



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Vashon Youth and Family Services
Vashon, WA

Management is responsible for the accompanying financial statements of Vashon Youth and Family Services (a non-profit corporation), which comprise the statement of financial position as of December 31, 2021, the related statements of activity for the year then ended, and the related notes to the financial statements. We have performed a compilation engagement with respect to those financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 2021 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The 2021 supplementary information contained on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The 2020 financial statements were audited by Loveridge Hunt & Co., PLLC and they expressed an unmodified opinion on them in my their report dated June 2, 2021. In addition, the 2020 supplementary information contained on page 17 was 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. Their report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. They have not performed any auditing procedures on either the financial statements or on the supplementary information since June 2, 2021.

We are not independent with respect to Vashon Youth and Family Services.

Lake Kennedy McCulloch CPAs PS

Lake Kennedy McCulloch CPAs PS
June 29, 2022

Vashon Island

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VASHON YOUTH AND FAMILY SERVICES

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	(Audited)	
	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 178,281	\$ 95,556
Board-designated reserve	568,783	220,081
Grants and contracts receivable	125,396	150,655
Unconditional promises to give - current (See Note 3)	5,000	5,000
Total current assets	877,460	471,292
Other assets:		
Unconditional promises to give, net (See Note 3)	3,831	3,831
Cash restricted	14,975	28,300
Property and equipment, net	118,989	98,795
	137,795	130,926
Total Assets	\$ 1,015,255	\$ 602,218
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 18,521	\$ 15,440
Accrued payroll	57,176	37,753
Accrued vacation	39,460	37,779
Due to other organizations	-	3,500
Deferred revenue	21,109	25,488
PPP loan payable (See Note 10)	-	229,800
Total current liabilities	136,266	349,760
Net assets:		
Net assets without donor restrictions		
Undesignated	796,315	21,703
Board-designated funds	50,000	220,081
Total net assets without donor restrictions	846,315	241,784
Net assets with donor restrictions	32,674	10,674
Total Net assets	878,989	252,458
Total Liabilities and Net Assets	\$ 1,015,255	\$ 602,218

The accompanying notes are an integral part of these financial statements.

VASHON YOUTH AND FAMILY SERVICES

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	(Audited) Net Assets Without Donor Restrictions	(Audited) Net Assets With Donor Restrictions	(Audited) 2020 Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 436,233	208,282	\$ 644,515	\$ 200,920	\$ 169,111	\$ 370,031
Donation goods & services	3,260	-	3,260	60	-	60
Contract and grant revenue	1,385,532	-	1,385,532	1,096,749	-	1,096,749
Interest income	303	-	303	80	-	80
Program services income	362,023	-	362,023	221,720	-	221,720
Special events, net	17,230	-	17,230	12,280	-	12,280
Rent	-	-	-	80	-	80
Other income	1,511	-	1,511	5,061	-	5,061
Contracted Services	32,056	-	32,056	28,438	-	28,438
Debt forgiveness (See Note 6)	-	-	-	17,419	-	17,419
Net assets released from restrictions	186,282	(186,282)	-	158,437	(158,437)	-
TOTAL REVENUE, GAIN, AND OTHER SUPPORT	2,424,430	22,000	2,446,430	1,741,244	10,674	1,751,918
EXPENSES						
Program Services	1,671,968	-	1,671,968	1,397,292	-	1,397,292
Management & general	31,492	-	31,492	80,748	-	80,748
Fundraising	116,439	-	116,439	111,402	-	111,402
TOTAL EXPENSES	1,819,898		1,819,898	1,589,442		1,589,442
Change in net assets from operations	604,531	22,000	626,531	151,802	10,674	162,476
NET ASSETS, Beginning	241,784	10,674	252,458	89,982	-	89,982
NET ASSETS, Ending	\$ 846,315	\$ 32,674	\$ 878,989	\$ 241,784	\$ 10,674	\$ 252,458

The accompanying notes are an integral part of these financial statements.

