

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Parkview Services

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Parkview Services (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Parkview Services as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Parkview Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkview Services' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

INDEPENDENT AUDITORS' REPORT, CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 consolidated 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 schedule of expenditures of federal awards 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 February 17, 2023, 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 solely 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 the effectiveness of Parkview Services' 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.

February 17, 2023
Seattle, Washington

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 165,253	122,741
Investments	1,809,950	1,650,957
Accounts receivable, net	240,559	262,310
Grants receivable	85,335	316,858
Prepaid expenses and other	186,566	142,921
Cash restricted for revolving loan fund	766,047	308,641
Total current assets	3,253,710	2,804,428
Property and equipment, net	19,625,464	16,956,495
Loans receivable, net	3,992,038	3,938,527
Certificates of deposit restricted for reserves	359,474	356,738
Cash restricted for reserves	116,064	110,955
Total assets	\$ 27,346,750	24,167,143
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 143,597	79,071
Accrued payroll liabilities	178,741	140,304
Deferred revenue	17,110	14,210
Line of credit	850,933	102,745
Current portion of notes payable	1,119,904	355,878
Total current liabilities	2,310,285	692,208
Accrued interest	398,745	375,429
Notes payable	4,456,723	4,121,057
Forgivable loans, net	16,107,637	15,395,053
Total liabilities	23,273,390	20,583,747
Net assets:		
Without donor restrictions	(1,738,413)	(1,701,082)
Board designated Group Home reserve	686,748	656,669
Total net assets (deficit) without donor restrictions	(1,051,665)	(1,044,413)
With donor restrictions	5,125,025	4,627,809
Total net assets	4,073,360	3,583,396
Total liabilities and net assets	\$ 27,346,750	24,167,143

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

PARKVIEW SERVICES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2021 and 2020

	2021			2020		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
Public support and other revenue:						
Home ownership grant contracts	\$ 903,118	350,000	1,253,118	670,827	147,102	817,929
Affordable housing	1,280,764	-	1,280,764	1,107,919	-	1,107,919
Group home	541,068	-	541,068	548,170	-	548,170
Shared services fees	428,493	-	428,493	283,142	-	283,142
Camper fees	2,810	-	2,810	-	-	-
Special events, net of direct benefits to donors of \$0 and \$3,778 respectively	-	-	-	18,213	-	18,213
Investment income, net	412,699	-	412,699	400,790	-	400,790
Contributions	269,343	8,800	278,143	227,653	29,475	257,128
Other income	291,577	138,416	429,993	103,985	47,881	151,866
Total public support and other revenue	4,129,872	497,216	4,627,088	3,360,699	224,458	3,585,157
Debt forgiveness	418,892	-	418,892	10,000	-	10,000
Net assets released from restrictions:						
Satisfaction of purpose restrictions	-	-	-	35,000	(35,000)	-
Total public support and revenue	4,548,764	497,216	5,045,980	3,405,699	189,458	3,595,157
Expenses:						
Program	4,266,027	-	4,266,027	3,395,284	-	3,395,284
Management and general	189,598	-	189,598	248,286	-	248,286
Fundraising	100,391	-	100,391	115,542	-	115,542
Total expenses	4,556,016	-	4,556,016	3,759,112	-	3,759,112
Increase (decrease) in net assets	(7,252)	497,216	489,964	(353,413)	189,458	(163,955)
Net assets at beginning of year	(1,044,413)	4,627,809	3,583,396	(691,000)	4,438,351	3,747,351
Net assets at end of year	\$ (1,051,665)	5,125,025	4,073,360	(1,044,413)	4,627,809	3,583,396

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, 2021

	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	\$ 645,047	565,108	867,032	36,150	323,035	2,436,372	44,267	85,119	2,565,758
Insurance	50,597	5,699	2,993	77	222	59,588	13,611	178	73,377
Office and facilities rental	27,429	16,053	69,913	1,713	4,200	119,308	3,591	3,632	126,531
Professional services	21,209	4,441	19,921	1,099	1,171	47,841	65,093	6,188	119,122
Property tax	38,388	457	-	-	-	38,845	-	-	38,845
Repairs and maintenance	220,355	10,070	2,377	1	3	232,806	766	2	233,574
Other operating expenses	404,583	92,746	56,186	4,664	1,996	560,175	31,462	5,272	596,909
Bad debt expense	-	-	-	-	-	-	18,341	-	18,341
Contribution expense	-	-	187,520	-	-	187,520	-	-	187,520
Depreciation	462,459	18,287	-	-	-	480,746	5,694	-	486,440
Interest expense	102,826	-	-	-	-	102,826	6,773	-	109,599
Total expenses	<u>\$ 1,972,893</u>	<u>712,861</u>	<u>1,205,942</u>	<u>43,704</u>	<u>330,627</u>	<u>4,266,027</u>	<u>189,598</u>	<u>100,391</u>	<u>4,556,016</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, 2020

	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:	\$ 620,519	552,044	562,204	27,077	264,257	2,026,101	87,322	97,208	2,210,631
Insurance	37,164	5,884	2,690	61	398	46,197	9,133	372	55,702
Office and facilities rental	35,086	17,223	44,103	683	4,452	101,547	10,462	4,164	116,173
Professional services	32,066	6,426	26,661	235	1,537	66,925	84,081	1,433	152,439
Property tax	27,122	439	13	-	2	27,576	4	2	27,582
Repairs and maintenance	132,838	20,386	985	24	155	154,388	7,196	145	161,729
Other operating expenses	112,510	82,725	37,567	2,645	3,031	238,478	26,629	12,218	277,325
Bad debt expense	14,461	-	35,000	-	-	49,461	-	-	49,461
Contribution expense	-	-	187,383	-	-	187,383	-	-	187,383
Depreciation	420,296	5,673	-	-	-	425,969	8,200	-	434,169
Interest expense	71,259	-	-	-	-	71,259	15,259	-	86,518
Total expenses as shown on the Statement of Activities	1,503,321	690,800	896,606	30,725	273,832	3,395,284	248,286	115,542	3,759,112
Special event expenses included with support and revenue on the statement of activities	-	-	-	-	-	-	-	3,778	3,778
Total expenses	<u>\$ 1,503,321</u>	<u>690,800</u>	<u>896,606</u>	<u>30,725</u>	<u>273,832</u>	<u>3,395,284</u>	<u>248,286</u>	<u>119,320</u>	<u>3,762,890</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, 2021 and 2020

