VINE MAPLE PLACE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

VINE MAPLE PLACE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vine Maple Place
Maple Valley, Washington

Report of the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Vine Maple Place, a nonprofit corporation (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Vine Maple Place as of June 30, 2023 and 2022, 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 Qualified Opinion

As explained in Note 2 to the financial statements, pledges are recorded as revenue in the year cash is received regardless of when the pledge is made. Accounting principles generally accepted in the United States of America require that pledges be recognized as contribution revenue in the year the pledge is made regardless of when cash is subsequently received. The conclusion as to the proper amount of revenue to recognize also requires the determination of an estimated discount rate to apply to pledges expected to be received more than one year from the date of the statement of financial position, as well as an estimate of the amount of pledges that may not ultimately be collected. These estimates have not been made and, as a result, the effects on the accompanying financial statements of this departure from generally accepted accounting principles on financial position, changes in net assets, and cash flows have not been determined.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Vine Maple Place and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vine Maple Place's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vine Maple Place's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Vine Maple Place

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
January 25, 2024

VINE MAPLE PLACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,745,434	$ 2,337,507
Investments	67,797	64,533
Pledges Receivable, Current Portion	402,745	607,101
Grant and Other Receivables	350,189	220,472
Prepaid Expenses and Other Current Assets	92,897	99,074
Total Current Assets	3,659,062	3,328,687
PROPERTY AND EQUIPMENT		
Land	658,564	658,564
Buildings and Improvements	8,786,032	8,740,448
Furniture, Vehicle, and Equipment	767,534	735,454
Total	10,212,130	10,134,466
Less: Accumulated Depreciation	(2,436,653)	(1,856,668)
Total Property and Equipment	7,775,477	8,277,798
OTHER ASSETS		
Pledges Receivable, Net of Current Portion	27,680	238,303
Right-of-Use Assets - Operating	2,614,703	-
Total Other Assets	2,642,383	238,303
Total Assets	$ 14,076,922	$ 11,844,788
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 296,978	$ 692,648
Accrued Salaries and Payroll Taxes	250,137	185,462
Operating Lease Liability, Current Portion	121,912	-
Deferred Pledge Revenue, Current Portion	402,745	607,101
Total Current Liabilities	1,071,772	1,485,211
LONG-TERM LIABILITIES		
Operating Lease Liability, Net of Current Portion	2,533,010	-
Deferred Pledge Revenue, Net of Current Position	27,680	238,303
Total Long-Term Liabilities	2,560,690	238,303
Total Liabilities	3,632,462	1,723,514
NET ASSETS		
Without Donor Restrictions Undesignated	7,962,621	7,865,886
Board-Designated for Operations and Facilities Expansion	1,591,185	1,648,840
Total Net Assets Without Donor Restrictions	9,553,806	9,514,726
With Donor Restrictions - Time and Purpose	890,654	606,548
Total Net Assets	10,444,460	10,121,274
Total Liabilities and Net Assets	$ 14,076,922	$ 11,844,788

See accompanying Notes to Financial Statements.

VINE MAPLE PLACE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES		
SUPPORT AND REVENUE FROM OPERATIONS		
Contributions and Fundraising Revenues	$ 3,234,107	$ 2,194,863
Grant Support	1,184,296	966,807
Special Events, Net of Expenses of $10,081 and $10,145, Respectively	276,701	218,007
Nonfinancial Contributions	586,303	740,699
Program Services Income	3,375	5,640
Realized and Unrealized Gain (Loss) on Investments	(4,050)	1,159
Interest Income	35,996	2,038
Other Income	7,169	14,196
Net Assets Released from Restrictions	1,053,182	2,706,982
Total Support and Revenue from Operations	6,377,079	6,850,391
EXPENSES		
Program Services:		
Adults	3,975,679	3,522,232
Children and Youth	1,212,477	1,093,322
Total Program Services	5,188,156	4,615,554
Support Services:		
Management and General	394,856	328,863
Fundraising	1,293,210	1,067,197
Total Support Services	1,688,066	1,396,060
Total Expenses	6,876,222	6,011,614
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(499,143)	838,777
REVENUE WITH DONOR RESTRICTIONS		
Donations	193,265	47,878
Grants	515,361	521,212
Net Assets Released from Restrictions	(835,486)	(567,359)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(126,860)	1,731
CHANGE IN NET ASSETS FROM OPERATIONS	(626,003)	840,508
NONOPERATING ACTIVITIES		
Employee Retention Credit	755,919	-
Revenue with Donor Restrictions:		
Capital Campaign Contributions	410,966	2,113,067
Net Assets Released from Capital Campaign Restrictions	(217,696)	(2,139,623)
CHANGE IN NET ASSETS	323,186	813,952
Net Assets - Beginning of Year	10,121,274	9,307,322
NET ASSETS - END OF YEAR	$ 10,444,460	$ 10,121,274

See accompanying Notes to Financial Statements.

