	(1,456,863)	(360,809)
Purchases of investments	(2,000,161)	(14,587)
Proceeds from sale of investments	986,130	8,729
Net Cash Used by Investing Activities	**(2,470,894)**	**(366,667)**
Cash Flows From Financing Activities:		
Member equity contributions		39,961
Member equity distributions	(10,445)	(27,875)
Borrorwings on long-term debt	636,220	
Principal payments on long-term debt	(1,214,819)	196,345
Net Cash Used by Financing Activities	**(589,044)**	**208,431**
Change in Cash, Cash Equivalents and Restricted Cash	**(1,563,124)**	**1,237,373**
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	6,700,912	5,463,539
End of Year	**$ 5,137,788**	**$ 6,700,912**

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

	2023	2022
Cash and cash equivalents	$ 1,778,764	$ 3,313,167
Deposits held in trust	311,047	307,180
Restricted deposits and funded reserves	3,047,977	3,080,565
Total Cash, Cash Equivalents and Restricted Cash Shown in the Statement of Cash Flows	**$ 5,137,788**	**$ 6,700,912**
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 1,310,980	$ 1,241,275

See accompanying notes.

Note 1 - Organization and Significant Accounting Policies

Since 1971, Multi-Service Center (MSC) has worked toward empowering individuals to help build a thriving South King County community. MSC uplifts communities by increasing equitable access to advocacy, opportunities, and well-being. MSC does this through the following programs and services provided through offices in Federal Way and Kent, as well as through outreach in other South King County communities.

Economic Stability (Housing, Education and Employment) - Recognizing that stability is the cornerstone to overcoming many barriers, MSC offers resources in housing, education, and employment. MSC housing support programs include family shelter, transitional housing for men and women in recovery, rental assistance, and diversion funds to keep people from being homeless. MSC is also a Regional Access Point for families and individuals to gain entry to King County's Coordinated Entry for All Program. MSC utilizes volunteers to provide adult basic education, English as a second language, and GED preparation. MSC offers adults skills training, internships when available, and job-seeking training through their employment program. MSC also has programs geared specifically towards youth and young adults to help them achieve their education and employment goals. Some education and employment services were temporarily suspended during the COVID-19 pandemic.

Permanent Affordable Housing - MSC owns and operates affordable housing throughout South King County and some of Pierce County. Some of this affordable housing is geared toward target populations such as seniors and veterans. One of the permanent affordable housing programs for veterans also provides case management and support for formerly homeless veterans and their families. MSC's permanent housing includes properties where MSC has a minority equity interest, as well as properties fully-owned directly or indirectly by MSC.

Food and Clothing - MSC food bank provides supplemental food to residents of the Federal Way School District and people can visit the food bank once a week.

Energy Assistance - MSC's energy assistance program helps individuals and families to keep their lights and heat on through LIHEAP (Low-Income Energy Assistance Program) and Puget Sound Energy (PSE) Helps funding. Assistance can be provided for electricity, gas, propane and wood, and is based on the family size and energy usage. Households do not have to be in crisis to receive help, they only need to meet the eligibility guidelines. Energy education and other support services are also provided to help encourage self-sufficiency.

Long-Term Care Ombudmans Program (LTCOP) - A federally mandated program, MSC houses the Washington State Long-Term Care Ombuds Program which provides advocacy for residents of long-term care facilities throughout Washington State. Using a network of over 300 volunteers, LTCOP ensures that long-term care facilities residents receive appropriate and fair medical treatment, have access to valuable resources and receive information about their rights.

The consolidated financial statements include the accounts and activities of Multi-Service Center, a nonprofit corporation and the affiliated for-profit entities (the Affiliates). As of June 30, 2023, the Affiliates include MSC Pierce Preservation, LLC; MSC Fern Hill Terrace, LLC; SKCMSC Federal Way Associates Limited Partnership; MSC Radcliffe Place Associates, LLC; Rainier View Senior, LLC; MSC GP Two Apartments, LLC; Hawthorne Lane Graham Associates, LLLP; MSC Federal Way Veterans, LLC; and MSC Colvos Terrace, LLC.

Principles of Consolidation - The consolidated financial statements include the accounts of MSC and the Affiliates. The consolidated entities are collectively referred to as the Organization. All significant intercompany transactions have been eliminated in consolidation.

Note 1 - Continued

MSC controls the affiliated entities by virtue of being the sole managing member (or general partner). The properties held by these entities are expected to be transferred to MSC in the future. These partnerships and limited liability companies are sub-recipients and/or assignees of government loans, grants and awards. As managing member (or general partner), MSC is contingently liable for compliance with loan, grant or award terms. During the year ended June 30, 2022 the separate MSC Foundation was dissolved and the assets were transferred to MSC and subsequently were transferred to a board designated fund.

Basis of Presentation - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 (or certain grantor) restrictions. Board-designated net assets are a component of net assets without donor restrictions and include $500,000 for operating reserves, $240,774 for capital reserves, and $743,216 for investments to help supplement income at June 30, 2023.
>
> Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) 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 resources be maintained in perpetuity. As of June 30, 2023 and 2022, net assets with donor restrictions were available for various program purposes.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Investment Return - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment return is reported net of related investment expenses in the statement of activities.