VASHON YOUTH AND FAMILY SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 1,106,207	\$ 6,382	\$ 86,993	\$ 1,199,582
Payroll taxes/benefits	159,214	3,619	8,307	171,139
	<u>1,265,421</u>	<u>10,000</u>	<u>95,300</u>	<u>1,370,721</u>
Communications	21,283	347	4,287	25,916
Travel & training	17,120			17,120
Direct support - clients	97,578			97,578
Physical plant & equipment	99,089	2,543	2,110	103,742
Insurance	6,623	9,800	383	16,806
Licenses & fees	16,491	1,678	4,568	22,737
Office supplies & printing	4,173	410	9,093	13,676
Professional services	64,735		147	64,882
Program support	41,464	3,149	111	44,724
Taxes		2,548		2,548
Bad debt	3,310			3,310
Building lease	28,800			28,800
Miscellaneous expense	82	1,016	3	1,101
	<u>1,666,168</u>	<u>31,492</u>	<u>116,002</u>	<u>1,813,661</u>
Depreciation	5,800.00		437.00	6,237.00
Total Expenses	<u>\$ 1,671,968</u>	<u>\$ 31,492</u>	<u>\$ 116,439</u>	<u>\$ 1,819,898</u>

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VASHON YOUTH AND FAMILY SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES - (CONTINUED)

Year Ended December 31, 2020 (Audited)

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 997,556	\$ 7,777	\$ 82,677	\$ 1,088,010
Payroll taxes/benefits	141,558	3,246	9,006	153,810
	<u>1,139,114</u>	<u>11,023</u>	<u>91,683</u>	<u>1,241,820</u>
Communications	21,290	660	2,870	24,820
Travel & training	7,221			7,221
Direct support - clients	35,338			35,338
Physical plant & equipment	101,850	38,477	3,433	143,760
Insurance	6,415	9,966	573	16,954
Licenses & fees	15,098	2,465	3,984	21,547
Office supplies & printing	6,223	599	9,028	15,850
Professional services	17,315	10,226		27,541
Program support	19,080	1,527		20,607
Taxes		1,973		1,973
Bad debt	1,553			1,553
Building lease	28,800			28,800
Miscellaneous expense	434	4,035	34	4,503
	<u>1,399,731</u>	<u>80,951</u>	<u>111,605</u>	<u>1,592,287</u>
Depreciation	(2,439.00)	(203.00)	(203.00)	(2,845.00)
Total Expenses	<u>\$ 1,397,292</u>	<u>\$ 80,748</u>	<u>\$ 111,402</u>	<u>\$ 1,589,442</u>

The accompanying notes are an integral part of these financial statements.

VASHON YOUTH AND FAMILY SERVICES

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	(Audited) 2020
Cash flows from operating activities:		
Change in net assets	\$ 626,531	\$ 162,476
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,237	(2,845)
Debt forgiveness (See Note 6)	-	(17,419)
Changes in certain assets and liabilities:		
Grants and contracts receivable	25,259	(57,365)
Unconditional promises to give	-	5,000
Accounts payable	3,081	1,087
Accrued payroll and vacation	21,105	(8,588)
Due to other organizations	(3,500)	3,450
Deferred revenue	(4,379)	25,488
Net cash provided by operating activities	674,334	111,284
Cash flows used by investing activities:		
Purchase New Capital Assets	(26,432)	-
Net cash used by financing activities	(26,432)	-
Cash flows provided by (used by) financing activities:		
Proceeds from PPP loan payable	(229,800)	229,800
Proceeds from notes payable to related party		
Principal payments on notes payable to related party	-	(25,000)
Net cash provided by (used by) financing activities	(229,800)	204,800
Net increase (decrease) in cash, cash equivalents, and restricted cash	418,102	316,084
Cash, cash equivalents, and restricted cash - beginning of year	343,937	27,853
Cash, cash equivalents, and restricted cash - end of year	\$ 762,039	\$ 343,937

The accompanying notes are an integral part of these financial statements.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS

Vashon Youth and Family Services (the Organization) is a Washington Nonprofit Corporation, which was formed on July 21, 1977. The Organization strives to empower Island families to raise thriving, resilient children and youth by fostering a community of emotionally healthy, resourceful families and individuals. Vashon Youth and Family Services accomplishes this by identifying needs, developing positive opportunities for youth and families, and facilitating support services for them.

