



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements and Federal Single Audit Report**

# **Tacoma Community Redevelopment Authority**

**For the period January 1, 2020 through December 31, 2020**

*Published March 17, 2022*

Report No. 1030086



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**Office of the Washington State Auditor  
Pat McCarthy**

March 17, 2022

Board of Directors  
Tacoma Community Redevelopment Authority  
Tacoma, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the Tacoma Community Redevelopment Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Authority's financial condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Tacoma Community Redevelopment Authority January 1, 2020 through December 31, 2020

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Tacoma Community Redevelopment Authority are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Authority.

##### Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Authority’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.218	CDBG – Entitlement Grants Cluster – Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Authority did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



**Tacoma  
Community  
Redevelopment  
Authority**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Tacoma Community Redevelopment Authority  
January 1, 2019 through December 31, 2019**

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> 2019	<b>Report Reference No.:</b> 1027061	<b>Finding Ref. No.:</b> 2019-001	<b>CFDA Number(s):</b> 14.239
<b>Federal Program Name and Granting Agency:</b> Home Investment Partnership Program U.S. Department of Housing and Urban Development		<b>Pass-Through Agency Name:</b> City of Tacoma	
<b>Finding Caption:</b> The Authority did not have adequate internal controls to ensure compliance with federal requirements regarding housing quality standards.			
<b>Background:</b> Federal regulations require the Authority to perform periodic onsite inspections of housing projects funded by the program to ensure compliance with property standards. The Authority did have procedures in place to ensure compliance with housing standards, but these procedures were not effective in ensuring all required inspections were completed to ensure compliance with the HOME program Housing Quality Standards (HQS) requirement.			
<b>Status of Corrective Action: (check one)</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>Developed and implemented policies and procedures relating to conducting HQS inspections and maintaining complete files. Staff also implemented a schedule that shows when each property is due for inspection.</i>			

<b>Audit Period:</b> 2019	<b>Report Reference No.:</b> 1027061	<b>Finding Ref. No.:</b> 2019-002	<b>CFDA Number(s):</b> 14.218
<b>Federal Program Name and Granting Agency:</b> Community Development Block Grants/ Entitlement Grants U.S. Department of Housing and Urban Development		<b>Pass-Through Agency Name:</b> City of Tacoma	
<b>Finding Caption:</b> The Authority did not have adequate internal controls to ensure compliance with federal requirements regarding Environmental Review and Rehabilitation.			
<b>Background:</b> <i>Environmental review:</i> Federal regulations require the projects must have an environmental review unless they meet specified criteria for exemption or exclusion of this requirement. The Authority uses a checklist to ensure the environmental reviews are completed and determine what type of environmental review is needed. The Authority did not consistently use or keep its checklist to ensure or demonstrate environmental reviews were performed. <i>Rehabilitation:</i> When CDBG funds are used for rehabilitation, federal regulations require the grantee to ensure that the work is properly completed by performing the following: <ul style="list-style-type: none"> <li>a. Conducting pre-rehabilitation inspections to determine deficiencies to be corrected</li> <li>b. Incorporating the deficiencies to be corrected into the rehabilitation contract</li> <li>c. Inspection the rehabilitation work upon completion to assure that it is carried out in accordance with contract specifications</li> </ul> The Authority did not have a process in place to ensure the documentation demonstrating all rehabilitation inspections was completed and kept.			
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>For both the rehabilitation program and the environmental review process the Authority has implemented policies and procedures and developed checklists to ensure all projects receive the appropriate environmental review and that pre-rehabilitation and post-rehabilitation</i>			

*inspections are completed. The policies and procedures also outline what and how supporting project documents and records are kept.*

*Staff takes available trainings related to environmental reviews and rehabilitation programs so they are using the most current information to carry out project activities*

<b>Audit Period:</b> 2018	<b>Report Ref. No.:</b> 1024631	<b>Finding Ref. No.:</b> 2018-001	<b>CFDA Number(s):</b> 14.239
<b>Federal Program Name and Granting Agency:</b> Home Investment Partnerships Program - Department of Housing & Urban Development		<b>Pass-Through Agency Name:</b> City of Tacoma	
<b>Finding Caption:</b> The Authority did not have adequate internal controls to ensure compliance with federal requirements regarding matching and housing quality standards.			
<b>Background:</b> <b>Matching</b> The Authority must provide eligible matching contributions of 25 percent of Program funds spent during the fiscal year. The match must be provided by the end of the fiscal year and must not include administrative costs. To demonstrate compliance with matching requirements, the Authority must maintain records, including individual project records and a running log of match obligations and match credits as they are generated. The Authority did not have a process in place to identify, calculate or report its compliance with HOME Program matching requirements.			
<b>Status of Corrective Action: (check one)</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>A procedure for tracking and reporting Match is in place and a running match log is updated annually during the reporting period. The procedure and log have been provided to document the process that is in place.</i>			



## INDEPENDENT AUDITOR'S REPORT

### 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*

#### **Tacoma Community Redevelopment Authority January 1, 2020 through December 31, 2020**

Board of Directors  
Tacoma Community Redevelopment Authority  
Tacoma, Washington

We have audited, 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, the financial statements of the Tacoma Community Redevelopment Authority, a component unit of the City of Tacoma, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 10, 2022.

As discussed in Note 12 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Authority is unknown. Management's plans in response to this matter are also described in Note 12.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 the Authority's financial statements are free from material misstatement, we performed tests of the Authority's 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 the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

February 10, 2022

## INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

### **Tacoma Community Redevelopment Authority January 1, 2020 through December 31, 2020**

Board of Directors  
Tacoma Community Redevelopment Authority  
Tacoma, Washington

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited the compliance of the Tacoma Community Redevelopment Authority, a component unit of the City of Tacoma, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority'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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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. Our audit does not provide a legal determination on the Authority's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Authority 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, 2020.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the Authority 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 the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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Pat McCarthy, State Auditor

Olympia, WA

February 10, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Tacoma Community Redevelopment Authority January 1, 2020 through December 31, 2020**

Board of Directors  
Tacoma Community Redevelopment Authority  
Tacoma, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Tacoma Community Redevelopment Authority, a component unit of the City of Tacoma, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed on page 17.

### **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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Authority'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 the Authority'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 the Tacoma Community Redevelopment Authority, as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As discussed in Note 12 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Authority is unknown. Management's plans in response to this matter are also described in Note 12. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022 on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

February 10, 2022



## **FINANCIAL SECTION**

### **Tacoma Community Redevelopment Authority January 1, 2020 through December 31, 2020**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2020

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2020

Statement of Revenues, Expenses and Changes in Net Position – 2020

Statement of Cash Flows – 2020

Notes to Financial Statements – 2020

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

**Tacoma Community Redevelopment Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020**

The following is a narrative overview and analysis of the financial activities of Tacoma Community Redevelopment Authority (TCRA) for the year ended December 31, 2020. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities, and identify any changes in financial position. The information presented here should be read in conjunction with Financial Statements and Notes to the Financial Statements, which follow.

TCRA is considered a component unit of the City of Tacoma and its financial information is discretely presented in the City's Comprehensive Annual Financial Report.

**FINANCIAL HIGHLIGHTS**

- Assets of TCRA exceeded liabilities at the close of calendar year 2020 by approximately \$51.8 million. Of this amount, \$4.8 million is net investment in capital assets and \$47.1 million is restricted net position. Net position totaled approximately \$53.9 million at the end of year 2019, with \$5.0 million net investment in capital assets and \$48.9 million restricted net position.
- In 2020, TCRA's net position decreased by approximately \$2.0 million, net of prior period adjustment, compared to a \$0.1 million decrease in 2019, net of prior period adjustment.

**Overview of Financial Statements**

The financial section of this annual report is designed to provide readers with a broad overview of TCRA's finances and consists of: (1) Statement of Net Position, (2) Statement of Revenues, Expenses, and Changes in Net Position, (3) Statement of Cash Flows and (4) Notes to the Financial Statements.