	2021	2020
Cash flows provided by (used in) operating activities:		
Increase (decrease) in net assets	\$ 489,964	(163,955)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	486,440	434,169
Debt forgiveness	(418,892)	(10,000)
Provision for bad debts	(4,317)	36,851
Loss (gain) on investments	(205,014)	(199,573)
Interest, dividends and shared appreciation received	(13,979)	(27,163)
(Increase) decrease in assets:		
Accounts receivable	21,751	(122,150)
Grants receivable	231,523	(266,554)
Prepaid expenses and other	(43,645)	(45,862)
Increase (decrease) in liabilities:		
Accounts and grants payable	64,526	13,266
Accrued liabilities	38,437	54,617
Deferred revenue	2,900	5,000
Accrued interest	23,316	42,361
Total adjustments	183,046	(85,038)
Net cash provided by (used in) operating activities	673,010	(248,993)
Cash flows provided by (used in) investing activities:		
Purchase of property and equipment	(3,155,409)	(2,461,347)
Purchase of investments	-	(459,730)
Sale of investments	60,000	469,068
Loans made to clients	(450,000)	(182,982)
Payments received on loans receivable	400,806	165,100
Net cash provided by (used in) investing activities	(3,144,603)	(2,469,891)
Cash flows provided by (used in) financing activities:		
Proceeds from forgivable loans	775,598	452,868
Proceeds from line of credit	748,188	(17,255)
Principal repayment	(258,808)	(6,225)
Proceeds from notes payable	1,714,378	2,477,000
Net cash provided by (used in) financing activities	2,979,356	2,906,388
Net increase (decrease) in cash, cash equivalents, and restricted cash	507,763	187,504
Cash, cash equivalents and restricted cash at beginning of year	899,075	711,571
Cash, cash equivalents and restricted cash at end of year	\$ 1,406,838	899,075

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, 2021 and 2020

	2021	2020
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 165,253	122,741
Cash restricted for revolving loan fund	766,047	308,641
Certificates of deposit restricted for reserves	359,474	356,738
Cash restricted for reserves	116,064	110,955
	\$ 1,406,838	899,075
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 86,283	54,157

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 \$187,520 and \$182,357 on these loans in the years ended December 31, 2021 and 2020.

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, 2021 and 2020

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 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 2021 and 2020, this program provided over 15,592 and 15,110 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 16 licensed service providers. Affordable Housing added one home in 2021, and four homes in 2020. In 2021 and 2020, the program served 202 and 186 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. Ninety campers attended over three days in 2021 and fifty-three campers attended the three day virtual camp events in 2020.

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 and state wide since 2020. Qualified first-time homebuyers with disabilities or who live with a family member with a disability are eligible for up to \$110,000 in down payment assistance through this program. Parkview provided five households with Down Payment Assistance in 2021 and four households in 2020. 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 2021 and 2020, this program served over 801 and 1,172 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, 2021 and 2020

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 \$48,224 and \$39,424 at December 31, 2021 and 2020, 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 \$5,076,801 and \$4,588,385 at December 31, 2021 and 2020 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, 2021 and 2020

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, 2021 and 2020 was \$486,440 and \$434,169. Interest costs of \$23,164 and \$0 were capitalized for the years ended December 31, 2021 and 2020 on projects in construction.

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 2021 and 2020, the Organization purchased homes for use as affordable housing units through the use of notes payable provided by financial institutions. \$104,500 and \$344,500 in loans outstanding at December 31, 2021 and 2020, require certificates of deposit be maintained at the banks. As of December 31, 2021 and 2020, \$359,474 and \$356,738 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, 2021 and 2020

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 when the related services are performed or expenditures incurred and are based on billings submitted for reimbursement that are subject to audit. These revenues are reflected as homeownership grant contracts and shared services fees 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, 2021 and 2020. Receivables associated with these contracts totaled \$85,335 and \$126,702 as of December 31, 2021 and 2020, respectively.

Fee based revenue

Parkview Property Services provides home repairs and maintenance services to eligible homeowners and non-profits under contracts for services. Revenue under these contracts is recognized when the related services are performed. These revenues are included in other income on the consolidated statement of activities. Parkview Property Services recognized \$198,341 and \$73,536 for the years ended December 31, 2021 and 2020. Receivables associated with these contracts totaled \$38,171 and \$34,341 as of December 31, 2021 and 2020, respectively. Receivables associated with these contracts totaled \$59,592 as of January 1, 2020.

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.

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, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 any program for the years ended December 31, 2021 and 2020.

Advertising expenses

Advertising is expensed as incurred. For the years ended December 31, 2021 and 2020, advertising expense was \$9,688 and \$5,046, 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).

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, 2021 and 2020.

Parkview Services recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2021 and 2020, Parkview Services recognized no income tax related interest or penalties.

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

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, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2021 and 2020.

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.

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.

NOTE 3 – AVAILABILITY AND LIQUIDITY

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 165,253	122,741
Investments	1,809,950	1,650,957
Accounts and grants receivables	<u>325,894</u>	<u>579,168</u>
Total unrestricted financial assets	2,301,097	2,352,866
Less amounts not available to be used within one year:		
Board restricted funds	<u>(686,748)</u>	<u>(656,669)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,614,349</u>	<u>1,696,197</u>

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.

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, 2021 and 2020

NOTE 3 – AVAILABILITY AND LIQUIDITY, continued

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 lines of credit in the amount of \$850,000 as discussed in Note 10.

NOTE 4 – INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Mutual Funds	\$ 1,192,071	1,097,673
Stocks	592,068	514,574
Money market funds	25,811	38,710
	<u>\$ 1,809,950</u>	<u>1,650,957</u>

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

	<u>2021</u>	<u>2020</u>
Dividends	\$ 26,566	26,891
Interest	193,079	183,950
Investment expense	(11,960)	(9,624)
Realized gain (loss) on investments	109,721	35,990
Unrealized gain (loss) on investments	95,293	163,583
	<u>\$ 412,699</u>	<u>400,790</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.

