

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Parkview Services

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Parkview Services (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Parkview Services as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of state awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated 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 consolidated 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 December 29, 2020 on our consideration of Parkview Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Parkview Services' internal control over financial reporting and compliance.

Finney, Hill & Company, P.S.

December 29, 2020
Seattle, Washington

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

Assets	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 60,822	68,925
Investments	1,433,559	1,350,106
Accounts receivable	140,160	72,730
Grants receivable	50,304	136,330
Due from related party	-	24,683
Prepaid expenses and other	97,059	58,897
Cash restricted for revolving loan fund	<u>272,684</u>	<u>121,453</u>
Total current assets	<u>2,054,588</u>	<u>1,833,124</u>
Property and equipment, net	14,929,317	13,461,404
Loans receivable, net	3,957,496	3,913,664
Certificates of deposit restricted for reserves	356,592	351,555
Cash restricted for reserves	<u>21,473</u>	<u>39,799</u>
Total assets	<u>\$ 21,319,466</u>	<u>19,599,546</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 65,805	37,785
Accrued payroll liabilities	85,687	73,180
Deferred revenue	9,210	-
Line of credit	120,000	-
Current portion of notes payable	<u>349,847</u>	<u>-</u>
Total current liabilities	630,549	110,965
Accrued interest	343,068	322,562
Notes payable, net	2,054,047	1,981,266
Forgivable loans	<u>14,544,451</u>	<u>13,287,573</u>
Total liabilities	<u>17,572,115</u>	<u>15,702,366</u>
Net assets:		
Without donor restrictions	(1,257,865)	(949,953)
Board designated Group Home reserve	<u>566,865</u>	<u>553,166</u>
Total net assets without donor restrictions	(691,000)	(396,787)
With donor restrictions	<u>4,438,351</u>	<u>4,293,967</u>
Total net assets	<u>3,747,351</u>	<u>3,897,180</u>
Total liabilities and net assets	<u>\$ 21,319,466</u>	<u>19,599,546</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2019 and 2018

	2019			2018		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
Public support and other revenue:						
Home ownership grants	661,828	111,128	772,956	730,942	98,802	829,744
Affordable housing	899,222	-	899,222	822,703	-	822,703
Group home	465,714	-	465,714	458,961	-	458,961
Shared services fees	260,411	-	260,411	265,531	-	265,531
Camper fees	45,024	-	45,024	34,256	-	34,256
Special events, net of direct benefits to donors of \$19,695 and \$26,252 respectively	38,247	-	38,247	45,465	-	45,465
Investment income, net	471,653	-	471,653	132,480	-	132,480
Contributions	167,232	-	167,232	92,238	1,750	93,988
Other income	103,100	33,256	136,356	25,609	37,831	63,440
Total public support and other revenue	3,112,431	144,384	3,256,815	2,608,185	138,383	2,746,568
Debt forgiveness	7,010	-	7,010	218,973	-	218,973
Net assets released from restrictions:						
Satisfaction of purpose restrictions	-	-	-	78,964	(78,964)	-
Total public support and revenue	3,119,441	144,384	3,263,825	2,906,122	59,419	2,965,541
Expenses:						
Program	2,997,363	-	2,997,363	2,883,039	-	2,883,039
Management and general	327,178	-	327,178	302,093	-	302,093
Fundraising	89,113	-	89,113	94,142	-	94,142
Total expenses	3,413,654	-	3,413,654	3,279,274	-	3,279,274
Increase (decrease) in net assets	(294,213)	144,384	(149,829)	(373,152)	59,419	(313,733)
Net assets at beginning of year	(396,787)	4,293,967	3,897,180	(23,635)	4,234,548	4,210,913
Net assets at end of year	\$ (691,000)	4,438,351	3,747,351	(396,787)	4,293,967	3,897,180

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

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2019

	Program					Support		Total Expenses	
	Affordable Housing	Group Home	Home Ownership	Camp	Washington Homeownership Resource Center Grant Management	Total Program	Management and General		Fundraising
Compensation and related expenses:									
Salary and wages	\$ 324,089	365,122	514,969	18,815	175,973	1,398,968	147,442	58,020	1,604,430
Payroll taxes and benefits	66,559	91,799	119,631	1,762	45,382	325,133	40,048	16,415	381,596
	<u>390,648</u>	<u>456,921</u>	<u>634,600</u>	<u>20,577</u>	<u>221,355</u>	<u>1,724,101</u>	<u>187,490</u>	<u>74,435</u>	<u>1,986,026</u>
Insurance	33,901	7,390	2,642	87	1,034	45,054	1,467	365	46,886
Office and facilities rental	23,762	-	37,065	37,726	14,546	113,099	13,833	5,214	132,146
Professional services	21,474	6,277	12,907	7,479	2,911	51,048	73,967	1,027	126,042
Property tax	21,204	393	81	-	32	21,710	28	11	21,749
Repairs and maintenance	128,237	15,194	332	-	130	143,893	123	47	144,063
Other operating expenses	156,637	70,907	57,072	15,680	3,155	303,451	35,531	8,014	346,996
Contribution expense	-	-	187,000	-	-	187,000	-	-	187,000
Depreciation	368,415	3,587	-	-	-	372,002	13,747	-	385,749
Interest expense	36,005	-	-	-	-	36,005	992	-	36,997
Total expenses as shown on the Statement of Activities	<u>1,180,283</u>	<u>560,669</u>	<u>931,699</u>	<u>81,549</u>	<u>243,163</u>	<u>2,997,363</u>	<u>327,178</u>	<u>89,113</u>	<u>3,413,654</u>
Special event expenses included with support and revenue on the statement of activities	-	-	-	-	-	-	-	19,695	19,695
Total expenses	<u>\$ 1,180,283</u>	<u>560,669</u>	<u>931,699</u>	<u>81,549</u>	<u>243,163</u>	<u>2,997,363</u>	<u>327,178</u>	<u>108,808</u>	<u>3,433,349</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018

	Program					Total Program	Support		Total Expenses
	Affordable Housing	Group Home	Home Ownership	Camp	Washington Homeownership Resource Center Grant Management		Management and General	Fundraising	
Compensation and related expenses:									
Salary and wages	\$ 192,453	366,373	527,821	15,368	166,344	1,268,359	155,442	61,776	1,485,577
Payroll taxes and benefits	55,827	105,760	147,872	2,090	49,610	361,159	19,178	17,997	398,334
	<u>248,280</u>	<u>472,133</u>	<u>675,693</u>	<u>17,458</u>	<u>215,954</u>	<u>1,629,518</u>	<u>174,620</u>	<u>79,773</u>	<u>1,883,911</u>
Insurance	31,334	5,983	2,665	87	936	41,005	2,875	341	44,221
Office and facilities rental	17,468	-	40,172	42,056	14,100	113,796	14,363	5,143	133,302
Professional services	3,449	3,882	12,128	1,967	1,792	23,218	77,339	652	101,209
Property tax	18,689	368	113	-	40	19,210	37	14	19,261
Repairs and maintenance	80,484	8,662	170	-	5	89,321	550	2	89,873
Other operating expenses	122,674	89,948	45,911	5,759	2,718	267,010	22,710	8,217	297,937
Bad debt expense	-	-	124,890	-	-	124,890	-	-	124,890
Contribution expense	-	-	186,551	-	-	186,551	-	-	186,551
Depreciation	358,139	1,134	-	-	-	359,273	9,599	-	368,872
Interest expense	29,247	-	-	-	-	29,247	-	-	29,247
Total expenses as shown on the Statement of Activities	909,764	582,110	1,088,293	67,327	235,545	2,883,039	302,093	94,142	3,279,274
Special event expenses included with support and revenue on the statement of activities	-	-	-	-	-	-	-	26,252	26,252
Total expenses	<u>\$ 909,764</u>	<u>582,110</u>	<u>1,088,293</u>	<u>67,327</u>	<u>235,545</u>	<u>2,883,039</u>	<u>302,093</u>	<u>120,394</u>	<u>3,305,526</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
Years ended December 31, 2019 and 2018

	2019	2018
Cash flows provided by (used in) operating activities:		
Increase (decrease) in net assets	\$ (149,829)	(313,733)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	385,749	368,872
Debt forgiveness	(7,010)	(218,973)
Provision for bad debts	-	124,890
Loss (gain) on investments	(254,743)	80,492
Interest, dividends and shared appreciation received	(37,389)	(28,369)
(Increase) decrease in assets:		
Accounts receivable	(67,430)	45,780
Grants receivable	86,026	(89,612)
Due from Washington Homeownership Resource Center	24,683	1,334
Prepaid expenses and other	(38,162)	(8,347)
Increase (decrease) in liabilities:		
Accounts and grants payable	28,020	(13,725)
Accrued liabilities	12,507	(9,697)
Deferred revenue	9,210	(24,941)
Accrued interest	27,516	25,726
Total adjustments	168,977	253,430
Net cash provided by (used in) operating activities	19,148	(60,303)
Cash flows provided by (used in) investing activities:		
Purchase of property and equipment	(1,853,662)	(545,571)
Sale of investments	208,679	155,647
Loans made to clients	(208,757)	(190,280)
Payments received on loans receivable	164,925	131,266
Net cash provided by (used in) investing activities	(1,688,815)	(448,938)
Cash flows provided by (used in) financing activities:		
Proceeds from forgivable loans	1,256,880	-
Proceeds from line of credit	120,000	-
Proceeds from notes payable	422,626	344,500
Net cash provided by (used in) financing activities	1,799,506	344,500
Net increase (decrease) in cash, cash equivalents, and restricted cash	129,839	(164,741)
Cash, cash equivalents and restricted cash at beginning of year	581,732	746,473
Cash, cash equivalents and restricted cash at end of year	\$ 711,571	581,732