Statement of Net Position provides information about assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Statement of Revenues, Expenses and Changes in Net Position reports all the revenues and expenses during the time indicated.

Statement of Cash Flows provides information on cash receipts and disbursements during the year and reports the changes in cash resulting from: 1) operating activities, 2) non-capital financial activities, 3) capital related financing activities and 4) investing activities.

The Notes to the Financial Statements contain more detail on the information presented that is necessary to acquire a full understanding of the data provided in the financial statements.

## FINANCIAL ANALYSIS

### Statement of Net Position

The net decrease in current and other assets is \$2.1 million from 2019 to 2020. This net change is driven by disbursement of funds mainly to various Affordable Housing projects. The net decrease of \$0.3 million in capital assets is due to depreciation of the assets.

Liabilities decreased by \$0.3 million predominantly due to a decrease in Accounts Payable of \$0.6 million. This is offset by an increase of \$0.3 million in Rehab and Construction Payable.

The following table shows the Condensed Statements of Net Position for December 31, 2020 compared to 2019.

<b>Condensed Statements of Net Position</b>		
	2020	2019
<b>Assets</b>		
Current and Other Assets	\$ 48,612,767	\$ 50,685,084
Capital Assets	9,730,249	10,008,291
Total Assets	<u>58,343,016</u>	<u>60,693,375</u>
<b>Deferred outflows of resources</b>		
<b>Liabilities</b>		
Other Liabilities	1,078,848	1,333,410
Long term Liabilities	5,429,673	5,494,347
Total Liabilities	<u>6,508,521</u>	<u>6,827,757</u>
<b>Deferred inflows of resources</b>		
<b>Net Position</b>	<u>\$ 51,834,495</u>	<u>\$ 53,865,618</u>

## Statements of Revenues, Expenses and Changes in Net Position

Operating revenues increased by approximately \$1.6 million in 2020. This is primarily due to a grant payment received for the MLK Senior Housing Project of \$1.0 million, a City contribution for the Crisis Residential Center construction of \$0.3 million and increase in lease payments from Pantages LLC of \$0.2 million.

Operating expenses (including Depreciation) increased by a net of \$3.1 million. This is primarily due to increases of \$1.4 million in Loss on Notes Receivable and \$0.7 million in Housing Development expense. Other Services and Supplies and Home Repair Admin also experienced increases of \$0.4 million and \$0.3 million respectively. This year there was \$0.4 million expense in Tacoma Rescue Mission which as offset by a decrease of \$0.2 million for WSHFC Down Payment Assistance.

TCRA's overall financial position decreased approximately \$2.0 million in 2020. The following table reflects a condensed Statement of Revenues, Expenses, and Changes in Net Position for TCRA.

### Condensed Statements of Revenues, Expenses and Changes in Net Position For the Years ended December 31

	2020	2019
Operating revenues	\$ 3,581,537	\$ 2,012,309
Operating expenses	(4,987,540)	(1,874,127)
Depreciation expense	(278,042)	(277,757)
<b>Total Revenue and Expenses</b>	(1,684,045)	(139,575)
Non operating revenues expenses	(398,533)	(94,762)
<b>Change in Net Position</b>	(2,082,578)	(234,337)
Beginning of year	53,865,618	54,002,468
Prior period adjustments	51,455	97,487
Beginning of year- restated	53,917,073	54,099,955
<b>Net Position - ending</b>	<u>\$ 51,834,495</u>	<u>\$ 53,865,618</u>

## Capital Assets

The capital assets (net of accumulated depreciation) for TCRA as of December 31, 2020 and 2019 are outlined in the table below.

	2020	2019
Capital Assets		
Land	\$ 1,462,284	\$ 1,462,284
Buildings	8,267,811	8,545,484
Intangible	154	523
Construction in Progress	-	-
Total Capital Assets	<u>\$ 9,730,249</u>	<u>\$ 10,008,291</u>

The decrease is due to the depreciated value of the building in 2020.

## Long-Term Debt

On October 30, 2019, TCRA enter into “Release and Termination” agreement with Umpqua Bank and Washington Community Reinvestment Association (WCRA) as the Construction Lender. The amount withdrawn as of the end of this year including the interest is stated below.

	2020	2019
WACTED	\$499,977	\$499,977
CITY Loan	\$3,000,000	\$3,000,000
WCRA Loan	\$1,929,696	\$1,994,370

For additional information on long-term debt, see the Notes to the Financial Statements.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the TCRA’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tacoma Community Redevelopment Authority; Finance Department; 747 Market Street, Room 132; Tacoma, WA 98402-3701.

**Tacoma Community Redevelopment Authority**  
**Statement of Net Position**  
**December 31, 2020**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 4,492,025
Notes Receivable	1,216,790
Other Receivable	991,297
Due from Other Governmental Units	2,197,299
Interest Receivable	5,694
Prepays	23,214
Total Current Assets	<u>8,926,319</u>

**Noncurrent Assets:**

Notes Receivable	39,500,056
Assets Held for Resale	186,392
Capital Assets: not being depreciated	
Land	1,462,284
Capital Assets being depreciated	
Buildings	13,097,104
Intangible	18,266
Less Accumulated Depreciation	<u>(4,847,405)</u>
Total Capital Assets	<u>9,730,249</u>
Total Noncurrent Assets	<u>49,416,697</u>
Total Assets	<u>58,343,016</u>

**DEFERRED OUTFLOWS OF RESOURCES**

\$ -

*The accompanying notes are an integral part of this statement.*

**Tacoma Community Redevelopment Authority**  
**Statement of Net Position**  
**December 31, 2020**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 370,671
Rehab Payable	425,021
Construction Payable	149,378
Other Payable	101,441
Current Portion of Long-term Debt	32,337
Total Current Liabilities	<u>1,078,848</u>

**Noncurrent Liabilities**

WACTED	499,977
WCRA Loan	1,929,696
City Loan	3,000,000
Total Noncurrent Liabilities	<u>5,429,673</u>

Total Liabilities	<u>6,508,521</u>
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**DEFERRED INFLOWS OF RESOURCES**

\$ -

**NET POSITION**

Net Investment in Capital Assets	4,768,216
Restricted	47,066,279
Total Net Position	<u>\$ 51,834,495</u>

*The accompanying notes are an integral part of this statement.*

**Tacoma Community Redevelopment Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2020**

**Operating Revenues**

Grant Revenues	\$ 2,299,102
Program Income	88,856
Contribution from City	668,361
Valhalla Courts	248,306
Other Income	276,912
Total Operating Revenues	<u>3,581,537</u>

**Operating Expenses**

Salaries and Benefits	107,792
Housing Development	1,410,843
TRM Construction Expense	350,000
Professional Fees	225,683
Loss on Notes Receivable	1,743,561
Lakewood Expense	109,053
Home Repair Admin Fees	392,071
Valhalla Courts	132,148
Other Services and Supplies	516,389
Depreciation Expense	278,042
Total Operating Expenses	<u>5,265,582</u>
Operating Income (Loss)	<u>(1,684,045)</u>

**Nonoperating Revenues (Expenses)**

Interest Income	41,278
Loss on Sale of Property	(439,811)
Total Nonoperating Revenues (Expenses)	<u>(398,533)</u>
Change in Net Position	(2,082,578)

**Net Position**

Beginning of year	53,865,618
Prior period adjustment	51,455
Beginning of year - restated	<u>53,917,073</u>
Net position - December 31	<u>\$ 51,834,495</u>

