



City of Seattle
Human Services Department

2015 Authorized Encampment Operators Request for Qualifications
Proposal Cover Sheet

1. Applicant Agency:	Nickelsville		
2. Agency Primary Staff:	Scott Morrow		
3. Agency Primary Contact			
Name:	Scott Morrow	Title:	Staff
Address:	P.O. Box 2548 Seattle, WA 98111-2548		
Email:	scott@nickelsville.works		
Phone #:	206-450-9136		
4. Organization Type			
<input checked="" type="checkbox"/> Non-Profit	<input type="checkbox"/> Other (Specify):		
5. Federal Tax ID or EIN:	46-4372708	6. DUNS Number:	930906628
7. WA Business License Number:	603-366-214		
8. Partner Agency (if applicable):	Low Income Housing Institute		
Contact Name:	Sharon Lee	Title:	Executive Director
Address:	2407 1 st Ave Seattle, WA 98121		
Email:	SharonL@lihi.org	Phone Number:	206-957-8031
Description of partner agency proposed activities: LIHI will serve as fiscal agent and assist with fundraising, case management, volunteer recruitment, and strategic planning.			
Authorized signature of applicant/lead agency			
<i>To the best of my knowledge and belief, all information in this application is true and correct. The document has been duly authorized by the governing body of the applicant who will comply with all contractual obligations if the applicant is awarded funding.</i>			
Name and Title of Authorized Representative: <u>Scott Morrow, Staff</u>			
Signature of Authorized Representative: <u>[Signature]</u> Date: <u>5/13/15</u>			

Experience

Nickelsville is a self-managed homeless encampment that has been in operation since 2008 and has served thousands of homeless individuals and families. Nickelsville has operated at 18 different locations since 2008. Their current site is located at 1010 South Dearborn Street in Seattle's International District and is open 24 hours a day, 7 days a week. Lutheran Church of the Good Shepherd is the encampment host and controls the property, which is leased to them by Koh Family Trust.

Nickelsville residents consist of homeless individuals and families earning little to no income. Many families with children stay at Nickelsville because most of the shelters in Seattle restrict services to specific groups such as women or men in recovery. Families also choose to stay at Nickelsville because it is dangerous to be unsheltered and unsupported. Nickelsville serves homeless veterans, women and children at risk, people with disabilities, people with chemical dependencies, and immigrants and refugees. People are also permitted to bring their pets so that they can keep their "family" together.

Scott Morrow has served as the lead Nickelsville staff person since it began. He donates 30 hours per week to manage the sites and volunteers. Current plans are underway to provide funding for additional personnel. Scott was a community organizer with SHARE from 1990 to 2008 where he helped organize and manage Tent City 3 - the longest running homeless encampment in the nation.

The Low Income Housing Institute (LIHI) will partner with Nickelsville on the newly proposed tent encampment as its fiscal sponsor. In operation since 1991, LIHI develops, owns, and manages affordable housing to reduce homelessness and help people overcome poverty. Committed to providing the most vulnerable people in the Puget Sound region with tools to gain stability, self-sufficiency, and economic resilience, LIHI provides supportive services to homeless and low-income families and individuals, advocates for just housing policies and government support for vulnerable populations, and provides free hygiene services to the homeless at Urban Rest Stop facilities in downtown Seattle and the University District.

LIHI's housing portfolio includes 51 properties with 1,845 affordable permanent and transitional apartment units in Seattle and surrounding areas. 4,001 people live in LIHI housing, including 712 families with children. LIHI provides homes for people with critical needs: 1,358 of the units house formerly homeless families and individuals and 1,533 units house people at or below 30% of area median income. LIHI provides housing to a wide range of people, including homeless families with children, individuals, seniors, veterans, young adults, people with disabilities, refugees, immigrants, and women and children at risk.

Together, Nickelsville and LIHI have years of experience working with vulnerable populations. Their combined experience has seen them working with individuals who are both currently and formerly homeless. They are able to work on short and long-term strategies to help move people into stable and safe housing.

Funding and Resource Development Plan

LIHI and Nickelsville will continue to work together to raise funds and develop resources to help provide homeless individuals and families a safe and supported place to live free of charge. The Nickelsville encampment fills an important role serving the region's homeless population which is why LIHI has chosen to partner with Nickelsville. LIHI works on projects that reduce poverty and homelessness in the Puget Sound region and believes that the Nickelsville model will be successful in that endeavor.

Nickelsville has a very cost effective shelter model and looks for opportunities to partner with others to eliminate duplicative costs. For example, the current land for the encampment is donated and services are provided by the host church and other local organizations such as LIHI. Food, clothing, tents, tent platforms, sturdy sleep structures, hygiene supplies, firewood, blankets, sleeping bags, school supplies for the kids, and emergency supplies are donated to the community on a regular basis which also helps to reduce costs.

The largest ongoing expenses for Nickelsville are related to waste disposal. These costs generally consist of servicing the portable toilets and hand wash stations as well as removal of garbage, recycling, and compost. Additional expenses include phones for Nickelsville security and staff, trash bags, emergency supplies, moving costs, and case management services.

Both Nickelsville and LIHI work to raise funds for the encampment and will continue to do so moving forward. Nickelsville maintains an online donation system through its website. They also reach out to numerous organizations for support and assistance. For instance, the Seattle University Rotaract Club's recently held an auction to support Nickelsville and raised nearly \$13,000. A local Foundation that has donated to Nickelsville for several years is also considering making another grant. Last year, a volunteer led a successful "Pie Baking Contest" and several Pancake Breakfast Benefits. Direct mail solicitations are sent to a database of 600 interested parties who are encouraged to donate on an annual basis. The determination of the wider community to ensure that Nickelsville continues explains how over \$100,000 has been raised by individuals since 2008 for the fixed utility costs.

In addition to financial donations, Nickelsville also successfully solicits inkind donations. There is a lead volunteer for external affairs at Nickelsville who works with community organizations and individuals to help raise additional inkind clothing and food donations for the encampment. LIHI, International District Rotary Club, Operation Sack Lunch, Home Depot, Sawhorse Revolution and numerous churches regularly donate items.

LIHI has successfully fundraised for 24 years for affordable housing development, supportive services including case management, the Urban Rest Stop hygiene centers for the homeless and other special projects. The previous Nickelsville site was located on LIHI owned property from September of 2013 to September of 2014. Since that time, LIHI has worked to raise funds through an annual gala and grant writing. LIHI has also provided volunteer support and case management services to help the homeless families and individuals stabilize and get connected to social services and affordable housing. LIHI's leadership, Board of Directors, and fundraising staff have collaborated with Nickelsville's leadership to create and execute funding and resource development plans.

Capacity

Last year, Nickelsville operated for 12 consecutive months in two locations at the same time, with an average of 30 people per location. Their prior location was utilized for 2 ½ years and often saw its population raise to well over 100 people. Contractually, their present site allows 40 adults and an average of five children sleeping in 13 tiny houses and 20 tents, but could logistically accommodate more.

Nickelsville currently possesses most shelter-related material needed to accommodate a 100-person camp at one location for a year. In many ways, 100 is an optimal size for a homeless encampment and does not differ significantly from the needs of a 40-person encampment. All tent encampments, regardless of size, require the same type of community structures— food preparation area, dining area, donations tent, storage tent, entry area, trash area, etc. A 100-person camp would require a covered, private and secure ‘office area’ for meetings regarding housing navigation, case management, and job training. Camps of this size have sufficient volunteers available to provide full security, cleaning, and maintenance capability. The camp would be able to have 2-3 people ‘at work’ at all times in these areas.

Nickelsville is currently self-managed. The camp participants elect leaders in various work areas – donations, kitchen, bookkeeping, structures, etc. They also abide by an agreed upon set of rules that are enforced from within. Current elected positions include Security, Arbitrator, External Affairs, and Bookkeeper. The Security position trains and schedules participants to staff the entry booth. The Arbitrator mediates conflicts. The External Affairs coordinator tracks community relations, fundraisers, and future sites. These three leaders assist in compliance issues. The bookkeeper keeps track of volunteer duties in order to maintain the camp.

A 100-person camp generally requires no more than 4-5 nearby parking spaces, and it has not been an impediment to staying together effectively and productively. A safe and nearby area for loading and unloading vehicles delivering donations and meals would be valuable.

Nickelsville has followed the advice of health and safety professionals in the operation and construction of their encampment. They have experience building and assembling their tents and structures to prevent pest infestations and reduce landslide potential. Nickelsville, LIHI and the church host currently carry liability insurance on the property in the event of disaster or injury. Encampment residents are also required to fill out a liability waiver and agreement not to sue.

Since September of 2013, LIHI Case Managers have helped find housing for 63 homeless people including families, individuals, and couples from Nickelsville. Case Managers help identify housing opportunities, fill out applications, and arrange for transportation to the housing sites. In addition, LIHI has helped several adults find work and connect with mental health assistance. They also arrange transportation for the families to go to doctor appointments, job interviews, social service appointments, and childcare. LIHI helps connect the children living at the encampment to local schools and provides school supplies. LIHI procures donations to provide diapers, bottles, wipes, and pull-ups for infants. LIHI Case Managers are experienced and trained professionals who have been providing supportive services to low-income and homeless people for many years. As a self-managed encampment, the residents also work together to share information on services and help each other out when needs arise.

Community Engagement and Responsiveness

Nickelsville currently provides written notice to all businesses and residents within at least two blocks of its future sites and can continue this process in the future. Notices always contain the basic responsibilities of campers in the neighborhood and give a phone number to call with complaints, suggestions, and concerns. The notice is delivered approximately 10 days prior to the move and specifies a time and place for a community meeting to discuss the encampment. The Seattle Department of Neighborhoods, community leaders, groups and participants are also notified by email.