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,

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, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS, continued

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

Investments in mutual funds and 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 has a banking relationship with the employer of a member of the Board of Directors. As of December 31, 2021 and 2020, Parkview had \$586,480 and \$611,086 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, 2021 and 2020.

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 \$475,538 and \$467,693 at December 31, 2021 and 2020.

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, 2021 and 2020

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 63 and 62 affordable housing properties in King and Snohomish counties as of December 31, 2021 and 2020. 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:

Affordable housing units	<u>2021</u>	<u>2020</u>
Parkview 1 - 5 houses	\$ 1,922,326	1,386,253
Parkview 2 - 5 houses	1,293,360	1,293,360
Parkview 3 - 9 houses	1,265,033	1,265,033
Parkview 4 - 3 houses	1,294,374	965,481
Parkview 5 - 5 houses	1,659,452	1,507,821
Parkview 6 - 9 houses	3,364,213	3,364,213
Parkview 7 - 11 houses	4,469,673	4,450,316
Parkview 8 - 1 house	330,842	330,842
Parkview 9 - 2 houses	975,004	975,004
Parkview 10 - 1 house	279,123	279,123
Parkview 11 - 2 houses	1,067,386	1,005,815
Parkview 12 - 2 houses	864,215	864,215
Parkview 13 - 3 houses	1,239,358	1,197,421
Parkview 15 - 1 house	417,239	408,401
Parkview 17 - 2 houses	685,824	681,744
Parkview 20 - 1 house	702,900	702,900
Rental housing portfolio	2,750,134	799,272
Donated house	367,267	361,765
	<u>24,947,723</u>	<u>21,838,979</u>
Accumulated depreciation	<u>(5,554,874)</u>	<u>(5,085,957)</u>
Net book value	<u>\$ 19,392,849</u>	<u>16,753,022</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, 2021 and 2020

NOTE 8 – PROPERTY AND EQUIPMENT, continued

Property and equipment associated with all locations are as follows as of December 31, 2021:

	Affordable <u>Housing</u>	Group <u>Home</u>	<u>Administration</u>	<u>Total</u>
Non-depreciable property:				
Land	\$ 7,862,458	18,086	-	7,880,544
Construction in process	<u>2,750,134</u>	<u>-</u>	<u>-</u>	<u>2,750,134</u>
Total non-depreciable assets	10,612,592	18,086	-	10,630,678
Depreciable property and equipment:				
Building	14,335,131	223,839	-	14,558,970
Furniture and equipment	-	92,936	186,538	279,474
Vehicles	<u>21,927</u>	<u>6,354</u>	<u>85,118</u>	<u>113,399</u>
Total depreciable property and equipment	<u>14,357,058</u>	<u>323,129</u>	<u>271,656</u>	<u>14,951,843</u>
Property, equipment and land	22,219,516	341,215	271,656	25,582,521
Accumulated depreciation	<u>(5,576,801)</u>	<u>(215,937)</u>	<u>(164,319)</u>	<u>(5,957,057)</u>
Property and equipment, net	<u>\$ 16,642,715</u>	<u>125,278</u>	<u>107,337</u>	<u>19,625,464</u>

Property and equipment associated with all locations are as follows as of December 31, 2020:

	Affordable <u>Housing</u>	Group <u>Home</u>	<u>Administration</u>	<u>Total</u>
Non-depreciable property:				
Land	\$ 6,882,877	18,086	-	6,900,963
Construction in process	<u>799,837</u>	<u>-</u>	<u>-</u>	<u>799,837</u>
Total non-depreciable assets	7,682,714	18,086	-	7,700,800
Depreciable property and equipment:				
Building	14,156,265	223,839	-	14,380,104
Furniture and equipment	-	92,936	186,538	279,474
Vehicles	<u>21,927</u>	<u>6,354</u>	<u>38,453</u>	<u>66,734</u>
Total depreciable property and equipment	<u>14,178,192</u>	<u>323,129</u>	<u>224,991</u>	<u>14,726,312</u>
Property, equipment and land	21,860,906	341,215	224,991	22,427,112
Accumulated depreciation	<u>(5,107,884)</u>	<u>(204,673)</u>	<u>(158,060)</u>	<u>(5,470,617)</u>
Property and equipment, net	<u>\$ 16,753,022</u>	<u>136,542</u>	<u>66,931</u>	<u>16,956,495</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, 2021 and 2020

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, 2020 there was one amortizing loan that was delinquent over 90 days totaling \$33,370. This loan was repaid in 2021. All other loans, except for one, 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 \$44,078 and \$42,679 at December 31, 2021 and 2020.

Loans receivable consisted of the following at December 31, 2021:

	<u>Number of Loans</u>		
Deferred loans	94	\$	4,143,373
Amortizing loans	1		5,777
Total loans receivable	95		4,149,150
Less: allowance for loan losses			(157,112)
Loans receivable, net		\$	3,992,038

Loans receivable consisted of the following at December 31, 2020:

	<u>Number of Loans</u>		
Deferred loans	96	\$	4,062,183
Amortizing loan	2		37,773
Total loans receivable	98		4,099,956
Less: allowance for loan losses			(161,429)
Loans receivable, net		\$	3,938,527

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 \$35,000 was recognized in the years ended December 31, 2021 and 2020, 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.

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, 2021 and 2020

NOTE 9 - LOANS RECEIVABLE, continued

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 Organization recognized interest income and related contribution expense of \$187,520 and \$182,357 on these loans in the years ended December 31, 2021 and 2020, which is included in investment income, net on the consolidated statement of activities and interest income reported in Note 4.

NOTE 10 – LINES OF CREDIT

The Organization has a \$175,000 unsecured line of credit expiring on July, 9, 2022. Advances on the line of credit are payable on demand and carry interest at 10.1% and 10.1% at December 31, 2021 and 2020.

The Organization has two secured lines of credit that mature July 1, 2023. The \$500,000 line of credit carries interest of Wall Street Journal Prime (WSJP) plus 1.5% with a floor of 4.5%. The \$175,000 line of credit carries interest of WSJP plus 2.25% with a floor of 5%. These lines are secured by the donated house identified in Note 8.