Cash and Cash Equivalents - Cash consists of cash held in checking and savings accounts. For purposes of the consolidated statements of cash flows, MSC considers all highly liquid investments without donor restriction with an initial maturity of three months or less to be cash equivalents. MSC maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. MSC has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments - Investments are reported at their fair values in the statements of financial position. Investments are subject to market risk which could have a significant impact on future valuation.

Note 1 - Continued

Grants and Other Receivables - Trade accounts, grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Grants receivable are anticipated by management to be collected in full.

Inventory - Inventory consists of food and clothing held for distribution and is valued at cost if purchased and at an annual rate published by the United States Department of Agriculture if donated.

Restricted Cash Deposits and Funded Reserves - In accordance with the terms of its partnership or LLC agreements and various loans, MSC is required to establish and maintain various operating and replacement reserves with required minimum balances and/or minimum annual deposits.

Debt Issuance Costs - Tax credit monitoring fees and related legal costs are amortized over the term of the related financing using the straight-line method. Financial accounting standards require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization expense for the years ended June 30, 2023 and 2022 totaled $55,218 and $67,877, respectively.

Property and Equipment - Land, buildings, improvements, furniture and equipment are capitalized at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line and totaled $3,144,182 and $3,164,706, respectively, for the years ended June 30, 2023 and 2022, respectively. MSC's policy is to capitalize property and equipment over $10,000.

Buildings and improvements	3 - 40 years
Furniture and equipment	3 years
Vehicles	5 years
Leasehold improvements	Lesser of useful life or lease

Property and equipment consists of the following at June 30:

	2023	2022
Land	$ 7,212,494	$ 7,212,494
Leasehold improvements	6,117,775	6,117,775
Buildings and improvements	75,070,132	73,723,606
Furniture and equipment	4,047,931	4,055,154
Vehicles	336,188	349,225
	92,784,520	91,458,254
Less accumulated depreciation	(41,663,278)	(38,881,853)
Total Property and Equipment, Net	**$ 51,121,242**	**$ 52,576,401**

Note 1 - Continued

MSC reviews its investment in real estate for impairment whenever 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 discounted cash flow expected to be generated by the rental property, including the low income housing tax credits 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. There were no impairment losses recognized during the years ended June 30, 2023 and 2022.

Leases - Effective July 1, 2022, MSC adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842).* MSC has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, MSC accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments as of June 30, 2022 would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, MSC recognized on July 1, 2022 (the beginning of the earliest period presented) (a) an operating lease liability of $693,373, which represents the present value of the remaining lease payments of $725,894, discounted using a weighted risk free rate of 3.3%, and (b) an operating right-of-use asset of $688,043.

MSC follows the guidance in FASB's Accounting Standards Codification Topic 842 *Leases* in accounting for its lease contracts. MSC determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent MSC's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. MSC's leases do not provide an implicit rate of return; thus, MSC uses the risk-free discount rate, determined using a period comparable with that of the lease term at the lease commencement date. The ROU asset also includes any lease payments already made, other initial direct costs and excludes lease incentives. MSC has lease agreements with lease and non-lease components, which are accounted for as a single lease component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that MSC will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Contributed Goods and Services - Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance nonfinancial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

MSC calculates the value of food and nonfood donations based on the weight at the time of the donation. The dollar value per pound of food of $1.82 has been established by the State of Washington, Emergency Food Assistance Program (EFAP) for the years ended June 30, 2023 and 2022, respectively. Such donations cannot be resold or used internally by the organization. This method was applied consistently and the estimated fair value was not expected to be materially different from that determined using a more detailed measurement of the inventory's fair value.

Note 1 - Continued

MSC also received 28,600 and 24,400 hours (unaudited), respectively, of donated services from volunteers assisting in office administration, food collection, food and clothing distribution and home delivery of food during the years ended June 30, 2023 and 2022, respectively. The estimated value of these services, if recorded, would be $496,160 and $438,730, respectively (unaudited). No amounts have been recognized in the consolidated statement of activities for the volunteer time because the criteria for recognition under U.S. GAAP have not been satisfied.

In-kind contributions for the years ended June 30 as reported in the consolidated statement of activities:

	2023	2022
Food donations (general)	$ 2,681,870	$ 2,283,053
Goods and services	37,101	89,224
Clothing and hygiene donations	109,794	167,551
In-Kind Contributions not Included in Public Support	**2,828,765**	**2,539,828**
Food through Federal "The Emergency Food Assistance Program"	445,880	833,093
Total In-Kind Contributions	**$ 3,274,645**	**$ 3,372,921**

Support and Revenue Recognition - MSC recognizes program service fees for program administration and for providing services to housing tenants when the services are provided. These revenues are recognized when they are earned.

For each of the properties, rental income is recognized when the rent is due, not when it is received. If there are any adjustments to the expected amount of income received, those adjustments are recognized at the time the rent is received.

Other revenue includes interest income, property late fees, insurance proceeds, developer fees, partnership management fees and gains on the sales of assets. These revenues are recognized in the period in which they are earned.

MSC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been met.

MSC's federal, state, and local government contracts, as well as certain private foundation grants, are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses or allowable services. As of June 30, 2023 and 2022, conditional contributions totaling $9,768,224 and $7,843,842, respectively, for which no amounts have been received in advance and have not been recognized in the accompanying financial statements.

