VISION HOUSE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

VISION HOUSE
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YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vision House
Renton, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vision House (a Washington nonprofit organization) , which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vision House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Vision House's 2020 financial statements, and our report dated May 19, 2021 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Vision House

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state and local financial assistance on page 20 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2022, on our consideration of Vision House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Vision House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vision House's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
May 17, 2022

VISION HOUSE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 1,879,643	$ 772,046	$ 2,651,689	$ 2,067,158
Investments	117,854	-	117,854	83,688
Beneficial Interest in Renton Foundation	39,693	44,000	83,693	77,081
Accounts Receivable	26,744	-	26,744	58,618
Inventory	32,082	-	32,082	-
Other Current Assets	11,170	-	11,170	8,816
Total Current Assets	2,107,186	816,046	2,923,232	2,295,361
Property and Equipment, Net	8,655,885	1,000,370	9,656,255	9,947,454
Total Assets	$ 10,763,071	$ 1,816,416	$ 12,579,487	$ 12,242,815
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 349,848	$ -	$ 349,848	$ 250,023
Total Current Liabilities	349,848	-	349,848	250,023
LONG-TERM LIABILITIES				
Paycheck Protection Program Loan	-	-	-	516,400
Washington State Department of Commerce Loan Payable	-	188,023	188,023	175,347
Land Note Payable, Net of Current Maturities	-	-	-	-
Total Long-Term Liabilities	-	188,023	188,023	691,747
Total Liabilities	349,848	188,023	537,871	941,770
NET ASSETS				
Without Donor Restrictions:				
Undesignated	10,413,223	-	10,413,223	10,085,193
Total Without Donor Restrictions	10,413,223	-	10,413,223	10,085,193
With Donor Restrictions - Time and Purpose	-	1,584,393	1,584,393	1,171,852
With Donor Restrictions - Endowment	-	44,000	44,000	44,000
Total Net Assets	10,413,223	1,628,393	12,041,616	11,301,045
Total Liabilities and Net Assets	$ 10,763,071	$ 1,816,416	$ 12,579,487	$ 12,242,815

See accompanying *Notes to Financial Statements.*

VISION HOUSE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
REVENUE AND SUPPORT				
Contributions and Grants	$ 2,393,337	$ 516,552	$ 2,909,889	$ 3,007,402
Tenant and Subsidy Rental Income	225,311	-	225,311	230,267
Special Events, Net of Direct Expenses of $40,276 and $36,967, Respectively	904,748	-	904,748	570,941
Investment Income	21,069	-	21,069	16,376
Revenue from Daycare	1,124,826	-	1,124,826	1,067,604
Revenue from Thrift Store	78,616	-	78,616	44,275
Other Revenue	2,578	-	2,578	6,713
Net Assets Released from Restriction	104,011	(104,011)	-	-
Total Revenue and Support	4,854,496	412,541	5,267,037	4,943,578
EXPENSES				
Program	4,048,443	-	4,048,443	3,537,899
Management and General	485,252	-	485,252	384,865
Fundraising	509,171	-	509,171	533,313
Total Expenses	5,042,866	-	5,042,866	4,456,077
Changes in Net Assets from Operating Activities	(188,370)	412,541	224,171	487,501
NONOPERATING ACTIVITIES				
Gain on Forgiveness of Paycheck Protection Program Loan	516,400	-	516,400	-
Capital Campaign Contributions and Grants	-	-	-	170,468
Capital Campaign Expenses			-	(1,360)
Changes in Net Assets from Nonoperating Activities	516,400	-	516,400	169,108
CHANGES IN NET ASSETS	328,030	412,541	740,571	656,609
Net Assets - Beginning of Year	10,085,193	1,215,852	11,301,045	10,644,436
NET ASSETS - END OF YEAR	$ 10,413,223	$ 1,628,393	$ 12,041,616	$ 11,301,045

See accompanying Notes to Financial Statements.