*The accompanying notes are an integral part of this statement.*



**Tacoma Community Redevelopment Authority**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,662,094
Receipts from Grants	275,717
Receipts from City	391,639
Receipts from Other Income	593,665
Payments to Suppliers for Goods and Services	(896,091)
Payments to Employees	(104,536)
Payments to Programs	(6,126,906)
Net Cash Provided by Operating Activities	(4,204,418)
Cash Flows from Capital and Related Financing Activities:	
Payments for Valhalla Hall	(270,510)
Net Cash Used for Capital and Related Financing Activities	(270,510)
Cash Flows from Investing Activities:	
Sold Asset Held for Resale	645,959
Interest on Investments	41,278
Net Cash Used in Investing Activities	687,237
Net Increase in Cash and Cash Equivalents	(3,787,691)
Cash and Cash Equivalents at January 1, 2020	8,279,716
Cash and Cash Equivalents at December 31, 2020	\$ 4,492,025

*The accompanying notes are an integral part of this statement.*

**Tacoma Community Redevelopment Authority**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

Reconciliation of Operating Income (Loss) ot Net Cash

Operating Activities:

Net Operating Income (Loss)	\$ (1,684,045)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	278,042
Reduction on Capital	270,510
Change in Assets and Liabilities:	
Notes Receivable	(589,128)
Prepays	(357)
Interest Receivable	(47)
Due from Other Governmental Units	(2,052,388)
Other Receivable	(159,224)
Construction Payable	(12,367)
Rehab Payable	350,460
Accounts Payable	(609,722)
Other Payable	(15,270)
WCRA Loan	(32,337)
Total Adjustments	(2,520,373)
Net Cash Provided by Operating Activities	(4,204,418)
Cash and Cash Equivalents at 01/01/2020	8,279,716
Cash and Cash Equivalents at 12/31/2020	4,492,025
Change in Cash and Cash Equivalents	\$ (3,787,691)

*The accompanying notes are an integral part of this statement.*

**TACOMA COMMUNITY REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Tacoma Community Redevelopment Authority (TCRA) have been prepared in the conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body or establishing governmental accounting and financial reporting principles. The significant accounting policies are describe below.

A. Reporting Entity

TCRA was incorporated on February 27, 1973 by Ordinance 19762 of the City of Tacoma. The name change and amended charter were adopted on May 24, 1994 by Resolution 32626 of the city of Tacoma, becoming effective on June 1, 1994. TCRA operates under the laws of the State of Washington applicable to a public development corporation.

TCRA is governed by a 10-member board appointed by the Tacoma City Council. Although it is legally separated from the City, TCRA is a component unit of the City of Tacoma who exercises oversight responsibility for administration and contract approval. TCRA is reported as a component unit of the city because its sole purpose is to finance and provide housing rehabilitation and community & economic development loans to residents and business in the City of Tacoma.

For financial reporting purposes, in conformance with GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 34 and GASB No. 61, TCRA is considered a component unit of the City. The City includes in its financial statements all governmental activities, organizations and functions, whether they are structured as funds, account groups, departments, agencies, institutions, boards, commissions, districts, authorities, or in other ways for which Tacoma City Council is financially accountable. TCRA financial information is presented as discretely presented component unit in the City's financial statements.

The accompanying financial statements present TCRA and its blended component unit.

Component units are required to be blended if the component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit/burden relationship between the primary government and the component unit or (2) management of the primary government has operational responsibility for the component unit. Additionally, per GASB Statement No. 80 a component unit should be included using blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member. A component unit should be presented as blended when the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

#### Blended Component Units:

TCRA Pantages Renovation, LLC (TPRLLC) is governed by TCRA, as required by the authorizing state law. Though it is legally separated from TCRA the TPRLLC is reported as if it was part of the primary government because its sole purpose is real estate management for the benefit of TCRA. TCRA management has operational responsibility and services are provided entirely to TCRA. The authority to form an LLC is granted under Washington State RCW 25.15. On December 21 2017, TCRA Board approved the creation of the TPRLLC.

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

TCRA reports one major proprietary fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing housing rehabilitation, community & economic development and servicing the loans that originate from these services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of TCRA are program income and grant revenue. Operating expenses of TCRA include the cost of loans, services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### C. New Accounting Pronouncement

Effective for the fiscal year 2020, the Authority reviewed and determined the applicability of the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 95 – *Postponement of Effective Dates of Certain Authoritative Guidance.*) The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in States and Implementation Guides that became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

D. Budgetary Information

TCRA's biennial administration budget, January 1 – December 31, is presented to their board requesting their endorsement. After the budget is passed by TCRA, it is forwarded to the Tacoma City Council for final approval.

E. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

The amounts reported as cash and cash equivalents are deposits with our banks or invested through the City of Tacoma.

a. Investments

It is TCRA's policy to invest all temporary cash surpluses. The City Treasurer holds equity in pooled cash and investments includes certain short-term investments. These highly liquid investments are readily convertible to cash and carried at fair value. The change in fair value is included in investment income in the accompanying financial statements. Equity in pooled cash and investment as of December 31, 2020 is \$1,684,155.

For additional information see Note 3.

b. Cash

The daily cash received and deposited with Heritage Bank.

For purposes of the statement of cash flows, TCRA considers all highly liquid investments with a maturity of three month or less when purchased to be cash equivalents.

2. Receivables

a. Installment Loans

Installment loans represent loans to borrowers for which TCRA currently receives monthly or annual payments. They are recorded at face value with all amounts due within one year classified as current assets and the remainder classified as noncurrent assets.

b. Delayed Loans

Delayed loans (Noncurrent Notes Receivable) have maturity dates of 20 years or more and have no payments due until their maturity dates and carry an interest rate between zero and one percent. Interest on delayed loans is accrued annually as deferred accrued interest. Upon maturity, accrued interest is collected. Delayed loans are also recorded at face value with those loans coming due within one year classified as current assets and those with maturity dates greater than one year classified as noncurrent assets.

3. Payables

Current payables represent resources legally due to other entities for goods or services rendered which have not been paid as of December 31, 2020.

4. Capital Assets

All equipment purchases of \$5,000 or less are expensed upon acquisition. Equipment purchases in excess of \$5,000 are capitalized and depreciated over their estimated useful life.

Capital assets, which consist of real property, are reported in the financial statements. When a loan defaults, any real property that was used as collateral is foreclosed. Until sold, the property is capitalized without being depreciated and the loan is written off. Such assets are recorded at the current appraised fair market value at the time the asset was capitalized. Since TCRA is not in the real estate business, they attempt to sell this property once a reasonable offer is received.

For additional information see Note 4.

5. Long-Term Debt

Long-term debt and other long-term obligation are reported as liabilities on the Statement of Net Position.

For additional information see Note 8.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions or expenditures exceeding legal appropriations in any of the funds of TCRA.

### NOTE 3 – DEPOSITS AND INVESTMENTS

#### A. Deposits

TCRA's deposits are entirely covered by federal depository insurance (FDIC) and by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WSPDPC) invested by the City of Tacoma.

#### B. Investments Measured at Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. TCRA participated in pooled investments with the City and receives interest based on a pro-rata share of its cash balance to the total cash invested. Portfolio earnings are distributed monthly based on average daily cash balance of the participating funds. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt Securities	<u>As of 12/31/2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Securities	\$ 371,578,276		\$ 371,578,276	
U.S. Corporate Securities	62,803,670		62,803,670	
Municipal Bonds	11,664,518		11,664,518	
Agency Securities	491,827,203		491,827,203	
Supranationals	10,065,910		10,065,910	
Total	<u>\$ 947,939,577</u>	<u>\$ -</u>	<u>\$ 947,939,577</u>	<u>\$ -</u>

The Authority's share of City investments:

Cash and equity in pooled investments	<u>As of 12/31/2020</u>
Cash in the bank	2,807,870
Cash in City pool	1,684,155
Total City pooled investments	<u>947,939,577</u>
	<u>0.18%</u>

Custodial credit risk is the risk that in event of a failure of the City of Tacoma to an investment transaction, TCRA would not be able to recover the value of the investment or collateral securities. Of TCRA's total position of \$1,684,155 in the City of Tacoma's investment pool, \$0.00 is exposed to custodial credit risk. The City of Tacoma's investments are insured by FDIC up to \$250,000 and by the WSPDPC for amounts over \$250,000.

#### NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

<b>Business-Type Activities:</b>	<b>Beginning Balances 01/01/2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances 12/31/2020</b>
<b>Capital assets - not being depreciated:</b>				
Land	1,462,284	-	-	1,462,284
Total capital assets, not being depreciated	1,462,284	-	-	1,462,284
<b>Capital assets - being depreciated</b>				
Building	13,097,104		-	13,097,104
Intangible	18,266	-	-	18,266
Total capital assets, being depreciated	13,115,370	-	-	13,115,370
<b>Less - accumulated depreciation for</b>				
Building	(4,551,620)	(277,673)	-	(4,829,293)
Intangible	(17,743)	(369)	-	(18,112)
Total accumulated depreciation	(4,569,363)	(278,042)	-	(4,847,405)
<b>Total business-type activities capital assets, net</b>	<b>10,008,291</b>	<b>(278,042)</b>	<b>-</b>	<b>9,730,249</b>

#### NOTE 5 - PENSION PLAN (TACOMA EMPLOYEES' RETIREMENT SYSTEM)

TCRA does not provide its own pension plan but it does contribute to the City of Tacoma's pension plan. Employees of the City of Tacoma are covered by the *Tacoma Employee's Retirement System* (TERS), an actuarially funded system operated by the City. As stated in RCW 35.21.745 and included with NPP Agreement Amendment #91, TCRA's administrative policies, employees will be included in the city's retirement system.

- A. Administration of the System: TERS is a cost-sharing, multiple-employer, defined benefit retirement plan covering substantially all employees of the City of Tacoma. The TERS Board of Administration administers the plan and derives its authority in accordance with Chapter 41.28 Revised Code of Washington and Chapter 1.30 of the Tacoma City Code.
- B. Benefits: The pension received upon retirement is a product of the member's average monthly salary for the highest consecutive 24-month period, the number of years of membership credit,



and a percentage factor (2% maximum) which is determined based on the member's age and years of service. The system also provides death and disability benefits.

- C. Contribution Rates: Covered employees are required by Chapter 1.30 of the Tacoma Municipal Code to contribute 9.66% of their gross wages to the System and the employer contributes 11.34% equaling 21% of gross wages contributed.

#### NOTE 6 – RISK MANAGEMENT

TCRA has recorded in its financial statements all material liabilities on which management believes that TCRA will have to make payment. In the opinion of management, TCRA's insurance is adequate to pay all known or pending claims.

TCRA carries Business Liability, Employer Liability, and Employee Dishonesty Insurance with a maximum single occurrence limit of \$1,000,000 each with \$5,000 deductible per occurrence. TCRA also carries Public Officials Liability Insurance for a maximum single occurrence limit of \$2,000,000 with a \$5,000 deductible. As of December 31, 2020, there are no claims of liability.

During the past 3 years, TCRA has not had any claims that exceeded the insurance coverage.

#### NOTE 7 – CONTINGENCIES AND LITIGATION

TCRA participates in a number of federally assisted programs. These programs are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. TCRA's management believes that such disallowance, if any, will be immaterial.

#### NOTE 8 – LONG –TERM DEBT

##### Long-Term Debt

##### A. Washington State Department of Community, Trade, and Economic Development

TCRA borrowed \$249,977 and 250,000 at 0% interest from the State of Washington Department of Community, Trade, and Economic Development to help fund the Down Payment Assistance Program. These loans will mature on March 1, 2024 and December 31, 2051 respectively.

B. City Loan

On December 19, 2016, TCRA borrowed funds from the City in the amount of \$3,000,000 to provide financing for the Valhalla Hall project. This loan matures on September 30, 2046.

C. WCRA Loan

On October 30, 2019, TCRA entered into a “Release and Termination” agreement with Umpqua bank and Washington Reinvestment Association (WCRA) as the Construction Lender. WCRA loan is for 30 years at 4.5% interest rate and will mature on November 01, 2039.

The debt currently outstanding is as follows:

	Beginning Balances 01/01/2020	Increases	Decreases	Ending Balances 12/31/2020	Due w/in One Year
WACTED	249,977	-	-	249,977	
WACTED	250,000	-	-	250,000	
City Loan	3,000,000	-	-	3,000,000	
WCRA Loan	1,994,370	-	32,337	1,962,033	32,337
<b>Total</b>	<b>5,494,347</b>	<b>-</b>	<b>32,337</b>	<b>5,462,010</b>	<b>32,337</b>

NOTE 9 – PRIOR PERIOD ADJUSTMENTS

Prior Period Adjustments are used for the correction of an error or the implementation of new authoritative standard. Subsequent to the issuance of the December 31, 2019 financial statements, prior period adjustments were made.

<b>Description</b>	<b>Effect to Net Position</b>	<b>Amount</b>
2019 Reimbursement of Grant from the City	Understated	29,003
Repayment of WSHF from remaining contribution	Understated	22,452
<b>Total</b>		<b>\$ 51,455</b>

## NOTE 10 – NOTES RECEIVABLE - DESCRIPTION OF PROGRAMS

### A. Single Family Residence Rehabilitation Loan Program (RLP)

After receiving endorsement from the Tacoma City Council to proceed with the RLP, TCRA approved implementation at the October 10, 2013 Board Meeting. The Neighborhood Preservation Program and Major Home Repair were combined into this new loan program.

These properties must still be owner occupied, single family dwellings where the rehabilitation focuses on safety, health, and energy repairs with the capacity of bringing the property into compliance with HUD Housing Quality Standards.

The minimum rehabilitation loan amount is \$5,000 with the maximum amount not to exceed \$30,000. The interest rate is 0% with two different repayment plans:

1. Deferred/Delayed – no monthly payment with one payment due at maturity. The loans are given a term up to 20 years;
2. Repayment – a fix monthly payment of at least 10% of a homeowner's discretionary income until loan is paid off.

TCRA has prescreened companies that perform the construction and administrative functions for these loans. Our function in this process is to service the loan and perform contractor and site inspections of the property. Presently, this program is funded with CDBG funds.

The RLP outstanding loans as of December 31, 2020 is \$5,335,471.

### B. Down Payment Assistance Program (DPA)

Beginning July 1, 2014, TCRA transferred the operation of the current DPA program to the State of Washington Housing Trust Program. The current loans being serviced remained with TCRA.

Under the provisions of an agreement with the City of Tacoma, TCRA operates the DPA for first time, low-income and other qualified homebuyers. The DPA program is a revolving loan fund using repayment funds to make other down payment assistance loans.

The DPA program's delayed notes receivable were funded with CDBG, HOME Investment Partnership (HOME), American Dream Down Payment Assistance (ADDI), Special Purpose Grant (SPG), UDAG, and Neighborhood Stabilization Program (NSP) funds that bear no interest. The interest bearing notes receivable are funded by Special Purpose Repayment Grant (SPGR) funds and have a stated interest rate. These loans can start repayment immediately or deferred up to 10 years. The Washington State Community, Trade, and Economic Development Department (WACTED) loans are at 0% interest rate and delayed for

5 years before repayments are scheduled to start. The other state program is funded with Attorney General (AG) funds for loans also at 0% interest but delayed for 30 years.

The DPA outstanding loans as of December 31, 2020 is \$2,572,835.

C. Affordable Housing Fund Program (AHF)

The AHF notes receivables were generated from UDAG repayments and interest income. These funds are to be used as a revolving loan fund for affordable housing projects.

Resources received by the City of Tacoma and transferred to TCRA from UDAG are accounted for in this program. Under the provisions of an agreement with the City of Tacoma, TCRA will use funds generated from UDAG repayments and interest for funding affordable housing projects.