Note 1 - Continued

A substantial portion of support is derived from grants and contracts administered by various federal and state government agencies. Support from grants and contracts is subject to audits, which could result in adjustments. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended June 30, 2023 and 2022, no significant amounts were disallowed as a result of such examinations.

Concentrations - MSC receives a significant amount of its funding from governmental and private sources. Approximately 53% and 56% of total revenue during the years ended June 30, 2023 and 2022, respectively was received from government grants. During the ended June 30, 2022, two government programs made up 36% of grants receivable. During the year ended June 2023, one government program made up 49% of grants receivable. Should some of these grantors not renew grants, contracts or awards, or if there were significant reductions in the federal budget related to MSC's programs, significant reductions of services would be required.

Functional Allocation of Expenses - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, vehicle costs, and other, which are allocated on the basis of estimates of time and effort.

Use of 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 the reported amounts and disclosures. Accordingly, actual results could differ from the estimated amounts.

Income Tax Status - MSC and the Foundation are exempt from federal income taxes under the provisions of Section 509(a) of the Internal Revenue Code as entities described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

In addition, MSC qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(2). MSC is liable for payment on a commercial loan on one building. The portion of the building rented to for-profit entities is subject to taxation as unrelated business income if net income is realized. No such tax was due for the year ended June 30, 2023 or 2022.

Affiliates with only one member, MSC Fern Hill Terrace LLC and MSC Pierce Preservation LLC, are considered disregarded entities for tax purposes and therefore have no tax filing requirements. The partners/members of the partnerships/limited liability companies are taxed individually on their share of earnings under applicable federal taxation laws. For the years ended June 30, 2023 and 2022, no taxes were due or payable by MSC for their share of the Affiliates' earnings.

Subsequent Events - Management of MSC has evaluated subsequent events through August 1, 2024, the date these financial statements were available to be issued.

Note 2 - Liquidity and Availability

MSC regularly monitors liquidity required to meet its operating needs and other contractual commitments. Amounts not available include balances set aside for property reserves that could be drawn upon under certain conditions. To help manage an unanticipated liquidity need, MSC maintains a line of credit of $400,000 which may be utilized if needed. This line of credit was not accessed during either fiscal year 2023 or 2022. In the event the need arises to utilize the board-designated funds for liquidity purposes, the funds could be drawn upon through board resolution.

	2023	2022
Cash and cash equivalents	$ 1,778,764	$ 3,313,167
Deposits held in trust	311,047	307,180
Accounts receivable, net	343,759	318,228
Grants receivable	3,866,181	1,639,070
Restricted deposits and funded reserves	3,047,977	3,080,565
Investments	1,820,108	742,915
Total financial assets	11,167,836	9,401,125
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions-		
Restricted cash deposits and funded reserves	(3,191,940)	(3,146,971)
Capital reserve - board designated	(167,084)	(240,774)
Purpose restricted net assets	(803,576)	(645,914)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 7,005,236**	**$ 5,367,466**

Note 3 - Deposits Held in Trust and Restricted Deposits and Funded Reserves

Certain loan covenants require MSC to maintain reserves for building replacement and operations. Such reserves are held in the form of cash. Deposits held in trust and restricted deposits and funded reserves consisted of the following at June 30:

	2023	2022
Capital reserves	$ 167,084	$ 240,780
Operating reserves	364,731	333,792
Tenant security deposits	311,047	307,180
Replacement reserves	1,611,578	1,556,392
Other reserves	904,584	949,601
	$ 3,359,024	**$ 3,387,745**

Note 4 - Affiliated Organizations

MSC Pierce Preservation, LLC - The entity was formed as a limited liability company under the laws of the State of Washington in August 2013 for the purpose of operating an 18-unit apartment project known as Kenyon House in Buckley, WA. The project is financed by an Enterprise Community Loan and by the Pierce County Community Development Corporation and HUD Section 8 rent subsidies. The rent subsidy contract with HUD expires on August 31, 2024. MSC is the sole member.

MSC Fern Hill Terrace, LLC - The entity was formed as a limited liability company under the laws of the State of Washington in December 2006 for the purpose of operating a 26-unit apartment project known as Fern Hill Terrace in Tacoma, WA. The project is financed by a Department of Housing and Urban Development (HUD) loan and Section 8 rent subsidies. The rent subsidy contract with HUD expires September 30, 2029. MSC is the sole member.

SKCMSC Federal Way Associates Limited Partnership - The entity was formed as a limited partnership under the laws of the State of Washington in April 2000 for the purpose of acquiring, constructing and operating a 50-unit, low-income senior housing project known as Mitchell Place Senior Residence in Federal Way, WA. MSC is the general partner with a .01% interest, and Midland Corporate Tax Credit Limited partnership (and its subsidiaries) is the limited partner with a 99.99% interest.

The project received an allocation of low-income housing tax credits from the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code of 1986, as amended, which regulates the unit gross rent and occupant eligibility for a period of 15 consecutive years. In addition, the entity has executed an Affordable Housing Development Agreement which requires the utilization of the project pursuant to Section 42 for a minimum of 55 years, even after the disposition of the project by the entity.