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

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED
Increase (Decrease) in Cash and Cash Equivalents
Years ended December 31, 2019 and 2018

Reconciliation of cash, cash equivalents and restricted cash:

Cash and cash equivalents	\$ 60,822	68,925
Cash restricted for revolving loan fund	272,684	121,453
Certificates of deposit restricted for reserves	356,592	351,555
Cash restricted for reserves	<u>21,473</u>	<u>39,799</u>
	<u>\$ 711,571</u>	<u>581,732</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 16,491</u>	<u>3,521</u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

The Organization offers deferred payment down payment assistance loans to eligible homebuyers at below-market interest rates. The Organization recognized interest income and related contribution expense of \$187,000 and \$186,551 on these loans in the years ended December 31, 2019 and 2018.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION

Parkview Services (the Organization) is a King County based non-profit organization established in 1967. Parkview Services creates inclusive housing solutions that promote stability, opportunity and community through four programs that focus on the development and preservation of safe, stable affordable homes.

Parkview Group Home: Originally established to provide residential support services for children with Intellectual and Developmental Disabilities (IDDs), the Organization shifted its service population to adults in order to continue serving the children who reached adult age at Parkview Group Home. Currently, six adults live at the Group Home as clients. Through this program, residents receive 24/7 supportive care and live chosen lives as part of their local community. In 2019 and 2018, this program provided over 17,414 and 17,800 hours of direct support services to residents, respectively.

Affordable Housing Program: Parkview's Affordable Housing Program began in 1997 in response to an increasing need for quality affordable housing options for extremely low-income adults with IDD. Tenants of this program are referred to Parkview by the Washington State Developmental Disabilities Administration (DDA) and pay no more than 30% of their income in rent, no matter how low, with subsidy for utilities. Tenants at each home receive supportive living services from one of 13 licensed service providers. Affordable Housing added four homes in 2019, and two homes in 2018. In 2019 and 2018, the program served 187 and 177 tenants, respectively.

Camp Parkview: Originally established in the 1980's as Camp New Horizons, Camp Parkview has served adults with IDD for the past 25+ years. In the early 1990's, Parkview Services took over administration of the program, which provides an annual residential summer camp experience for over 60 people with IDD every year. Camp Parkview takes place on Vashon Island at the Camp Burton facility and it is staffed by 40 volunteer counselors. Camp provides mutually beneficial relationships and friendship building between people with and without disabilities and allows for accessible recreation and socialization in the beautiful Pacific Northwest. Sixty and sixty-seven campers attended the weeklong camp in 2019 and 2018, respectively.

Homeownership Program: Since 1996, Parkview Homeownership Program has provided no-cost pre-purchase homebuyer education and first-time homebuyer counseling for residents of King and Snohomish County. Qualified first-time homebuyers with disabilities or who live with a family member with a disability are eligible for up to \$90,000 in down payment assistance through this program. The Homeownership Program also provides no-cost mortgage default housing counseling and advocacy to prevent unnecessary foreclosure and help struggling homeowners get back on track to financial stability. Since 2011, our mortgage default housing counselors have served over 16,000 Washington residents in all counties. Parkview Services is currently the largest provider of HUD approved housing counseling in the state. Recent outreach efforts have centered on financial fraud prevention for senior citizens and veterans, as well as foreclosure prevention workshops for all demographics. Parkview mortgage default clients avoid foreclosure 86% of the time and retain their equity 83% of the time. Homeowners who retained their equity remained in their homes an average of five years after counseling intake. In 2019 and 2018, this program served over 1,150 and 5,500 clients, respectively.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with the disclosure and display requirements of the Presentation of Financial Statements for Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset classes according to donor imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. The net assets of Parkview Services are classified as follows:

- Net assets with donor restrictions are available without restriction for support of Parkview Services' operations.
- Net assets with donor restrictions are restricted by the donor to be used for certain purposes or future periods. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of Parkview Services or by the passage of time. Net assets with donor restrictions of a temporary nature were \$9,949 and \$9,949 at December 31, 2019 and 2018, respectively. Other donor restrictions are permanent in nature whereby the donor has stipulated the funds be maintained intact in perpetuity. Net assets with donor restrictions of a permanent nature were \$4,428,402 and \$4,284,018 at December 31, 2019 and 2018 that represent a revolving loan fund. The fund was established by grant funding designated to enable qualified first time homeowners with household members who are persons with IDD to obtain deferred payment down payment assistance loans. When loans are repaid by homeowners, the funds, as well as any shared appreciation on the value of the home, are returned to the revolving loan fund to be used again for the fund's restricted purpose.

Basis of accounting

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

Principles of consolidation

Parkview Services is the sole member of Parkview Property Services, LLC (PPS LLC), which was formed in 2018 to provide maintenance services to affordable housing organizations and pre-purchase home repairs to qualified homeownership clients. The accompanying consolidated financial statements include the accounts of Parkview Services and PPS LLC. Inter-entity transactions and balances have been eliminated in consolidation. The consolidated entity is referred to as Parkview or Parkview Services in the notes to the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of general checking and savings accounts. Parkview Services maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. Parkview Services has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Restricted Cash

The Organization's restricted cash accounts consist of reserve accounts and cash restricted for revolving loan fund.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Investments consist of investments in stocks, exchange traded funds and money market funds which are classified as available-for-sale securities carried at fair value. Net unrealized investment gains (losses) related to available-for-sale securities are recorded in net investment income on the consolidated statement of activities. Interest and dividends earned are also reported in net investment income. Parkview Services uses quoted market prices or public market information to determine the fair value of its investments.

Accounts and grants receivables

Accounts and grants receivable are recognized as revenues in the period earned. Receivables are expected to be collected within three months and are recorded at their collectible value.

Property and equipment

Land, building and improvements are recorded at cost. Improvements and fixed assets costing over \$5,000 individually are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred unless a certain expense below the \$5,000 threshold is allowed to be capitalized by the funder. Assets are depreciated on the straight-line method over the estimated economic lives ranging from three to 40 years. Depreciation expense for the years ended December 31, 2019 and 2018 was \$385,749 and \$368,872.

A significant amount of the Organization's property was obtained with grant monies. The Federal and State government funded property retains a reversionary interest to the grantor(s). Such assets may be reclaimed at the program end or if the use of the property changes from the original intent or the grantor may relinquish title to the Organization. The Organization does not intend to change the use of the properties acquired with such funds.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these 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.

Notes Payable

The Organization has funded some of its affordable housing units through the use of notes payable provided by government organizations. The loans require compliance in meeting the underlying obligations of restricted use of the property and principal and interest are due in full at the end of the loan period. In 2019 and 2018, the Organization purchased homes for use as affordable housing units through the use of notes payable provided by financial institutions. \$344,500 in loans outstanding at December 31, 2019 and 2018, require certificates of deposit be maintained at the banks. As of December 31, 2019 and 2018, \$356,592 and \$351,555 was held in certificates of deposit at the financial institutions.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Forgivable Loans

The Organization has funded its affordable housing units through the use of forgivable loans provided by government organizations. The loans have various ongoing compliance requirements including restricted use of the properties. The Organization carries the full value of each forgivable loan as a liability until the conditions of the loan have been met at the end of the loan and/or compliance period, at which point in time, loan forgiveness is recognized as unrestricted revenue.

Cost Reimbursement Contracts

Revenues under cost-reimbursement type contracts are recognized as earned and are based on billings submitted for reimbursement that are subject to audit. These revenues are reflected as grants in the consolidated statement of activities. Retroactive adjustments may be made by the funding agencies. No such adjustments were made for the years ended December 31, 2019 and 2018.

Affordable Housing and Group Home revenues

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

Restricted and unrestricted support

Contributed support is recorded when a promise to give is made or when ownership of donated assets is transferred. Contributions received are recorded as an increase in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions and are reflected as contributions or grants on the statement of activities.

Contributions received with donor restrictions that limit the use of the donated assets are reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restricted resources whose restrictions are met in the reporting period received are recorded as unrestricted.

Donated goods and services

Donated goods are recorded as contributions at their estimated fair values at the date of donation. In accordance with financial accounting standards, the consolidated financial statements reflect only those donated services requiring specific expertise that Parkview Services would otherwise need to purchase. There were no donated goods or services for the affordable housing program for the years ended December 31, 2019 and 2018.

Advertising expenses

Advertising is expensed as incurred. For the years ended December 31, 2019 and 2018, advertising expense was \$3,046 and \$2,312, respectively.

Federal income taxes

The Internal Revenue Service has recognized Parkview Services as exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and is classified as an organization other than a private foundation under Section 509(a)(1).

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal income taxes, continued

Parkview Services accounts for tax positions in accordance with the Recognition and Initial Measurement Sections of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification. With few exceptions, Parkview Services is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed Parkview Services' tax positions and determined there were no uncertain tax positions as of December 31, 2019 and 2018.