There were advances of \$850,000 and \$102,745 outstanding on all lines of credit as of December 31, 2021 and 2020.

PARKVIEW SERVICES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2021 and 2020

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:

<u>Project</u>	<u>Home</u>		<u>2021</u>	<u>2020</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	G	Washington State Department of Commerce contract 20P-94110-021 preservation grant for up to \$617,360 expiring in 2045.	603,074	54,102
			<u>\$ 1,744,670</u>	<u>1,195,698</u>

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

PARKVIEW SERVICES AND SUBSIDAIRY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
Years Ended December 31, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2021</u>	<u>2020</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 \$116,740 expiring in 2034.	116,740	116,740
			<u>\$ 1,052,570</u>	<u>\$ 1,052,570</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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>		<u>2021</u>	<u>2020</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
			<u>\$ 1,124,919</u>	<u>1,124,919</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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>		<u>2021</u>	<u>2020</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.	(68,105)	(68,105)
4	3	Washington State Department of Commerce contract 20P-94115-035 preservation grant for up to \$152,944 expiring in 2055.	152,944	18,552
4	1	Washington State Department of Commerce contract 20P-94110-022 preservation grant for up to \$81,835 expiring in 2055.	68,999	-
4	2	Washington State Department of Commerce contract 120P-94115-34 preservation grant for up to \$107,868 expiring in 2055.	107,868	15,237
			\$ 1,185,150	889,128

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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

Project	Home		<u>2021</u>	<u>2020</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	1			
		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	2			
		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	3			
		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	4			
		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
5	5			
		Washington State Department of Commerce contract 20P-94115-023 preservation grant for up to \$214,539 expiring in 2060.	209,440	7,176
5	G			
			<u>209,440</u>	<u>7,176</u>
			\$ 1,396,688	1,194,424

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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>	<u>2021</u>	<u>2020</u>
6	1	\$ 370,603	370,603
6	2	536,533	536,533
6	3	244,153	244,153
6	4	129,868	129,868
6	5	455,544	455,544
6	6	242,429	242,429
6	7	206,832	206,832
6	8	362,210	362,210
6	9	296,138	296,138
6	G	75,000	75,000
6	G	163,613	163,613
6	G	(358,617)	(358,617)
6	G	234,000	234,000
		<u>\$ 2,958,306</u>	<u>2,958,306</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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>		<u>2021</u>	<u>2020</u>
7	1, 10	King County note payable for \$450,374, 0% interest. WDC amended contract 04-49300-074 \$140,713	\$ 450,374	450,374
7	2	effective 12/30/2003, interest at 0%, expiring in 2043. King County D33073D note payable for \$209,000, 0%	140,713	140,713
7	3	interest and expiring 2053. WDC contract 04-49300-074 and King County	209,000	209,000
7	4	D33074D,E notes payable for \$280,953 and \$87,238, respectively, 0% interest and expiring 2043 and 2033. WDC contract 04-49300-074 and King County	368,191	368,191
7	5	D33074D,E notes payable for \$135,751 and \$89,090, respectively, 0% interest and expiring 2043 and 2053. WDC contract 04-49300-074 note for \$180,667, 0%	224,841	224,841
7	6	interest, expiring 2043. WDC contract 04-49300-074 for \$162,324, 0% interest	180,667	180,667
7	7	and expiring in 2043. WDC contract 04-49300-074 and King County	162,324	162,324
7	8	D33074D,E notes payable for \$274,026 and \$87,238, respectively, 0% interest and expiring 2043 and 2033. WDC contract 04-49300-074 and King County	361,264	361,264
7	11	D33074D,E notes payable for \$143,459 and \$112,659, respectively, 0% interest and expiring 2043 and 2026. WDC contract 04-49300-074 note payable for \$587,594,	255,918	255,918
7	G	0% interest and expiring in 2043. Washington State Department of Commerce contract	587,594	587,594
7	G	18P-94115-15 preservation grant for up to \$383,320 expiring in 2034.	248,371	243,754
			<u>\$ 3,189,257</u>	<u>3,184,640</u>

<u>Project</u>	<u>Home</u>			
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.	\$ 347,632	347,632
			<u>\$ 347,632</u>	<u>347,632</u>

<u>Project</u>	<u>Home</u>			
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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>		<u>2021</u>	<u>2020</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.	180,000	180,000
		Washington State Department of Commerce contract 20P-94110-033 preservation grant for up to \$70,846 expiring in 2059.	<u>70,846</u>	<u>15,377</u>
			\$ 727,512	672,043
<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>\$ 1,052,474</u>	<u>1,008,512</u>
			<u>\$ 1,052,474</u>	<u>1,008,512</u>
	General	Small Business Administration Payroll Protection Program Loan of \$414,700, 1% interest. Forgivable if used for eligible costs.	<u>-</u>	<u>414,700</u>
		Total forgivable loans	16,152,329	15,415,723
		Debt issuance costs, net of accumulated amortization	<u>(44,692)</u>	<u>(20,670)</u>
		Total forgivable loans, net	<u>\$ 16,107,637</u>	<u>15,395,053</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, 2021 and 2020

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:

<u>Project</u>	<u>Home</u>		<u>2021</u>	<u>2020</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.	135,000	121,500
13	3	Snohomish County Contract HCS-18-42-105-280 note payable for \$126,000, 0% interest expiring 6/30/2060.	126,000	126,000
15	1	Umpqua Bank note payable for \$104,500, 2.95% interest, principal due on 3/10/2022. Collateralized by certificate of deposit.	104,500	104,500
15	1	HomeStreet Bank note payable for \$240,000, 4.227% interest, principal due on 10/21/21. Collateralized by certificate of deposit.	-	240,000
			\$ 1,978,863	2,205,363

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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