MSC Radcliffe Place Associates, LLC - The entity was formed as a limited liability company under the laws of the State of Washington in April 2002 to construct, own and operate the Radcliffe Senior Apartments, a 135-unit senior apartment project located in Kent, WA. MSC is the managing and administrative member with a .01% total interest; AMTAX Holdings 570, LLC is the investor member with a 99.98% interest; Protech 2004-D, LLC is the special member with a .005% interest; A96 is the Class B member with a .0025% interest; and Synergy Construction Inc. is the additional Class B member with a .0025% interest. During the year ended June 30, 2023, the LLC's investor member and special member sold their ownership interests to MSC in exchange for consideration totaling $136,078.

The project received an allocation of low-income housing tax credits from the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code of 1986, as amended, which regulates the unit gross rent and occupant eligibility for a period of 15 consecutive years. In addition, the entity has agreed to maintain 100% of the units as both rent-restricted and occupied by low-income tenants for a minimum period of 30 years beginning in 2007.

Rainier View Senior, LLC - The entity was formed as a limited liability company under the laws of the State of Washington in January 2004 to purchase, construct and operate a 50-unit apartment project known as Rainier View Senior Apartments located in Fife, WA. MSC is the managing member with .01% interest and Community Housing Alliance III LP is the investor member with 99.99% interest. During the year ended June 30, 2023, the investor member assigned its ownership interest, in full, to MSC.

Note 4 - Continued

The project received an allocation of low-income housing tax credits from the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code of 1986, as amended, which regulates the unit rent and occupant eligibility for a period of 15 consecutive years. In addition, the entity has agreed to maintain 100% of the units, except the resident manager unit, as both rent-restricted and occupied by low-income tenants for a minimum period of 50 years beginning in 2007.

<u>MSC GP Two Apartments, LLC</u> - The entity was formed as a limited liability company under the laws of the State of Washington in January 2005 to acquire, rehabilitate and operate an 86-unit, low-income residential housing project known as Villa Capri Apartments in Federal Way, WA.

MSC is the managing member with .005% interest; AMTAX holdings 308, LLC is the investor member with 99.98% interest; Transamerica Affordable Housing, Inc. is the special member with a .01% interest; and Shelter Resources is the Class B member with a .005% interest.

The project received an allocation of low-income housing tax credits from the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code of 1986, as amended, which regulates the unit gross rent and occupant eligibility for a period of 15 consecutive years. In addition, the entity has agreed to maintain 100% of the units as both rent-restricted and occupied by low-income tenants for a minimum period of 40 years beginning in 2007.

<u>Hawthorne Lane Graham Associates, LLLP</u> - The entity was formed as a limited liability limited partnership under the laws of the State of Washington in August 2006 to construct and operate a 32-unit apartment project known as Hawthorne Lane Apartments located in Graham, WA. MSC is the general partner with 5.0% interest and SRI Housing Development LLC is the limited partner with 95.0% interest.

The project was financed and constructed under Section 515 of the National Housing Act. Under this program, the entity provides affordable housing to tenants, subject to regulation by Rural Development. The entity also received a grant from the Tax Credit Exchange Program. This program is administered by the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code. Under this program, housing provided by the entity is subject to monitoring of tenant eligibility by the Commission. The entity has agreed to maintain all apartment units as rent-restricted for a minimum of 37 years.

<u>MSC Federal Way Veterans, LLC</u> - The entity was formed as a limited liability company under the laws of the State of Washington in July 2011 for the purpose of constructing and operating a 45-unit apartment community in Federal Way, WA. Construction began in April 2015 and was completed in November 2016. MSC is the managing member with .01% interest and NEF Assignment Corporation is the investor member with 99.99% interest.

The project received an allocation of low-income housing tax credits from the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code of 1986, as amended, which regulates the unit gross rent and occupant eligibility for a period of 15 consecutive years. In addition, the entity has agreed to maintain all apartment units as both rent-restricted and occupied by low-income tenants for a period of 40 years.

Note 4 - Continued

MSC Colvos Terrace, LLC - The entity was formed as a limited liability company under the laws of the State of Washington in January 2017 for the purpose of renovating and operating a 27-unit apartment project known as Colvos Terrace in Gig Harbor, WA. In addition the entity purchased Fawcett Street Apartments from MSC Pierce Co Preservation, LLLP in June 2018. The combined project closed permanent financing on June 20, 2018. MSC is the managing member with 0.009% interest; WNC Institutional Tax Credit Fund 44, L.P. is the investor member with 99.980% interest; WNC Institutional Tax Credit Fund 44, L.P. is the special member with 0.01% interest; SRI MSC Colvos Terrace Special Member, LLC is the class B member with 0.001% interest.

The project received an allocation of low-income housing tax credits from the Washington State Housing Finance Commission under Section 42 of the Internal Revenue Code of 1986, as amended, which regulates the unit rent and occupant eligibility for a period of 15 consecutive years.