Parkview Services recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2019 and 2018, Parkview Services recognized no income tax related interest or penalties. Parkview Services provides qualified transportation fringe benefits which were subject to corporate income tax for the year ended December 31, 2018. Parkview Services paid estimated income taxes of \$478 for the year ended December 31, 2018. In 2019, the IRS retroactively repealed the application of unrelated business income tax on these qualified transportation fringe benefits for tax exempt organizations.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Certain shared costs have been allocated based on a time and effort method to those programs and supporting services that share the cost. Expenses that are allocated include the following:

- Salary, wages, and related payroll taxes and benefits
- General and administrative
- Insurance
- Office and facilities rental
- Office expenses
- Professional services
- Other operating expenses

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended December 31, 2019 and 2018.

Reclassifications

Certain balances in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements. These reclassifications had no effect on the change in net assets.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of estimates

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

New Accounting Pronouncement

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. The update clarifies the presentation of restricted cash in the statement of cash flows. A key change required by ASU 2016-18 is that restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. As a result, transfers between cash and restricted cash are not presented as a separate line item in the operating, investing, or financing sections of the cash flow statement. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall* (Topic 825-10). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The change in accounting principle was adopted on the retrospective basis which resulted in no change to investment recognition or measurement previously reported and had no effect on the investments and related income reported for the years ended December 31, 2019 and 2018.

The Organization has adopted ASU 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The change in accounting principle was adopted on a modified prospective basis in 2019. Accordingly, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 3 – AVAILABILITY AND LIQUIDITY

Financial assets at year end:		<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$	60,822	68,925
Investments		1,433,559	1,350,106
Accounts, grants and related party receivables		<u>190,464</u>	<u>233,743</u>
Total unrestricted financial assets		1,684,845	1,652,774
Less amounts not available to be used within one year:			
Board restricted funds		<u>(566,865)</u>	<u>(553,166)</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>1,117,980</u>	<u>1,099,608</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 3 – AVAILABILITY AND LIQUIDITY, continued

Parkview Services’ primary sources of income include governmental grants and contracts, tenant rents, and other contractual sources. The contractual nature of these sources of income enables the Organization to budget for programs which are ongoing, major, and central to its annual operations and to meet cash needs for general expenditures. In addition, the Organization strives to maximize the investment of its available funds in order that it may appropriate the earnings on investments to general expenditures on an as needed basis. Parkview Services seeks to retain the principal of investments for future capital needs. In the event of an unanticipated liquidity need, Parkview Services could draw upon an unsecured line of credit in the amount of \$175,000 as discussed in Note 10.

NOTE 4 – INVESTMENTS

The following schedule summarizes investments stated at fair value as of December 31:

	<u>2019</u>	<u>2018</u>
Exchange traded funds	\$ 967,663	1,010,555
Stocks	441,536	316,448
Money market funds	24,360	23,103
	<u>\$ 1,433,559</u>	<u>1,350,106</u>

Net investment income consists of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Dividends	\$ 31,275	26,530
Interest	193,122	188,390
Investment expense	(7,487)	(1,948)
Realized gain (loss) on investments	37,724	-
Unrealized gain (loss) on investments	217,019	(80,492)
	<u>\$ 471,653</u>	<u>132,480</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification establishes a framework for measuring fair value. That framework 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 under this topic are described below:

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

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 5 - FAIR VALUE MEASUREMENTS, continued

Level 2: Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets,
- b. Quoted prices for identical or similar assets or liabilities in inactive markets,
- c. Inputs other than quoted prices that are observable for the asset or liability,
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- e. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Investments in exchange traded funds and money market funds: Valued at the daily closing price as reported by the fund. These investment are registered with the SEC and are required to publish their daily net asset value (NAV) and to transact at that price.

Investments in stocks: Valued at fair market value of securities held at year end as provided by broker, which is considered a Level 1 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 Parkview Services 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.

NOTE 6 – RELATED PARTY TRANSACTIONS

Parkview Services provides services to Washington Homeownership Resource Center (WHRC) under the terms of a shared services agreement that is effective through December 31, 2019. Under the terms of this agreement, Parkview Services subcontracted the use of office space, phones, internet, copier/scanners, and certain employees to WHRC. Additionally, the Executive Director of Parkview Services served in the same capacity for WHRC through December 31, 2018. As such, WHRC was considered a related party to Parkview Services through December 31, 2018. Parkview Services earned \$260,411 and \$265,531 in fees from this agreement in the years ended December 31, 2019 and 2018. These fees are reflected in the consolidated statement of activities. Additionally, Parkview Services recorded receivable balances from WHRC for services provided of \$20,488 and \$24,683 at December 31, 2019 and 2018, respectively.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 6 – RELATED PARTY TRANSACTIONS, continued

Parkview Services has a banking relationship with the employer of a member of the Board of Directors. As of December 31, 2019 and 2018, Parkview had \$169,836 and \$339,986 on deposit with the financial institution in the form of cash, cash equivalents, and certificates of deposit. Additionally, Parkview owed \$104,500 and \$104,500 for notes payable to the institution as of December 31, 2019 and 2018.

NOTE 7 – RESTRICTED RESERVES

In accordance with City of Seattle loan agreements, the Organization is required to make annual replacement and operating reserve deposits for fifteen affordable housing properties. Replacement contributions range from \$1,000 to \$2,250 per property annually, and operating reserve contributions range from \$625 to \$750 per property annually. Use of the replacement and operating reserves requires approval from the City of Seattle and reserves funds must be maintained in a separate bank account. The restricted reserve balances were \$378,065 and \$391,354 at December 31, 2019 and 2018.

During 2019, a transfer of the underlying cash and cash equivalents in these accounts was made to fund operations, resulting in non-compliance with donor imposed restrictions.

NOTE 8 – PROPERTY AND EQUIPMENT

The Organization began acquiring residential properties which are rented to low income individuals with IDD's in 1998. Parkview had acquired 59 and 55 affordable housing properties in King and Snohomish counties as of December 31, 2019 and 2018. The majority of the funding for these projects was received from governmental agencies in the form of restricted grants and forgivable loans. Additionally, a house in northeast Seattle was donated in 2004. This house is also a rental property for low income individuals with IDD's.

Capitalized property and equipment associated with these projects are as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Affordable housing units		
Parkview 1 - 5 houses	\$ 1,340,420	1,340,420
Parkview 2 - 5 houses	1,282,029	1,172,498
Parkview 3 - 9 houses	1,230,913	1,213,324
Parkview 4 - 3 houses	935,573	929,107
Parkview 5 - 5 houses	1,414,424	1,414,424
Parkview 6 - 9 houses	3,304,223	3,100,061
Parkview 7 - 11 houses	4,372,565	4,183,616
Parkview 8 - 1 house	330,842	315,440
Parkview 9 - 2 houses	975,004	975,004
Parkview 10 - 1 house	279,123	279,123
Parkview 11 - 2 houses	982,900	982,763
Parkview 12 - 2 houses	864,214	864,214
Parkview 13 - 3 houses	976,740	-
Parkview 14 - initial costs	1,473	-
Rental housing portfolio - 3 houses	725,375	406,046
Donated house	361,765	361,765
	<u>19,377,583</u>	<u>17,537,805</u>
Accumulated depreciation	<u>(4,672,756)</u>	<u>(4,306,309)</u>
Net book value	<u>\$ 14,704,827</u>	<u>13,231,496</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 8 – PROPERTY AND EQUIPMENT, continued

Property and equipment associated with all locations are as follows as of December 31, 2019:

	Affordable <u>Housing</u>	Group <u>Home</u>	<u>Administration</u>	<u>Total</u>
Non-depreciable property:				
Land	\$ 5,472,946	18,086	-	5,491,032
Depreciable property and equipment:				
Building	13,904,637	223,839	-	14,128,476
Furniture and equipment	-	92,936	186,538	279,474
Vehicles	21,927	6,354	38,453	66,734
Total depreciable property and equipment	<u>13,926,564</u>	<u>323,129</u>	<u>224,991</u>	<u>14,474,684</u>
Property, equipment and land	19,399,510	341,215	224,991	19,965,716
Accumulated depreciation	<u>(4,694,683)</u>	<u>(184,839)</u>	<u>(156,877)</u>	<u>(5,036,399)</u>
Property and equipment, net	<u>\$ 14,704,827</u>	<u>156,376</u>	<u>68,114</u>	<u>14,929,317</u>

Property and equipment associated with all locations are as follows as of December 31, 2018:

	Affordable <u>Housing</u>	Group <u>Home</u>	<u>Administration</u>	<u>Total</u>
Non-depreciable property:				
Land	\$ 5,472,946	18,086	-	5,491,032
Depreciable property and equipment:				
Building	12,064,859	222,999	-	12,287,858
Furniture and equipment	-	92,936	186,538	279,474
Vehicles	21,927	6,354	25,409	53,690
Total depreciable property and equipment	<u>12,086,786</u>	<u>322,289</u>	<u>211,947</u>	<u>12,621,022</u>
Property, equipment and land	17,559,732	340,375	211,947	18,112,054
Accumulated depreciation	<u>(4,328,236)</u>	<u>(179,284)</u>	<u>(143,130)</u>	<u>(4,650,650)</u>
Property and equipment, net	<u>\$ 13,231,496</u>	<u>161,091</u>	<u>68,817</u>	<u>13,461,404</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 9 - LOANS RECEIVABLE

Loans are provided for the purchase of first homes for eligible low-income homebuyers with household members who are persons with IDD. Loans receivable are recorded at the principal amounts outstanding. The deferred loans are secured by deeds of trust and bear no interest. The loans are due upon the earlier of the sale of the home, refinance in certain cases, or when the home secured by the mortgage ceases to be used as a primary residence by the mortgagee. At December 31, 2019 and 2018 there was one amortizing loan that was delinquent over 90 days totaling \$33,370 and \$23,034. All other loans are deferred in nature. No principal payments are due until sale, refinance, or the cessation of use of the home as a primary residence. The average deferred outstanding loan balance was \$41,185 and \$40,502 at December 31, 2019 and 2018.