Community meetings include information of Nickelsville's processes. Meetings hosted by Nickelsville allow ample time for questions and feedback. A clear understanding of the organization's history and projects are presented as well as descriptions of contributing partner agencies. Nickelsville has created Community Advisory Councils in the past and will do so in the future, if appropriate.

The Nickelsville complaint process for neighbors requires individuals with concerns to call or otherwise contact the Nickelsville Community Organizer. Complaints cannot be directed solely to the Camp's security post, because it is crucial that an experienced reviewer gather information, investigate the complaint, and share conclusions and action steps with the concerned party. The violation of a neighbor's peaceful enjoyment of their community is taken very seriously by Nickelsville. If verified complaints are continuously made, and a solution is not possible, Nickelsville will leave a neighborhood.

Nickelsville appreciates the opportunity to be part of a neighborhood. Encampment participants enjoy actively participating in neighborhood activities such as community councils, crime prevention councils, neighborhood fundraisers, special events and community clean ups. Neighbors are also welcome to attend Nickelsville's weekly External Nickelsville Camp Meeting.

Potential encampment residents learn of the camp through signage on the camp itself, 211 -the Community Information Line, postings at places where people without housing frequent, and word of mouth. Notifications within Nickelsville happen on many levels: at regular weekly meetings, postings at the front entrance, and visits to their tent or structure. A map with a listing of residents is posted in the Security Booth.

Grievance procedures within Nickelsville begin with a written Incident Report that is turned into the camps' elected leaders. Disputes between campers are often worked out with the assistance of the elected Arbitrator. If an encampment resident feels action – such as a bar – has been taken against him/her in error, the individual must file a written appeal at the weekly Internal Nickelsville Camp Meeting. After this letter is read aloud it is determined if it is sincere and accurate. If so, it is sent to the weekly Nickelsville Central Committee for a hearing. The committee can throw the bar out, overturn it, or set conditions for reinstatement.

2015 Authorized Encampment Operators RFQ
Attachment 2: Proposed Program Budget Summary

Applicant Agency Name:	Nickelsville
Proposed Program Name:	Nickelsville

Item	Amount by Fund Source				Total Project
	Requested HSD Funding	Other	Other	Other	
1000 - PERSONNEL SERVICES					
1110 Salaries (Full- & Part-Time)		\$ 17,160.00			\$ 17,160.00
1300 Fringe Benefits		\$ 8,814.00			\$ 8,814.00
SUBTOTAL - PERSONNEL SERVICES	\$ -	\$ 25,974.00	\$ -	\$ -	\$ 25,974.00
2000 - SUPPLIES					
2100 Office Supplies	\$ 500.00				\$ 500.00
2200 Operating Supplies ²					\$ -
2300 Repairs & Maintenance Supplies	\$ 4,800.00				\$ 4,800.00
SUBTOTAL - SUPPLIES	\$ 5,300.00	\$ -	\$ -	\$ -	\$ 5,300.00
3000 - 4000 OTHER SERVICES & CHARGES					
3100 Expert & Consultant Services					\$ -
3140 Contractual Employment					\$ -
3150 Data Processing		\$ 6,500.00			\$ 6,500.00
3190 Other Professional Services ³		\$ 18,000.00			\$ 18,000.00
3210 Telephone	\$ 3,000.00				\$ 3,000.00
3220 Postage					\$ -
3300 Automobile Expense					\$ -
3310 Convention & Travel					\$ -
3400 Advertising					\$ -
3500 Printing & Duplicating		\$ 1,000.00			\$ 1,000.00
3600 Insurance		\$ 300.00			\$ 300.00
3700 Public Utility Services	\$ 21,600.00				\$ 21,600.00
3800 Repairs & Maintenance					\$ -
3900 Rentals - Buildings					\$ -
Rentals - Equipment	\$ 42,000.00				\$ 42,000.00
4210 Education Expense					\$ -
4290 Other Miscellaneous Expenses ⁴		\$ 10,000.00			\$ 10,000.00
4999 Administrative Costs/Indirect Costs ⁵					\$ -
SUBTOTAL - OTHER SERVICES & CHARGES	\$ 66,600.00	\$ 35,800.00	\$ -	\$ -	\$ 102,400.00
TOTAL EXPENDITURES	\$ 71,900.00	\$ 61,774.00	\$ -	\$ -	\$ 133,674.00

¹ Identify specific funding sources included under the "Other" column(s) above:	
LIHI Gala and Auction	\$ 12,000.00
Individual Donations	\$ 10,000.00
Foundation and Corporate Grants	\$ 18,000.00
Outside fundraising events (i.e. Rotary Club, school club fundraising)	\$ 12,000.00
Total	\$ 52,000.00

³ Other Professional Services - Itemize below:	
LIHI Case Managment services	\$ 18,000.00
	\$
	\$
Total	\$ 18,000.00

⁵ Administrative Costs/Indirect Costs - Itemize below:	
	\$
	\$
	\$
	\$
Total	\$

⁵ Administrative Costs/Indirect Costs: Human Services Department policy places a fifteen percent (15%) cap on reimbursement for agency indirect costs, based on the total contract budget. Restrictions related to federal approved rates and grant sources still apply.

Does the agency have a federally approved rate?	<input type="text"/>	Yes	<input checked="" type="checkbox"/>	No
If yes, provide the rate: <input style="width: 100px;" type="text"/>				

² Operating Supplies - Itemize below (Do Not Include Office Supplies):	
	\$
	\$
	\$
	\$
Total	\$

⁴ Other Miscellaneous Expenses - Itemize below:	
Site relocation	\$ 10,000.00
	\$
	\$
	\$
Total	\$

2015 Authorized Encampment Operators Request for Qualifications
Proposed Personnel Detail Budget
<Annual Budget>

Applicant Agency Name:	Nickelsville
Proposed Program Name:	Nickelsville

Agency's Full-Time Equivalent (FTE) =		hours/week		Amount by Fund Source(s)				
Position Title	Staff Name	FTE	# of Hours Employed	Hourly Rate	Requested HSD Funding	Other Fund Source	Other Fund Source	Total Program
Nickelsville Community Organizer	TBD	0.75	1,560	\$11.00		\$ 17,160.00		\$ 17,160.00
								\$ -
								\$ -
								\$ -
								\$ -
								\$ -
Subtotal - Salaries & Wages					\$ -	\$ 17,160.00	\$ -	\$ 17,160.00

Personnel Benefits:

					\$ 1,158.00		\$ 1,158.00
					\$ 2,000.00		\$ 2,000.00
					\$ 156.00		\$ 156.00
					\$ 5,250.00		\$ 5,250.00
					\$ 250.00		\$ 250.00
					\$ 8,814.00	\$ -	\$ 8,814.00
TOTAL PERSONNEL COSTS (SALARIES & BENEFITS):					\$ 25,974.00	\$ -	\$ 25,974.00

Internal Revenue Service

Date: November 16, 2005

LOW INCOME HOUSING INSTITUTE
LIHI
2407 1ST AVE STE 200
SEATTLE WA 98121-1311

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Lois Parrott 31-07342
Customer Service Specialist

Toll Free Telephone Number:
877-829-5500

Federal Identification Number:
94-3155150

Dear Sir or Madam:

This is in response to your request of November 16, 2005, regarding your organization's tax-exempt status.

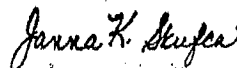
In January 1997 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

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

Sincerely,



Janna K. Skufca, Director, TE/GE
Customer Account Services

2015 LIHI Officers and Board of Directors

President, Melinda Nichols

Retired - Washington State Department of Labor and Industries
Board Member since 1999

Vice-President, Joseph Abreu

The Home Depot
Board Member since 2014

Secretary, Pearl Leung

Vulcan
Board Member since 2011

Treasurer, Michael Fait

KeyBank
Board Member since 2011

Linda Battles

Youth Advocate
Board Member since 2009

Audrey Carlsen

Seattle Times
Board member since 2015

Alan Castle

Retired Social Worker
Board Member since 2006

Wilhelmina Daniel

GD Association
Board member since 2015

Catherine Danigelis

US Bank
Board Member since 2012

Duncan Haas

Professional Photographer
Board Member since 2006

Andra Kranzler

Skyway Solutions
Board Member since 2013

Henry McGee

Seattle University School of Law
Board Member since 2005

Bryan M. Park

Pacific Northern Construction Company, Inc
Board Member since 2012

Beverly Sims

Renton Public Health Center
Board Member since 1992

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED DECEMBER 31, 2013 AND 2012

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

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Dauby O'Connor & Zaleski, LLC

A Limited Liability Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Low Income Housing Institute
(A Washington Not-for-Profit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Low Income Housing Institute, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, comprehensive income (loss) and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Low Income Housing Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Low Income Housing Institute's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Low Income Housing Institute as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were 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 the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2014, on our consideration of Low Income Housing Institute'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 Low Income Housing Institute's internal control over financial reporting and compliance.