<u>Project</u>	<u>Home</u>	<u>2021</u>	<u>2020</u>
15	Department of Commerce Contract 20-94110-013 note payable for \$737,433, 0% interest expiring 2060	\$ 345,000	-
17	1 Washington Community Reinvestment Association note payable for \$302,000, 4% interest. Principal and Interest payments of \$1,442 due monthly until 10/1/2029.	290,203	295,775
17	2 Washington Community Reinvestment Association note payable for \$325,000, 4% interest. Principal and Interest payments of \$1,552 due monthly until 09/16/2029.	316,328	322,167
19	Impact Capital note payable for \$1,000,000, 6% interest, principal and interest due on 3/31/2022.	1,000,000	-
20	1 Washington Community Reinvestment Association note payable for up to \$500,000, 4% interest. Interest payments due monthly. Principal due 8/1/2025.	404,702	412,099
	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
General	Small Business Administration Economic Injury Disaster Loan of \$150,000, 2.75% interest. Principal and interest payments of \$641 due monthly beginning June 2021 until 6/23/2050.	150,000	150,000
Rental Housing Portfolio	Washington State Housing Finance Commission Land Acquisition Program Loan of \$689,000, 1% interest. Principal and interest due 8/31/2028.	689,000	689,000
Rental Housing Portfolio	Washington Community Reinvestment Association note payable for \$379,128, 4% interest. Interest payments due monthly until 8/1/2025.	<u>379,128</u>	<u>379,128</u>
		<u>3,597,764</u>	<u>2,271,572</u>
Total notes payable		<u>\$ 5,576,627</u>	<u>4,476,935</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, 2021 and 2020

NOTE 11 – LOANS AND NOTES PAYABLE, continued

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

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

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Thereafter</u>	<u>Total</u>
Forgivable loans	\$ -	-	-	-	132,659	16,019,670	16,152,329
Notes payable	<u>1,119,904</u>	<u>15,987</u>	<u>16,591</u>	<u>801,048</u>	<u>17,869</u>	<u>3,605,228</u>	<u>5,576,627</u>
	<u>\$1,119,904</u>	<u>15,987</u>	<u>16,591</u>	<u>801,048</u>	<u>150,528</u>	<u>19,624,898</u>	<u>21,728,956</u>

During 2021, the Organization defaulted on a \$239,126 loan from a commercial bank, which was paid in full on December 23, 2021.

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>2021</u>	<u>2020</u>
Beginning balance at January 1	\$ 656,669	566,865
Investment income	9,879	10,096
Net appreciation (depreciation)	84,823	184,048
Expenditures	<u>(64,623)</u>	<u>(104,340)</u>
Ending balance at December 31	<u>\$ 686,748</u>	<u>656,669</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, 2021 and 2020

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Restrictions of a temporary nature:		
Camp scholarships	\$ 8,912	8,912
Group Home	8,800	-
Other	<u>30,512</u>	<u>30,512</u>
	48,224	39,424
Restrictions of a permanent nature:		
Revolving loan fund	<u>5,076,801</u>	<u>4,588,385</u>
	<u>\$ 5,125,025</u>	<u>4,627,809</u>

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 \$123,425 and \$110,613 for the years ended December 31, 2021 and 2020. Scheduled lease payments for office space for the years ending December 31, are as follows:

2022	\$	90,193
2023		23,452
2024		24,155
2025		8,131
2026		-
Thereafter		<u>-</u>
		<u>\$ 145,931</u>

In 2015 and 2020, the Organization entered into leases of office equipment. Rent expense under these leases was \$9,113 and \$18,941 for the years ended December 31, 2021 and 2020. Scheduled payments for office equipment for the years ending December 31 are as follows:

2022	\$	7,458
2023		7,458
2024		7,458
2025		3,729
2026		-
Thereafter		<u>-</u>
		<u>\$ 26,103</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, 2021 and 2020

NOTE 15 – DEFINED CONTRIBUTION RETIREMENT PLAN

In 2021, the Organization established a 401(k) plan for all eligible employees age 21 and over. The plan requires mandatory employer contributions of 1% and a matching of up to 2% of employee eligible contributions. The annual contribution to the plan in 2021 was \$24,305.

NOTE 16 – SHARED SERVICES AGREEMENT

Parkview provides services to Washington Homeownership Resource Center (WHRC) under the terms of a shared services agreement that is effective through December 31, 2021. Under the terms of this agreement, Parkview Services subcontracted for the use of office space, phones, internet, copiers, scanners and certain employees to WHRC. Revenue earned under the agreement is reported as shared services fees on the consolidated statement of activities. Costs incurred in providing services to WHRC as reported as Washington Homeownership Resource Center Grant Management on the consolidated statement of functional expenses.

NOTE 17 – 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.

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, Pierce 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, 2021 and 2020, \$802,863 or 89% and \$598,038 or 89% of home ownership grant revenues were received from the Washington State Housing Finance Commission.

Grants receivable

At December 31, 2021 and 2020, \$70,955 or 83% and \$316,858 or 96% of total grants receivable was due from one grantor, respectively.

NOTE 18 – 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.

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, 2021 and 2020

NOTE 18 – CONTINGENCIES AND COMMITMENTS, continued

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, 2021 and 2020, no such adjustments were made.

NOTE 19 – PAYROLL PROTECTION PROGRAM

In 2020, the Organization applied for and was approved for a \$414,700 loan under the Paycheck Protection Program (PPP) 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. In 2021, the Organization received notification that the loan principal balance of \$414,700 and related interest was forgiven by the SBA.

NOTE 20 – ECONOMIC INJURY DISASTER LOAN

The Organization 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% and matures in 2050.

NOTE 21 – IMPACT OF COVID-19

On March 11, 2020, the World Health Organization characterized an outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency. It is anticipated that these impacts will continue for some time. Changes to the operating environment and surrounding economy may increase operating cost and impact future grant and contribution revenue. Additional impacts include employees working remotely and programs being offered virtually. The future effects of these issues are unknown.

NOTE 22 – SUBSEQUENT EVENTS

On June 29, 2022, the Organization renewed the \$175,000 unsecured line of credit scheduled to expire on July 9, 2022. Advances on the line of credit are payable on demand and carry interest at 3.1% over WSJP.

Additionally, subsequent to year end, the Organization re-financed the \$1 million Impact Capital loan and financed the purchase of a new property with a \$364,000 commercial loan. The Organization also obtained a \$450,000 loan from the SBA.

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, 2021 and 2020

NOTE 22 – SUBSEQUENT EVENTS, continued

Parkview executed a lease with the DDA to operate a group training home at one of its properties from January 23, 2022 to December 31, 2026.