The AHF outstanding loans as of December 31, 2020 is \$4,351,755.

D. JA Colonial Court (JAC) Project (formerly Colonial Court Project)

On October 02, 2014, the Colonial Court Projects were refinanced and acquired by JA Colonial Court.

These loans earn interest of one percent (1%) and loans are payable at the end of 30 years (Oct 2043). Interest accrues on these loans but no payments of principal and interest are due until maturity of the loans.

The JAC outstanding loans as of December 31, 2020 is \$854,093.

E. Title IX Loan Program (TIX)

The United States Economic Development Administration (EDA) Title IX loans were made to local businesses for use in creating urban employment opportunities. These loans vary in interest rate and repayment schedules, but usually secured by second lien positions on the business structures and property.

Grant revenues received from EDA used for supplemental financing for new or rehabilitated buildings and for creating employment opportunities are accounted for in this program.

The TIX outstanding loans as of December 31, 2020 is \$1,348,115. Of this amount \$499,500 in micro loans were issued to local businesses for COVID-19 assistance.

F. Business Revolving Loan Fund Program (BLF)

The City of Tacoma Resolution #29407 established this program in 1986 to help eliminate blight or create employment. Funds are provided by CDBG money passed through from the City of Tacoma. As approved by the Tacoma City Council, the Community Development Revolving Loan Fund Program has now been combined with this program.

These loans vary in interest rate and repayment schedule, but usually secured by second lien positions on the business structures and property.

The BLF outstanding loans as of December 31, 2020 is \$246,354.

G. Scattered Site Housing Program (SSH)

Under the provisions of an agreement with the City of Tacoma, TCRA has made loans to the Martin Luther King Housing Development Association to rehabilitate scattered site housing units for use as permanent housing for low income families.

CDBG, HOME, and/or SPG funds finance these notes receivable. Some loans bear no interest but other loans either make interest bearing payments monthly, annually, or at the end of the loan period. There are several types of notes receivable and are either repaid or forgiven according to the terms of the notes.

The SSH outstanding loans as of December 31, 2020 is \$863,902.

H. Metropolitan Development Council (MDC)

On September 13, 1994, by resolution #32753, adopted by the Tacoma City Council authorized TCRA to enter in to an agreement with MDC to rehabilitate the Campbell Court Apartments at 1210 S. Yakima Avenue using \$143,000 in federal HOME funds and has a zero percent (0%) interest rate. The loan was increased \$22,605 with CDBG. At the end of thirty years (October 2024), the principal balance of the note (\$165,605) will be forgiven.

On February 14, 1996, the Tacoma City Council authorized TCRA to enter into another agreement with MDC for a \$13,000 loan funded with CDBG for allowable costs relating to the rehabilitation of 621 S. Yakima Avenue. This is a one percent (1%) interest loan with annual interest payments of \$130.00 due each February 14<sup>th</sup>. At the end of twenty years (February 2016), the principal balance is to be repaid. Then on April 30, 2007, TCRA approved an additional rehabilitation loan of \$70,371. This is at zero percent (0%) interest loan to be forgiven at the end of forty years (April 2047). On April 4, 2013, the loan again was increased with \$22,605 in CDBG funds bringing the forgivable amount to \$92,976 which will all be forgiven April 2047.

TCRA approved a loan on March 28, 2002 using \$218,563 in CDBG funds and \$569,437 in federal HOME funds for property acquisition and allowable costs for Pacific Courtyard located at 8606 Pacific Avenue. This loan has an interest rate of one-half percent ( $\frac{1}{2}\%$ ) with monthly payments if cash flow allows. The principal balance and accrued interest are due on November 1, 2032. On September 21, 2007, an additional \$297,119 CDBG loan for rehabilitation costs was approved. This is a zero percent (0%) interest loan to be forgiven at the end of thirty years (September 2037).

On March 15, 2005, TCRA approved a loan using \$284,983 in federal HOME funds and \$343,477 in SPG funds for costs relating to construction/rehabilitation of the Avenue Apartments located at 721 S. Fawcett Avenue. This is a zero percent (0%) interest loan to be forgiven at the end of thirty years (March 2035). On January 27, 2010, a detoxification center loan was funded. This center is below the Avenue Apartments. TCRA funded this \$149,056 loan with Community Development Block Recovery Grant (CDBG-R) funds. This is a zero percent (0%) interest loan was forgiven in January 2020.

On April 7, 2006, TCRA approved a \$60,000 loan using federal HOME funds for costs relating to construction/rehabilitation of 615 S. "G" Street to provide single-room occupancy housing for the homeless. On April 4, 2012, the loan was increased \$22,605 with CDBG funds to bring the forgivable amount to \$82,605. This is a zero percent (0%) interest loan to be forgiven at the end of forty years (April 2046).

The MDC outstanding loans as of December 31, 2020 is \$1,597,543.

#### I. Fire Safety Revolving Loan Fund (FSLF)

On January 17, 1995, by resolution #32885, adopted by the Tacoma City Council authorized the execution of an agreement to lend UDAG repayment funds received from the City of Tacoma for the FSLF. This program was established to assist business and property owners with modifications to existing commercial structures in order to meet the requirements of the fire safety code. This program is funded with UDAG funds.

A loan for 1007 Pacific Ave in the amount of \$22,348 is a 2% interest rate. Principal and interest payments are due monthly for a period of ten (10) years and matures on July 1, 2024.

On August 16, 2019, another loan was approved for \$50,000 under the borrower Paula Hummel. Of the \$50,000, \$33,964 has been disbursed as of December 31, 2020. This loan is a 2% interest rate. The principal and interest payments are due monthly for a period of ten (10) years.

The FSLF outstanding loans as of December 31, 2020 is \$31,545.

J. Habitat for Humanity (HFH)

On October 10, 1995, the City of Tacoma allocated federal CDBG funds for the HFH Loan Program. Under the provisions of this agreement with the City of Tacoma, TCRA made a loan to HFH for the acquisition and site improvement for construction of single-family homes for low-income families. Families in need of decent housing who are unable to purchase housing on the open market will purchase these homes.

This note receivable was funded by CDBG funds and has a zero percent (0%) interest rate. Beginning with the third year anniversary of sale, five percent (5%) of the original principal balance will be forgiven. At the end of twenty years from the date of occupancy, any remaining principal balance of the note will be forgiven. Since there are no payments required, an uncollectible amount was not estimated.

The HFH outstanding loans as of December 31, 2020 is \$1,815,951.

K. Catholic Community Services (CCS)

On June 8, 1999, by Resolution 34422, the City of Tacoma allocated federal CDBG funds for the rehabilitation of a building having permanent housing units for homeless and low income persons.

This note receivable has a zero percent (0%) interest rate. Principal shall be payable annually based on available net cash flow as defined in the promissory note. Total principal is due for repayment on or before thirty years (August 2, 2029).

On May 27, 2010, CCS and Nativity House merged. The Nativity House project is still operating as originally established with only the administrative oversight being done by CCS. The original note receivable with the same terms was assumed by CCS. The project was funded with SPG funds and has an interest rate of zero percent (0%). At the end of twenty (20) years (September 30, 2022), the principal balance of the note (\$350,000) will be forgiven.

On April 29, 2013, the City of Tacoma allocated federal CDBG funds for land acquisition and soft costs for the development of a homeless shelter. This note receivable has a zero percent (0%) interest rate. At the end of forty (40) years (April 29, 2053), the principal balance of the note (\$789,900) will be forgiven.