Note 5 - Noncontrolling Interest

The noncontrolling Affiliate changes in consolidated members' equity are as follows:

	MSC	Noncontrolling Interest	Total
Balances - July 1, 2021-	$ 8,249,035	$ 1,970,044	$ 10,219,079
Changes in net assets without donor restrictions	85,421	(2,570,549)	(2,485,128)
Members' equity distributions		(2,500)	(2,500)
Members' equity contributions	227,495	39,961	267,456
Balances - June 30, 2022-	8,561,951	(563,044)	7,998,907
Changes in net assets without donor restrictions	879,929	(2,192,591)	(1,312,662)
Transfer of investor member interests:			
Rainier View Senior	(1,773,158)	1,773,158	
MSC Radcliffe Place Associates	(1,499,319)	1,499,319	
Members' equity distributions		(10,445)	(10,445)
Balances - June 30, 2023	**$ 6,169,403**	**$ 506,397**	**$ 6,675,800**

Note 6 - Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Note 6 - Continued

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Assets and liabilities carried at fair value (at least annually) by MSC consist of the following:

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equities	$ 392,582	$ -	$ -	$ 392,582
Fixed income	459,760			459,760
Total Investments at Fair Value	**$ 852,342**	**$ -**	**$ -**	
Money market				967,766
Total Investments				**$ 1,820,108**

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equities	$ 462,326	$ -	$ -	$ 462,326
Fixed income	109,249	159,955		269,204
Total Investments at Fair Value	**$ 571,575**	**$ 159,955**	**$ -**	
Money market				11,385
Total Investments				**$ 742,915**

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. MSC also uses fair value concepts to test various long-lived assets for impairment.

Note 7 - Long-Term Debt

Long-term debts are generally direct borrowings or direct placement debt and secured by the respective properties and bear simple interest rates unless otherwise noted. Long-term debt consisted of the following at June 30:

	2023	2022
Conventional loans, bearing compound interest from 3.00% to 7.00% generally with principal and interest due monthly, to be repaid in full at various dates through 2066.	$ 7,666,032	$ 8,116,233
Deferred developer fees payable to Shelter Resources, Inc. based on net cash flow from operations.	760,849	771,869
Unsecured operating deficit guaranty bearing no interest, payable from cash flows and proceeds of capital transactions.	934,679	934,679
Washington State Department of Commerce loans, with interest rates from 0% to 3.05% generally compounded annually. All payment types (monthly, quarterly, annually) have been deferred through December 31, 2023 and will be due on maturity between 2045 and 2056.	7,174,369	7,174,369
Department of Housing and Urban Development, 3.5 simple interest, due October 2039. Payments due from available cash flow. Payments are currently deferred through December 31, 2023.	597,202	597,202
King County loans, with interest rates from 0.00% to 1.00% with a simple annual accrual. Payments on these loans are deferred between January 2032 and January 2038 and will require annual payments subsequent to the deferral date. These notes mature between 2052 and 2066.	7,868,981	7,868,981
King County Housing Authority Bond, 5.65% interest, payable in monthly installments of $56,563, matures 2038.	7,902,449	8,112,207
Pierce County loans held at 0% interest with principal due upon maturity between 2038 and 2048.	1,897,965	1,897,965
Forgivable loans, maturing between 2026 and 2053, if use restrictions are met with interest between 0.00% to 1.00%.	3,152,307	2,925,389
Pierce County Community Development Corp loans held at 0.00% - 12.00% with payments due based on available cash flow that is variable or fixed payments 10,000. Maturity for these loans is between 2043 and 2050.	4,289,319	4,289,319

Note 7 - Continued

	2023	2022
State of Washington loans, bearing interest from 0.00% to 1.00% generally with principal and interest due monthly, to be repaid in full at various dates through 2053. Payments on these loans have been deferred through December 31, 2022.	2,585,531	2,585,531
Tacoma Community Development Authority loans, bearing interest at 1.00%, with fixed interest-only payments monthly or from available cash flows. The notes mature at various dates through 2048.	886,016	872,000
Washington Community Reinvestment Association loans, bearing interest either variable interest or between 1.00% and 7.00%, with principal and interest due monthly to be repaid in full at various dates through 2046.	4,374,594	4,536,172
Total Debt	**50,090,293**	**50,681,916**
Less current portion of debt	(535,613)	(535,613)
Long-Term Debt, Less Current Portion	**49,554,680**	**50,146,303**
Less unamortized portion of loan fees	(721,241)	(849,145)
Long-Term Debt, Net of Unamortized Portion of Loan Fees	**$ 48,833,439**	**$ 49,297,158**

Principal payments are as follows:

For the Year Ending June 30,	
2024	$ 566,710
2025	662,210
2026	695,920
2027	731,654
2028	769,540
Thereafter	46,664,259
	$ 50,090,293

Payments on deferred loans come due at the end of the loan term.

Note 7 - Continued

MSC received cumulative forgivable loan proceeds of $2,925,389 through the year ended June 30, 2023. Under terms of the agreements, the facilities funded by these proceeds must be used to continue the mission of MSC and provide housing for low to very-low income individuals for periods of time expiring through 2052. MSC's policy is to not recognize the loans as revenue until forgiveness is received and the balance is presented as part of long-term debt on the consolidated statement of financial position. All forgivable loans have been included in the principal reductions table above but is not subject to payment so long as MSC maintains compliance with the loan provisions.