Parkview executed an office lease for November 1, 2022 through October 31, 2027. Scheduled lease payments for under this contract for the years ending December 31, are as follows:

2022	\$ 15,206
2023	91,696
2024	94,466
2025	97,300
2026	100,218
Thereafter	85,590
	<u>\$ 484,476</u>

Subsequent events have been evaluated through February 17, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 23 – SUMMARIZED CONSOLIDATING SCHEDULES FOR 2021

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>\$ 27,780,876</u>	<u>67,591</u>	<u>(501,717)</u>	<u>27,346,750</u>
Liabilities	23,265,993	509,114	(501,717)	23,273,390
Net Assets (Deficit)	<u>4,514,883</u>	<u>(441,523)</u>	<u>-</u>	<u>4,073,360</u>
Total Net Assets and Liabilities	<u>\$ 27,780,876</u>	<u>67,591</u>	<u>(501,717)</u>	<u>27,346,750</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, 2021 and 2020

NOTE 23 – SUMMARIZED CONSOLIDATING SCHEDULES FOR 2021, continued

As reflected in the schedule below, the Organization recorded a increase in consolidated net assets of \$489,964 reflecting revenue in excess of expenses at Parkview Services of \$809,128 and a net decrease of \$319,164 at PPS LLC.

	Parkview Services	Parkview Property Services, LLC	Eliminating Entries	Consolidated Balances
Unrestricted public support and other revenue:				
Grants, contracts and contributions	\$ 1,172,461	-	-	1,172,461
Affordable Housing and Group Home	1,821,832	-	-	1,821,832
Shared services fees	783,630	-	(355,137)	428,493
Investment income, net	412,699	-	-	412,699
Special events, net of direct benefits to donors	-	-	-	-
Other income	97,438	262,766	(65,817)	294,387
Total unrestricted public support and other revenue	4,288,060	262,766	(420,954)	4,129,872
Restricted revenue	497,216	-	-	497,216
Debt forgiveness	418,892	-	-	418,892
Total public support and revenue	5,204,168	262,766	(420,954)	5,045,980
Expenses:				
Compensation and related expenses	2,631,575	264,603	(330,420)	2,565,758
Other expenses	1,277,025	317,327	(90,534)	1,503,818
Depreciation	486,440	-	-	486,440
Total expenses	4,395,040	581,930	(420,954)	4,556,016
Total change in net assets	\$ 809,128	(319,164)	-	489,964

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, continued
Year Ended December 31, 2021

Federal Grantor Program Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Expenditures			Total
				Direct Awards	Pass- Through Awards	Loan Balance Outstanding	
Department of Housing and Urban Development							
Housing Counseling Assistance Program	14.169	Washington State Housing & Finance Commission	2020 SuperNOFA	\$ -	26,580	-	26,580
Subtotal CFDA# 14.169				-	26,580	-	26,580
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*	Skagit County		-	25,000	-	25,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-16-23-1601-280	-	175,000	-	175,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HCS-12-23-1202-280	-	175,000	-	175,000
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HSC-18-23-1802-280	-	68,590	-	68,590
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	HSC-19-23-1901	-	2,102	-	2,102
Community Development Block Grants/Entitlement Grants	14.218*	Snohomish County	Revolving Loan Fund	-	97,386	-	97,386
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	-	-	135,000	135,000
Subtotal CFDA# 14.218/Entitlement Grants Cluster				-	578,078	1,985,561	2,563,639
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 Community Housing	-	-	57,217	57,217
Rental Housing Rehabilitation	14.230	City of Everett	Improvement Program	-	-	40,000	40,000
Subtotal CFDA# 14.230				\$ -	-	97,217	97,217

* Denotes Major Program

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards, continued
Year Ended December 31, 2021

Federal Grantor Program Title	Assistance		Pass-Through Entity Identifying Number	Direct Awards	Expenditures			Total
	Listing Number	Pass-Through Entity			Pass- Through	Loan Balance Outstanding		
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	Snohomish County	HSC 18-42-1806-280	-	138,872	126,000	264,872	
			Home Rental Production & LTD					
Home Investment Partnerships Program	14.239	City of Seattle	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	City of Everett	Parkview Revolving Loan Fund	-	46,202	-	46,202	
Home Investment Partnerships Program	14.239	Snohomish County	Parkview Revolving Loan Fund	-	25,298	-	25,298	
		King County Housing & Community						
Home Investment Partnerships Program	14.239	Development Program	Parkview King County Loans	-	-	766,224	766,224	
Subtotal CFDA #14.239				-	703,938	1,599,389	2,303,327	
Section 8 Housing Choice Vouchers	14.871	King County Housing Authority		-	214,658	-	214,658	
Section 8 Housing Choice Vouchers	14.871	Seattle Housing Authority		-	82,327	-	82,327	
Section 8 Housing Choice Vouchers	14.871	Renton Housing Authority		-	5,058	-	5,058	
Section 8 Housing Choice Vouchers	14.871	Housing Authority of Snohomish County		-	1,185	-	1,185	
Section 8 Housing Choice Vouchers	14.871	Everett Housing Authority		-	13,785	-	13,785	
Section 8 Housing Choice Vouchers	14.871			114,262	-	-	114,262	
Subtotal CFDA #14.871/Housing Voucher Cluster				114,262	317,013	-	431,275	
Total Department of Housing and Urban Development				114,262	1,625,609	3,988,695	5,728,566	
Department of Treasury								
		Washington State Housing & Finance						
COVID-19 Coronavirus Relief Fund	21.019*	Commission		-	722,953	-	722,953	
Subtotal CFDA# 21.019/Coronavirus Relief				-	722,953	-	722,953	
Total Department of Treasury				-	722,953	-	722,953	
U.S. Small Business Administration								
COVID-19 Economic Injury Disaster Assistance Loan	59.008		300447611	-	-	150,000	150,000	
Subtotal CFDA# 59.008/Disaster Assistance Loans				-	-	150,000	150,000	
Total Small Business Administration				-	-	150,000	150,000	
Total Expenditures of Federal Awards				\$ 114,262	2,348,562	4,138,695	6,601,519	

* Denotes Major Program

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards, continued
Year Ended December 31, 2021

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, 2021. 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, 2021:

Assistance Listing 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	Snohomish County	126,000
14.239	King County Housing & Community Development Program	766,224
		<u>\$ 3,296,380</u>

PARKVIEW SERVICES
Schedule of Expenditures of Federal Awards, continued
Year Ended December 31, 2021

NOTE 3 – LOANS OUTSTANDING, continued

Parkview Services had the following non-forgivable loans outstanding at December 31, 2021:

Assistance Listing 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	135,000
14.228	King County Housing & Community Development Program	306,528
14.230	City of Everett	40,000
21.019	Small Business Administration	150,000
		<u>\$ 842,315</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

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, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 17, 2023.