On September 26, 2013, TCRA approved transfer of the \$200,000 Alesek Bridges Village loan for the acquisition of real property located at 1801 - 1812 E. 31<sup>st</sup> Street to be used as permanent, supportive housing for low-income individuals. Also on September 26, 2013, TCRA approved transfer of a second loan from the Alesek Bridges Village for the rehabilitation of this acquired real property. The loan was approved for a write-off of \$31,584 prior to transfer with the remaining loan balance split between 2 funding sources: 1) \$7,366 in UDAG funds and 2) \$11,049 in United Way Housing Trust Funds (UWPC). The loan has an interest rate of zero percent (0%). At the end of thirty (30) years (October 26, 2038), the principal balance of the note (\$18,416) will be forgiven.

On March 18, 2014, the HFH was loaned funds of \$411,535 from federal CDBG funds for the development of Phoenix Housing located at 5050 South Tacoma Way. This note receivable has a zero percent (0%) interest rate and payable at the end of forty (30) years (March 18, 2034).

The CCS outstanding loans as of December 31, 2020 is \$1,729,564.

L. Tacoma Rescue Mission (TRM)

TRM was loaned funds for three (3) separate projects:

1. On September 27, 2000, the TRM was loaned funds of \$1,155,394 at zero (0%) interest for the acquisition and site improvements for the real estate located at 425 S. Tacoma Way. The note receivable was also funded with CDBG funds and was forgiven on November 3, 2020.
2. On August 28, 2003, TCRA made a zero (0%) interest loan of \$545,130 to TRM for the cost of construction and improvements to real estate located at 3202 S. Tyler Street. This note receivable was funded with CDBG funds and forgivable on August 28, 2033.
3. On December 31, 2007, TCRA made a zero (0%) interest loan of \$1,243,945 to TRM – Adams Square Family Center for the construction and development of real estate located at 2911 South Adams Street. An additional \$150,000 was disbursed towards this loan on August 16, 2010. This note receivable was funded with CDBG funds.

The TRM outstanding loans as of December 31, 2020 is \$1,788,651.

M. Annobee Apartments (AAP)

On August 3, 1999 by Resolution #34473, funding was made available to the Fourth and “I” Street Investors for rehabilitation of the AAP from AHF for \$750,000 and CDBG for \$165,000.



The first note receivable was paid in full on January 05, 2017. The second note receivable was funded with CDBG and has an interest rate of zero (0%) percent. Principal payments of \$917 are due monthly. Any principal balance remaining on February 1, 2025 is due.

The AAP outstanding loans as of December 31, 2020 is \$27,755.

N. Homeownership Center of Tacoma (HCT)

On November 9, 1993, by Resolution #32396, the City of Tacoma approved the allocation of HOME funds for the development and implementation of the Hilltop Homeownership Program for construction of new housing.

This program is made up of a number of small loans funded by HOME and ADDI funds at zero percent (0%) interest rate. The principal balance of the notes will be forgiven at the rate of twenty percent (20%) at the end of each year until the full principal balance has been forgiven. During 2006, new terms of the notes were added to include deferred notes at 0% with a 30 year term.

The HCT outstanding loans as of December 31, 2020 is \$1,601,286.

O. Network Services, Inc. (NSI) – Network-Tacoma

TCRA approved two loans for the acquisition and costs of acquisition relating to units located at: 1) 5311 Chicago Avenue SW, Lakewood made on January 31, 2005 to be forgiven on February 1, 2025, and 2) 5435 S. “M” Street made on November 27, 2002 to be forgiven on November 1, 2032. HOME funds were used to fund both projects.

The NSI outstanding loans as of December 31, 2020 is \$335,000.

P. Intercommunity Housing – Mercy Housing (ICH)

During November 2001, Hillside Gardens (S. 17<sup>th</sup> & “G” Streets) and Eliza McCabe Townhouses (S. 23<sup>rd</sup> Street and Yakima Avenue) were funded with HOME funds. Each bears an interest rate of zero percent (0%). Annual principal payments are due on June 1<sup>st</sup> of each year beginning June 1, 2004 using the available net cash flow from the preceding calendar year. There has not been any available net cash flow to make payments and the loans are not considered delinquent.

On May 24, 2002, TCRA approved two loans for the acquisition of real property and predevelopment fees and costs at S. 23<sup>rd</sup> Street & Yakima Avenue and at S. 17<sup>th</sup> Street & “G” Street. These loans were funded with HOME funds.

During October 2005, ICH acquired property for development located at 1616 and 1717 S. Yakima Street for the Catalina Apartments. This project was funded with CDBG. Beginning July 1, 2007, monthly payments of \$1,250 at 0% interest began. The loan maturity date is October 1, 2045.

The ICH outstanding loans as of December 31, 2020 is \$1,397,500.

Q. Korean Women's Association (KWA)

On March 13, 2006, the Korean Women's Association acquired property located at 1701 E. 44<sup>th</sup> Street called International Place Council. The project was funded with CDBG. At the end of thirty years (30) years (September 30, 2036), the principal balance of the note (\$232,000) will be forgiven.

On October 26, 2010, the Korean Women's Association acquired property located at 815 Pacific Avenue called Olympus Hotel of Tacoma, Inc. The project was funded with CDBG of \$88,887 and HOME funds of \$236,113. Total principal balance is due on or before forty (40) years (October 26, 2050).

The KWA outstanding loans as of December 31, 2020 is \$492,507.

R. City of Lakewood (LKW)

On May 18, 1999, by Resolution #34400, the City of Tacoma and LKW formed the Tacoma-Lakewood Consortium. This allowed TCRA to receive federal HOME and ADDI funds on behalf of LKW. TCRA is to provide loan review and approval services and its accounting staff will maintain the financial records.

These notes receivable are made up of housing programs (rehabilitation and down payment assistance loans) funded by HOME and ADDI funds and bear no interest. At the end of twenty (20) years or as otherwise approved, the full principal balance is due and payable.

On June 02, 2014, Tacoma Housing Authority in behalf of the LKW promises to pay TCRA \$250,000 for the development of Prairie Oaks Apartments located at 8954-8960 Gravelly Lake Dr. SW, Lakewood. This property is a 15-unit permanent housing development with supportive services for homeless families. This loan matures on June 2, 2034.

The LKW outstanding loans as of December 31, 2020 is \$2,656,650.

S. AIDS Housing Association of Tacoma (AHA)

On April 10, 2002, TCRA agreed to loan the AHA \$258,602 to acquire and rehab property located at 301 N. "L" Street. On December 8, 2005, the loan was modified to increase the loan amount to \$269,883. The loan was funded with CDBG funds with an interest rate of zero percent (0%). At the end of thirty (30) years (April 10, 2032), the principal balance of the note (\$269,883) will be forgiven.

On January 31, 2005, TCRA loaned \$80,000 to the AHA to acquire and rehab property located at 1602 S. Stevens Street. The loan was funded with CDBG funds with an interest rate of zero percent (0%). At the end of forty (40) years (January 31, 2045), the principal balance of the note (\$78,763) will be forgiven.

The AHA outstanding loans as of December 31, 2020 is \$348,646.

T. Tacoma Housing Authority (THA)

On December 18, 2002, TCRA entered into an agreement with the THA for the Hillside Terrace rehabilitation and revitalization of vacant housing units located in the 2300 block of S. "G" Street. This notes receivable was funded with \$176,050 in CDBG funds and has an interest rate of zero percent (0%). The term of the loan is forty (40) years with annual payments beginning June 30, 2004 using the available net cash flow from the preceding calendar year. The final payment is to be made no later than December 1, 2042 when the full principal balance is due and payable.

On April 03, 2013, TCRA approved a rehabilitation loan to Hillside Terrace Apartments located at 2520 South "G" Street. This project received \$1,065,342 of HOME funds. This notes receivable has an interest rate of zero percent (0%) and the full principal balance is due and payable on April 3, 2053.

The THA outstanding loans as of December 31, 2020 is \$2,306,613.