April 25, 2014
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

ASSETS

	2013	2012
Current assets		
Cash and cash equivalents	\$ 3,165,293	\$ 2,810,482
Receivables:		
Tenants, net	28,056	42,213
Subsidy	30,461	19,725
Government contracts	782,445	398,766
Accounts receivable - related parties, net	3,285,599	762,679
Accounts receivable - unrelated parties	103,513	-
Pledges	-	33,000
Development fees, net	151,185	554,303
Accrued interest - development fees	20,264	15,750
Prepaid insurance	27,548	20,668
Total current assets	7,594,364	4,657,586
Property and equipment		
Property and equipment, net	27,050,965	29,996,185
Construction in process	359,838	1,902,460
Total property and equipment	27,410,803	31,898,645
Other assets		
Replacement and operating reserves	1,672,314	1,290,359
Restricted cash	1,484,157	679,287
Prepaid deposits	4,000	4,000
Receivables:		
Accounts receivable - related parties	1,644,130	1,976,260
Development fees	-	47,854
Notes receivable from limited liability entities	8,623,135	8,630,485
Investment in limited liability entities	3,331,282	2,840,801
Tenant security deposits	111,297	85,053
Prepaid compliance monitoring fee, net	5,649	5,846
Financing costs, net	81,834	88,384
Total other assets	16,957,798	15,648,329
	\$ 51,962,965	\$ 52,204,560

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2013 AND 2012**

LIABILITIES AND NET ASSETS

	2013	2012
Current liabilities		
Accounts payable	\$ 110,650	\$ 97,072
Accrued expenses	547,719	531,349
Accrued interest	121,871	132,017
Tenant security deposits	112,197	83,234
Prepaid rent	8,341	36,909
Current maturities of notes payable	838,531	1,773,155
Total current liabilities	1,739,309	2,653,736
Long term liabilities		
Notes payable, net of current maturities	13,967,517	13,869,848
Deferred loans and grants	5,985,818	4,887,211
Deferred interest	29,068	8,443
Total long term liabilities	19,982,403	18,765,502
Total liabilities	21,721,712	21,419,238
Unrestricted net assets	29,978,514	30,354,805
Temporarily restricted net assets	262,739	430,517
Total net assets	30,241,253	30,785,322
	\$ 51,962,965	\$ 52,204,560

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES, COMPREHENSIVE INCOME (LOSS) AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
Revenue			
Rental income	\$ 3,385,477	\$ -	\$ 3,385,477
Grants and contributions	1,294,652	-	1,294,652
Government grants and contracts	2,253,090	-	2,253,090
Development fees	451,112	-	451,112
Property management and cash flow fees	1,652,952	-	1,652,952
Resident services fees	171,067	-	171,067
Interest income	12,971	-	12,971
Other income	219,156	-	219,156
Total revenue	9,440,477	-	9,440,477
Program expenses			
Program services	7,693,080	-	7,693,080
Support services	1,000	-	1,000
Fund-raising	-	-	-
Total program expenses	7,694,080	-	7,694,080
Income (loss) from operations	1,746,397	-	1,746,397
Non-operating activity			
Gain (loss) on acquisitions	(735,110)	-	(735,110)
Net income (loss) from non-operating activity	(735,110)	-	(735,110)
Non-recurring activity			
Gain (loss) on sale of property	(1,555,356)	-	(1,555,356)
Net income (loss) from non-recurring activity	(1,555,356)	-	(1,555,356)
Change in net assets	(544,069)	-	(544,069)
Released from restriction	167,778	(167,778)	-
Net assets, beginning of year	30,354,805	430,517	30,785,322
Net assets, end of year	\$ 29,978,514	\$ 262,739	\$ 30,241,253

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES, COMPREHENSIVE INCOME (LOSS) AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Total
Revenue			
Rental Income	\$ 2,919,800	\$ -	\$ 2,919,800
Grants and contributions	637,051	96,581	733,632
Government grants and contracts	1,372,856	-	1,372,856
Development fees	601,764	-	601,764
Property management and cash flow fees	1,563,902	-	1,563,902
Resident service fees	183,507	-	183,507
Interest income	35,187	-	35,187
Other income	160,586	-	160,586
Total revenue	7,474,653	96,581	7,571,234
Program expenses			
Program services	7,174,835	-	7,174,835
Support services	49,772	-	49,772
Fund-raising	55,437	-	55,437
Total program expenses	7,280,044	-	7,280,044
Income (loss) from operations	194,609	96,581	291,190
Non-recurring activity			
Donation for purchase of land	-	1,000,000	1,000,000
Net income (loss) from non-recurring activity	-	1,000,000	1,000,000
Change in net assets	194,609	1,096,581	1,291,190
Released from restriction	1,116,717	(1,116,717)	-
Net assets, beginning of year	29,043,479	450,653	29,494,132
Net assets, end of year	\$ 30,354,805	\$ 430,517	\$ 30,785,322

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013**

	Development	Urban Rest Stop	Resident Services	McKinney and VA	Housing Management	Advocacy	Total Program	Administration	Fund Raising	Total Agency
Salaries	\$ 331,275	\$ 412,480	\$ 249,162	\$ 276,062	\$ 1,163,333	\$ -	\$ 2,432,312	\$ 291,676	\$ 67,641	\$ 2,791,629
Employee benefits	30,903	66,496	32,238	44,733	145,733	-	320,103	26,050	2,491	348,644
Payroll taxes	26,320	48,056	21,540	33,380	108,596	-	237,892	22,760	3,922	264,574
Total payroll costs	388,498	527,032	302,940	354,175	1,417,662	-	2,990,307	340,486	74,054	3,404,847
Professional fees and contract services	30,732	9,756	21,865	79,053	248,813	-	390,219	40,292	94,829	525,340
Supplies and office expenses	1,798	43,751	4,311	14,436	70,929	13,103	148,328	31,764	13,254	193,346
Telephone	2,499	4,006	8,900	7,594	35,904	-	58,903	21,237	-	80,140
Postage and shipping	973	-	46	226	855	-	2,100	5,196	392	7,688
Rent	-	27,056	25,744	-	-	-	52,800	20,160	-	72,960
Advertising and promotion	-	-	-	-	66	-	66	6,217	10,188	16,471
Equipment expense	-	13,449	8,778	6,656	3,402	-	32,285	23,112	300	55,697
Conferences and travel	4,639	3,603	10,142	16,902	21,114	274	56,674	18,040	104	74,818
Donations and contributions	-	-	-	-	104	500	604	4,795	-	5,399
Resident benefits	-	-	45,910	149,480	5,107	-	200,497	1,412	12	201,921
Interest	401	-	-	-	411,138	-	411,539	21,863	-	433,402
Utilities	-	54,413	331	5,915	361,471	-	422,130	19,496	-	441,626
Property taxes	3,923	-	-	-	32,900	-	36,823	29,889	-	66,712
Janitorial	-	-	-	-	18,798	-	23,217	3,079	465	26,761
Grounds maintenance	11	55	281	4,083	35,101	-	37,112	6,088	-	43,200
Property maintenance and repairs	-	360	-	1,640	388,066	-	456,876	10,581	-	467,457
Business taxes and licenses	4,064	25,703	12,336	30,771	43,233	-	47,552	3,141	10	50,703
Insurance	-	230	-	25	65,499	-	66,438	16,561	-	82,999
Bad debts	-	-	-	939	108,839	-	109,314	-	-	109,314
Write-off of developer fee income	-	-	-	475	-	-	-	-	-	-
Predevelopment	-	-	-	-	-	-	-	-	-	-
Equity losses in limited liability entities	-	-	-	-	-	-	-	-	-	-
Overhead allocation	-	-	-	-	510	-	510	-	-	510
and miscellaneous	147,700	85,011	154,454	239,091	464,303	4,649	1,095,208	(629,808)	(193,608)	271,792
Total operating expenses	585,238	794,425	596,038	911,461	3,733,814	18,526	6,639,502	(6,399)	-	6,633,103
Gain/loss from disposal properties	-	-	-	-	138,211	-	138,211	-	-	138,211
Depreciation and amortization	1,000	55,837	-	-	858,530	-	915,367	7,399	-	922,766
Total program expenses	\$ 586,238	\$ 850,262	\$ 596,038	\$ 911,461	\$ 4,730,555	\$ 18,526	\$ 7,693,080	\$ 1,000	\$ -	\$ 7,694,080

See notes to financial statements

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012**

	Development	Urban Rest Stop	Resident Services	McKinney and VA	Housing Management	Advocacy	Total Program	Administration	Fund Raising	Total Agency
Salaries	\$ 288,746	\$ 371,641	\$ 216,472	\$ 232,524	\$ 1,117,927	\$ -	\$ 2,227,310	\$ 278,022	\$ 87,152	\$ 2,592,484
Employee benefits	24,799	54,675	30,321	42,380	154,968	-	307,143	22,412	6,362	335,917
Payroll taxes	22,735	47,312	16,013	23,137	113,750	-	222,947	22,524	6,335	251,806
Total payroll costs	336,280	473,628	262,806	298,041	1,386,645	-	2,757,400	322,958	99,849	3,180,207
Professional fees and contract services	75,262	24,073	20,800	51,051	185,389	-	356,575	28,725	55,915	441,215
Supplies and office expenses	8,512	57,336	5,833	4,977	44,932	4,430	125,840	30,102	5,041	160,983
Telephone	3,160	2,435	7,059	8,815	34,677	-	56,146	20,953	-	77,099
Postage and shipping	1,071	25	140	203	472	-	1,911	5,273	18	7,202
Rent	-	21,208	24,518	-	-	-	45,726	80	32,382	78,188
Advertising and promotion	-	3,831	-	-	42	-	3,873	2,527	9,042	15,442
Equipment expense	-	11,500	-	1,007	1,443	557	14,507	21,205	-	35,712
Conferences and travel	3,650	5,466	4,547	10,101	19,309	20	43,093	21,236	228	64,557
Donations and contributions	-	-	-	-	-	2,540	2,540	6,071	-	8,611
Resident benefits	-	-	46,699	156,101	6,624	15,274	224,698	-	150	224,848
Interest	78	-	-	-	416,620	-	416,698	43,992	-	460,690
Utilities	-	44,355	355	5,587	293,590	-	343,887	20,186	-	364,073
Property taxes	-	83	-	-	23,359	-	23,442	28,808	-	52,250
Janitorial	-	55	401	1,136	30,904	-	32,496	3,834	400	36,730
Grounds maintenance	1,547	-	-	690	2,490	36,284	41,011	83	-	41,094
Property maintenance and repairs	66,664	11,643	1,074	4,795	364,919	8,028	457,123	9,873	66	467,062
Business taxes and licenses	9,257	371	131	-	40,379	-	50,138	1,902	(212)	51,828
Insurance	-	28	-	917	53,803	-	54,748	12,244	-	66,992
Bad debts	-	-	-	529	18,683	-	19,212	-	-	19,212
Write-off of developer fee income	202,129	-	-	-	-	-	202,129	-	-	202,129
Predevelopment	-	-	-	-	-	-	-	-	-	-
Equity losses in limited liability entities	-	-	-	-	826	-	826	-	-	826
Overhead allocation	-	-	-	-	-	-	-	-	-	-
and miscellaneous	260,532	102,676	160,144	716	372,297	2,723	899,088	(536,179)	(147,442)	215,467
Total operating expenses	968,142	758,713	534,507	544,486	3,297,403	69,856	6,173,107	43,873	55,437	6,272,417
Gain/loss from disposal properties	115,923	-	-	-	121,552	-	237,475	-	-	237,475
Depreciation and amortization	-	55,837	-	-	708,416	-	764,253	5,899	-	770,152
Total program expenses	\$ 1,084,065	\$ 814,550	\$ 534,507	\$ 544,486	\$ 4,127,371	\$ 69,856	\$ 7,174,835	\$ 49,772	\$ 55,437	\$ 7,280,044

