

**VISION HOUSE**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**



[CLAcconnect.com](http://CLAcconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

**VISION HOUSE  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE</b>	<b>20</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>21</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Vision House  
Renton, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Vision House, which comprise the statement of financial position as of December 31, 2020, 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.

### ***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.

### ***Auditors' 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 auditors' 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 entity'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 entity'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 Vision House as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Vision House's 2019 financial statements, and our report dated June 16, 2020 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, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**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 19, 2021, 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**

Bellevue, Washington  
May 19, 2021

**VISION HOUSE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

<b>ASSETS</b>	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total	2019 Total
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,733,005	\$ 334,153	\$ 2,067,158	\$ 1,687,009
Investments	83,688	-	83,688	72,312
Beneficial Interest in Renton Foundation	33,081	44,000	77,081	68,876
Accounts Receivable	58,618	-	58,618	37,036
Grants Receivable	-	-	-	-
Current Portion of Pledges Receivable, Net	-	-	-	57,494
Other Current Assets	8,816	-	8,816	4,507
Total Current Assets	<u>1,917,208</u>	<u>378,153</u>	<u>2,295,361</u>	<u>1,927,234</u>
Property and Equipment, Net	<u>8,934,408</u>	<u>1,013,046</u>	<u>9,947,454</u>	<u>9,425,189</u>
Total Assets	<u>\$ 10,851,616</u>	<u>\$ 1,391,199</u>	<u>\$ 12,242,815</u>	<u>\$ 11,352,423</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 250,023	\$ -	\$ 250,023	\$ 303,350
Current Maturities of Notes Payable	-	-	-	8,341
Total Current Liabilities	<u>250,023</u>	<u>-</u>	<u>250,023</u>	<u>311,691</u>
<b>LONG-TERM LIABILITIES</b>				
Paycheck Protection Program Loan	516,400	-	516,400	-
Washington State Department of Commerce Loan Payable	-	175,347	175,347	163,526
Land Note Payable, Net of Current Maturities	-	-	-	232,770
Total Long-Term Liabilities	<u>516,400</u>	<u>175,347</u>	<u>691,747</u>	<u>396,296</u>
Total Liabilities	766,423	175,347	941,770	707,987
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	10,085,193	-	10,085,193	9,087,724
Total Without Donor Restrictions	<u>10,085,193</u>	<u>-</u>	<u>10,085,193</u>	<u>9,087,724</u>
With Donor Restrictions - Time and Purpose	-	1,171,852	1,171,852	1,512,712
With Donor Restrictions - Endowment	-	44,000	44,000	44,000
Total Net Assets	<u>10,085,193</u>	<u>1,215,852</u>	<u>11,301,045</u>	<u>10,644,436</u>
Total Liabilities and Net Assets	<u>\$ 10,851,616</u>	<u>\$ 1,391,199</u>	<u>\$ 12,242,815</u>	<u>\$ 11,352,423</u>

See accompanying *Notes to Financial Statements*.

**VISION HOUSE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE AND SUPPORT</b>				
Contributions and Grants	\$ 2,840,526	\$ 166,876	\$ 3,007,402	\$ 1,707,739
Tenant and Subsidy Rental Income	230,267	-	230,267	223,769
Special Events, Net of Direct Expenses of \$36,967 and \$115,660, Respectively	570,941	-	570,941	650,600
Investment Income	16,376	-	16,376	40,548
Revenue from Daycare	1,067,604	-	1,067,604	1,244,318
Revenue from Thrift Store	44,275	-	44,275	90,149
Other Revenue	6,713	-	6,713	13,899
Net Assets Released from Restriction	676,844	(676,844)	-	-
Total Revenue and Support	<u>5,453,546</u>	<u>(509,968)</u>	<u>4,943,578</u>	<u>3,971,022</u>
<b>EXPENSES</b>				
Program	3,537,899	-	3,537,899	3,298,551
Management and General	384,865	-	384,865	416,316
Fundraising	533,313	-	533,313	488,502
Total Expenses	<u>4,456,077</u>	<u>-</u>	<u>4,456,077</u>	<u>4,203,369</u>
Changes in Net Assets from Operating Activities	997,469	(509,968)	487,501	(232,347)
<b>NONOPERATING ACTIVITIES</b>				
Capital Campaign Contributions and Grants	-	170,468	170,468	1,709,303
Capital Campaign Expenses	<u>-</u>	<u>(1,360)</u>	<u>(1,360)</u>	<u>(5,258)</u>
Changes in Net Assets from Nonoperating Activities	<u>-</u>	<u>169,108</u>	<u>169,108</u>	<u>1,704,045</u>
<b>CHANGES IN NET ASSETS</b>	997,469	(340,860)	656,609	1,471,698
Net Assets - Beginning of Year	<u>9,087,724</u>	<u>1,556,712</u>	<u>10,644,436</u>	<u>9,172,738</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 10,085,193</u></u>	<u><u>\$ 1,215,852</u></u>	<u><u>\$ 11,301,045</u></u>	<u><u>\$ 10,644,436</u></u>