VISION HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program	Management and General	Fundraising	2021 Total	2020 Total
PERSONNEL					
Compensation	$ 2,027,594	$ 285,029	$ 249,942	$ 2,562,565	$ 2,413,657
Payroll Taxes and Benefits	515,914	52,476	46,406	614,796	560,643
Total Personnel	2,543,508	337,505	296,348	3,177,361	2,974,300
Depreciation	443,920	23,867	9,546	477,333	358,729
Interest	12,676	-	-	12,676	21,517
Occupancy	217,116	-	-	217,116	182,887
Legal and Professional Fees	91,447	31,860	5,963	129,270	105,206
Contract Services	-	-	74,980	74,980	55,937
Daycare Direct Program Costs	107,480	-	-	107,480	90,014
Insurance and Taxes	49,484	6,281	634	56,399	96,748
Printing and Publications	2,136	2,100	36,402	40,638	30,685
Telephone	23,350	2,777	1,152	27,279	30,911
Resident Services	80,622	-	-	80,622	102,676
Repairs and Maintenance	266,528	4,921	4,565	276,014	138,928
Miscellaneous	19,498	8,106	6,872	34,476	8,271
Supplies	22,641	7,310	1,864	31,815	29,084
Postage	346	1,229	7,747	9,322	6,438
Marketing and Advertising	53,615	9,605	17,300	80,520	62,283
Bank Charges	3,831	3,545	29,515	36,891	31,918
Information Technology	78,217	26,930	11,044	116,191	64,326
Travel	32,028	19,216	5,239	56,483	65,219
Total Before Special Events	1,504,935	147,747	212,823	1,865,505	1,481,777
Special Events	-	-	-	40,276	36,967
Capital Campaign Expenses	-	-	-	-	1,360
Total - December 31, 2021	$ 4,048,443	$ 485,252	$ 509,171	$ 5,083,142	$ 4,494,404
Total - December 31, 2020	$ 3,537,899	$ 386,225	$ 533,313	$ 4,494,404	

See accompanying Notes to Financial Statements.

VISION HOUSE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operating Revenue and Support	$ 5,245,760	$ 4,898,394
Cash Received from Interest	8,451	1,995
Cash Paid to Employees and Suppliers	(4,455,386)	(4,144,523)
Net Cash Provided by Operating Activites	798,825	755,866
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(186,135)	(880,994)
Proceeds from Sale of Property and Equipment	-	(2,834)
Purchase of Investments	(28,159)	(4,527)
Proceeds from Sale of Investments	-	-
Net Cash Used by Investing Activities	(214,294)	(888,355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	-	(241,111)
Proceeds from Paycheck Protection Program Loan	-	516,400
Contributions Restricted for Capital Project	-	237,349
Net Cash Provided (Used) by Financing Activities	-	512,638
NET INCREASE IN CASH AND CASH EQUIVALENTS	584,531	380,149
Cash and Cash Equivalents - Beginning of Year	2,067,158	1,687,009
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,651,689	$ 2,067,158
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	$ 740,571	$ 656,609
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activites:		
Noncash Interest Expense on Note Payable to Washington State Department of Commerce	12,676	11,821
Depreciation	477,333	358,729
Loss (Gain) on Investments	(12,581)	(13,681)
Loss (Gain) on Asset Disposals	-	-
Gain on Forgiveness of Paycheck Protection Program Loan	(516,400)	
Capital Campaign Contributions	-	(237,349)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	31,837	(21,582)
Grants Receivable	-	-
Pledges Receivable	-	57,494
Prepaid Expenses and Other	(2,354)	(2,848)
Inventory	(32,082)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	99,825	(53,327)
Net Cash Provided by Operating Activites	$ 798,825	$ 755,866

See accompanying Notes to Financial Statements.

VISION HOUSE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Increase in Loan Payable to Washington State Department of Commerce	$ 12,676	$ 11,821

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE

Vision House is a Washington State nonprofit organization that was formed 31 years ago. Its purpose is to provide housing and housing stability support services for families experiencing homelessness, single mothers, fathers and their children... Since its inception in 1990, Vision House has helped more than 1,400 homeless men, women, and children rebuild their lives.

Vision House owns and operates four transitional housing facilities and two child care centers located in the Shoreline and Renton vicinities. The family program has a total of 46 apartments for parents and children. We also have one residential home located in Burien that houses two families. Residents sign a lease and pay 30 percent of their income toward rent. If they do not have any income, they do not pay any rent. No one is turned away because of their inability to pay. Case managers work with the residents to find an income source so they can pay some level of rent which becomes part of their financial management training for handling life after Vision House. This learned discipline also provides them with valuable rental history.