Further, the Organization is to carry out any other educational or charitable purpose within the meaning of Section 501(c)(3) of the Internal Revenue Code.

The Organization receives primary funding through a variety of sources (see supplementary information). King County, through the Department of Community and Human Services, funds counseling, community projects, life skills, and substance abuse prevention. Additionally, Vashon Youth and Family Services works with other nonprofits and public and private organizations to support specific programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accrual method of accounting is used for financial statement purposes.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions, even though their use may be limited in other respects, such as by board designation. As of December 31, 2021 board-designated net assets totaled \$50,000.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Activity relating to the net assets with donor-imposed restrictions during the years ended December 31, 2021 and 2020 are as follows, which are subject to use restrictions:

	January 1, 2021	Contributions Received	Released	December 31, 2021
Substance Use Disorder	674	-	-	674
Vashon Kids Programs/Scholarships				-
Multicare Youth UCC Grant	5,000	-	(5,000)	-
Beardsley Scholarship Grant	5,000	-	(5,000)	-
HealthierHere Enhanced				-
Behavioral Assessment Access	-	20,000	(20,000)	-
Granny's Attic Voucher Program		50,000	(50,000)	-
Granny's Attic SUD Grants	-	30,276	(20,776)	9,500
Granny's Attic Youth Suicide				-
Prevention Grants	-	42,516	(30,016)	12,500
School's Out Washington (SOWA)				-
Spring 2021 Relief Grant	-	20,000	(20,000)	-
Medina Foundation Youth transition				-
& recovery from Covid-19	-	5,000	(5,000)	-
Royal Little Family Foundation-				-
VKids Scholarships Grant	-	10,000	-	10,000
Hendrix Fdn/Janie Starr				-
Hispanic Outreach & Food Programs	-	10,000	(10,000)	-
Joy & Chai Mann Pandemic				-
Social Services	-	20,000	(20,000)	-
Baby Formula Drive-Various Donors	-	490	(490)	-
	<u>\$ 10,674</u>	<u>\$ 208,282</u>	<u>\$ (186,282)</u>	<u>\$ 32,674</u>

	January 1, 2020	Contributions Received	Released	December 31, 2020
Latino Outreach/Scholarships	\$ -	\$ 8,900	\$ (8,900)	\$ -
HealthierHere Multilingual COVID-19				
Response	-	11,857	(11,857)	-
Case Management	-	52,912	(52,912)	-
Substance Use Disorder	-	2,897	(2,223)	674
Dept Children Youth & Families-				
COVID-19	-	15,500	(15,500)	-
Childcare Resources COVID-19 Relief	-	15,000	(15,000)	-
Vashon Kids Programs/Scholarships	-	52,045	(52,045)	-
Multicare Youth UCC Grant	-	5,000	-	5,000
Beardsley Scholarship Grant	-	5,000	-	5,000
	<u>\$ -</u>	<u>\$ 169,111</u>	<u>\$ (158,437)</u>	<u>\$ 10,674</u>

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Income Taxes

The Organization is exempt from federal income tax as an entity described in Section 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for federal income taxes in these financial statements and no federal income taxes were paid. Management believes that the Organization has adequately addressed all relevant tax positions and there are no unrecorded tax liabilities. Generally, the Organization's tax returns remain open for three years for federal income tax examination.