See notes to financial statements

LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash flow from operating activities		
Cash received from rental activities	\$ 3,360,330	\$ 2,905,017
Cash received from development fees	905,326	724,924
Cash received from related party fees	1,733,006	1,936,046
Cash received from government grants and contracts	1,869,411	1,128,876
Cash received from private grants and contributions	1,327,652	1,700,632
Cash received from other sources	213,328	570,805
Cash paid to employees and suppliers - operating	(3,946,262)	(5,920,034)
Interest received	12,971	28,359
Interest paid	(431,511)	(491,895)
Net cash provided by (used in) operating activities	5,044,251	2,582,730
Cash flow from investing activities		
Purchases of property and equipment	(2,865,406)	(2,381,978)
Net change in funded reserves	(381,955)	103,236
Notes to affiliates	7,350	(259,953)
Net capital additions to investments	(539,953)	(169,586)
Earnest money deposits	-	(4,000)
Net change in restricted cash	(804,870)	(325,814)
Net cash provided by (used in) investing activities	(4,584,834)	(3,038,095)
Cash flow from financing activities		
Principal repayments	(933,390)	(2,016,403)
Proceeds of debt and deferred loans	839,787	2,391,475
Loan costs	(11,003)	-
Net cash provided by (used in) financing activities	(104,606)	375,072
Change in cash and cash equivalents	354,811	(80,293)
Cash and cash equivalents, beginning of year	2,810,482	2,890,775
Cash and cash equivalents, end of year	\$ 3,165,293	\$ 2,810,482

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	\$ (544,069)	\$ 1,291,190
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	905,016	752,898
Amortization	17,553	17,254
Losses (equity) earnings in limited liability entities	510	826
Impairment of investments	48,962	-
Net (gain)/loss on acquisition	735,110	-
Net (gain)/loss on sale of property	1,555,356	-
Net (gain)/loss on disposal of property	138,211	121,553
Compliance fee amortization	197	198
Change in assets:		
Accounts receivable:		
Tenants	(14,157)	(3,965)
Subsidy	10,736	20,797
Government contracts	383,679	(243,980)
Pledges	(33,000)	(33,000)
Development fees, net of impairment	(450,972)	290,880
Accounts receivable - related parties	2,203,290	359,591
Accounts receivable - unrelated parties	91,013	-
Accrued interest	4,514	(6,828)
Prepaid insurance	6,880	6,324
Change in liabilities:		
Accounts payable - trade	(13,578)	9,355
Accrued expenses	(16,370)	(28,754)
Accrued interest	(10,479)	58,627
Deferred revenue	28,568	(32,441)
Net security deposit funded	(2,719)	2,205
Net cash provided by (used in) operating activities	\$ 5,044,251	\$ 2,582,730

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Low Income Housing Institute ("LIHI") (the "Corporation" or the "Organization") was incorporated as a Washington Not-for-Profit Corporation on September 18, 1991. LIHI's mission is to provide housing and related services for low income persons. LIHI also provides services as a consultant to develop and manage properties for other not-for-profit organizations and works as an advocate for housing for low income and homeless persons. At December 31, 2013 LIHI owned the following low income housing projects and support programs:

<u>Project</u>	<u>Type</u>	<u>Units</u>	<u>Location (WA)</u>
Arbor Manor	Transitional housing	6	Lacey
Arion Court	Single room occupancy	37	Seattle
First Avenue Property	Commercial space		Seattle
Bitterlake	Transitional housing	22	Seattle
Brentwood Apartments	Multi-family housing	34	Mountlake Terrace
Broadway House	Single room occupancy	8	Seattle
Bryant House	Transitional housing	5	Seattle
Cedar House	Transitional housing	5	Seattle
Columbia Court	Transitional housing	14	Seattle
Denice Hunt Townhomes	Multi-family housing	20	Seattle
Evanston House	Transitional housing	6	Seattle
Fleetwood Apartments	Multi-family housing	43	Olympia
Glen Hotel	Multi-family housing	37	Seattle
Greenwood House	Single room occupancy	10	Seattle
Jackson Street Workforce	Multi-family housing – pre-development		Seattle
Jensen Block Apartments	Multi-family housing and commercial	30	Seattle
Maple Leaf House	Transitional housing	7	Seattle
May Valley	Mobile home park	65	Renton
Meadowdale	Multi-family housing	108	Lynnwood
Othello House	Transitional housing	2	Seattle
Phinney House	Transitional housing	7	Seattle
Roosevelt Street	Pre-development	50	Seattle
Tukwila House	Transitional housing	2	Tukwila
Twelfth and Jackson	Multi-family housing predevelopment		Seattle
Urban Rest Stop	Hygiene center		Seattle

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

During the year ended December 31, 2013, LIHI completed the sale of the Aloha Inn. 57th NW Development and LIHI Bellevue, LLC were sold to tax credit partnerships with LIHI as the Managing Member. During the year ended December 31, 2013, LIHI acquired the limited partner's interest of Jensen Block Apartments and Fleetwood Apartments becoming the sole owner.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the FASB *Accounting Standards Codification* (ASC) 958-205. This statement established standards for external financial reporting for Not-for-Profit Organizations.

The Not-for-Profit Entities Presentation of Financial Statements topic of the FASB *Accounting Standards Codification* primarily affects the display of the financial statements and requires that the amounts for each of the classes of net assets – unrestricted, temporarily restricted and permanently restricted – be displayed in the statement of financial position and the amounts of the change in each of those classes of net assets be displayed in a statement of changes in net assets. All assets held by LIHI as of December 31, 2013 and 2012 are classified as either unrestricted or temporarily restricted. Accordingly, assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted assets – Assets that are not subject to donor-imposed stipulations. These are available to support the Corporation's activities and operations at the discretion of the Board of Directors.

Temporarily restricted assets – Assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Corporation and/or the passage of time.

The financial statements of the Corporation are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Consolidation

In accordance with FASB ASC 810, the financial statements include the accounts of the Corporation and its majority-owned subsidiary partnerships and limited liability companies, after elimination of all material intercompany accounts, transactions, and profits.

Cash and cash equivalents

For the statements of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. As of December 31, 2013 and 2012, cash and cash equivalents consisted of cash on hand, checking and savings accounts and 30-day certificates of deposit.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Tenant receivable and bad debt policy

Tenant rent charges for the current month are due on the first of the month. Tenant receivables consist of amounts due for rent, damages and cleaning fees. The Corporation does not accrue interest on the tenant receivable balances.

The Corporation reviews its outstanding tenant receivables on a regular basis and records an allowance for those receivables it deems uncollectible. As of December 31, 2013 and 2012, the allowance for doubtful accounts is \$5,453 and \$10,043, respectively. Bad debt expense attributable to tenant receivables for the years ended December 31, 2013 and 2012 totaled \$60,352 and \$19,212, respectively.

Real estate inventories and cost of sales

Real estate inventories are carried at the lower of cost or market according to FASB ASC 330-10-35.

All direct and indirect land costs, offsite and onsite improvements and applicable interest and other carrying charges are capitalized to real estate projects during development. Real estate inventories are relieved through cost of sales when housing units are sold.

Property and equipment

Costs of developing housing projects, including planning, architectural services, rehabilitation costs and interest prior to occupancy, are capitalized as project development costs. The allocation of acquisition costs between land and building is based on assessed value as determined by the County Assessor for real estate tax purposes or on values determined by a real estate appraiser.

The Corporation is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10-35. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses on the Corporation's long-lived assets were recognized during the years ended December 31, 2013 and 2012.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated assets

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, LIHI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Collective bargaining agreement

LIHI has entered into a collective bargaining agreement with the Office and Professional Employees International Union Local No. 8, AFL-CIO (the "Union") for the purpose of fixing the wage scale, schedule of hours, and general rules and regulations between LIHI and the Union. The agreement expires December 31, 2015 and shall renew from year to year thereafter unless either party gives notice.

Unamortized costs

The Corporation incurred financing costs in connection with obtaining its debt financing. These costs have been capitalized and are being amortized using the straight-line method over the term of the related mortgage or loan. Generally accepted accounting principles require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended December 31, 2013 and 2012.

Rental income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the tenants of the property are operating leases.

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting year in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investment in limited liability entities

LIHI has an ownership interest in 25 limited partnerships and limited liability companies (refer to Note 7). LIHI's investments in these limited liability entities are carried under the equity method and adjusted for LIHI's proportionate share of its undistributed earnings or losses.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Limited liability entity cash flow fees revenue

LIHI earns fees from the limited liability tax credit entities for various services rendered. These fees are based on the net cash flow generated by the tax credit entities and are payable from available cash. Certain fees are deferred if cash is not currently available.