The goal of Vision House is to coordinate successful re-integration of residents into the community by housing stability support services through case management and classes. Our classes, geared towards housing stability education, include Financial Literacy, Housing Sustainability, Parenting, Health and Wellness, and Healthy Boundaries. Child care and referrals to essential services such as mental health and medical and dental are also a key part of our program. Vision House also serves families through diversion assistance including financial support to help identify stable housing options and prevent entry into the shelter system, and our traditional transitional housing program. Additionally, diversion support includes one-on-one meetings with a diversion specialist to offer counseling, support for needed resources and referrals.

In 2021, Vision House provided housing and support services for a total of 194 homeless children, women, and men. The breakout is as follows:

- 128 children (family program)
- 56 mothers
- 10 fathers (family program)

Vision House's success rate represents families who leave Vision House to enter permanent housing, a job and a better way of life. In 2021, the family program success rate was 84 percent. Since the program began, Vision House has had a strong success rate with 88 percent of all residents transitioning to permanent housing.

Besides serving residents in our housing program, we served 476 people in our diversion program through financial support, assistance in finding other housing and referrals to resources in the community. A small percentage of those families found permanent housing in the community. We also provided services to approximately 60 alumni from our housing program.

NOTE 1 ORGANIZATION AND PURPOSE (CONTINUED)

Children's Village Child Care Center in Renton, WA, owned and operated by Vision House, is licensed for 87 children. In 2021, approximately 30 percent of the children in attendance were Vision House children and children from low income families, and 70 percent were children from the community paying full market rates. In 2021, Children's Village Child Care Center provided child care and early childhood education to 98 children overall, including resident children, alumni children, and children from the community. Children's Village is one of the few childcare facilities that accept DSHS children.

Children's Village Child Care Center in Shoreline, also owned and operated by Vision House, is licensed for 18 children. It had 25 children attend in 2021.

Volunteers are essential in helping Vision House achieve its mission. In 2021, 481 Vision House volunteers donated 4,464 hours valued at more than $150,660 and helped with resident programs, tutoring, donation sorting, thrift store work, fundraising events, office work, yard work, maintenance, construction, and furnishing new resident apartments.

The need is great. Vision House will continue its mission to help the homeless restore and rebuild their lives. It's good for families; it's good for our community; and it's good for our nation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Organization are described as follows:

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions – Time and Purpose – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time.

Net Assets with Donor Restrictions – Endowment – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Contributions and Grants

Contributions and grants are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donor-Imposed Restrictions

All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported in net assets with donor restrictions and increases that net asset class. Contributions received for the Jacob's Well project (see Note 3) are reported as restricted and then released in the year the funds are received and spent. For all other restricted contributions, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Donated Services

A substantial number of volunteers have donated significant amounts of time to the Organization program services and to its fundraising campaigns. However, only donated services that require specialized skills or create or enhance a nonfinancial asset are reflected in the financial statements. The estimated value of services performed by volunteers is recorded as donated service revenue and as a cost of services, but only if they would typically need to be purchased if not provided by donation.

Donated services meeting these qualifications recognized during the years ended December 31, 2021 and 2020 were $6,500 and $78,784, respectively.

Inventory

Inventory of merchandise held for sale in the Thrift Store consists of clothing, furniture, electronics, household, and other items. Nearly all items have been donated. For the years ended December 31, 2021 and 2020, management estimated the fair value of the inventory based historical value of items sold and actual inventory on hand.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Day Care and Thrift Store Revenue

The Organization enters into contracts with its customers to provide day care services and thrift store products, which are typically the only performance obligation. The pricing and payment terms for contracts are based on the Organization's standard terms and conditions or the result of specific negotiations with each customer. Contracts do not contain a significant financing component as the Organization standard terms and conditions generally require immediate payment for thrift store sales and payment for day care services within 30 days from the date billed.

Revenue is recognized when the service has been performed or control of the product has transferred to customers.

The timing of revenue recognition, billings, and cash collections results in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the statement of financial position. The Organization does not have significant contract assets and contract liabilities as of December 31, 2021.

For the year ended December 31, 2021, the Organization recognized all of its revenue over the time the services were provided.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less, except for those held as donor-restricted for long-term purposes, to be cash and cash equivalents. Management anticipates no material effect to the Organization's financial position as a result of cash held in a bank in excess of the available federal deposit insurance.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets.