Restricted Cash

As of December 31, 2021 and 2020, restricted cash consists of amounts restricted for grants and donations.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statement of cash flows, the Organization considers all money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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

	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 697,064	\$ 95,556
Board-designated reserve	50,000	220,081
Cash restricted	14,975	28,300
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 762,039</u>	<u>\$ 343,937</u>

Depreciation

Depreciation is computed for financial statement purposes using the straight-line method over the estimated useful lives of the related assets. See Note 4 for details.

Deferred Revenue

Revenue received in advance of the period in which it is earned is deferred. Deferred revenue includes advance payments on grants and contracts, which will be recognized as costs incurred under the terms of the agreements. It also includes payments on conditional contributions received where the donor's conditions have not been met.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs, including fund-raising activities and support services. Costs that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated to a program by predetermined percentages. These percentages are primarily calculated based on staff time spent in the various programs.

Accounts and Grants Receivable

Accounts receivable are stated at an amount management expects to collect from outstanding balances for fees and grant amounts earned but not yet received as of the financial statement date. Management provides for probable uncollectible amounts through a charge to operations 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 accounts receivable. At December 31, 2021 and 2020, there was no allowance balance.

Accrued Vacation Liability

Full-time employees working more than 1,040 hours annually are eligible for compensated vacation time. Eligible employees accrue vacation leave on a monthly basis, beginning on their hire date. The annual accrual amount, which varies based on hours worked and length of service, is established at 12 to 20 days. Carryover of a maximum accrual of 180 hours is allowed, with any amount over the maximum forfeited. Upon termination of employment, any unused hours will be paid out.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts are computed using the U.S. Treasury Bill rate applicable to the years in which the promises are received, which is considered a risk-free rate of return. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are met.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the year in which the support is recognized. All other donor- restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promiser's obligation to transfer assets exists. Conditional contributions received are accounted as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome. Unconditional contributions with no purpose or time restricted are recognized as revenue without donor restrictions.

Donated Assets and Services

Noncash donations are recorded as contributions at their estimated fair value at the date of the donation. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

In-kind contributions are recorded as revenue and expenses at fair market value as of December 31, as follows:

	<u>2021</u>	<u>2020</u>
Supplies	\$ 3,260	\$ 60

In-kind salary expense is recorded based on direct service hours from interns utilized in counseling programs. Additionally, many individuals volunteer their time and perform a variety of tasks to assist in the Organization's program services. These contributed services do not meet recognition criteria under current accounting standards and, accordingly, are not reflected in the accompanying financial statements.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Donated Property

Donations of property are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contract and Grant Revenue

A substantial portion of the public support and revenue of the Organization is derived from grants and contracts administered by various agencies. Contract and grant revenue is reported at the estimated net realizable amount. Grants and contracts are subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2021 and 2020, no such adjustments were made.

The Organization provides care to patients under Medicaid through a contract with King County Department of Community and Human Services. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Billings are subject to audit and possible retroactive adjustment, and related revenue is recorded at the amount the Organization ultimately expects to receive. As of December 31, 2021 and 2020, receivable under the contract totaled \$61,012 and \$133,771, respectively.

In accordance with ASC 606-10-50-13, the Organization is required to include disclosure on its remaining performance obligations as of the end of the current reporting period. Due to the nature of the contracts of the Organization, these reporting requirements are not applicable. The majority of the Organization's remaining contracts meet certain exemptions as defined in ASC 606-10-50-14 through 606-10-50-14A, including performance obligation is part of a contract that has an original expected duration of one year or less (606-10-50-14A), and the right to invoice practical expedient (ASC 606-10- 55-18), which allows the Organization to recognize revenue from contracts over time to recognize revenue in an amount that corresponds directly with the value to the customer of the Organization's performance completed to date.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Program Services Income

Program services income consists of program service fees revenue, which is related to fee for service contracts with customers to provide counseling, childcare and educational programs. Program service fees are set by contracts established with customers on a sliding fee scale based on The HUD Income Guidelines chart and customer's ability to pay. Program services income is recognized as performance obligations are satisfied. The Organization reviews individual contracts, at the time of performance, in order to determine estimated uncollectible amounts due from customers and records these implicit price concessions as a direct reduction to revenue. Based on this, the Organization determined there are no implicit price concessions. Management fees are recognized ratably over the period that the services are performed.