Loans receivable consisted of the following at December 31, 2019:

	<u>Number of Loans</u>		
Deferred loans	99	\$	4,077,283
Amortizing loans	2		39,791
Total loans receivable	101		4,117,074
Less: allowance for loan losses			(159,578)
Loans receivable, net		\$	3,957,496

Loans receivable consisted of the following at December 31, 2018:

	<u>Number of Loans</u>		
Deferred loans	100	\$	4,050,208
Amortizing loan	1		23,034
Total loans receivable	101		4,073,242
Less: allowance for loan losses			(159,578)
Loans receivable, net		\$	3,913,664

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for potential uncollected amounts through a provision for loan loss expense and an adjustment to a loan loss reserve account based on historical experience. Loan loss expense of \$0 and \$78,214 was recognized in the years ended December 31, 2019 and 2018, respectively and are included in bad debt expense on the consolidated statement of functional expenses.

Interest income on loans receivable is recorded based on the historic average market rate for a 30-year fixed term loan based on the month the loan originated. The difference between market rate and the actual interest rate of 0% is recorded as interest income. A corresponding amount of contribution expense is recorded to reflect the contribution of interest to homebuyers who would otherwise be unable to afford the loan.

Cash available to be loaned is held in a separate bank accounts and is reported as cash restricted for revolving loan fund on the statement of financial position.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 9 - LOANS RECEIVABLE, continued

During 2019, temporary transfers of the underlying cash and cash equivalents in the account were made to fund operations, resulting in non-compliance with donor imposed restrictions.

The Organization recognized interest income and related contribution expense of \$187,000 and \$186,551 on these loans in the years ended December 31, 2019 and 2018, which is included in investment income, net on the consolidated statement of activities and interest income reported in Note 4.

NOTE 10 – LINE OF CREDIT

The Organization has a \$175,000 unsecured line of credit expiring on July 9, 2020. Advances on the line of credit are payable on demand and carry interest at 10.1% at December 31, 2019. There were advances of \$120,000 and \$0 outstanding as of December 31, 2019 and 2018.

NOTE 11 – LOANS AND NOTES PAYABLE

Parkview Services had the following forgivable loans associated with and collateralized by the affordable housing units recorded as of December 31:

Project	Home		<u>2019</u>	<u>2018</u>
1	1	Note payable to City of Seattle and WDC contract 96-493-307 of \$99,428 and \$127,568, respectively, payable with all principal and interest at 1% due in 2038.	\$ 226,996	226,996
1	2	Amended Contract WDC 96-493-307 note payable of \$25,000, 0% interest, payable in 2038.	25,000	25,000
1	2	Note payable, DHHS of \$100,740 payable with all principal and interest of 1% due and payable in 2043	100,740	100,740
1	3	Grant from the City of Seattle of \$90,323, simple interest accrues at 1% due and payable in 2038.	90,323	90,323
1	4	King County Housing Opportunity Fund (HOF) provides a total of \$150,000 for two properties (Parkview 1-4 and 1-5) for a period of 35 years from 3/1/1998 to 3/1/2033. 0% interest.	75,000	75,000
1	5	King County Housing Opportunity Fund (HOF) provides a total of \$150,000 for two properties (Parkview 1-4 and 1-5) for a period of 35 years from 3/1/1998 to 3/1/2033. 0% interest.	75,000	75,000
1	G	WDC Contract 96-493-307 note payable of \$458,991, 0% interest payable in 2038	458,991	458,991
1	G	KC Community Development Block Grant in the amount of \$77,046 with 0% interest is due on 1/1/2033.	77,046	77,046
1	G	KC Housing Opportunity Fund contract #D39491F executed in 2009.	12,500	12,500
			\$ 1,141,596	1,141,596

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2019</u>	<u>2018</u>
2	1	King County note payable D26119D/E/F of \$112,166, interest at 0% and expires in 2033.	\$ 112,166	112,166
2	2	King County note payable D26119D/E/F of \$112,166, interest at 0% due and expires in 2033.	112,166	112,166
2	3	King County note payable D26119D/E/F of \$112,166, interest at 0% due and expires in 2033.	112,166	112,166
2	4	King County note payable D26119D/E/F of \$112,166, interest at 0% and expires in 2033.	112,166	112,166
2	5	King County note payable D26119D/E/F of \$112,166, interest at 0% and expires in 2033.	112,166	112,166
2	G	Department of Community, Trade and Economic Development House Finance Unit contract 98-49300-317 amended 1/17/2002 in the amount of \$375,000 and due 1/1/2050 with 0% interest, for all five (5) locations of "Parkview 2".	375,000	375,000
2	G	Washington State Department of Commerce contract 18P-94115-14 preservation grant for \$103,971 expiring in 2034.	<u>103,971</u>	<u>-</u>
			\$ 1,039,801	\$ 935,830

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2019</u>	<u>2018</u>
3	1	King County note payable D26703E of \$49,659 effective 11/28/2001, payable with all principal and interest at 0% due and payable in 2035	\$ 49,659	49,659
3	2	King County note payable D26703E of \$5,553 effective 11/28/2001, payable with all principal and interest at 0% due and payable in 2035.	5,553	5,553
3	3	King County note payable D26703E of \$61,733 which was reduced to \$45,899 effective 1/12/2001, payable with all principal and interest at 0% due and payable 3/15/2035.	45,899	45,899
3	4	King County note payable D26703E of \$10,513 effective 1/12/2001, interest at 0% due and expires in 2035.	10,513	10,513
3	5	King County note payable D26703E of \$40,166 effective 1/12/2001, interest at 0% due and expires in 2035.	40,166	40,166
3	6	King County note payable D26703D/E/F/G of \$75,955 effective 11/28/2001, interest at 0% due and expires in 2035.	75,955	75,955
3	7	King County note payable D26703D/E/F/G of \$24,193 effective 11/28/2001, interest at 0% due and expires in 2035.	24,193	24,193
3	8	King County note payable D26703D/E/F/G of \$59,328 effective 11/28/2001, interest at 0% due and expires in 2035.	59,328	59,328
3	9	King County note payable D26703D/E/F/G of \$17,488 effective 11/28/2001, interest at 0% due and expires in 2035.	17,488	17,488
3	G	City of Bellevue funding agreement totaling \$75,000 with \$35,000 available from Housing Trust Fund and \$40,000 available from Operating Grants and Donation Fund expires on 12/12/2050 with 0% interest.	75,000	75,000
3	G	WDC Note 00-49300-326 totaling \$485,901 expires on 6/30/2050 with 0% interest.	485,901	485,901
3	G	King County Housing and Community Development Community Services Division Housing Opportunity Fund agreement number D26703E for the amended amount of \$235,264. The agreement encompasses all nine (9) "Parkview 3" locations and does not stipulate the duration or interest terms in the amended contract.	235,264	235,264
			\$ 1,124,919	1,124,919

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2019</u>	<u>2018</u>
4	1	King County note payable D30462D of \$62,142 effective 7/26/2001, interest at 0% due and expires in 2031. WDC note payable 01-49300-344 for \$105,670, interest free for 41 years, restrictions expire in 2042.	\$ 167,812	167,812
4	2	King County note payable D30462D of \$51,144 effective 7/26/2001, interest at 0% due and expires in 2031.	51,144	51,144
4	2	King County note payable \$75,000 effective 7/26/2001, interest at 0% due and expires in 2031. WDC note payable 01-49300-343 for \$106,521, interest free for 45 years, restrictions expire in 2045.	181,521	181,521
4	2	King County note payable of \$51,144 effective 7/26/2001, interest at 0% due and expires in 2031.	51,144	51,144
4	2	King County note payable of \$75,000 effective 7/26/2001, interest at 0% due and expires in 2031.	75,000	75,000
4	3	King County note payable D30462D of \$68,956 and \$75,000 effective 7/26/2001, and interest at 0% due and expires in 2035 and 2031, respectively.	143,956	143,956
4	3	Washington State Department of Commerce note payable of \$77,867 contract #01-49300-343, interest at 0% and expiring 2045	77,867	77,867
4	3	King County note payable D22470D of \$175,000 and interest at 0% due and expires in 2031.	175,000	175,000
4	G	Reduction of King County note balance by grantor.	<u>(68,105)</u>	<u>(68,105)</u>
			\$ 855,339	855,339