Beneficial Interest Held by Renton Foundation

The Organization has a beneficial interest in assets held by the Renton Foundation (the Foundation). Fair value of the beneficial interest is estimated as the net asset value of the underlying shares in the Foundation's investment pool. Fair value is determined in this manner because there are no observable market transactions for assets similar to the beneficial interest in the Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management has concluded that realization losses on balances outstanding at December 31, 2021 and 2020 will be immaterial. Accordingly, no allowance for doubtful accounts has been recorded. At December 31, 2021 and 2020, there were no accounts receivable balances over 90 days past due.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of $1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on the straight-line method based upon the estimated useful life of the assets as follows:

Buildings and Improvements	27.5 Years
Furniture and Equipment	5 to 7 Years
Vehicles	5 Years

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited using direct allocation methods for program expenses and overhead by square footage. Expenses by natural classification are presented in the statement of functional expense.

Federal Income Taxes

The Organization has received notification from the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is reflected in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Information for Prior Year

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Certain accounts in the prior year summarized information have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications of prior balances did not affect previously reported net assets.

Nonoperating Expenses

Nonoperating activities consist of the capital campaign and related expenses.

Subsequent Events

The Organization has evaluated subsequent events through May 17, 2022, the date on which the financial statements were available to be issued.

NOTE 3 VISION HOUSE NORTH/JACOB'S WELL CAPITAL CAMPAIGN

During 2004, the Organization began a capital campaign to fund the construction of the Vision House North/Jacob's Well facility (Building A). The facility is located in Shoreline, Washington, and provides transitional housing and support services for homeless parents and their children, a school age program, and a community center. The Organization has reclassified the construction in progress to buildings and began depreciating when the Certificate of Occupancy was received in 2014. During 2015, the Organization began a new capital campaign to fund the construction of another building on the same premises (Building B). The construction on Building B was completed during 2020 and placed into service.

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures (Topic 820)*, which provides a framework for measuring fair value under generally accepted accounting principles. Topic 820 applies to all financial instruments that are being measured and reported on a fair value basis.

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The framework within the standard provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's significant financial instruments are cash, accounts receivable, pledges receivable, marketable securities, and accounts payable. Except for marketable securities, these financial instruments are not measured at fair value on a recurring basis as the carrying values approximate fair value.

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Mutual Funds: Valued at fair market value based on quoted market prices for those of similar investments.

Beneficial Interest in Renton Foundation: Valued at the net asset value of the underlying shares in the Foundation's investment pool.

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value on a recurring basis are summarized below as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fundamental Investors Fund	$ 72,283	$ -	$ -	$ 72,283
Beneficial Interest in Renton Foundation	-	-	83,693	83,693
Investments at Fair Value	72,283	-	83,693	155,976
Cash	-	-	-	45,571
Total Investments	$ 72,283	$ -	$ 83,693	$ 201,547

	2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fundamental Investors Fund	$ 59,012	$ -	$ -	$ 59,012
Beneficial Interest in Renton Foundation	-	-	77,081	77,081
Investments at Fair Value	59,012	-	77,081	136,093
Cash	-	-	-	24,676
Total Investments	$ 59,012	$ -	$ 77,081	$ 160,769

The following is a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	Amount
Balance at December 31, 2019	$ 68,876
Realized and Unrealized Gains and (Losses), Net	8,205
Balance at December 31, 2020	77,081
Realized and Unrealized Gains and (Losses), Net	6,612
Balance at December 31, 2021	$ 83,693

Total investment income, gains, and losses consist of the following for the years ended December 31:

	2021	2020
Interest and Dividend Income	$ 8,488	$ 2,695
Realized and Unrealized Gains (Losses), Net	12,581	13,681
Investment Income	$ 21,069	$ 16,376

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2021	2020
Buildings and Improvements	$ 12,012,856	$ 11,976,976
Furniture and Equipment	419,632	269,378
Vehicles	82,335	83,084
Total	12,514,823	12,329,438
Less: Accumulated Depreciation	(4,715,777)	(4,239,193)
Total Depreciable Property and Equipment	7,799,046	8,090,245
Land	1,857,209	1,857,209
Total Property and Equipment	$ 9,656,255	$ 9,947,454

Construction in progress is for the Vision House North/Jacob's Well facility (Building B). The facility is located in Shoreline, Washington, and provides transitional housing and support services for homeless parents and their children, a school age program, and a community center. The construction on Building B was completed during 2020 and placed into service.