Note 8 - Net Assets Without Donor Restrictions

Net assets without donor restrictions are as follows as of June 30:

	2023	2022
Undesignated	$ 4,682,238	$ 7,077,961
Noncontrolling interest in consolidated subsidiaries	506,397	(563,044)
Board-designated operating reserve	500,000	500,000
Board-designated capital reserve	167,084	240,774
Board-designated investment account	820,081	743,216
Net Assets Without Donor Restrictions	**$ 6,675,800**	**$ 7,998,907**

Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows as of June 30:

	2023	2022
Time restrictions and future operations	$ -	$ 70,000
Special events		27,547
COVID-19	29,852	29,852
Equipment	8,582	8,582
Employee appreciation		250
Economic stability	344,719	242,232
Energy	9,241	4,177
Food bank	28,946	72,104
Long-term care ombudsman program	382,236	191,170
Net Assets With Donor Restrictions	**$ 803,576**	**$ 645,914**

Note 10 - Lease Commitments

MSC leases certain facilities and equipment under noncancelable lease commitments that expire at various times through March 2027.

The components of lease expense for the year ended June 30, 2023 was as follows:

Operating lease cost	$ 182,005

Supplemental cash flow information related to leases as of and for the year ended June 30, 2023, is as follows:

Cash paid for amounts included in the measurement of lease liabilities- Operating cash flows from operating leases	$ 182,005
Weighted-average remaining lease term - operating lease	3.48 years
Weighted-average discount rate - operating lease	3.3%

Future minimum lease payments through the terms of all lease agreements are as follows:

For the Year Ending June 30,	
2024	$ 162,510
2025	165,990
2026	146,618
2027	91,640
Total future minimum lease payments	566,758
Less present value discount	(33,044)
Total operating lease liabilities	533,714
Less current portion	(147,197)
Operating Lease Liabilities, Less Current Portion	**$ 386,517**

Note 11 - Contingencies and Commitments

MSC has a managing member or general partner interest in the Affiliates. In addition to the general partner and managing member liabilities, MSC executed sponsor guarantee agreements guaranteeing against operating deficits and reduced tax benefits.

A significant amount of property was obtained with grant monies. The federal and state government-funded property retains a reversionary interest to the grantor(s). Such assets may be reclaimed at the program end or if the use of the property changes from the original intent, or the grantor may relinquish title to MSC. MSC does not intend to change the use of the properties acquired with such funds.

Note 12 - Retirement Plan

MSC established a 401(k) Profit-Sharing Plan under which all employees are qualified to participate. Employer contributions to the Plan are discretionary. Employer contributions of $105,358 and $93,967 were made for the years ended June 30, 2023 and 2022, respectively.

Note 13 - Line of Credit

MSC has a $400,000 line of credit with a bank. The line of credit bears interest at the bank’s Base Rate, as published on bank’s website plus 1.25%, with a minimum rate of 4.50%. The line of credit is collateralized by substantially all of MSC's current and future assets and matures on September 10, 2024. MSC had no balance on the line of credit at June 30, 2023 and 2022.

SUPPLEMENTARY INFORMATION

MULTI-SERVICE CENTER

Consolidating Statement of Financial Position - Assets
June 30, 2023
(With Comparative Totals for 2022)

	Multi-Service Center	MSC Pierce Preservation	Fern Hill Terrace	SKCMSC Federal Way Associates LP	MSC Radcliffe Place Associates	Ranier View Senior	MSC GP Two Apartments	Hawthorne Lane Graham Associates	MSC Federal Way Veterans	MSC Colvos Terrace	Subtotal	Eliminations	Consolidated Total 2023	Consolidated Total 2022
Assets														
Current Assets:														
Cash and cash equivalents	$ 1,393,291	$ 22,791	$ 2,896	$ 41,443	$ 25,819	$ 51,714	$ 3,073	$ 3,189	$ 20,119	$ 214,429	$ 1,778,764	$ -	$ 1,778,764	$ 3,313,167
Deposits held in trust	59,511	5,571	8,485	24,036	74,346	20,421	37,878	34,611	13,802	32,386	311,047		311,047	307,180
Accounts receivable, net	164,829	33,960	20,182	203	6,310	1,767	139,170	12,374	60,019	11,388	450,202	(106,443)	343,759	318,228
Grants receivable	3,866,181										3,866,181		3,866,181	1,639,070
Inventory	67,467										67,467		67,467	135,863
Prepaid expenses and other current assets	274,742	8,876	6,798	33,905	5,297	6,673	25,573	77,059	20,381	5,592	464,896		464,896	284,751
Total Current Assets	**5,826,021**	**71,198**	**38,361**	**99,587**	**111,772**	**80,575**	**205,694**	**127,233**	**114,321**	**263,795**	**6,938,557**	**(106,443)**	**6,832,114**	**5,998,259**
Restricted deposits and funded reserves	408,594	68,831	227,230	183,914	224,947	190,309	400,077	99,680	703,442	540,953	3,047,977		3,047,977	3,080,565
Intercompany fees receivable	1,758,271										1,758,271	(1,758,271)		
Investments	1,820,108										1,820,108		1,820,108	742,915
Investments in affiliates	4,023,269										4,023,269	(4,023,269)		
Other long-term assets					309	(1,272)	(1,966)	(977)	118,615	79,988	194,697		194,697	234,257
Operating right-of-use asset	522,890										522,890		522,890	
Property and equipment, net	6,446,790	2,538,534	2,077,515	1,847,142	8,394,628	3,158,577	4,580,700	3,724,080	8,981,415	9,371,861	51,121,242		51,121,242	52,576,401
Total Assets	**$ 20,805,943**	**$ 2,678,563**	**$ 2,343,106**	**$ 2,130,643**	**$ 8,731,656**	**$ 3,428,189**	**$ 5,184,505**	**$ 3,950,016**	**$ 9,917,793**	**$ 10,256,597**	**$ 69,427,011**	**$ (5,887,983)**	**$ 63,539,028**	**$ 62,632,397**

See independent auditor's report.