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2019</u>	<u>2018</u>
		Department of Community, Trade and Economic Development (CTED) House Finance Unit contract 01-49300-333 totaling \$597,473 effective 10/01/2000 and terminating on 9/30/2050 with 0% interest.	\$ 597,473	597,473
5	1	City of Seattle note payable totaling \$129,052 effective 9/20/2000, interest at 1% due and expires in 2040.	129,052	129,052
5	2	City of Seattle note payable totaling \$126,754 effective 9/28/2001, interest at 1% due and expires in 2041.	126,754	126,754
5	3	The City of Seattle notes and deeds totaling \$132,746 effective 7/17/2001, with all principal and interest at 1% due and payable in 2041.	132,746	132,746
5	4	The City of Seattle notes and deeds totaling \$134,100 effective 11/20/2001 respectively, with all principal and interest at 1% due and payable in 2041.	134,100	134,100
5	5	City of Seattle notes and deeds totaling \$67,123 effective 9/23/2001, interest at 1% due but expires if conditions are met in 2041.	67,123	67,123
			<u>\$ 1,187,248</u>	<u>1,187,248</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>	<u>2019</u>	<u>2018</u>
6	1	\$ 370,603	370,603
WDC note 02-49300-105 and City of Seattle note payable totaling \$233,103 and \$137,500, respectively, effective 4/9/2003 and 6/1/2003, respectively, interest at 0% and 1% expires 2043 and 2053, respectively.			
6	2	536,533	536,533
King County notes payable D31432D,E,F,G,H totaling \$220,706 and \$148,618 effective 4/30/03 interest at 0% , expiring in 2052. WDC contract 02-49300-105 totaling \$167,209, interest of 0%, expires 2043.			
6	3	244,153	244,153
WDC and King County notes payable 02-49300-105 and D31432D,E,F,G respectively totaling \$89,153 and \$155,000, respectively, effective 4/9/2003 and 3/6/2003 respectively, interest at 0% due and expires in 2043.			
6	4	129,868	129,868
City of Seattle note payable totaling \$129,868, effective 6/1/2004, interest at 1%, expires in 2053.			
6	5	455,544	455,544
WDC and two King County notes payable from contract 02-49300-105 and D31432D,E,F,G,H totaling \$107,632, \$210,000 and \$137,912, effective 1/27/2003 and 4/30/2003 respectively, interest at 0% due and expiring 2043 and 2052, respectively.			
6	6	242,429	242,429
WDC and King County notes payable from contract 02-49300-105 and D31432D,E,F,G totaling \$132,429 and \$110,000, respectively, effective 1/27/2003 and 4/7/2002 respectively, interest at 0% due and expires in 2043 and 2052, respectively.			
6	7	206,832	206,832
WDC and King County notes payable 02-49300-105 and D31432D,E,F,G totaling \$127,942 and \$78,890, respectively, effective 4/9/2003 and 4/30/2003 respectively, interest at 0% and expires in 2043.			
6	8	362,210	362,210
WDC Contract # 02-49300-105 and City of Seattle notes payable totaling \$224,578 and \$137,632, respectively, effective 1/27/2003 and 2/26/2003, respectively, interest at 0% and 1%, expiring in 2043 and 2053, respectively.			
6	9	296,138	296,138
WDC and King County notes payable from contracts 02-49300-105 and D31432D,E,F,G,H and totaling \$158,646 and \$137,492, respectively, effective 1/27/2003 and 2/26/2003 respectively, interest at 0%, expiring in 2043 and 2052, respectively.			
6	G	75,000	75,000
City of Bellevue funding agreement totaling \$75,000 due on 6/2/2053 with 0% interest.			
6	G	163,613	163,613
WDC Contract # 02-49300-105 notes payable of \$163,613, interest at 0% expiring in 2043.			
6	G	-	-
Federal Home Loan Bank of Seattle project number 2002A1211 forgivable on 8/1/2018, divided into separate subsidies for each of the Parkview 6 locations.			
6	G	(358,617)	(358,617)
Reduction of King County note balance by grantor.			
6	G	178,482	-
Washington State Department of Commerce contract 18P-94115-16 preservation grant for \$178,482 expiring in 2034.			
		<u>\$ 2,902,788</u>	<u>2,724,306</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2019</u>	<u>2018</u>
7	1, 10	King County note payable for \$450,374, 0% interest.	\$ 450,374	450,374
7	2	WDC amended contract 04-49300-074 \$140,713 effective 12/30/2003, interest at 0%, expiring in 2043.	140,713	140,713
7	3	King County D33073D note payable for \$209,000, 0% interest and expiring 2053.	209,000	209,000
7	4	WDC contract 04-49300-074 and King County D33074D,E notes payable for \$280,953 and \$87,238, respectively, 0% interest and expiring 2043 and 2033.	368,191	368,191
7	5	WDC contract 04-49300-074 and King County D33074D,E notes payable for \$135,751 and \$89,090, respectively, 0% interest and expiring 2043 and 2053.	224,841	224,841
7	6	WDC contract 04-49300-074 note for \$180,667, 0% interest, expiring 2043.	180,667	180,667
7	7	WDC contract 04-49300-074 for \$162,324, 0% interest and expiring in 2043.	162,324	162,324
7	8	WDC contract 04-49300-074 and King County D33074D,E notes payable for \$274,026 and \$87,238, respectively, 0% interest and expiring 2043 and 2033.	361,264	361,264
7	11	WDC contract 04-49300-074 and King County D33074D,E notes payable for \$143,459 and \$112,659, respectively, 0% interest and expiring 2043 and 2026.	255,918	255,918
7	G	WDC contract 04-49300-074 note payable for \$587,594, 0% interest and expiring in 2043.	587,594	587,594
7	G	Washington State Department of Commerce contract 18P-94115-15 preservation grant for \$185,058 expiring in 2034.	185,058	-
			<u>\$ 3,125,944</u>	<u>2,940,886</u>

Project	Home			
8	1	WDC contract 05-49300-116 and King County D35274D notes payable for \$327,632 and \$20,000, respectively, 0% interest and expiring in 2045 and 2026, respectively.	\$ 347,631	347,632
			<u>\$ 347,631</u>	<u>347,632</u>

Project	Home			
9	1	WDC Contract 09-94100-036 note payable for \$488,660, 0% interest expiring 2051.	\$ 469,650	469,650
9	2	Snohomish County Contract HCD-09-25-0803-280 note payable for \$502,092, 0% interest expiring 2051.	502,092	502,092
			<u>\$ 971,742</u>	<u>971,742</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>		<u>2019</u>	<u>2018</u>
11	1	Department of Commerce Contract 13-94110-018 note payable for \$320,000, 0% interest expiring 2054.	\$ 320,000	320,000
11	1	Snohomish County Contract HCS-14-23-1405-280 note payable for \$83,250, 0% interest expiring 2035.	83,250	83,250
11	2	City of Bellevue funding agreement totaling \$73,416 due on 6/2/2053 with 0% interest.	73,416	73,416
11	2	Department of Commerce Contract 15-94110-012 note payable for \$180,000, 0% interest expiring 2055.	<u>180,000</u>	<u>180,000</u>
			\$ 656,666	656,666
<u>Project</u>	<u>Home</u>			
12	1	Department of Commerce Contract 15-94110-017 note payable for \$185,500, 0% interest expiring 2057.	\$ 185,500	185,500
12	2	Department of Commerce Contract 15-94110-017 note payable for \$215,500, 0% interest expiring 2057.	<u>215,909</u>	<u>215,909</u>
			\$ 401,409	401,409
<u>Project</u>	<u>Home</u>			
13	1,2,3	Department of Commerce Contract 18-94115-016 note payable up to \$1,060,000, 0% interest expiring 2059.	<u>\$ 810,569</u>	<u>-</u>
			\$ 810,569	-
Total forgivable loans			14,565,651	13,287,573
Debt issuance costs, net of accumulated amortization			<u>(21,200)</u>	<u>-</u>
Total forgivable loans, net			<u>\$ 14,544,451</u>	<u>13,287,573</u>

Abbreviation Key

WDC	Washington Department of Commerce, formerly Washington Department of Community Trade and Economic Development
DHHS	Federal Department of Health and Human Services
KC	King County Department of Community and Health Services
G	General funding for the entire Parkview Services project

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Parkview Services had the following notes payable associated with the affordable housing units recorded as of December 31:

Project	Home		<u>2019</u>	<u>2018</u>
7	2	City of Seattle for \$129,448, respectively, 1% interest and due in 2043.	\$ 129,448	129,448
7	6	City of Seattle for \$128,877, respectively, 1% interest and due in 2043.	128,877	128,877
7	7	City of Seattle for \$130,013, respectively, 1% interest and due in 2043.	130,013	130,013
7	9	City of Seattle for \$125,708, respectively, 1% interest and due in 2043.	125,708	125,708
10	1	King County Contract D40146D note payable for \$306,528, 0% interest unless breach then 12%, due 2060.	306,528	306,528
11	1	CHIP City of Everett Loan #54238 for \$40,000, 3% simple interest, due May 2055.	40,000	40,000
11	2	King County 5806177 note payable for \$291,789, 0% interest and due in 2066.	291,789	291,789
12	1	King County 5834096 note payable for \$200,500, 0% interest and due in 2066.	200,500	200,500
12	2	King County 5834096 note payable for \$200,500, 0% interest and due in 2066.	200,500	200,500
12	1	City of Federal Way Agmt. AG 16-099 note payable \$50,000, 1% interest and due in 6/30/2036.	50,000	50,000
12	1	City of Federal Way Agmt. AG 16-099 note payable \$10,000, 1% interest and due in 6/30/2036.	10,000	10,000
13	1	City of Everett Community Housing Improvement Program (CHIP) , 3% simple interest, due May 2059.	121,500	-
		Everett Housing Authority note payable, 0% interest, collateralized by loan receivable from qualified homeowner. Principal and shared appreciation due upon repayment from homeowner.	23,403	23,403
Rental Housing Portfolio		Umpqua Bank note payable for \$104,500, 2.950% interest, principal due on 3/10/2020. Collateralized by certificate of deposit.	104,500	104,500
Rental Housing Portfolio		HomeStreet Bank note payable for \$240,000, 4.227% interest, principal due on 7/21/2020. Collateralized by certificate of deposit.	240,000	240,000
Rental Housing Portfolio		Washington Community Reinvestment Association note payable for \$301,128, 4% interest. Principal and Interest payments due monthly until 09/16/2029.	301,128	-
Total notes payable			<u>\$ 2,403,894</u>	<u>1,981,266</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Scheduled maturities for forgivable loans and notes payable are as follows for the years ending December 31:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Thereafter</u>	<u>Total</u>
Forgivable loans	\$ -	-	-	-	-	14,565,651	14,565,651
Notes payable	<u>349,847</u>	<u>5,565</u>	<u>5,792</u>	<u>6,028</u>	<u>6,273</u>	<u>2,030,389</u>	<u>2,403,894</u>
	<u>\$ 349,847</u>	<u>5,565</u>	<u>5,792</u>	<u>6,028</u>	<u>6,273</u>	<u>16,596,040</u>	<u>16,969,545</u>

NOTE 12 – GROUP HOME BOARD-DESIGNATED RESERVE

The Board has designated net assets without donor restrictions to be used as a reserve fund for the Group Home. The reserve funds are invested in Level I investments. The following is the reserves total and the activity in this account for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Beginning balance at January 1	\$ 553,166	656,598
Investment income	23,788	20,931
Net appreciation (depreciation)	275,679	(51,034)
Expenditures	<u>(285,768)</u>	<u>(73,329)</u>
Ending balance at December 31	<u>\$ 566,865</u>	<u>553,166</u>

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are composed of the following at December 31:

	<u>2019</u>	<u>2018</u>
Restrictions of a temporary nature:		
Camp scholarships	\$ 8,912	8,912
Other	<u>1,037</u>	<u>1,037</u>
	9,949	9,949
Restrictions of a permanent nature:		
Revolving loan fund	<u>4,428,402</u>	<u>4,284,018</u>
	<u>\$ 4,438,351</u>	<u>4,293,967</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 14 – LEASES

Parkview Services leases its main office and branch locations pursuant to terms of various operating lease agreements. Rent expense under these leases was \$89,545 and \$73,989 for the years ended December 31, 2019 and 2018. Scheduled lease payments for office space for the years ending December 31, are as follows:

2020	\$	96,165
2021		99,054
2022		75,951
Thereafter		-
		-
	\$	75,951

Additionally, the Organization rents a camp facility for one week of the year. Rent expense associated with the use of this facility was \$36,415 and \$39,666 for the years ended December 31, 2019 and 2018.

In 2014 and 2015, the Organization entered into leases of office equipment. Rent expense under these leases was \$19,100 and \$19,100 for the years ended December 31, 2019 and 2018. Scheduled payments for office equipment for the years ending December 31 are as follows:

2020	\$	6,592
Thereafter		-
		-
	\$	6,592

NOTE 15 – PROFIT SHARING PLAN

The Organization established a defined contribution profit sharing plan in 1996. The annual contribution to the plan in 2019 and 2018 was \$0 and \$14,766, respectively. The contribution each year is determined at the discretion of the Board of Directors within Internal Revenue Service guidelines.

NOTE 16 – CONCENTRATIONS

Economic

The Organization operates properties located in the Puget Sound region of Washington. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in city, county, state, and federal low-income housing subsidies or the demand for such housing.

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 16 – CONCENTRATIONS, continued

Revenues

The Organization is dependent on the government for its funding. The operation of the Organization is subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the Department of Housing and Urban Development, the Washington State Housing Finance Commission, King and Snohomish counties and cities within their jurisdiction. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by any of these agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. For the years ended December 31, 2019 and 2018, \$603,784 or 91% and \$606,357 or 83% of home ownership grant revenues were received from the Washington State Housing Finance Commission.

Grants receivable

At December 31, 2019 and 2018, \$50,304 or 100% and \$136,330 or 100% of total grants receivable was due from the Washington State Housing Finance Commission.

NOTE 17 – CONTINGENCIES AND COMMITMENTS

The Organization's affordable housing loans are contingent on its ability to maintain compliance with applicable sections of loan documents. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in noncompliance and require repayment of the associated loans.

Amounts received from grantor agencies are subject to audit and adjustments by the grantor agency. Any disallowed costs, including amounts already collected, may constitute a liability for the Organization. The amounts, if any, of expenditures, which may be disallowed by the grantor, are recorded at the time that such amounts can be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2019 and 2018, no such adjustments were made.

NOTE 18 – SUBSEQUENT EVENTS

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. Future potential impacts may include disruptions or restrictions on our employees' ability to work, other-than-temporary impairments of investments held, cancellation of Camp Parkview, and impairment of our ability to obtain contributions. The future effects of these issues are unknown.

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 18 – SUBSEQUENT EVENTS, continued

Subsequent to year end, the Organization applied for and was approved a \$414,700 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The Organization also applied for and was approved a \$150,000 Economic Injury Disaster Loan as part of the relief efforts related to COVID-19 administered by the Small Business Administration. The loan accrues interest at 2.75%.

Additionally, subsequent to year end, the Organization purchased three properties and re-financed two properties, incurring debt of approximately \$2.3 million.

Subsequent events have been evaluated through December 29, 2020, which is the date the consolidated financial statements were available to be issued.

NOTE 19 – SUMMARIZED CONSOLIDATING SCHEDULES FOR 2019

The consolidated financial statements include the accounts of Parkview Services and its wholly owned subsidiary, Parkview Property Service, LLC. Therefore the consolidated financial statements reflect the ongoing operating activities of Parkview Services as well as the operations of PPS LLC.

	Parkview Services	Parkview Property Services, LLC	Eliminating Entries	Consolidated Balances
Assets	<u>\$ 21,374,300</u>	<u>98,691</u>	<u>(153,525)</u>	<u>21,319,466</u>
Liabilities	17,593,779	130,924	(152,588)	17,572,115
Net Assets	<u>3,780,521</u>	<u>(32,233)</u>	<u>(937)</u>	<u>3,747,351</u>
Total Net Assets and Liabilities	<u>\$ 21,374,300</u>	<u>98,691</u>	<u>(153,525)</u>	<u>21,319,466</u>

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

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2019 and 2018

NOTE 19 – SUMMARIZED CONSOLIDATING SCHEDULES FOR 2019, continued

As reflected in the schedule below, the Organization recorded a decrease in consolidated net assets of \$149,829 reflecting expenses in excess of revenues at Parkview Services of \$116,659 and a net decrease of \$33,170 at PPS LLC.

	Parkview Services	Parkview Property Services, LLC	Eliminating Entries	Consolidated Balances
Unrestricted Public Support and Other Revenue:				
Grants, contracts and contributions	\$ 829,060	-	-	829,060
Affordable Housing and Group Home	1,364,936	-	-	1,364,936
Shared services fees	487,743	-	(227,332)	260,411
Investment income, net	471,653	-	-	471,653
Special events, net of direct benefits to donors	38,247	-	-	38,247
Other income	71,773	386,007	(302,646)	155,134
Total Unrestricted Public Support and other revenue	<u>3,263,412</u>	<u>386,007</u>	<u>(529,978)</u>	<u>3,119,441</u>
Expenses:				
Compensation and related expenses	1,986,026	190,254	(190,254)	1,986,026
Other expenses	1,152,680	228,923	(339,724)	1,041,879
Depreciation	385,749	-	-	385,749
Total Expenses	<u>3,524,455</u>	<u>419,177</u>	<u>(529,978)</u>	<u>3,413,654</u>
Restricted revenue	144,384	-	-	144,384
Total change in net assets	<u>\$ (116,659)</u>	<u>(33,170)</u>	<u>-</u>	<u>(149,829)</u>