Development fees revenue

LIHI earns development fees primarily for orchestrating the financing and construction of low income housing, generally in its capacity as general partner or managing member of various real estate partnerships and limited liability companies. Fees are recognized based on completion of various phases of the project, as specified in the respective agreements. Certain fees are deferred and payable from the projects' available operating cash flow.

Receivables from limited liability entities

The Corporation is subject to the provisions of Subsequent Measurement of Receivables topic of the FASB ASC 310-10-35. Subsequent Measurement of Receivables provides guidance for reviewing and adjusting the carrying value of receivables. The Corporation reviews receivables for operating or construction advances, cash flow fees, property management fees, and development fees from related parties for impairment on an annual basis. During the years ended December 31, 2013 and 2012, LIHI recognized impairment losses of \$48,962 and \$-0- on these receivables, respectively.

Advertising and promotion costs

Advertising and promotion costs are expensed as incurred, and are included in Advertising and promotion on the statement of functional expenses.

Property taxes

The Corporation is exempt from some, but not all real property taxes. For those properties that are required to pay property taxes, property taxes are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

Concentration of credit risk

LIHI maintains deposit accounts at various regional and national banking institutions. The balances in the accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2013, the cash balances held at some of these financial institutions exceeded the FDIC insurance limit. Management has not experienced losses in such accounts. Management believes that LIHI is not exposed to any significant credit risk on cash and cash equivalents.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Concentration of credit risk (continued)

The Corporation's operations are concentrated in the low income multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the respective regulatory agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

Contributions

Contributions, including unconditional promises to give, are recognized in the period received or made, in accordance with FASB ASC 958-605-15 under the Revenue Recognition of Contributions Receivable topic.

Use of estimates in the preparation of financial statements

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for uncertainty in income taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as an other than private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements. Generally, the Federal and State tax returns were subject to examinations from the three years after the later of the original or extended due date or the date filed by the applicable tax authority.

Acquisition of interest in partnerships and LLCs

The Corporation has adopted the Fair Value Measurement treatment cited below when limited partners or members transfer their equity interests upon the dissolution of the partnership or limited liability company. The Corporation restates fixed assets received in the transfer at the value assessed by the county tax assessor to be adjusted by the liabilities assumed. The valuation technique is classified as Level 3 (see Fair value) under the fair value measurements fair value hierarchy.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair value

The Corporation has adopted the Fair Value Measurement topic of the FASB *Accounting Standards Codification* (ASC) 820 (the "Codification") which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The Codification clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy:

- Level 1 - Inputs utilize quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access;
- Level 2 - Inputs may include quoted prices for similar assets or liabilities in active markets; and
- Level 3 - Unobservable inputs for the asset or liability based on the best available information.

For instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

Subsequent events

The Subsequent Events topic of the FASB ASC 855 provides guidance on current subsequent event accounting and requires disclosure of the date through which subsequent events have been evaluated, and clarifies that original issuance of financial statements means both "issued" and "available to be issued." Management performed an evaluation of the Corporation's activity through April 25, 2014, the audit report date, and has concluded except for as disclosed in Note 15 that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. The reclassifications had no effect on changes in net assets of the Corporation for the years ended December 31, 2013 and 2012.

NOTE 2-UNAMORTIZED COSTS

Financing costs of \$279,460 were incurred in connection with obtaining permanent financing. These costs are amortized over the respective term of the financing arrangement using the straight-line method. For the years ended December 31, 2013 and 2012, amortization expense was \$17,553 and \$17,254, and at December 31, 2013 and 2012, accumulated amortization is \$197,626 and \$180,073, all respectively.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 2-UNAMORTIZED COSTS (CONTINUED)

Estimated amortization expense for each of the next five years and thereafter is as follows:

2014	\$ 17,652
2015	10,856
2016	5,001
2017	5,001
2018	2,522
Thereafter	<u>40,802</u>
	<u>\$ 81,834</u>

NOTE 3-COMMITMENTS AND CONTINGENCIES

LIHI receives funds under numerous contracts, grants and agreements with federal, state, and local governmental agencies, some of which were loaned to limited liability entities to carry out the defined requirements. In the event of noncompliance with these requirements, LIHI may be subject to repayment of funds received under contracts, grants and agreements with governmental agencies that provide for payments to LIHI based on cost or statistical data. Most contracts, grants and agreements are subject to audit by the funding sources.

In accordance with the respective partnership or operating agreements, LIHI has provided unconditional construction completion guarantees and in a number of cases is required to make operating deficit contributions for any operating deficits not funded from the operating reserves, as defined. This operating deficit obligation is unlimited until a project has met the three month breakeven test. Operating deficit contributions are repayable from New Cash Flow, as defined, in the order of priority documented in the respective partnership or operating agreements.

Several housing projects are subsidized by the U.S. Department of Housing and Urban Development ("HUD") through the Section 8 Rental Assistance and McKinney-Vento Homeless Assistance Act ("McKinney Act") Programs. Funding for these programs is subject to Congressional appropriation. Rental revenue received under Section 8 contracts was \$1,571,756 and \$1,464,825 during the years ended December 31, 2013 and 2012, respectively.

At December 31, 2013, the Corporation had approximately \$13,380,000 of assets invested in or receivable from limited liability entities operating in the low income multifamily real estate industry, in which entities LIHI holds an ownership interest. The recoverability of these assets is contingent on the future cash flows of these entities. Management believes that cash flows from the operations, sale, or refinancing of the real estate assets of these entities, or the value derived from the eventual acquisition of the real estate, will be sufficient to recover the Corporation's investments and receivables.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3-COMMITMENTS AND CONTINGENCIES (CONTINUED)

In connection with a lawsuit where LIHI was the plaintiff against Redimensions Company LLC, Redimensions Company LLC entered into a promissory note with LIHI for \$215,000 which accrues interest at 3.5% per annum. Redimensions Company LLC is required to make a payment of interest only in 2012, and principal and interest payments of \$20,000 and \$30,000 in 2013 and 2014, respectively. The remaining principal and interest is due on January 27, 2015, the note maturity date. In accordance with FASB ASC 450-30-25, Gain Contingencies, LIHI will recognize the revenue when the amounts are received. During the year ended December 31, 2013, \$27,525 was earned and received.

In addition to the Long-Term Debt in Note 13 totaling \$14,806,048, LIHI has executed 28 promissory notes with city, county, or state government bodies, which in management's determination will not be repaid. Funds received as proceeds from these promissory notes totaled \$13,011,329 and \$12,299,558 at December 31, 2013 and 2012, respectively. The proceeds of these notes were used in the construction or rehabilitation of low-income housing projects owned or managed by LIHI. Terms of these notes do not require repayment of principal or interest so long as the regulatory requirements of the notes are met. All requirements for repayment expire at the end of the regulatory period. Some of these notes provide for interest to accrue at 1% per annum, which in management's determination also will not be repaid. Accrued interest under these notes totaled \$839,438 and \$1,161,046 at December 31, 2013 and 2012, respectively. Because of management's determination that neither the principal nor the accrued interest will be paid, LIHI does not report these as liabilities on the balance sheet, but rather as unrestricted net assets.

NOTE 4-TENANCY IN COMMON AGREEMENTS

In 2008 for \$642,856, the Ray F. Downs Revocable Trust acquired a tenancy in common interest in LIHI First Avenue Development, LLC the owner of four air-right condominium units located in Seattle, WA.

NOTE 5-FUNDED RESERVES

Various loan documents require the establishment of funded reserves for replacement of building components, unusual operating costs and equipment replacement. The reserves must be maintained in separate interest bearing accounts. Withdrawals from the reserve accounts are subject to approval from the lender. As of December 31, 2013 and 2012, the funded reserves balance was \$1,672,314 and \$1,290,359, respectively.

NOTE 6-RESTRICTED CASH

Restricted cash consists of a development checking account, pledge accounts for two tax-credit limited partnerships for additional operating reserves, and a sinking fund for an additional operating reserve or a debt balloon payment due in 2013. As of December 31, 2013 and 2012, the restricted cash balance was \$1,484,157 and \$679,287, respectively.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 7-INVESTMENTS IN LIMITED LIABILITY ENTITIES

As of December 31, 2013, LIHI was the general partner of operating tax credit limited partnerships and managing member of operating tax credit limited liability companies as follows:

Entity	Type of Project	Units	Location (WA)	Ownership Interest %
2010 Jackson Street Development LLLP	Multi-family residential	61	Seattle	0.01
47 th Street Development LLLP	Multi-family residential	63	Seattle	0.01
57th NW Development LLLP	Multi-family residential - pre-development		Seattle	0.01
Andover Court Associates, LLC	Multi-family residential	21	Seattle	0.01
Cedarwood II Associates, LLC	Multi-family residential	40	Lake Stevens	0.01
Chester Manor, LLC	Multi-family residential	57	Bremerton	0.01
Copper Lantern Apartments LLLP	Multi-family residential	21	Kenmore	0.01
Frye Building Limited Partnership	Multi-family residential and commercial	234	Seattle	0.01
Julie Apartments L.P.	Multi-family residential and commercial	47	Seattle	0.01
Lakeview Apartments L.P.	Multi-family residential	59	Seattle	0.01
LIHI Auburn Associates, LLC	Multi-family residential	25	Auburn	0.01
LIHI Bellevue, LLC	Multi-family residential - pre-development		Bellevue	0.01
LIHI Cedar Heights Associates, LLC	Multi-family residential	51	Port Orchard	0.01
LIHI Denny Park, LLC	Multi-family residential and commercial	50	Seattle	0.01
LIHI Fir Village, LLC	Multi-family residential	29	Oak Harbor	0.01
LIHI Lake City Court, LLC	Multi-family residential	76	Seattle	0.01
LIHI Meadowbrook Associates, LLC	Multi-family residential and commercial	51	Seattle	0.01
LIHI Northwest 85 th LLC	Multi-family residential and commercial	31	Seattle	0.01
LIHI Penney Associates, LLC	Multi-family residential and commercial	24	Auburn	0.01
LIHI Pine City Associates LLC	Homeless transitional housing	41	Seattle	0.01
LIHI Rainier Associates, LLC	Multi-family residential	25	Puyallup	0.01
LIHI Sunset Meadows, LLC	Multi-family residential	30	Milton	0.01
Magnolia Villa Associates, LLC	Multi-family residential	21	Lacey	0.01
Stone View Village I L.P.	Multi-family residential	26	Seattle	0.10
Stone View Village II L.P.	Multi-family residential	36	Seattle	0.10

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 7-INVESTMENTS IN LIMITED LIABILITY ENTITIES (CONTINUED)

As of December 31, 2013, LIHI held a 0.01% Interest and was the special limited partner and manager of Brooks & 25th L.P., a tax credit limited partnership operating a 34-unit multi-family residential project in Seattle, Washington. As of April 25, 2014, the audit report date, LIHI assigned their interest in Brooks & 25th L.P. to the general partner and no longer has any ownership in the entity.