Subsequent Event

Management of the Organization has evaluated events and transactions occurring after December 31, 2021 through June 30, 2022, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 5,000	\$ 5,000
Receivable in one to five years	<u>5,000</u>	<u>5,000</u>
	10,000	10,000
Less unamortized discount at 2.75%	<u>(1,169)</u>	<u>(1,169)</u>
	\$ 8,831	\$ 8,831

NOTE 4 – PROPERTY AND EQUIPMENT

Fixed assets are capitalized at cost, with depreciation provided for on the straight-line method over the estimated useful lives of 3 to 8 years. Buildings and improvements are generally depreciated over useful lives of 30 to 40 years. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes all expenditures for equipment in excess of \$1,000.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation is charged to the activity benefiting from the use of the property or equipment. During 2020, management discovered that some assets were over-depreciated in earlier years resulting in higher depreciation expense and lower net asset value. An adjustment was made to the 2020 expense to correct the accumulated depreciation balance at December 31, 2020. The major classes of depreciable assets as of December 31 consist of:

	2021	2020
Furniture and equipment	\$91,296	\$91,296
Building and improvements	374,734	348,304
	<u>466,030</u>	<u>439,600</u>
Less: Accumulated depreciation	347,041	340,805
	<u>\$ 118,989</u>	<u>\$98,795</u>

NOTE 5 – LEASE AGREEMENTS

Land Lease

Under terms of an agreement with the Vashon Island School District, Vashon Youth and Family Services is authorized to use and occupy certain real property described as Vashon Island High School. The lease requires the Organization to use the facilities as a family and youth services program center for Vashon Youth and Family Services programs, a meeting and office facility (Facility A), and a facility available for public use as allowed by King County (Facility B).

The term of the agreement is approximately 15 years, expiring in November 2036 with an option to extend for 5 years. During the initial lease term, in lieu of rent, Vashon Youth and Family Services shall annually provide 1,500 hours of prevention/intervention services. Upon extension of the lease, Vashon Youth and Family Services shall pay rent at a negotiated fair market rate.

Vashon Youth and Family Services has erected two distinct buildings on the real property. Upon lease termination, Facility A shall be quit-claimed to Vashon Island School District; ownership of Facility B remains with Vashon Youth and Family Services. The lease agreement contains other terms and conditions in the event of recapture by the School District in accordance with RCW 28A.335.040 regarding the use of surplus school property. Vashon Youth and Family Services will be obligated to continue to operate youth and family counseling services at Facility B through approximately November 30, 2036.

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – LEASE AGREEMENTS (CONTINUED)

Copier Lease

In 2013, the Organization entered into a noncancellable lease for a Ricoh copier, which is classified as an operating lease. The commencement of the lease was October 1, 2013 with an initial term of 60 months through October 31, 2018. The lease was renewed in March 2019 with an initial term of 60 months through February 2024, and minimum monthly payments of \$169. Lease payments and copier cost expense for the years ended December 31, 2021 and 2020 was approximately \$3,269 and \$3,440, respectively.

Commercial Space Lease

Effective July 15, 2018, the Organization entered into a triple net lease agreement with Vetpetconnect LLC (Lessor) for a period of one year, with monthly rent of \$2,230. On July 16, 2019, the lease was renewed for one year with monthly rent of \$2,400 and the lease was renewed on July 16, 2020 for a period of one year. The commercial lease rent totaled \$28,800 for the years end December 31, 2021 and 2020, .