U. Salishan Project (SP)

On June 28, 2007, TCRA loaned THA \$1,000,000 of HOME funds for the Salishan Four project located at 1728 S. 44<sup>th</sup> Street. This notes receivable has an interest rate of zero percent (0%). At the end of forty (40) years (June 28, 2047), the principal balance of the Note (\$1,000,000) will be forgiven.

On June 26, 2008, TCRA loaned THA \$114,000 of UWPC and \$76,000 of UDAG funds for the Salishan Five project located at 3900 E. Roosevelt Street. This notes receivable has an interest rate of zero percent (0%). At the end of forty (40) years (June 28, 2048), the principal balance of the note (\$190,000) will be forgiven.

On October 15, 2008, TCRA loaned THA \$500,000 of HOME \$6,000 of UWPC, and \$4,000 of UDAG funds for the Salishan Six project located on E. 44<sup>th</sup> Street. This notes receivable has an interest rate of zero percent (0%). At the end of forty (40) years (October 15, 2048), the principal balance of the note (\$510,000) will be forgiven.

The SP outstanding loans as of December 31, 2020 is \$1,700,000.

V. Lakewood Area Shelter Association (LASA)

On August 29, 2003, TCRA approved two loans. Both loans are serviced by TCRA but one of the loans is funded by the LKW. These funds were used to acquire the property located at 4408 S. 74<sup>th</sup> Street for transitional housing to serve Lakewood residents.

The loan is being funded by two separate funding sources: CDBG for \$25,000 and HOME for an additional \$150,000. The LKW loan is being funded solely with HOME in the amount of \$168,000. On August 29, 2023, the loan for the LKW matures. The forgivable portion of the loan (\$103,000) will be forgiven and the repayable portion (\$65,000) will be due and payable. On August 29, 2033, the entire TCRA loan will be forgiven (\$175,000). The interest rate on these notes is zero percent (0%).

During November 2008, property located at 8416 S. Ainsworth Avenue and previously owned and operated by Faith Homes, was transferred to the LASA to manage. The terms of the loan have been transferred to LASA. This notes receivable has an interest rate of zero percent (0%). At the end of twenty-five (25) years (September 5, 2033), the principal balance of the note (\$89,978) will be forgiven.

The LASA outstanding loans as of December 31, 2020 is \$432,998.

W. Fern Hill Terrace, Inc. (FHTI)

On June 8, 2006, TCRA approved a loan to Multi Service Center for project costs in connection with the acquisition, rehabilitation, and/or construction for property located at 210 S. 80<sup>th</sup> Street. For all approved costs associated with this project, CDBG funds were allocated for use.

This notes receivable of \$468,000 has a one percent (1%) interest rate. Annual interest only payments are payable on November 1<sup>st</sup> of each year commencing of November 1, 2008. Annual interest payments due each November 1<sup>st</sup> are \$4,680. Total principal is due on or before forty years (November 1, 2046).

The FHTI outstanding loans as of December 31, 2020 is \$468,000.

X. Inland Empire Residential Resources (IER)

On June 8, 2006, TCRA entered into an agreement with IER of \$141,266 for the acquisition of property located at 7516 19<sup>th</sup> Street W. to be developed as permanent rental housing for individuals with disabilities. This also includes construction of a new community center and laundry room at the same location.

This notes receivable was funded with CDBG funds and has an interest rate of zero percent (0%). At the end of thirty (30) years (October 22, 2037), the principal balance of the note (\$141,266) will be forgiven.

The IER outstanding loans as of December 31, 2020 is \$141,266.

Y. Joseph Foundation Project (JFP)

On May 21, 2008, TCRA approved a \$40,000 loan to the JFP for project costs in connection with the acquisition, rehabilitation, and/or construction for property located at 3340 48<sup>th</sup> Avenue Ct. NE. For all approved costs associated with this project, CDBG funds were allocated for use.

This note receivable has a zero percent (0%) interest rate and the principal balance of the note (\$40,000) will be forgiven at the end of thirty (30) years (May 21, 2038).

The JFP outstanding loans as of December 31, 2020 is \$40,000.

Z. Tacoma “G” Street Family Housing

On July 25, 2008, TCRA approved a \$1,020,139 loan for the acquisition, construction, development and soft costs for the development of a multi-family apartment development, known as Guadalupe Vista, consisting of 51 residential units located at 1305 S. “G” Street for low-income individuals.

This notes receivable was funded with \$820,139 of HOME, \$80,000 of UDAG, and \$120,000 in UWPC funds and has an interest rate of zero percent (0%). At the end of forty (40) years (December 31, 2050), the principal balance of the note (\$1,020,139) will be due and payable.

The Tacoma “G” Street Family Housing outstanding loans as of December 31, 2020 is \$1,020,139.

AA. Salishan Senior Housing (SSH)

On October 16, 2009, TCRA approved a loan with for the project costs in connection with the acquisition, rehabilitation, and/or construction of not less than 54-units on the property located at 4401 E. “R” Street. TCRA loaned \$672,674 in CDBG, \$327,326 in HOME, \$120,000 of UWPC and \$80,000 of UDAG funds for the Salishan Senior Housing project.

This notes receivable will have an interest rate of zero percent (0%) with no monthly payments. At the end of thirty (30) years (October 16, 2039), the principal balance of the UDAG and UWPC funds of the note will be forgiven. On October 16, 2049, the principal balance of the CDBG and HOME funds of the note will be forgiven.

The SSH outstanding loans as of December 31, 2020 is \$1,200,000.

AB. Young Women’s Christian Association of Tacoma (YWCA)

On December 16, 2009, TCRA approved a \$150,000 loan to YWCA for rehabilitation of the Wilsonian Building located at 401 St. Helens Avenue. For all approved costs associated with this project, TCRA loaned \$142,242 in CDBG, \$507,758 in American Recovery and Reinvestment Act (ARRA) CDBG-R, and \$300,000 in ARRA Lead Based Paint Grant funds were allocated for use.

These note receivables carry a zero percent (0%) interest rate and the principal balance of the ARRA Lead Based Paint Grant was forgiven at the end of five (5) years (April 15, 2015) and the principal balance of the CDBG notes (\$650,000) will be forgiven at the end of twenty (20) years (December 19, 2029).

The YWCA outstanding loans as of December 31, 2020 is \$650,000.

AC. New Tacoma Senior Housing (NTSH)

On December 23, 2009, TCRA entered into an agreement with New Tacoma Phase I Owner LP for the project costs in connection with the acquisition, rehabilitation, and/or construction of six-units on the property located at 1709-1717 S. “G” Street. TCRA loaned \$565,000 in HOME, \$120,000 of UWPC and \$80,000 of UDAG funds for the New Tacoma Senior Housing project. This notes receivable has an interest rate of zero percent (0%) with no monthly payments. On December 31, 2051, the principal balance of the note is due and payable.

On December 30, 2014, TCRA entered into an agreement with New Tacoma Phase II Mercy LLC for the development of a property located at 612 – 620 South 17<sup>th</sup> Street, Tacoma. This note receivable amounting to \$475,000 has an interest rate of zero percent (0%) with no monthly payments and principal balance will be due and payable on December 31, 2055.

The NTSH outstanding loans as of December 31, 2020 is \$1,240,000.

AD. The Monroe Apartments

On November 8, 2013, TCRA approved assumption of the Stewart Court Apartments loan from THA by the The Monroe, LLC. It is a rehabilitation loan of rental units for the Monroe Apartments formerly known as the Fircrest Court Apartments located at 3201 S. Tyler Street. This project received \$367,565 of Community Development Block Grant (CDBG) funds and \$1,138,130 of HOME Investment Partnership (HOME) funds. This notes receivable has an interest rate of zero percent (0%). At the end of thirty (30) years (October 11, 2031), the principal balance of the note (\$1,505,695) will be forgiven.

The Monroe Apartments outstanding loans as of December 31, 2020 is \$1,505,695.