The investment in limited liability entities as of December 31, 2013 and 2012 is carried on the equity method, as follows:

	<u>2013</u>	<u>2012</u>
Capital, beginning	\$ 2,840,801	\$ 2,672,041
Distributions	-	(2,370)
Contributions - LIHI Bellevue, LLC	156,000	-
Contributions - Julie Apartments L.P.	377,602	-
Contributions - other properties	35,356	171,956
Elimination of consolidated investments	(29,005)	-
Losses in limited liability entities, net	(510)	(826)
Write-off of investment value	(48,962)	-
Capital, ending	<u>\$ 3,331,282</u>	<u>\$ 2,840,801</u>

NOTE 8-RELATED PARTIES

Various operating and development transactions resulted in the following amounts due from the limited partnerships, limited liability companies and projects LIHI manages for other non-profit organizations.

The operating advances, in the form of short-term cash advances to the limited partnerships, limited liability companies and projects LIHI manages for other non-profit organizations, relate to advancing payroll costs and meeting obligations required by the operating deficit agreement of the various entities. In connection with the ownership interests in the entities listed in Note 7, LIHI also earns property management fees and cash flow fees in accordance with the respective agreements. During the years ended December 31, 2013 and 2012, revenue from these fees totaled \$1,652,952 and \$1,563,902, respectively.

As noted in Note 1, during the year ended December 31, 2013 the Corporation acquired the limited partners interest in Jensen Block Apartments and Fleetwood Apartments. The Corporation recognized a gain of \$190,057 on the acquisition of Jensen Block, and recognized a loss of \$925,167 on the acquisition of Fleetwood.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 8-RELATED PARTIES (CONTINUED)

These unsecured amounts do not bear interest and are due when sufficient funds are available to pay:

Related Party Receivables	December 31,	
	2013	2012
2010 Jackson Street Development, LLLP	\$ 25,887	\$ 16,168
47 th Street Development, LLLP	23,459	17,738
57 th NW Development LLLP	31,614	-
Andover Court Associates, LLC	16,393	8,075
Ballard URS	73,577	-
Brooks and 25th Limited Partnership	-	5,638
Cascade Senior Housing, LP	27,343	32,686
Cedarwood II Associates, LLC	41,773	19,916
Chester Manor, LLC	8,796	20,078
Copper Lantern Apartments, LLLP	44,389	31,998
Denice Hunt Homeowners Association	37,940	314
Fleetwood Limited Partnership	-	41,139
Frye Building Limited Partnership	195,287	144,367
Jensen Block Limited Partnership	-	35,408
Julie Apartments LP	812,652	393,251
Lake City Condo Associates, LLC	-	8,311
Lakeview Apartments Limited Partnership	21,720	35,326
LIHI Auburn Associates LLC	593,185	555,200
LIHI Bellevue, LLC	1,287,121	-
LIHI Cedar Heights Associates LLC	856,291	713,057
LIHI Denny Park LLC	76,629	7,323
LIHI Lake City, LLC	23,745	22,121
LIHI Meadowbrook Associates, LLC	45,673	16,048
LIHI Northwest 85 th LLC	93,013	138,935
LIHI Penney Associates LLC	167,580	152,138
LIHI Pine City Associates LLC	43,689	7,918
LIHI Rainier Associates, LLC	23,247	6,403
LIHI Sunset Meadows, LLC	71,587	39,587
Magnolia Villa Associates, LLC	140,900	145,230
Stove View Village I Limited Partnership	124,980	112,208
Stone View Village II Limited Partnership	20,731	11,707
Miscellaneous receivable	528	651
	<u>\$4,929,729</u>	<u>\$2,738,939</u>

The increase in the receivable from Julie Apartments LP during the year ended December 31, 2013 is due to LIHI funding rehabilitation of the property. As of April 25, 2014, the audit report date, \$363,648 has been collected by LIHI from the property.

On December 19, 2013, LIHI sold land to LIHI Bellevue, LLC, which increased the receivable from the property. As of April 25, 2014, the audit report date, \$1,268,426 was collected by LIHI from the property.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 8-RELATED PARTIES (CONTINUED)

Notes receivable

LIHI has the following notes receivable at December 31:

	<u>2013</u>	<u>2012</u>
57 th NW Development LLLP	\$ 962,394	\$ -
Cedarwood II Associates, LLC	272,961	272,961
Chester Manor, LLC	1,544,923	1,544,923
Copper Lantern Apartments LLLP	941,521	941,521
Fleetwood Limited Partnership	-	894,772
Frye Building Limited Partnership	936,000	936,000
Jensen Block Limited Partnership	-	112,000
Julie Apartments Limited Partnership	210,450	210,450
Lakeview Apartments Limited Partnership	180,000	180,000
LIHI Auburn Associates, LLC	75,000	75,000
LIHI Cedar Heights Associates LLC	489,950	489,950
LIHI Denny Park LLC	499,950	499,950
LIHI Meadowbrook Associates, LLC	249,950	249,950
LIHI Northwest 85 th LLC	129,974	129,974
LIHI Penney Associates LLC	361,501	361,501
LIHI Pine City Associates LLC	100,000	100,000
LIHI Rainier Associates, LLC	156,000	156,000
LIHI Sunset Meadows, LLC	661,473	661,473
Magnolia Villa Associates, LLC	631,089	594,060
Stone View Village I Limited Partnership	126,193	126,193
Stone View Village II Limited Partnership	93,807	93,807
	<u>\$ 8,623,136</u>	<u>\$8,630,485</u>

For those notes that are interest bearing, interest rates on the notes receivable range from 1 to 6 percent. Principal and interest payments are deferred until maturity. LIHI does not recognize interest income on these notes. Maturity dates range from December 31, 2027 to December 31, 2061. Substantially all of the notes receivable are collateralized by real estate of the respective project.

Developer fee revenue and receivables

In connection with the development of the entities listed in Note 5, LIHI earns a developer fee in accordance with the developer fee agreement. During the years ended December 31, 2013 and 2012, developer fee revenue totaled \$451,112 and \$601,764, and at December 31, 2013 and 2012, \$151,185 and \$602,157, remains receivable net of allowance, all respectively. During the years ended December 31, 2013 and 2012, \$164,473 and \$167,716, of developer fees were included in allowance for doubtful accounts. Bad debt expense attributable to developer fees receivable for the years ended December 31, 2013 and 2012 totaled \$-0- and \$167,716, respectively.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 8-RELATED PARTIES (CONTINUED)

Developer fee revenue and receivables (continued)

	Developer Fee Revenue		Developer Fee Receivable	
	2013	2012	2013	2012
2010 Jackson St. LLLP	\$ 6,408	\$ 554,292	\$ 120,150	\$ 554,292
57 th NW Development LLLP	200,000	-	-	-
LIHI Bellevue, LLC	241,699	-	-	-
LIHI Fir Village, LLC	-	-	164,473	165,664
LIHI Northwest 85 th , LLC	-	-	31,035	49,917
LIHI Sunset Meadows, LLC	-	17,472	-	-
Magnolia Villa Associates, LLC	3,005	30,000	-	-
Allowance for doubtful accounts	-	-	(164,473)	(167,716)
	<u>\$ 451,112</u>	<u>\$ 601,764</u>	<u>\$ 151,185</u>	<u>\$ 602,157</u>

NOTE 9-PROJECT DEVELOPMENT COSTS

As of December 31, 2013 and 2012, project development, rehabilitation, and pre-acquisition costs had been incurred on the following projects:

	2013	2012
12th and Jackson	\$ 51,379	\$ 32,418
57 th NW Development	-	712,222
Bellevue	-	900,300
Jackson Street Workforce	161,834	131,114
LIHI Ballard	-	31,449
LIHI Roosevelt	146,625	94,957
Construction in progress	<u>\$ 359,838</u>	<u>\$ 1,902,460</u>

NOTE 10-PROPERTY AND EQUIPMENT

Property and equipment are stated at cost when purchased. Minor renewals are expensed when incurred. Depreciation expense for the years ended December 31, 2013 and 2012 was \$905,016 and \$752,898, respectively, and was computed on the straight-line method based on the following estimated useful lives:

	Life	2013	2012
Buildings	40 years	\$ 21,294,306	\$ 21,482,008
Land improvements	15 - 40 years	1,525,370	1,501,855
Furniture and equipment	5 years	850,465	767,663
Tenant improvements	15 years	1,179,015	1,179,015
Land	N/A	9,673,541	12,775,846
		34,522,697	37,706,387
Less: Accumulated depreciation		(7,471,732)	(7,710,202)
		<u>\$ 27,050,965</u>	<u>\$ 29,996,185</u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 10-PROPERTY AND EQUIPMENT (CONTINUED)

During the year ended December 31, 2012, the Corporation received private donations of \$1,000,000 to be used for the purchase of the land for LIHI 1253 South Jackson, LLC. As of December 31, 2012, the purchase of the land was completed and the temporarily restricted funds were released to unrestricted net assets.