MULTI-SERVICE CENTER

Consolidating Statement of Financial Position - Liabilities and Net Assets
June 30, 2023
(With Comparative Totals for 2022)

	Multi-Service Center	MSC Pierce Preservation	Fern Hill Terrace	SKCMSC Federal Way Associates LP	MSC Radcliffe Place Associates	Ranier View Senior	MSC GP Two Apartments	Hawthorne Lane Graham Associates	MSC Federal Way Veterans	MSC Colvos Terrace	Subtotal	Eliminations	Consolidated Total 2023	Consolidated Total 2022
Liabilities and Net Assets														
Current Liabilities:														
Accounts payable	$ 1,973,409	$ 181,368	$ 20,872	$ -	$ 113,139	$ 4,315	$ 15,026	$ 36,309	$ 138,953	$ 286,621	$ 2,770,012	$ (36,785)	$ 2,733,227	$ 1,031,834
Accrued liabilities	1,273,752	584	584	246,561	388,994	995	225,525	1,680	25,996	37,322	2,201,993	(598,147)	1,603,846	1,286,839
Deferred revenue	29,368	788	2,116	356	5,710	1,968	4,967	1,772	27,112	7,641	81,798		81,798	202,707
Deposits held in trust	56,709	5,571	8,485	24,667	74,346	20,418	37,878	34,611	16,546	31,609	310,840		310,840	302,937
Current portion of operating lease liability	147,197										147,197		147,197	
Current portion of long-term debt	89,562	13,057	6,915	61,411	203,720	10,011	45,234	38,323		67,380	535,613		535,613	535,613
Total Current Liabilities	**3,569,997**	**201,368**	**38,972**	**332,995**	**785,909**	**37,707**	**328,630**	**112,695**	**208,607**	**430,573**	**6,047,453**	**(634,932)**	**5,412,521**	**3,359,930**
Accrued interest	94,407	3,338	340,081	223,187	289,410		18,387	13,144	425,464	19,757	1,427,175		1,427,175	1,330,488
Operating lease liability, less current portion	386,517										386,517		386,517	
Long-term debt, less current portion	4,886,953	2,710,508	3,350,015	2,301,938	10,663,818	4,477,056	4,661,569	3,984,492	5,135,380	7,891,492	50,063,221	(1,229,782)	48,833,439	49,297,158
Total Liabilities	**8,937,874**	**2,915,214**	**3,729,068**	**2,858,120**	**11,739,137**	**4,514,763**	**5,008,586**	**4,110,331**	**5,769,451**	**8,341,822**	**57,924,366**	**(1,864,714)**	**56,059,652**	**53,987,576**
Net Assets:														
Without donor restrictions-														
Undesignated	9,577,328	(236,651)	(1,385,962)								7,954,715	(3,272,477)	4,682,238	7,077,961
Board designated	1,487,165										1,487,165		1,487,165	1,483,990
Noncontrolling interest in consolidated subsidiaries				(727,477)	(3,007,481)	(1,086,574)	175,919	(160,315)	4,148,342	1,914,775	1,257,189	(750,792)	506,397	(563,044)
Total without donor restrictions	11,064,493	(236,651)	(1,385,962)	(727,477)	(3,007,481)	(1,086,574)	175,919	(160,315)	4,148,342	1,914,775	10,699,069	(4,023,269)	6,675,800	7,998,907
With donor restrictions	803,576										803,576		803,576	645,914
Total Net Assets	**11,868,069**	**(236,651)**	**(1,385,962)**	**(727,477)**	**(3,007,481)**	**(1,086,574)**	**175,919**	**(160,315)**	**4,148,342**	**1,914,775**	**11,502,645**	**(4,023,269)**	**7,479,376**	**8,644,821**
Total Liabilities and Net Assets	**$ 20,805,943**	**$ 2,678,563**	**$ 2,343,106**	**$ 2,130,643**	**$ 8,731,656**	**$ 3,428,189**	**$ 5,184,505**	**$ 3,950,016**	**$ 9,917,793**	**$ 10,256,597**	**$ 69,427,011**	**$ (5,887,983)**	**$ 63,539,028**	**$ 62,632,397**

See independent auditor's report.