See accompanying Notes to Financial Statements.

**VISION HOUSE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Program	Management and General	Fundraising	2020 Total	2019 Total
<b>PERSONNEL</b>					
Compensation	\$ 1,878,114	\$ 246,246	\$ 289,297	\$ 2,413,657	\$ 2,236,084
Payroll Taxes and Benefits	472,394	30,104	58,145	560,643	472,149
<b>Total Personnel</b>	<b>2,350,508</b>	<b>276,350</b>	<b>347,442</b>	<b>2,974,300</b>	<b>2,708,233</b>
Depreciation	333,618	17,936	7,175	358,729	342,651
Interest	21,517	-	-	21,517	23,977
Occupancy	179,213	3,674	-	182,887	173,853
Legal and Professional Fees	68,053	29,550	7,603	105,206	94,438
Contract Services	216	-	55,721	55,937	49,684
Daycare Direct Program Costs	90,014	-	-	90,014	123,132
Insurance and Taxes	91,058	5,475	215	96,748	65,049
Printing and Publications	1,825	736	28,124	30,685	34,737
Telephone	26,305	3,695	911	30,911	31,833
Resident Services	100,918	1,758	-	102,676	74,356
Diversion and Eviction Prevention	-	-	-	-	2,872
Repairs and Maintenance	132,930	1,783	4,215	138,928	223,977
Miscellaneous	2,817	1,841	3,613	8,271	9,164
Supplies	18,309	6,605	4,170	29,084	35,045
Postage	425	2,198	3,815	6,438	12,169
Marketing and Advertising	28,111	3,697	30,475	62,283	54,308
Bank Charges	4,703	3,170	24,045	31,918	29,419
Information Technology	37,951	18,423	7,952	64,326	56,360
Travel	49,408	7,974	7,837	65,219	58,112
<b>Total Before Special Events</b>	<b>1,187,391</b>	<b>108,515</b>	<b>185,871</b>	<b>1,481,777</b>	<b>1,495,136</b>
Special Events	-	-	-	36,967	115,660
Capital Campaign Expenses	-	1,360	-	1,360	5,258
<b>TOTAL - DECEMBER 31, 2020</b>	<b>\$ 3,537,899</b>	<b>\$ 386,225</b>	<b>\$ 533,313</b>	<b>\$ 4,494,404</b>	<b>\$ 4,324,287</b>
<b>TOTAL - DECEMBER 31, 2019</b>	<b>\$ 3,298,551</b>	<b>\$ 416,316</b>	<b>\$ 609,420</b>	<b>\$ 4,324,287</b>	

See accompanying Notes to Financial Statements.

**VISION HOUSE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Operating Revenue and Support	\$ 4,898,394	\$ 3,976,522
Cash Received from Interest	1,995	3,758
Cash Paid to Employees and Suppliers	(4,144,523)	(3,820,388)
Net Cash Provided by Operating Activities	755,866	159,892
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(880,994)	(1,613,525)
Proceeds from Sale of Property and Equipment	(2,834)	8,996
Purchase of Investments	(4,527)	(22,501)
Proceeds from Sale of Investments	-	167,622
Net Cash Used by Investing Activities	(888,355)	(1,459,408)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Notes Payable	(241,111)	(7,732)
Proceeds from Paycheck Protection Program Loan	516,400	-
Contributions Restricted for Capital Project	237,349	1,920,241
Net Cash Provided by Financing Activities	512,638	1,912,509
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	380,149	612,993
Cash and Cash Equivalents - Beginning of Year	1,687,009	1,074,016
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,067,158	\$ 1,687,009

See accompanying Notes to Financial Statements.