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

**Reports and Schedules in Accordance
with the Uniform Guidance and
*Government Auditing Standards***

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor Program Title	CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Expenditures		
				Pass- Through Awards	Loan Balance Outstanding	Total
Department of Housing and Urban Development						
Housing Counseling Assistance Program	14.169	Washington State Housing & Finance Commission	18/19 and 19/20 SuperNOFA	\$ 182,774	-	182,774
Subtotal CFDA# 14.169				182,774	-	182,774
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCD-09-25-0803-280	-	502,092	502,092
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-14-23-1405-280	-	83,250	83,250
Community Development Block Grants/Entitlement Grants	14.218*	King County Housing & Community Development Program	Parkview King County Loans	-	831,006	831,006
Community Development Block Grants/Entitlement Grants	14.218*	King County Housing & Community Development Program	Contract# 5806177	-	127,384	127,384
Community Development Block Grants/Entitlement Grants	14.218*	City of Seattle		-	10	10
Community Development Block Grants/Entitlement Grants	14.218*	City of Bellevue		-	73,416	73,416
Community Development Block Grants/Entitlement Grants	14.218*	City of Bellevue		-	150,000	150,000
Community Development Block Grants/Entitlement Grants	14.218*	City of Everett	City of Everett CDBG	35,000	-	35,000
Community Development Block Grants/Entitlement Grants	14.218*	City of Federal Way		-	50,000	50,000
Community Development Block Grants/Entitlement Grants	14.218*	City of Federal Way	Loan Made in 2017	-	10,000	10,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-16-23-1601-280	70,000	-	70,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-12-23-1202-280	245,000	-	245,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	Parkview Revolving Loan Fund	7,538	-	7,538
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-16-23-1601-280	35,000	-	35,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-16-23-1601-280	27,462	-	27,462
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-16-23-1601-280	35,000	-	35,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-16-23-1601-280	35,000	-	35,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HSC-16-23-1601-280	42,538	-	42,538
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HSC-18-23-1802-280	7,462	-	7,462
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HSC-18-23-1802-280	50,000	-	50,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HSC-18-23-1802-280	11,128	-	11,128
Community Development Block Grants/Entitlement Grants	14.218*	Everett Housing Authority	EHA 60410	-	23,403	23,403
Community Development Block Grants/Entitlement Grants	14.218*	City of Everett	HSC 18-42-1805-280	-	121,500	121,500
Subtotal CFDA# 14.218/Entitlement Grants Cluster				\$ 601,128	1,972,061	2,573,189

* Denotes Major Program

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards, continued
Year Ended December 31, 2019

Federal Grantor Program Title	CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Expenditures		
				Pass- Through Awards	Loan Balance Outstanding	Total
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	King County Housing & Community Development Program	D40146E	\$ -	306,528	306,528
Rental Housing Rehabilitation	14.230	City of Seattle	Rental Rehab Program	-	57,217	57,217
Rental Housing Rehabilitation	14.230	City of Everett	Community Housing Improvement Program	-	40,000	40,000
Subtotal CFDA# 14.230				-	97,217	97,217
Home Investment Partnerships Program	14.239	Snohomish County	HCD-09-42-0905-280	125,500	-	125,500
Home Investment Partnerships Program	14.239	Snohomish County	HCD-11-42-1105-280	106,686	-	106,686
Home Investment Partnerships Program	14.239	Snohomish County	HCD-10-42-1007-280	35,000	-	35,000
Home Investment Partnerships Program	14.239	City of Seattle	Home Rental Production & LTD PI	-	707,165	707,165
Home Investment Partnerships Program	14.239	City of Everett	HCD-09-42-1789-198	86,380	-	86,380
Home Investment Partnerships Program	14.239	City of Everett	HCD-10-42-1001-198	70,000	-	70,000
Home Investment Partnerships Program	14.239	City of Everett	HCD-15-42-1303-198	70,000	-	70,000
Home Investment Partnerships Program	14.239	Parkview Revolving Loan Fund		38,872	-	38,872
Home Investment Partnerships Program	14.239	Parkview Revolving Loan Fund		44,925	-	44,925
Home Investment Partnerships Program	14.239	Parkview Revolving Loan Fund		49,458	-	49,458
Home Investment Partnerships Program	14.239	Parkview Revolving Loan Fund		46,202	-	46,202
Home Investment Partnerships Program	14.239	Parkview Revolving Loan Fund	HSC 18-42-1806-280	38,872	-	38,872
Home Investment Partnerships Program	14.239	King County Housing & Community Development Program	Parkview King County Loans	-	766,224	766,224
Subtotal CFDA #14.239				711,895	1,473,389	2,185,284
Section 8 Housing Choice Vouchers	14.871	King County Housing Authority	18/19 & 19/20	76,107	-	76,107
Section 8 Housing Choice Vouchers	14.871	Seattle Housing Authority	18/19 & 19/20	58,151	-	58,151
Subtotal CFDA #14.871/Housing Voucher Cluster				134,258	-	134,258
Total Department of Housing and Urban Development				1,630,055	3,849,195	5,479,250
Total Expenditures of Federal Awards				\$ 1,630,055	3,849,195	5,479,250

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards, continued
Year Ended December 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Parkview Services under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Parkview Services, it is not intended to and does not present the financial position, changes in net assets, functional expenses or cash flows of Parkview Services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Super Circular, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – LOANS OUTSTANDING

Parkview Services had the following forgivable loans outstanding at December 31, 2019:

Federal CFDA Number	Pass-through entity	Outstanding Loan Balance
14.218	Snohomish County	\$ 502,092
14.218	Snohomish County	83,250
14.218	King County Housing & Community Development Program	831,006
14.218	City of Seattle	10
14.218	City of Bellevue	150,000
14.218	City of Bellevue	73,416
14.230	City of Seattle	57,217
14.239	City of Seattle	707,165
14.239	King County Housing & Community Development Program	766,224
		<u>\$ 3,170,380</u>

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards, continued
Year Ended December 31, 2019

NOTE 3 – LOANS OUTSTANDING, continued

Parkview Services had the following non-forgivable loans outstanding at December 31, 2019:

Federal CFDA Number	Pass-through entity	Outstanding Loan Balance
14.218	King County Housing & Community Development Program	\$ 127,384
14.218	City of Federal Way	50,000
14.218	City of Federal Way	10,000
14.218	Everett Housing Authority	23,403
14.218	City of Everett	121,500
14.228	King County Housing & Community Development Program	306,528
14.230	City of Everett	40,000
		<u>\$ 678,815</u>

NOTE 4 – INDIRECT COSTS

Parkview Services has not elected to use the 10% de minimis indirect cost rate.

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
Parkview Services and Subsidiary

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 consolidated financial statements of Parkview Services (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Parkview Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Parkview Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Parkview Services' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 & 2019-002 to be material weaknesses.

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*, continued

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Parkview Services' consolidated financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-001 and 2019-003.

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 organization's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finney, Hill & Company, P.S.

December 29, 2020
Seattle, Washington

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance

To the Board of Directors
Parkview Services

Report on Compliance for Each Major Federal Program

We have audited Parkview Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Parkview Services' major federal programs for the year ended December 31, 2019. Parkview Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Parkview Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Parkview Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Basis for Qualified Opinion on CFDA 14.218 – Community Development Block Grants

As described in the accompanying schedule of findings and questioned costs, Parkview Services did not comply with requirements regarding CFDA 14.218 – Community Development Block Grants as described in finding number 2019-001 for Activities Allowed and 2019-002 & 2019-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for Parkview Services to comply with the requirements applicable to that program.

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance, continued

Opinion on CFDA 14.218 – Community Development Block Grants

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, Parkview Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect CFDA 14.218 – Community Development Block Grants for the year ended December 31, 2019.

Other Matters

Parkview Services' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Parkview Services' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance, continued

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-003 to be significant deficiencies.

Parkview Services' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Parkview Services' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Finney, Hill & Company, P.S.

December 29, 2020
Seattle, Washington

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___X___ yes ___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___X___ yes ___ none reported

Noncompliance material to financial statements noted? ___X___ yes ___ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___X___ yes ___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___X___ yes ___ no

Type of auditors’ report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___X___ yes ___ no

Identification of major programs:

CFDA Numbers

Name of Federal Program

14.218

Community Development Block Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualifies as low-risk auditee? ___X___ yes ___ no

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

Section II – Financial Statement Findings

2019-001 Activities Allowed - Improper Use of Restricted Funds

See detailed description of the finding in Section III – Finding 2019-001

Identification as a Repeat Finding: Not a repeat finding

2019-002 Reporting – Schedule of Expenditures of Federal Awards

See detailed description of the finding in Section III – Finding 2019-002

Identification as a Repeat Finding: Not a repeat finding

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

Section III – Federal Award Findings and Questioned Costs

2019-001 Activities Allowed - Improper Use of Restricted Funds

Federal Grantor Program Title	CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number
Department of Housing and Urban Development			
Home Investment Partnerships Program	14.239	City of Everett	HCD-10-42-1001-198
Community Development Block Grants	14.218	City of Seattle	
Home Investment Partnerships Program	14.239	City of Seattle	Home Rental Prod. & LTD
1984 (B): Rental Housing Rehabilitation	14.230	City of Seattle	Rental Rehab Program
Home Investment Partnerships Program	14.239	Snohomish County	HCD-09-42-0905-280
Home Investment Partnerships Program	14.239	Snohomish County	HCD-11-42-1105-280
Home Investment Partnerships Program	14.239	Snohomish County	HCD-10-42-1007-280

Identification as a Repeat Finding: Not a repeat finding

Finding:

Some funds associated with federal contracts were not maintained in separate bank accounts as required by related contracts.

Criteria:

The Organization has multiple contracts that establish a revolving loan fund using federal and state funds. The federal contracts require that program income and recaptured funds received by the Organization be deposited in a single, separate account.

The Organization also has a funding contact with the City of Seattle that requires that the Organization keep reserve funds for homes owned in the City of Seattle in a segregated bank account and use the funds for their restricted purpose only.