AE. Façade Loan Program (FLP)

This program is designed to remove blight, beautify storefronts, and improve older neighborhood business districts. Loans are available on a reimbursement basis up to 50% of approved project costs. The minimum loan is \$5,000 and the maximum is \$60,000. Loans carry a fixed 3% interest rate with principal and interest payments due monthly for a maximum term of 10 years. On July 2014 TCRA loaned \$50,000 to a project named Duneane Properties funded by UDAG and another for \$60,000 to a project called 26<sup>th</sup> Alder Partners also funded by UDAG.

The FLP outstanding loans as of December 31, 2020 is \$55,101.

AF. Foundation for the Challenged (FFC)

On March 05, 2014, TCRA granted a \$31,131 loan with the FFC to renovate Single Family Home Rehab for the developmentally disabled located at 1209 South Huson, Tacoma. This notes receivable has an interest rate of zero percent (0%).

The FFC outstanding loans as of December 31, 2020 is \$31,131.

AG. Multi - Family Rental (MFR)

On July 11, 2014, TCRA entered into an agreement with McKinley 3502 LLC to develop property located at 3502 McKinley Avenue, Tacoma. This note receivable funded by HOME funds, \$595,500 has an interest rate of zero percent and has a maturity date of June 15, 2030.

The MRF outstanding loans as of December 31, 2020 is \$530,780.

#### NOTE 11 – LOSS ON NOTES RECEIVABLE

TCRA Loss on Notes Receivable are from forgivable loans and those that are uncollectable. TCRA has loans that are forgivable each year if the terms according to the promissory note, affordability covenant or loan agreement are met. In 2020, the majority of the loans forgiven were primarily due to the terms being met. Other loans became uncollectible due to various reasons such as the death of the borrower, the home being sold and no surplus funds available for TCRA to collect on lien position or litigation cost would exceed the amount of the loan. The latter for various reasons require the approval of the board of directors.

The total write off in 2020 was \$1,743,561 summarized below:

<b>Program/Funding</b>	
<b>Source</b>	<b>Loss Amount</b>
SFR-CDBG	\$ 202,274
DPA-CDBG	27,956
DPA-WACTED	38,632
HFH-CDBG	11,791
HFH-UDAG	2,972
HFH-HOME	47,753
HFH-UW	4,457
HFH-ARRA NSP	20,171
MDC-ARRA-CDBG-R	149,050
TRM-CDBG	1,155,394
HCT-AGS	4,541
HCT-NSP	3,176
HCT-HOME	9,272
LWK-HOME	66,122
<b>Total</b>	<b>\$ 1,743,561</b>

#### NOTE 12 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.



The COVID-19 pandemic is ongoing, and the duration and severity of the crisis are uncertain. The City took aggressive budget actions in early 2020 to manage the impacts of COVID-19. The actions included, but are not limited to, the following: reduction of 2020 revenue projections, eliminated discretionary spending, cancelled planned projects, established purchasing and contract freezes, established a hiring freeze, put certain staff on temporary furloughs and did targeted lay-offs. Other actions the City took in response to COVID-19 included, but are not limited to, the following: instituted telework for all non-frontline service staff, health screening for employees reporting to City facilities, implemented an Emergency Leave Program for employees impacted by COVID-19, provided additional funding for Rental Assistance programs, and provided additional funding for utility bill assistance. The City and the Authority will continue to monitor the community impacts of COVID-19 and remain flexible on responding to community needs.

In an effort to assist local businesses during the pandemic, the Authority issued 35 micro loans ranging from \$7,500 to \$15,000 totaling \$499,500 from the Title IX program. The term of the loans are 5 years to pay with an interest rate of 2.44% per annum.

#### NOTE 13 – SUBSEQUENT EVENTS

On March 11, 2021, the American Rescue Plan Act (“ARPA”) was signed into law. ARPA provides \$350 billion to help states, counties, cities and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic. Based on allocation projections, the City expects to receive approximately \$63 million in ARPA assistance. Funds received under the ARPA may be used for authorized purposes relating to mitigating the fiscal effects of the COVID-19 pandemic, including responding to the public health emergency, providing governmental services, and making certain infrastructure investments, among other purposes. The City will monitor and apply for additional Federal and State support for expenses related to responding to the COVID-19 pandemic if and as such relief becomes available.

In August 2020, the Authority accepted \$1,287,000 in EDA CARES Act Revolving Loan Fund Supplemental Funds to be received in 2021. Of this amount \$1,170,000 will be distributed as micro loans of up to \$25,000 to Tacoma businesses, with the remaining balance going towards the administration and management of the program. The Authority, however, cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the regional and local economy or on the revenues and expenses of the Authority. Management will continue to monitor the situation closely, but given the uncertainty about the situation, it is unable to estimate the financial impact.

**Tacoma Community Redevelopment Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Expenditures						
	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	Note
Economic Development Cluster							
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	Economic Adjustment Assistance	11.307	RFL Capital Base	-	1,599,954	-	
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	Economic Adjustment Assistance	11.307	Administrative Expense	-	30,766	-	
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	COVID 19 - Economic Adjustment Assistance	11.307	RLF Capital Base	-	436,113	-	
Total Economic Development Cluster:				-	2,066,833	-	
CDBG - Entitlement Grants Cluster							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-53- 0007	54,888	-	54,888	-
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-53- 0007	355,047	-	355,047	-
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-53- 0007	259,248	-	259,248	-

The accompanying notes are an integral part of this schedule.

**Tacoma Community Redevelopment Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
					From Pass- Through Awards	From Direct Awards	Total		
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Community Development Block Grants/Entitlement Grants	14.218	Program - Income - Expended	2,065,241	-	2,065,241	499,748	5,8
<b>Total CDBG - Entitlement Grants Cluster:</b>					<b>2,734,424</b>	<b>-</b>	<b>2,734,424</b>	<b>499,748</b>	
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Program Income - Expended	20,526	-	20,526	-	
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	M-15-DC-53- 0206	35,730	-	35,730	-	
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	M-16-DC-53- 0206	393,047	-	393,047	-	
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	M-17-DC-53- 0206	197,405	-	197,405	-	

*The accompanying notes are an integral part of this schedule.*

**Tacoma Community Redevelopment Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	M-18-DC-53- 0206	543,934	-	543,934	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	M-19-DC-53- 0206	478,098	-	478,098	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	M-20-DC-53- 0206	10,708	-	10,708	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Tacoma)	Home Investment Partnerships Program	14.239	Program Income - Expended	654,430	-	654,430	-	8
<b>Total CFDA 14.239:</b>				<b>2,313,352</b>	<b>-</b>	<b>2,313,352</b>	<b>-</b>	
<b>Total Federal Awards Expended:</b>				<b>5,068,302</b>	<b>2,066,833</b>	<b>7,135,135</b>	<b>499,748</b>	

*The accompanying notes are an integral part of this schedule.*

**TACOMA COMMUNITY REDEVELOPMENT AUTHORITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the Tacoma Community Redevelopment Authority's financial statements. The Authority uses the full accrual basis of accounting.

**NOTE 2 – FEDERAL DE MINIMIS INDIRECT COST RATE**

The Tacoma Community Redevelopment Authority has not elected to use the 10% de minimus indirect cost rate allowed under the uniform guidance. Expenses for 2020 do not include any indirect costs.

**NOTE 5 - REVOLVING LOAN – PROGRAM INCOME**

The Tacoma Community Redevelopment Authority has several revolving loan programs for disabled and low income housing rehabilitation and low income down payment assistance to assist with purchasing a home. Under these federal programs, repayments to the Authority are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The total amount of loan funds disbursed to program participants for the year for rehabilitation was \$511,514.04 and none was disbursed to down payment assistance program. The amount of principal, interest and fees received in loan repayments for the year for rehabilitation was \$539,267.13 and \$104,580.34 for down payment assistance program.

**NOTE 8 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Authority's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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