**VISION HOUSE**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 656,609	\$ 1,471,698
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Noncash Interest Expense on Note Payable to Washington State Department of Commerce	11,821	11,025
Depreciation	358,729	342,651
Loss (Gain) on Investments	(13,681)	(36,790)
Loss (Gain) on Asset Disposals	-	(7,226)
Capital Campaign Contributions	(237,349)	(1,920,241)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(21,582)	(11,726)
Grants Receivable	-	65,000
Pledges Receivable	57,494	210,938
Prepaid Expenses and Other	(2,848)	(217)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(53,327)	34,780
Net Cash Provided by Operating Activities	\$ 755,866	\$ 159,892
 <b>SUPPLEMENTAL DATA</b>		
Noncash Investing and Financing Activities:		
Increase in Loan Payable to Washington State Department of Commerce	\$ 11,821	\$ 11,025

See accompanying Notes to Financial Statements.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 ORGANIZATION AND PURPOSE**

Vision House is a Washington State nonprofit organization that was formed 30 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 childcare centers located in the Shoreline and Renton vicinities. The family program has a total of 45 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% 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, Cooking Matters and Healthy Boundaries. Childcare 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, one-on-one meetings with a case manager offer counseling, support and accountability in helping residents make progress with their goals.

In 2020, Vision House provided housing and support services for a total of 192 homeless children, women, and men. The breakout is as follows:

- 120 children (family program)
- 60 mothers
- 12 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 2020, the family program success rate was 92%. Since the program began, Vision House has had a strong success rate with 88% of all residents transitioning to permanent housing.

Besides serving residents in our housing program, we served 582 people in our diversion program through financial support, assistance in finding other housing and referrals to resources in the community. 18 of those families found permanent housing in the community. We also provided services to 62 alumni from our housing program.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 ORGANIZATION AND PURPOSE (CONTINUED)**

Children's Village Child Care Center in Renton, Washington, owned and operated by Vision House, is licensed for 96 children. In 2020, approximately 40% of the children in attendance were Vision House children and children from low-income families, and 60% were children from the community paying full market rates. In 2020, Children's Village Child Care Center provided childcare and early childhood education to 98 children overall, including resident children, alumni children, and children from the community. Children's Village Child Care Center 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 2020.

Vision House Thrift Store/Resale operations in 2020 included sales from Craigslist. Our Thrift Store continues to be a donation site. From items donated, we are able to provide over \$475 in furnishings and household goods for resident homes as they exit our program. Additionally, we had items used in our units totaling \$23,672. Vision House residents are given vouchers so they can shop for items they need at our on-site resident stores.

Volunteers are essential in helping Vision House achieve its mission. In 2020, 349 Vision House volunteers donated 5,460 hours valued at more than \$180,289 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 Vision House (the Organization) conform to accounting principles generally accepted in the United States of America 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.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**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, 2020 and 2019 were \$78,784 and \$23,983, respectively.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**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, 2020.

For the year ended December 31, 2020, the Organization recognized all of its revenue at the point in time of service provided or product transfer.

**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.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**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, 2020 and 2019 will be immaterial. Accordingly, no allowance for doubtful accounts has been recorded. At December 31, 2020 and 2019, 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, 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 19, 2021, 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.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**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.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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

	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	<u>\$ 59,012</u>	<u>\$ -</u>	<u>\$ 77,081</u>	<u>\$ 160,769</u>
	2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fundamental Investors Fund	\$ 51,337	\$ -	\$ -	\$ 51,337
Beneficial Interest in Renton Foundation	-	-	68,876	68,876
Investments at Fair Value	51,337	-	68,876	120,213
Cash	-	-	-	20,975
Total Investments	<u>\$ 51,337</u>	<u>\$ -</u>	<u>\$ 68,876</u>	<u>\$ 141,188</u>

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, 2020 and 2019:

	Amount
Balance at December 31, 2018	\$ 59,276
Realized and Unrealized Gains and (Losses), Net	9,600
Balance at December 31, 2019	68,876
Realized and Unrealized Gains and (Losses), Net	8,205
Balance at December 31, 2020	<u>\$ 77,081</u>

Total investment income, gains, and losses for the years ended December 31, 2020 and 2019, consist of the following:

	2020	2019
Interest and Dividend Income	\$ 2,695	\$ 3,758
Realized and Unrealized Gains (Losses), Net	13,681	36,790
Investment Income	<u>\$ 16,376</u>	<u>\$ 40,548</u>

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	2020	2019
Buildings and Improvements	\$ 11,976,976	\$ 8,754,383
Furniture and Equipment	269,378	254,421
Vehicles	83,084	87,379
Total	12,329,438	9,096,183
Less: Accumulated Depreciation	(4,239,193)	(3,887,759)
Total Depreciable Property and Equipment	8,090,245	5,208,424
Land	1,857,209	1,857,209
Construction in Progress	-	2,359,556
Total Property and Equipment	<u>\$ 9,947,454</u>	<u>\$ 9,425,189</u>

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 \$558,000 revolving line of credit with Wells Fargo Bank. The line of credit expires March 15, 2022 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, 2020 and 2019.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

**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. The PPP Loan is classified as long-term on the statement of financial position.

**NOTE 8 NOTES PAYABLE**

Notes payable consisted of the following at December 31:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Note payable, Wells Fargo, secured by deed of trust on land, interest at 5.2%, monthly payments of principal and interest of \$1,722. The note was paid in full during the year ended December 31, 2020.	\$ -	\$ 241,111
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.	<u>175,347</u>	<u>163,526</u>
Total Notes Payable	175,347	404,637
Less: Current Maturities	<u>-</u>	<u>8,341</u>
Total Long-Term Liabilities, Net of Current Maturities	<u>\$ 175,347</u>	<u>\$ 396,296</u>

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

**NOTE 8 NOTES PAYABLE (CONTINUED)**

Future maturities of notes payables are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	175,347
Total	<u>\$ 175,347</u>

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following for the year ended December 31, 2020:

	<u>Balance at Beginning of Year</u>	<u>Donor Restricted Contributions</u>	<u>Released from Restrictions</u>	<u>Balance at End of Year</u>
Program Services	\$ 487,845	\$ 337,344	\$ 665,023	\$ 160,166
Time Restrictions:				
Housing Trust Fund	1,024,867	-	11,821	1,013,046
Total	<u>\$ 1,512,712</u>	<u>\$ 337,344</u>	<u>\$ 676,844</u>	<u>\$ 1,173,212</u>

Net assets with donor restrictions consisted of the following for the year ended December 31, 2019:

	<u>Balance at Beginning of Year</u>	<u>Donor Restricted Contributions</u>	<u>Released from Restrictions</u>	<u>Balance at End of Year</u>
Program Services	\$ 634,767	\$ 1,742,698	\$ 1,889,620	\$ 487,845
Time Restrictions:				
Housing Trust Fund	1,035,892	-	11,025	1,024,867
M.J. Murdock Charitable Trust	65,000	-	65,000	-
Total	<u>\$ 1,735,659</u>	<u>\$ 1,742,698</u>	<u>\$ 1,965,645</u>	<u>\$ 1,512,712</u>

**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.

**VISION HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

**NOTE 11 LIQUIDITY AND AVAILABILITY**

As of December 31, 2020 and 2019, the Organization had the following financial assets available for general expenditure within one year of the statement of financial position.

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,733,005	\$ 1,093,132
Investments	83,688	72,312
Accounts Receivable	<u>58,618</u>	<u>37,036</u>
Total	<u>\$ 1,875,311</u>	<u>\$ 1,202,480</u>

**NOTE 12 CONCENTRATIONS**

During 2019, a donation coming from one donor represented more than 10% of the total revenue. In 2020, there were no donors that represented more than 10% of total revenue.

**VISION HOUSE**  
**SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2020**  
**(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	<u>\$ 1,188,393</u>

	Washington State Department of Commerce Deferred Loan	Net Assets	Total
Beginning Balance	\$ 163,526	\$ 1,024,867	\$ 1,188,393
Current Year Revenues	-	-	-
Current Year Expenditures	-	-	-
Current Year Transfers	11,821	(11,821)	-
Ending Balance and Program Total	<u>\$ 175,347</u>	<u>\$ 1,013,046</u>	<u>\$ 1,188,393</u>



**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 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 corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and have issued our report thereon dated May 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the 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 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 over financial reporting 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 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 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 result 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**

Bellevue, Washington  
May 19, 2021