The Corporation recognized a loss of \$1,555,356 as a result of the sale of Aloha Inn to an unrelated entity.

NOTE 11-RESTRICTIONS

The Aloha Inn is restricted by the regulatory agreement with the State of Washington to provide housing to households with incomes less than 50 percent of the Seattle area median income as determined by HUD until 2042. The restriction applies to any subsequent purchaser of the property. The regulatory agreement with The City of Seattle restricts occupancy to households with incomes less than 30 percent of the Seattle area median income until 2032. During the year ended December 31, 2013, LIHI assigned their interest in Aloha Inn to an unrelated third party. All restrictions associated with the property were transferred to the new owner.

The regulatory agreement with The City of Seattle restricts the use of the Arion Court for 40 years to housing for otherwise homeless persons with gross incomes less than 30 percent of the Seattle area median income or those who qualify for housing assistance under the federal McKinney Act program. A covenant running with the land restricts occupancy to households whose income at initial occupancy is no greater than 35 percent of the King County median income until 2069. The previous owners of the property have an irrevocable option to repurchase the property 75 years from the date of purchase by LIHI. The repurchase price will be the accumulated value of a \$25,000 investment made by the sellers of the property in U.S. Treasury strip bonds held in trust.

The housing finance contract with The Washington State Department of Commerce ("Commerce") restricts the Brentwood Apartments to households at or below 50% of the Seattle median income until 2042. The loan agreement with Snohomish County restricts the property to permanent housing for very low income households until 2052.

The loan with the State of Washington Department of Commerce requires Fleetwood Apartments to serve households at or below 30% of the Olympia MSA median income until October 20, 2047. This covenant runs with the land. If the property is sold, refinanced, or its use changes from that of very low income housing without written permission and approval of the Department prior to October 20, 2047, the loan balance plus an amount representing the Department's contingent interest shall be due and payable at the time of sale, refinancing, or change of use.

The housing assistance contract with Commerce restricts the Bitterlake property to households at or below 50% of the Seattle PMSA median income until 2031.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 11-RESTRICTIONS (CONTINUED)

The regulatory agreement with The City of Seattle restricts the use of the Broadway House to low income housing until 2035.

The loan agreement with The City of Seattle restricts the use of Jensen Block to low income housing for a minimum of 40 years. This restriction runs with the land and is binding on any purchaser, grantee, owner, or leasee of the Project. A change in use prior to March 12, 2036, requires repayment of the loan plus contingent interest as defined in the loan documents.

The loan with the State of Washington Department of Commerce requires Jensen Block to serve households at or below 50% of the Seattle PMSA median income until January 20, 2048. This covenant runs with the land. If the property is sold, refinanced, or its use changes from that of very low income housing without written permission and approval of the Department prior to January 20, 2048, the loan balance plus an amount representing the Department's contingent interest shall be due and payable at the time of sale, refinancing, or change of use.

The Denice Hunt Townhomes, consisting of thirty condominium units, was financed by agreements including covenants restricting the units to households at no more than 50 percent of the Seattle area median income for a period of 75 years. During 1997, an agreement was reached between LIHI and The Housing Authority of the City of Seattle ("SHA"), in which SHA committed \$1,350,000 to purchase ten units. The ten units are owned as condominiums by SHA under and subject to HUD's Declaration of Trust.

The housing finance contract with Commerce restricts the Greenwood House to households at or below 30% of the Seattle median income until 2049. This covenant runs with the land. The regulatory agreement with The City of Seattle restricts the property to low income housing until 2039.

An agreement with King County to provide funding for the May Valley acquisition restricts occupancy of the units to households whose income meets the requirements of HUD's HOME Investment Partnership Program. A covenant running with the land for 50 years restricts 43 units to households at or below 50 percent of King County median income until 2044.

The Scattered Sites, which consist of Arbor Manor, Bryant House, Cedar House, Evanston House, Maple Leaf House, Phinney House and Tukwila House, are used as transitional housing for homeless men and women. Regulatory agreements with The City of Seattle and State of Washington for five of the houses restrict the use of the properties for 40 years to housing for households with incomes no greater than 30 percent of the Seattle area median income.

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NOTE 12-LONG TERM DEBT

LIHI has entered into various debt agreements with multiple financial institutions and governmental agencies to fund acquisitions, pre-development, construction, and normal operations. The outstanding balances and terms of long term debt as of December 31, 2013 are as follows:

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Face Amount</u>	<u>Long term Portion</u>	<u>Current Portion</u>
Arion Court						
6/30/94	12/31/13	State of Washington	0%	\$ 555,555	\$ 324,442	\$ 1,000
LIHI First Avenue Development						
2/26/99	4/1/16	U.S. Bank	5.23%	1,000,000	873,725	21,064
Bitterlake						
3/15/95	3/14/30	King County	0%	400,000	171,428	11,429
Brentwood Apartments						
8/1/02	9/1/32	Key Bank	6.13%	1,491,000	1,175,300	35,626
6/12/02	3/30/42	State of Washington	1%	790,475	623,142	20,007
Denice Hunt Townhomes						
12/22/95	12/31/45	State of Washington	1%	900,000	660,444	16,115
Fleetwood						
2/7/95	11/30/57	State of Washington	0%	645,000	617,952	8,000
8/8/03	8/7/23	City of Olympia	0%	100,000	46,400	4,800
Glen Hotel						
11/17/93	11/17/43	State of Washington	1%	627,500	330,158	10,317
Jackson Street Senior Workforce Housing						
9/1/10	9/1/15	City of Seattle	3%	850,000	821,055	-
Jensen Block						
1/31/96	12/31/47	State of Washington	0%	900,000	594,000	18,000
LIHI						
12/2/99	12/1/29	Pierce County Community Development Corp.	0%	180,000	90,000	6,000
4/23/07	4/23/12	Enterprise Housing Foundation Services	2%	50,000	50,000	-
12/30/13	12/31/14	Enterprise Community Partners	3%	250,000	250,000	-

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NOTE 12-LONG TERM DEBT (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>		<u>Face Amount</u>	<u>Long term Portion</u>	<u>Current Portion</u>
		<u>Lender</u>	<u>Interest Rate</u>			
Lines of Credit						
12/12/03	12/12/12	US Bank	3%	\$ 300,000	\$ 300,000	\$ -
7/19/05	7/19/15	US Bank	2%	300,000	300,000	-
12/22/10	6/30/14	Key Bank	3.25%	300,000	-	289,876
12/7/12	12/7/17	Sachs Foundation	3.5%	200,000	200,000	-
11/8/04	12/2/13	Wells Fargo	2%	250,000	250,000	-
3/15/06	11/1/13	US Bank	3.75%	500,000	-	241,864
4/1/14	6/30/14	Key Bank	3.25%	500,000	-	-
May Valley						
4/20/94	4/20/44	State of Washington	0%	1,406,830	1,017,188	22,479
6/30/98	6/30/29	King County	0%	205,250	85,521	5,864
Meadowdale						
5/1/07	1/31/48	State of Washington	1%	450,000	391,909	9,725
2/18/05	2/1/15	Banner Bank	6.17%	5,680,000	<u>4,794,853</u>	<u>116,365</u>
					<u>\$ 13,967,517</u>	<u>\$ 838,531</u>

The loans from the State of Washington provide that a portion of the appreciated value of the property or contingent interest may be due to the lender upon sale or change in use of the property. All the debt is secured by deeds of trust and assignment of rents. For all long term-debt with a maturity date before December 31, 2013, the Corporation is in communication with the lenders and have either extended the terms of the debt through verbal communication or are in on-going negotiations. The Corporation is not in default on any of the loan agreements.

Principal and interest payments, and additional terms as defined, are as follows:

Arion Court

The State of Washington loan requires minimum quarterly payments of \$2,625. Additional amounts may be due based on cash flows.

LIHI First Avenue Development

U.S. Bank requires monthly payments of \$5,666 and a final payment of the remaining principal and interest on April 1, 2016. During 2011, LIHI was granted approval for a five-year extension of this loan.

Bellevue

Interest only payments are due monthly to King County and a final payment of the remaining principal and interest due on or before June 15, 2015. During the year ended December 31, 2013, the remaining outstanding balance of the loan of \$1,656,417 was paid in full.

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NOTE 12-LONG TERM DEBT (CONTINUED)

Bitterlake

The King County agreement requires annual payments of \$11,429, which are offset by equal annual lease payments from the County.

Brentwood Apartments

Key Bank requires monthly payments of principal and interest of \$9,059 over the thirty-year term.

The State of Washington loan payments were deferred until March 30, 2004. The principal balance accrues interest at 1%, compounded quarterly during the deferral period. Quarterly payments of principal and interest of \$6,591 began March 30, 2004.

Denice Hunt Townhomes

The State of Washington loan requires annual payments of principal and interest of \$22,881 over the fifty-year term.

Fleetwood

The State of Washington Department of Commerce loan requires quarterly principal payments of \$2,000 over a term of 50 years.

The City of Olympia loan requires monthly principal payments of \$400 over a term of 20 years.

Glen Hotel

The State of Washington loan requires annual principal and interest payments of \$10,907 over the fifty-year term.

Jackson Street Senior Workforce Housing

Principal and accrued interest are due at maturity, or upon sale or transfer.

Jensen Block

The State of Washington Department of Commerce loan requires annual principal payments of \$18,000 over a term of 50 years.

LIHI

Principal is due to Pierce County Community Development Corporation in annual installments of \$6,000 over the thirty-year term.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12-LONG TERM DEBT (CONTINUED)

Letters of Credit

Interest only payments are due to U.S. Bank quarterly, with the principal balance due upon maturity. LIHI has the option to extend the loan for an additional five years.