Sample Size and Population: N/A

Condition and Context:

The Organization retains a separate bank account for its revolving loan fund, but it uses its primary operating account for purposes of funding loans and receiving contractual reimbursements for loans funded. Funds received from the repayment of loans were not transferred from the operating account to the designated revolving loan account within 30 days of receipt due to delays in the operation of controls. As a result, amounts ranging between \$10,039 and \$57,989 were due to the separate account held for the revolving loan fund between January and November 2019.

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

2019-001 Activities Allowed - Improper Use of Restricted Funds, continued

Condition and Context, continued:

During 2019 funds were transferred out of the segregated bank account that holds the reserves for homes in the City of Seattle and transferred into the Organization’s operating account due to a calculation error. As a result, a net balance of \$5,202 was due to “cash restricted for reserves” as of December 31, 2019.

Effect:

The transfers represent an unauthorized use of funds. Additionally, the amounts reported on the statement of financial position as of December 31, 2019 are understated and cash and cash equivalents available for general operations is overstated.

Cause:

A delay in the performance of controls resulted in loan funds not being transferred to the separate bank account held for the revolving loan fund on a timely basis.

A calculation error in the annual settlement of City of Seattle reserve accounts resulted in an overpayment.

Recommendation:

We recommend the Organization cease the use of restricted funds for operations and look to alternative sources of funds.

Questioned Costs:

CFDA 14.239 grants for revolving loan fund: \$57,989

CFDA 14.218/14.239/14.230 grants for City of Seattle reserves: \$5,202

Management Response:

Management response is reported in the “Corrective Action Plan” at the end of this report.

Contact Person:

Marc Cote, Executive Director 206-542-6644

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

2019-002 Reporting – Schedule of Expenditures of Federal Awards

Federal Grantor Program Title	CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number
Department of Housing and Urban Development			
Home Investment Partnerships Program	14.239	Snohomish County	HSC-18-42-1806-280
Home Investment Partnerships Program	14.239	City of Everett	HCD-10-42-1001-198
Community Development Block Grants	14.218	City of Everett	HSC-18-42-1805-280

Identification as a Repeat Finding: Not a repeat finding

Finding:

The SEFA provided for audit did not reflect correct accounting and cutoff for 2019 transactions.

Criteria:

The Organization is responsible for maintain accurate information about all federal programs and reporting requirements. The Organization is responsible for using this information to prepare a complete and accurate SEFA on an annual basis in order to comply with reporting requirements associated with the use of federal funds under the Uniform Guidance.

Sample Size and Population: N/A

Condition and Context:

The SEFA provided for audit purposes contained the following errors:

- Home Investment Partnership Program funds totaling \$46,204 in the revolving loan fund were not included.
- Home Investment Partnership Program loan funds totaling \$140,000 that were expended in 2020 were included.
- CDBG loan funds were overstated by \$13,500.

Effect:

Information on the SEFA is used for audit planning and by grantors. The use of incomplete or incorrect information on the SEFA can result in improper identification of major programs and related compliance requirements. Management subsequently corrected the SEFA and related accounting entries. After receiving a corrected SEFA, additional federal program testing was performed in order to comply with the audit requirements of the Uniform Guidance.

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

2019-002 Reporting – Schedule of Expenditures of Federal Awards, continued

Cause:

Errors in the underlying accounting for transactions involving federal funds resulted in incorrect information being reported on the SEFA initially provided. These errors have been corrected in the attached SEFA and financial statements.

Recommendations:

The Organization must continue to improve and refine reconciliation procedures in order to actively maintain grant reporting requirements. These procedures should facilitate the preparation of the SEFA so that annual expenditures for all grant programs are accurately included on the SEFA and so that the Organization’s ongoing compliance monitoring is accurate.

Questioned Costs:

None

Management Response:

Management response is reported in the “Corrective Action Plan” at the end of this report.

Contact Person:

Marc Cote, Executive Director 206-542-6644

2019-003 Reporting – Report Submissions

Federal Grantor Program Title	CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number
Department of Housing and Urban Development			
Home Investment Partnerships Program	14.239	Snohomish County	Parkview Revolving Loan Fund
Community Development Block Grants	14.218	City of Everett	HSC-18-42-1805-280

Identification as a Repeat Finding: Not a repeat finding

Finding:

The Organization was late in filing reports required by program contracts.

Criteria:

Federal contracts identify periodic reporting requirements for reports due to funders

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

2019-003 Reporting – Report Submissions, continued

Sample Size and Population:

2 of 5 reports required

Condition and Context:

2 of 2 reports selected for testing were submitted after funder deadlines.

Effect:

As a result of late submissions, federal funders did not have timely access to relevant information regarding the Organization’s transactions involving federal funds.

Cause:

Staff transitions and training resulted in one report delay. The other report was delayed by the process of incorporating the reporting requirements of a new contract into the Organization’s reporting processes.

Recommendations:

We recommend the Organization implement systems of tracking grant reporting deadlines in order to ensure that reporting deadlines are met timely.

Questioned Costs:

None

Management Response:

Management response is reported in the “Corrective Action Plan” at the end of this report.

Contact Person:

Marc Cote, Executive Director 206-542-6644

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2019

Section IV – Summary Schedule of Prior Audit Findings

NONE



Parkview Services

EXECUTIVE DIRECTOR

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 marc@parkviewservices.org

The following is management's response and corrective action plan for the audit findings identified in the audit reporting package for the year ended December 31, 2019.

2019-001 Activities Allowed - Improper Use of Restricted Funds, continued

Our Revolving Loan Fund (RLF) is comprised of federal and state funds dedicated to down payment assistance for future qualified homeowners. We maintain the associated restricted cash balance in a dedicated bank account, though the WA State Housing Trust Fund does not explicitly require this. Our process for managing revolving loan fund has been to channel receipts and disbursements from the dedicated RLF account through our operating account with the Pre-Purchase Program Manager (PPM) and Executive Director (ED) providing checks and balances on the process. The timing of transferring cash to ensure needed funds for RLF disbursement were in the operating account, and then waiting on receipts caused delays in sequestering the funds. No restricted funds were used for operations.

Our control process enabled Management to identify and correct the deficit by transferring funds to the dedicated bank accounts in November 2019.

Management will modify its processes to omit the operating account. Loan payoffs and loans made will be credited and debited directly to the restricted account. This change will be done by January 31, 2021.

2019-002 Reporting – Schedule of Expenditures of Federal Awards

Management agrees with this finding. The \$46,204 relates to a loan payback plus shared appreciation. We have added this to our SEFA.

The \$140,000 and \$13,500 findings are connected to the purchase of properties in Everett, WA, in November 2019. Parkview Management resolved the accounting for this complex closing transaction after providing the SEFA. The Everett properties were purchased in the year being reported and documented by the title company on an unusually complex closing statement where State, County, and City funding were presented as both provided and then held back. The smaller amount of \$13,500 was fully held back and was a SEFA reporting error. The larger \$140,000 loan was provided and held back on the closing statement but was then fully made at Jan 6, 2020.

In 2020 we have implemented a new software system with features that will help us better track SEFA activity.

2019-003 Reporting – Report Submissions

Parkview Services is in good standing with all its funders. All required reports were submitted to funders.

Management will establish a reporting schedule for all Federal contracts by 03/31/2021.

Marc G. Coté, Executive Director

12/31/2020

Date

PARKVIEW SERVICES
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year ended December 31, 2019

State Program Sponsor <i>Pass-Through Grantor</i> Program Title	State Identifying Number	Grant Period	State Expenditures
Washington State Department of Commerce			
O&M Subsidy	17-42200-014, 086, & 195	07/01/2017 - 06/30/2019	\$ 17,479
O&M Subsidy	21-42200-014, 086, & 195	07/01/2019 - 06/30/2021	17,478
Parkview Homes XIII (Pine/Cedar/Cady)	18-94115-016	2019 HTF Award	810,567
Parkview Preservation Grant(s) II, VI, VII	18P-94115- 014, 015, 016	2018 HTF Award	467,511
			<u>1,313,035</u>
<i>Washington State Housing Finance Commission:</i>			
Foreclosure Fairness Act 2017/19		7/1/2017 - 6/30/2018	195,860
Foreclosure Fairness Act 2017/19		7/1/2019 - 6/30/2020	225,150
			<u>421,010</u>
			1,734,045
DSHS Developmental Disabilities Administration			
DSHS Developmental Disabilities Administration	1712-95753	07/01/2017-06/30/2019	167,411
DSHS Developmental Disabilities Administration	1912-58055	07/01/2019-06/30/2021	179,841
DSHS Developmental Disabilities Administration Respite Care	1712-10204	07/01/2017-06/30/2019	6,025
			<u>353,277</u>
Total Expenditures of State Awards			<u><u>\$ 2,087,322</u></u>

PARKVIEW SERVICES
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued
Year ended December 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (the Schedule) includes the activity of Parkview Services under programs of the State of Washington for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of the Government Accountability Office 2011 Revised Yellow Book. Because the schedule presents only a selected portion of the operations of Parkview Services, it is not intended to and does not present the financial position, changes in net assets or cash flows of Parkview Services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures reported on the Schedule reflect total billings for expenditures incurred related to state programs during the year ended December 31, 2019.