The approximate future minimum annual-lease payments under the leases are as follows:

<u>Year</u>	<u>Amount</u>
2022	2,028
2023	2,028
2024	338
2025	
2026	

NOTE 6 – REPAYMENT OBLIGATION

Program repayment obligation with Provider One, Title XIX, was unsecured with 0% interest in the amount of \$17,992. As of December 31, 2019, the outstanding balance totaled \$17,419. Per confirmation with Provider One, the outstanding balance was no longer owed by the Organization, as a result, the outstanding balance of \$17,419 was written off as debt forgiveness as of December 31, 2020.

NOTE 7 – COMPLIANCE AND CONTINGENCIES

Vashon Youth and Family Services received a substantial portion of its support from various governmental and charitable entities. Annual revenues for 2021 and 2020 are \$2,446,430 and \$1,751,918, respectively. Approximately 29% for 2021 and 39% for 2020 of its annual revenue is from King County Title XIX-Medicaid. A significant increase or decrease in the level of this support, if it were to occur, might have an effect on its programs and activities. Additionally, certain grants have various

VASHON YOUTH AND FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

program requirements, as set forth in the funding agreements. Failure to fulfill these conditions could result in the return of funds to the grantors.

NOTE 8 – RELATED PARTY TRANSACTIONS

Loans payable to Board Members

In April 2019, the Organization entered into a loan agreement with the Board President in the amount of \$25,000 with no interest, the loan was unsecured and due on December 31, 2019. The loan was paid off in May 2020 and 3% interest was charged on the loan for January through May 2020 totaling \$281.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021 and 2020. The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows:

	December 31, 2021	December 31, 2020
Current financial assets at year-end		
Cash and cash equivalents	\$ 697,064	\$ 95,556
Board-designated reserve	50,000	220,081
Grants and contract receivable	125,396	150,655
Unconditional promises to give	5,000	5,000
Total current financial assets	<u>\$ 877,460</u>	<u>\$ 471,292</u>
Less amounts not available for general expenditures within one year:		
Funds restricted	<u>(21,109)</u>	<u>(25,488)</u>
Total current financial assets available	<u>\$ 856,351</u>	<u>\$ 445,804</u>

NOTE 10 – PPP LOAN PAYABLE

Effective May 2, 2020, the Organization entered into a Loan Agreement with HomeStreet Bank for the principal amount of \$229,800. The purpose of the loan is to provide the SBA (U.S. Small Business Administration) backed Paycheck Protection Program (PPP) loan so that a business is able to continue to pay their employees under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP allows loan forgiveness for eligible expenditures. On June 2, 2021, the Organization was informed by HomeStreet Bank that its loan forgiveness application has been approved. The full balance of the loan was written off in 2021 and is included in Contributions Revenue for the year then ended.

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NOTE 11 – COVID-19 PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

NOTE 11 – CORONAVIRUS RELIEF FUND

During 2020, the Organization received \$46,108 in federal funds for Coronavirus Relief Fund through King County and were fully used for eligible expenses.

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NOTES TO THE FINANCIAL STATEMENTS

SCHEDULES OF GRANTS AND FEES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Public Health - Healthy & Safe Program	\$ 75,000	\$ 50,000
Public Health - Parents as Teachers program	220,403	118,352
Public Health - Kaleidoscope program	39,215	12,688
King County At-Risk Youth Program	<u>43,643</u>	<u>42,661</u>
	378,261	223,701
Housing Stability Project	1,387	1,562
Mental Illness and Drug Dependency (MIDD)	11,877	83,638
Grants for COVID-19 related expenses	236,300	85,791
Washington State Department of Children/Youth/F	4,165	-
Washington State Department of Commerce	42,825	-
Washington State Department of Health Care Authority	-	23,418
Superintendent of Public Instruction Child and Adult Care Food Program	-	201
King County Contracts	10,073	-
King County Title XIX-Medicaid	<u>700,644</u>	<u>678,438</u>
Total Grants and Fees	<u>\$ 1,385,532</u>	<u>\$ 1,096,749</u>