NOTE 6 LINE OF CREDIT

The Organization had a $800,000 revolving line of credit with Wells Fargo Bank. The line of credit expires June 13, 2023 and is secured by a first lien on real property located in Renton, Washington. Interest on outstanding balances is charged at the greater of the bank's prime rate plus 0.5% or the floor rate of 5%. No amounts were outstanding at December 31, 2021 and 2020.

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, the Organization received a loan from a local bank in the amount of $516,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement had a two-year repayment term following the Covered Period comprised first of a deferment for six months and followed by payments due for the 18 months following on any unforgiven amount. The PPP Flexibility Act of 2020 (June 5, 2020) extended the maturity to five years with a deferment of 10 months and payments for the remainder of the term. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 28, 2020 to October 13, 2020, is the time that an organization has to spend their PPP Proceeds.

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The Organization applied for and received notification the loan was forgiven by the SBA on June 2, 2021. As such, a gain on forgiveness of paycheck protection program loan was recorded during the year ended December 31, 2021. The SBA has up to six years to review the loan. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization’s financial position.

NOTE 8 NOTES PAYABLE

Notes payable consisted of the following at December 31:

Description	2021	2020
Note payable, Washington State Department of Commerce loan originated on August 22, 2007, secured by a deed of trust, requires no payments and has a zero percent stated interest rate, loan is due in full on May 31, 2048, in the amount of $1,188,393 and has been discounted to present value using a 7% market interest rate.	$ 188,023	$ 175,347
Total Notes Payable	188,023	175,347
Less: Current Maturities	-	-
Total Long-Term Liabilities, Net of Current Maturities	$ 188,023	$ 175,347

Future maturities of notes payables are as follows:

Year Ending December 31,	Amount
2022	$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	188,023
Total	$ 188,023

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following for the years ended December 31:

	2021			
	Balance at Beginning of Year	Donor Restricted Contributions	Released from Restrictions	Balance at End of Year
Program Services	$ 158,806	$ 516,552	$ 91,335	$ 584,023
Time Restrictions:				
Housing Trust Fund	1,013,046	-	12,676	1,000,370
Total	$ 1,171,852	$ 516,552	$ 104,011	$ 1,584,393

	2020			
	Balance at Beginning of Year	Donor Restricted Contributions	Released from Restrictions	Balance at End of Year
Program Services	$ 486,485	$ 337,344	$ 665,023	$ 158,806
Time Restrictions:				
Housing Trust Fund	1,024,867	-	11,821	1,013,046
Total	$ 1,511,352	$ 337,344	$ 676,844	$ 1,171,852

NOTE 10 ENDOWMENT NET ASSETS

Endowment net assets consist of an endowment held at the Renton Foundation. All of the income from the endowment may be used to support the general operations of the Organization.

NOTE 11 LIQUIDITY AND AVAILABILITY

As of December 31, 2021 and 2020, the Organization had the following financial assets available for general expenditure within one year of the statement of financial position.

	2021	2020
Cash	$ 1,879,643	$ 1,733,005
Investments	117,854	83,688
Accounts Receivable	26,744	58,618
Total	$ 2,024,241	$ 1,875,311

VISION HOUSE
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Grantor	State of Washington
Grantor Agency Name	Washington State Department of Commerce
State Program Name	Housing Trust Fund
Agency Contract Number	06-94100-104
Contract Award Amount	$ 1,188,393

	Washington State Department of Commerce Deferred Loan	Net Assets	Total
Beginning Balance	$ 175,347	$ 1,013,046	$ 1,188,393
Current Year Revenues	-	-	-
Current Year Expenditures	-	-	-
Current Year Transfers	12,676	(12,676)	-
Ending Balance and Program Total	$ 188,023	$ 1,000,370	$ 1,188,393

INDEPENDENT AUDITORS' 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*

Board of Directors
Vision House
Renton, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vision House (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vision House's internal control over financial reporting (internal control) as a basis for designing 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 Vision House's internal control. Accordingly, we do not express an opinion on the effectiveness of Vision House'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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vision House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
May 17, 2022