Report on 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) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of Parkview Services' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-003 that we consider 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**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Parkview Services' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Parkview Services' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Parkview Services' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Parkview Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 an 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.

February 17, 2023
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

Qualified Opinions

We have audited Parkview Services' compliance with the types of compliance requirements identified as subject to audit 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, 2021. Parkview Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 14.218 - Community Development Block Grants and 21.019 Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, Parkview Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 14.218 - Community Development Block Grants and 21.019 Coronavirus Relief Fund for the year ended December 31, 2021.

Basis for Qualified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

We are required to be independent of Parkview Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Parkview Services' compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on 14.218 - Community Development Block Grants and 21.019 Coronavirus Relief Fund

As described in the accompanying schedule of findings and questioned costs, Parkview Services did not comply with requirements regarding 14.218 - Community Development Block Grants, and 21.019 – Coronavirus Relief Fund for Reporting.

Compliance with such requirements is necessary, in our opinion, for Parkview Services to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Parkview Services' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Parkview Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Parkview Services' compliance with the requirements of each major federal program as a whole.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Parkview Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Parkview Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Parkview Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Parkview Services' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Parkview Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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.

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

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 a 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 2021-003 and 2021-004 to be material weaknesses.

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 item 2021-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Parkview Services' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Parkview Services' response was not subjected to the other 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.

February 17, 2023
Seattle, Washington

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021

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? yes X none reported

Noncompliance material to financial statements noted? yes X 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:

<u>Assistance Listing No.</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants
21.019	Coronavirus Relief Fund

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

Auditee qualifies as low-risk auditee? yes X no

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

Section II – Financial Statement Findings

2021-001 Accounting System, Processes and Reporting

Identification as a Repeat Finding: Elements of this finding are repeats of Finding 2020-001.

Finding:

Internal control processes over financial accounting and reporting did not ensure that all transactions were properly recorded in accordance with U.S. GAAP.

Criteria:

Parkview Services is responsible for day-today transactional accounting as well as annual financial statement reporting. As such, the Organization is responsible for implementing adequate procedures to ensure that such information and reports are accurate and complete.

Sample Size and Population:

Sampling was not applicable to this finding.

Condition and Context:

Material errors related to accounts, grants, and loans receivable and cash were identified during the course of the audit. These errors reflected deposits being recorded in the wrong fiscal year, an escrow payment being applied to accounts receivable rather than the borrower's loan receivable account, the misrecording of prior year audit adjustments, and the misapplication of payments on intercompany transactions.

Effect:

Preliminary financial reports used by the Board for decision making overstated operating cash and loans receivable and understated accounts and grants receivable. As the Organization maintains a revolving loan fund for state funded loans receivable that is not held in restricted cash, the nature of these errors increased the risk of noncompliance with the state revolving loan fund.

Cause:

The Organization relied on a contracted CPA through most of 2021 to assist with month end accounting. The contracted CPA was unavailable to assist the Organization during the fourth quarter of the year and the Organization brought the financial statement close process in house. The preparer and reviewer of the operating bank account and accounts, grants and loans receivable reconciliations were not trained to identify and correct the errors in the reconciliations.

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

2021-001 Accounting System, Processes and Reporting, continued

Additionally, the Organization changed the format of its reconciliation of revolving loan funds during the year. The new reconciliations provided for audit contained errors, lacked evidence of review, and lacked evidence of reconciliation to bank account balances.

Recommendations:

- Provide reconciliation training to all employees who perform and review reconciliations.
- Cross-train staff on accounting reconciliations so that they can provide backup support to the Organization.
- Implement Board or Finance Committee review of key accounting reconciliations.
- Reconcile revolving loan funds to bank account balances monthly.

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

See Finding 2021-003 in Section III – Federal Award Findings and Questioned Costs

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

Section III – Federal Award Findings and Questioned Costs

2021-002 Reporting – Report Submissions

Federal Grantor Program Title	Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number
Department of Housing and Urban Development			
Community Development Block Grants	14.218	Snohomish County	HCS-18-23-1802-280

Identification as a Repeat Finding: Repeat of finding 2020-002

Finding:

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

Criteria:

Federal contracts identify periodic reporting requirements for reports due to funders

Sample Size and Population:

2 of 4 reports required

Condition and Context:

2 of 2 reports selected for testing were due to the funder one month after the close of the fiscal quarter per the program contract. Both reports for the two quarters tested were submitted more than two months after the end of the fiscal year.

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:

The responsibility for preparing the reports transitioned between staff during the year and Organization did not have a system in place to track the grant reporting deadlines.

Recommendations:

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

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

Section III – Federal Award Findings and Questioned Costs, continued

2021-002 Reporting – Report Submissions, continued

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, 2021

2021-003 Reporting – Schedule of Expenditures of Federal Awards

Federal program and award identification: All except for the following Assistance Listings identified on the SEFA:

- 14.228 – Non-Entitlement Grants in Hawaii
- 14.871 – Section 8 Housing Choice Vouchers
- 21.019 – Coronavirus Relief Fund

Identification as a Repeat Finding: Not a repeat finding

Finding:

The SEFA provided for audit did not contain accurate reporting for multiple SEFA elements.