MULTI-SERVICE CENTER

Consolidating Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Multi-Service Center	MSC Pierce Preservation	Fern Hill Terrace	SKCMSC Federal Way Associates LP	MSC Radcliffe Place Associates	Ranier View Senior	MSC GP Two Apartments	Hawthorne Lane Graham Associates	MSC Federal Way Veterans	MSC Colvos Terrace	Subtotal	Eliminations	Consolidated Total 2023	Consolidated Total 2022
Change in Net Assets Without Donor Restrictions and Members' Equity														
Public Support:														
Federal	$ 14,805,200	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,805,200	$ -	$ 14,805,200	$ 14,569,784
State	587,689										587,689		587,689	88,799
City and county	1,568,363										1,568,363		1,568,363	2,803,047
Total public support	16,961,252										16,961,252		16,961,252	17,461,630
Private Support:														
Individuals	601,991										601,991		601,991	685,725
Corporate	228,731										228,731		228,731	109,312
United Way											-			168,526
Foundations	28,427										28,427		28,427	137,121
Organizations	1,229,861										1,229,861		1,229,861	1,286,455
In-kind contributions	2,828,765										2,828,765		2,828,765	2,539,828
Total private support	4,917,775										4,917,775		4,917,775	4,926,967
Earned Income:														
Fees for service	195,195										195,195	(177,000)	18,195	109,861
Developer fee revenue	233,011										233,011		233,011	
Rental income	1,134,208	334,639	270,306	552,682	1,711,686	436,561	975,992	412,001	665,320	938,017	7,431,412		7,431,412	7,038,149
Other income	866,527	8,594	11,655	10,394	508,550	8,524	103,239	208,918	27,341	31,495	1,785,237		1,785,237	1,060,820
Total earned income	2,428,941	343,233	281,961	563,076	2,220,236	445,085	1,079,231	620,919	692,661	969,512	9,644,855	(177,000)	9,467,855	8,208,830
Total Revenue and Support Without Donor Restrictions	**24,307,968**	**343,233**	**281,961**	**563,076**	**2,220,236**	**445,085**	**1,079,231**	**620,919**	**692,661**	**969,512**	**31,523,882**	**(177,000)**	**31,346,882**	**30,597,427**
Net assets released from restriction	466,347										466,347		466,347	466,347
Expenses:														
Program services-														
Energy assistance	10,308,669										10,308,669		10,308,669	10,525,703
Long-term care ombudsman	2,628,634										2,628,634		2,628,634	2,441,883
Education and employment	364,419										364,419		364,419	356,566
Food and clothing	4,248,744										4,248,744		4,248,744	4,450,176
Housing support	2,478,574										2,478,574		2,478,574	2,352,278
Permanent housing	1,111,580										1,111,580		1,111,580	1,132,760
Housing entities		350,823	373,234	584,125	2,993,380	799,569	1,253,992	622,509	1,362,860	1,166,876	9,507,368	(177,000)	9,330,368	9,456,196
Other program services	350,376										350,376		350,376	421,965
Total program services	21,490,996	350,823	373,234	584,125	2,993,380	799,569	1,253,992	622,509	1,362,860	1,166,876	30,998,364	(177,000)	30,821,364	31,137,527
Supporting services-														
Management and general	1,791,697										1,791,697		1,791,697	1,565,616
Development	512,830										512,830		512,830	439,196
Total supporting services	2,304,527										2,304,527		2,304,527	2,004,812
Total Expenses	**23,795,523**	**350,823**	**373,234**	**584,125**	**2,993,380**	**799,569**	**1,253,992**	**622,509**	**1,362,860**	**1,166,876**	**33,302,891**	**(177,000)**	**33,125,891**	**33,142,339**
Total Change in Net Assets Without Donor Restrictions	**978,792**	**(7,590)**	**(91,273)**	**(21,049)**	**(773,144)**	**(354,484)**	**(174,761)**	**(1,590)**	**(670,199)**	**(197,364)**	**(1,312,662)**		**(1,312,662)**	**(2,078,565)**
Changes in Net Asset With Donor Restrictions														
Contributions	624,009										624,009		624,009	481,333
Release of restricted net assets	(466,347)										(466,347)		(466,347)	(466,347)
Change in Net Assets With Donor Restriction	**157,662**										**157,662**		**157,662**	**14,986**
Change in net assets before equity activity	1,136,454	(7,590)	(91,273)	(21,049)	(773,144)	(354,484)	(174,761)	(1,590)	(670,199)	(197,364)	(1,155,000)		(1,155,000)	(2,063,579)
Member equity contributions					69,147				72,245		141,392	(141,392)		39,961
Distributions and syndication				(8,228)							(8,228)	(2,217)	(10,445)	(27,875)
Total Change in Net Assets	**1,136,454**	**(7,590)**	**(91,273)**	**(29,277)**	**(703,997)**	**(354,484)**	**(174,761)**	**(1,590)**	**(597,954)**	**(197,364)**	**(1,021,836)**	**(143,609)**	**(1,165,445)**	**(2,051,493)**
Net assets, beginning of year	10,731,615	(229,061)	(1,294,689)	(698,200)	(2,303,484)	(732,090)	350,680	(158,725)	4,746,296	2,112,139	12,524,481	(3,879,660)	8,644,821	10,696,314
Net Assets, End of Year	**$ 11,868,069**	**$ (236,651)**	**$ (1,385,962)**	**$ (727,477)**	**$ (3,007,481)**	**$ (1,086,574)**	**$ 175,919**	**$ (160,315)**	**$ 4,148,342**	**$ 1,914,775**	**$ 11,502,645**	**$ (4,023,269)**	**$ 7,479,376**	**$ 8,644,821**

See independent auditor's report.