Interest only payments are due to Key Bank monthly, with the principal balance due upon maturity.

Interest only payments are due to Wells Fargo Bank quarterly, with the principal balance due upon maturity.

Interest only payments are due to The Erich and Hannah Sachs Foundation semi-annually, with the principal balance due upon maturity.

May Valley

Quarterly payments of \$5,620 are due until maturity to the State of Washington.

The King County agreement requires annual payments of \$5,864, which are offset by equal annual lease payments from the County.

Meadowdale

Repayment of the State of Washington loan of \$450,000 for Meadowdale shall be deferred until January 31, 2009 with an interest rate of 0% during the deferral period. Quarterly principal and interest payments of \$3,487 begin on April 30, 2009 and shall continue each April 30, July 31, October 31, and January 31 until the maturity date.

Principal and interest payments of \$34,678 are due to Banner Bank monthly.

Maturities of long term debt

LIHI is obligated for the following estimated principal payments in each of the next five years and thereafter under long term debt obligations:

2014	\$ 838,531
2015	6,110,077
2016	1,276,343
2017	377,708
2018	180,788
Thereafter	<u>6,022,601</u>
	<u>\$14,806,048</u>

**LOW INCOME HOUSING INSTITUTE
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13-DEFERRED LOANS AND GRANTS

LIHI has entered into various loan and grant agreements with multiple governmental agencies to fund acquisitions, pre-development, construction and normal operations. The terms of the forgivable deferred loans and grants as of December 31, 2013 are as follows:

<u>Date of Note</u>	<u>Maturity Date</u> <u>Stated</u>	<u>Lender</u>	<u>Interest</u> <u>Rate</u>	<u>Face</u> <u>Amount</u>	<u>Outstanding</u> <u>Balance</u>
Arbor Manor					
7/22/13	7/22/23	Thurston County	0%	\$ 168,175	\$ 168,175
Broadway House					
3/16/95	11/30/45	State of Washington	0%	\$ 240,077	\$ 240,077
Chester Manor					
12/31/03	12/31/33	The City of Bremerton	0%	625,850	625,850
12/31/03	12/31/33	The City of Bremerton	0%	795,000	794,073
6/1/06	6/1/46	Kitsap County CDBG	1%	125,000	125,000
Copper Lantern Homes					
12/1/11	12/31/61	King County	0%	717,000	717,000
Fleetwood					
8/31/97	8/31/47	State of Washington	1%	663,404	663,404
12/31/04	12/31/34	City of Olympia	0%	230,000	230,000
Glen Hotel					
3/30/95	2/28/35	The City of Seattle	1%	1,406,509	1,406,509
Magnolia					
3/1/11	3/1/21	Thurston County	0%	562,623	526,111
May Valley					
2/24/04	2/24/29	King County HOF	0%	131,000	108,194
Sunset Meadows					
2/24/05	3/1/55	Pierce County	0%	300,000	300,000
Tukwila House					
12/31/97	12/31/47	The State of Washington	0%	62,166	54,671
4/22/98	4/22/33	King County	0%	<u>50,000</u>	<u>26,754</u>
				<u>\$6,076,804</u>	<u>\$5,985,818</u>

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13-DEFERRED LOANS AND GRANTS (CONTINUED)

The deferred loans with the State of Washington, King County and Snohomish County provide that if LIHI complies with the loan documents and related funding agreements, all principal and interest, if any, will be forgiven at the stated maturity date. Security for the deferred loans is a deed of trust, mortgage or assignment of rents.

The loan agreements with the City of Seattle provide that interest accrues for 20 years and then is forgiven at 5% per year for 20 years as long as LIHI is in compliance with all conditions. LIHI expects to comply with all terms and conditions of the loans; therefore, LIHI has elected not to record interest expense. Contingent interest as of December 31, 2013 and 2012 was \$527,670 and \$237,682, respectively.

The State of Washington loan for the Broadway House is due and payable in full on November 30, 2045, with no payments until maturity.

The State of Washington loan for the Tukwila House requires payment in full on or before December 31, 2047.

The King County Housing Opportunity Fund ("HOF") loan for May Valley is due and payable in full on February 24, 2029, with no payments until maturity.

NOTE 14-EMPLOYEE RETIREMENT PLAN

For members of the union, LIHI has a defined contribution retirement plan sponsored by the Office and Professional Employees International Union, Local No. 8. Union employees meeting the eligibility requirements participate. Contributions to the plan are 4 percent of gross salaries for union employees after one year of employment. Management personnel, at their discretion, may elect to receive a 4 percent raise in lieu of a retirement contribution.

The contributions to the plan were \$49,738 and \$51,678, for the years ended December 31, 2013 and 2012, respectively. The pension expense payable as of December 31, 2013 and 2012 was \$10,208 and \$8,127, respectively.

NOTE 15-SUBSEQUENT EVENTS

As of April 25, 2014, the audit report date, LIHI was engaged in negotiations with the Leighton Associates to acquire five group homes that serve formerly homeless single adults who are in recovery from alcohol and/or substance abuse. Two homes are located in Shoreline and three homes are located in Seattle. They total 29 rentable units. The buildings are habitable, safe and decent and meet Housing Quality Standards. Recovery services will be provided offsite by the Recovery Center of King County and other service agencies. LIHI will acquire the properties in exchange for the assumption of the currently existing debt on the properties.

**LOW INCOME HOUSING INSTITUTE
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 15-SUBSEQUENT EVENTS (CONTINUED)

On February 28, 2014, the Corporation purchased the assets of Stone View I Limited Partnership. The price of the sale was the value of the indebtedness of the assets. The Corporation assumed all responsibilities for the compliance requirements after the date of the sale.

As of April 25, 2014, the audit report date, LIHI was engaged in negotiations with the limited partners of the Frye Apartments LP which are expected to result in the eventual dissolution of the partnership. The negotiations may result in the Corporation assuming the assets and the liabilities of the partnership. Management intends to continue to operate the project as housing for low income tenants. The accompanying financial statements do not include any adjustments related to the potential assumption of the partnership's assets and liabilities.

**LOW INCOME HOUSING INSTITUTE
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**ACCOMPANYING INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/(Pass-through Grantor)/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Section 8 Housing Assistance Payments Program			
Brentwood	14.195	WA190091006	\$ 257,126
Supportive Housing for the Elderly			
LIHI Ballard LLC	14.157	N/A	670,598
Supportive Housing Program			
Arbor Manor (Mom's House)	14.235	WA0070B0T011104	55,194
Columbia Court	14.235	WA0011B0T001104	5,374
Fleetwood	14.235	WA0082B0T011104	15,683
JC Penney	14.235	WA0051B0T000104/DA12-1508	1,620
Pine City (Martin Court)	14.235	WA0037B0T001104/DA12-1115	26,975
Total			104,846
Continuum of Care Program			
Columbia Court	14.267	WA0011L0T001205	20,816
Fleetwood	14.267	WA0082B0T011104	12,926
Hygiene Center	14.267	WA0044L0T001205	398,285
JC Penney	14.267	DA13-1508	19,775
Pine City (Martin Court)	14.267	DA13-1115	75,140
Total			526,942
Section 8 Moderate Rehabilitation Single Room Occupancy			
Arion Court	14.249	WA 19K01-08	213,879
Broadway House	14.249	WA 19K01-14	35,141
Fleetwood Apartment	14.249	WA 19K01-11	179,433
Glen Hotel	14.249	WA 19K01-11	206,384
Greenwood House	14.249	WA 19K01-082	40,380
Total			675,217
Section 8 Housing Choice Vouchers			
Columbia Court	14.871	N/A	121,968
Meadowdale	14.871	PBA 11	293,029
Total			414,997
U.S. Department of Veterans Affairs			
VA Homeless Providers Grant and Per Diem Program			
Arion Court	64.024	WA 06-99	207,034
Cate	64.024	WA 02-127	136,267
Fleetwood	64.024	WA 07-79	110,898
Total			454,199
			\$ 3,103,925

Note: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Low Income Housing Institute and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Dauby O'Connor & Zaleski, LLC

A Limited Liability Company

Certified Public Accountants

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

To the Board of Directors of
Low Income Housing Institute
(A Washington Not-for-Profit Corporation)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Low Income Housing Institute, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, comprehensive income (loss) 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 April 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Low Income Housing Institute'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 Low Income Housing Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Low Income Housing Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Low Income Housing Institute's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

April 25, 2014
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants



Dauby O'Connor & Zaleski, LLC

A Limited Liability Company
Certified Public Accountants

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

To the Board of Directors of
Low Income Housing Institute
(A Washington Not-for-Profit Corporation)

Report on Compliance for Each Major Federal Program

We have audited Low Income Housing Institute's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Low Income Housing Institute's major federal programs for the year ended December 31, 2013. Low Income Housing Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Low Income Housing Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Low Income Housing Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Low Income Housing Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Low Income Housing Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Low Income Housing Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Low Income Housing Institute's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

April 25, 2014
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED DECEMBER 31, 2013**

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Dollar threshold to distinguish Type A and B programs \$300,000

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Auditee qualifies as a low-risk auditee? ☒ yes ☐ no

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

Any audit findings disclosed that are required to be reported in accordance with section 510(A) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>14.157</u>	<u>Supportive Housing for the Elderly</u>
<u>14.267</u>	<u>Continuum of Care Program</u>
<u>64.024</u>	<u>VA Homeless Providers Grant and Per Diem Program</u>

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

Section II-Financial Statement Findings

Our audit disclosed no findings that are required to be reported.

Section III-Federal Award Findings and Questioned Costs

Our audit disclosed no findings that are required to be reported.

**LOW INCOME HOUSING INSTITUTE
(A WASHINGTON NOT-FOR-PROFIT CORPORATION)**

**AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
YEAR ENDED DECEMBER 31, 2013**

There are no outstanding corrective actions on findings from prior audit reports.