Criteria:

The Organization is responsible for maintainng 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:

- Community Development Block Grant (CDBG) expenditures overstated by approximately \$143,000
- Home Investment Partnerships Program expenditures overstated by approximately \$162,000
- CDBG Cluster not identified
- December 31, 2021 outstanding loan balances missing
- Incorrect CFDA number associated with Economic Injury Disaster Assistance loan and a CDBG loan.
- Two missing contract numbers
- Grant funds misclassified as loan funds

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

2021-003 Reporting – Schedule of Expenditures of Federal Awards, continued

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.

Cause:

As noted in finding 2021-001, the Organization relied on a contracted CPA through most of 2021 to assist with month end accounting. The contracted CPA was unavailable to assist the Organization during the fourth quarter of the year and the Organization brought the financial statement close process in house. Reconciliations of information reported on the SEFA which had historically been prepared by the contract CPA were not prepared in the same manner and contained errors that were not identified in review by the new preparers and reviewers.

Transactions involving loans receivable notes payable and forgivable loans derived from federal funds reported on the SEFA are manually tracked outside of the general ledger in excel schedules that require regular reconciliation to the general ledger to ensure accuracy. Errors in the classification of transactions tracked in these excel schedules were not identified in review, which 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 train staff on federal reporting requirements and 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 reflected 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

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

2021-004 Reporting – Late submission of the Single Audit Reporting Package and Data Collection Form to the Federal Audit Clearinghouse (FAC)

Federal program and award identification: All

Identification as a Repeat Finding: Not a repeat finding

Finding:

The Organization did not file its annual 2021 Single Audit and Data Collection form timely.

Criteria:

The Single Audit Reporting Package and Data Collection Form shall be submitted to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report, or 9 months after the end of the fiscal year, whichever comes first.

Condition and context:

Submission of the Single Audit Reporting Package and Data Collection Form to the FAC was not completed within the timeframe required by the Uniform Guidance.

During the audit we noted that the Single Audit Reporting Package and Data Collection Form is expected to be submitted to the FAC during February 2023 for the fiscal year ended December 31, 2021.

Cause:

The Organization's financial statement close process was prolonged due to the transition from using a contracted CPA who was unavailable to assist the Organization during the fourth quarter of the year and the Organization's decision to bring the financial statement close process in house.

Sample size and population:

Sampling was not applicable to this finding.

Effect:

Noncompliance with the Uniform Guidance could reduce access to future funding from Federal sources.

Recommendation:

While turnover in accounting functions cannot always be anticipated, the disruption created by turnover can be reduced through cross training of staff.

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

2021-004 Reporting – Late submission of the Single Audit Reporting Package and Data Collection Form to the Federal Audit Clearinghouse (FAC), continued

Question Costs:

None

Management Response and Corrective Action Plan:

See Corrective Action Plan

Contact Person:

Marc Cote, Executive Director 206-542-6644

PARKVIEW SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended December 31, 2021

Section IV – Summary Schedule of Prior Audit Findings

2020-001 Accounting Systems, Processing, and Reporting

Finding:

Internal control processes over financial accounting and reporting did not ensure that all transactions were properly recorded in accordance with U.S. GAAP on a timely basis.

Current Status:

Elements of this finding were repeated as Finding 2021-001.

2020-002 Reporting – Report Submissions

Finding:

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

Current Status:

This finding was repeated as Finding 2021-002.



Parkview Services

EXECUTIVE DIRECTOR

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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, 2021.

2021-001 Accounting Systems, Processing, and Reporting

Management agrees with this finding.

Parkview Services implemented a change in operating procedures in February 2023 to improve the timeliness and accuracy of its financial statements. It hired an Accounting-HR Assistant to facilitate separation of duties and help with internal controls. The Treasurer and/or Vice President will review key accounting reconciliations. The organization will also implement a policy to have all revolving loan funds reconcile to the bank accounts on a monthly basis.

Management will document the changes to its accounting procedures by 05/01/2023.

2021-002 Reporting – Report Submissions

Management agrees with this finding.

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

Management continues to use a reporting calendar it established in 2022 and by 5/01/2023, will create and use an internal auditing form to document reporting for key grants prior to all due dates. will notify reporting staff that a report is due and confirm that it has been submitted prior to the due date.

2021-003 Reporting – Schedule of Expenditures of Federal Awards

Management agrees with this finding.

Parkview staff will develop a plan and implement it to reconcile federal awards in accounting software. The Finance Director will receive more training on SEFA and federal reporting requirements on an on going basis.

Management will develop and document a continuing education plan for the Finance Team by 5/01/2023.

2020-004 Reporting – Late submission of the Single Audit Reporting Package and Data Collection Form to the Federal Audit Clearinghouse (FAC)

Management agrees with this finding.

Parkview hired an Accounting-HR Assistant to help with audit documentation preparation work. Parkview will begin the audit process earlier this year beginning no later than 05/01/2023.

Marc G. Coté, Executive Director

02/17/2023

Date

PARKVIEW SERVICES
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year ended December 31, 2021

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; 21-466W0212-006;-040;-004;009	07/01/2019 - 06/30/2021	\$ 57,844
O&M Subsidy	23-465W0-006; -009;-004;-040;-057; 23-42000-195	07/01/2019 - 06/30/2023	45,149
Parkview Homes XIII (Pine/Cedar/Cady)	18-94115-016	2019 HTF Award	44,481
Parkview Homes XV - Kenmore	20-94110-013		345,000
Parkview Preservation Grant(s) II, VI, VII	18P-94115- 014, 015, 016	2018 HTF Award	4,617
Parkview Preservation Grant(s) I, IV, V, XI	20P-94110- 021, 022, 023, 024, 033, 034, 035	2019 HTF Award	1,102,726
Down Payment Assistance Loans, Developer Fees, Soft Costs	19-94110-043	7/01/2019-12/31/2059	563,970
Down Payment Assistance Principal and Interest repaid in 2021	Revolving Loan Fund		409,840
			<u>2,573,627</u>
DSHS Developmental Disabilities Administration			
DSHS Developmental Disabilities Administration Respite Care	1912-58055	07/01/2019-06/30/2023	485,776
			<u>485,776</u>
Total Expenditures of State Awards			<u>\$ 3,059,403</u>

PARKVIEW SERVICES
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued
Year ended December 31, 2021

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, 2021. The information in this schedule is presented in accordance with the requirements of the Government Accountability Office 2018 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, 2021.