VINE MAPLE PLACE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Support Services			
	Adults	Children and Youth	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and Wages	$ 1,488,170	$ 597,949	$ 2,086,119	$ 159,787	$ 753,179	$ 912,966	$ 2,999,085
Payroll Taxes and Benefits	218,996	91,246	310,242	39,624	138,388	178,012	488,254
Emergency Housing and Other Financial Assistance	1,005,948	32,582	1,038,530	-	-	-	1,038,530
Depreciation	329,731	134,617	464,348	48,400	67,240	115,640	579,988
Occupancy	380,788	69,087	449,875	17,554	29,144	46,698	496,573
Professional Fees	9,685	194	9,879	31,812	132,958	164,770	174,649
Office Expenses	67,585	14,306	81,891	66,917	116,761	183,678	265,569
Development Expenses	899	22	921	320	18,317	18,637	19,558
Conferences and Meetings	8,979	2,942	11,921	949	10,669	11,618	23,539
Information Technology	52,214	14,633	66,847	11,059	18,556	29,615	96,462
Insurance	19,702	12,500	32,202	7,639	4,421	12,060	44,262
Travel	2,463	2,785	5,248	175	2,069	2,244	7,492
ROU Lease Interest Expense	36,919	15,073	51,992	5,756	7,192	12,948	64,940
In-Kind	353,600	224,541	578,141	4,864	4,397	9,261	587,402
Total Expenses by Function	3,975,679	1,212,477	5,188,156	394,856	1,303,291	1,698,147	6,886,303
Less: Expenses Netted Against Revenue on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(10,081)	(10,081)	(10,081)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 3,975,679	$ 1,212,477	$ 5,188,156	$ 394,856	$ 1,293,210	$ 1,688,066	$ 6,876,222

See accompanying Notes to Financial Statements.

VINE MAPLE PLACE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Support Services			
	Adults	Children and Youth	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and Wages	$ 1,222,689	$ 538,588	$ 1,761,277	$ 164,931	$ 610,488	$ 775,419	$ 2,536,696
Payroll Taxes and Benefits	206,934	100,636	307,570	30,072	117,970	148,042	455,612
Emergency Housing and Other Financial Assistance	915,756	21,936	937,692	-	-	-	937,692
Depreciation	196,272	74,447	270,719	27,376	38,057	65,433	336,152
Occupancy	393,646	54,876	448,522	25,528	25,488	51,016	499,538
Professional Fees	12,039	312	12,351	24,459	135,058	159,517	171,868
Office Expenses	112,905	22,456	135,361	39,798	107,085	146,883	282,244
Development Expenses	152	-	152	320	15,981	16,301	16,453
Conferences and Meetings	16,477	134	16,611	655	3,635	4,290	20,901
Information Technology	74,380	12,650	87,030	3,996	18,578	22,574	109,604
Insurance	28,075	15,001	43,076	1,458	1,457	2,915	45,991
Travel	3,200	809	4,009	403	435	838	4,847
In-Kind	339,707	251,477	591,184	9,867	3,110	12,977	604,161
Total Expenses by Function	3,522,232	1,093,322	4,615,554	328,863	1,077,342	1,406,205	6,021,759
Less Expenses Netted Against Revenue on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(10,145)	(10,145)	(10,145)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 3,522,232	$ 1,093,322	$ 4,615,554	$ 328,863	$ 1,067,197	$ 1,396,060	$ 6,011,614

See accompanying Notes to Financial Statements.

VINE MAPLE PLACE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions, Grants, and Other Income	$ 5,964,809	$ 3,655,758
Cash Paid to Suppliers and Employees	(6,074,968)	(4,241,575)
Interest Received	35,996	16,020
Net Cash Used by Operating Activities	(74,163)	(569,797)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(77,667)	(2,136,064)
Purchase of Investments	(786)	(665)
Proceeds from Sale of Investments	149,577	305,605
Change in Deposits Refunded	-	600
Net Cash Provided (Used) by Investing Activities	71,124	(1,830,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for Capital Campaign	410,966	2,113,067
Net Cash Provided by Financing Activities	410,966	2,113,067
NET CHANGE IN CASH AND CASH EQUIVALENTS	407,927	(287,254)
Cash and Cash Equivalents - Beginning of Year	2,337,507	2,624,761
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,745,434	$ 2,337,507
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	$ 323,186	$ 813,952
Depreciation	579,988	336,152
Noncash Lease Adjustment	33,691	-
Donated Property and Equipment	-	(136,538)
Donated Investments	(149,577)	(302,314)
Unrealized Investment (Gain) Loss	4,050	(1,373)
Contributions for Capital Campaign	(410,966)	(2,113,067)
Change in Operating Accounts:		
Pledges Receivables	414,979	949,618
Grants and Other Receivables	(129,717)	140,203
Prepaid Expenses and Other Current Assets	6,177	(10,747)
Accounts Payable and Accrued Liabilities	(330,995)	703,935
Deferred Pledge Revenue	(414,979)	(949,618)
Net Cash Used by Operating Activities	$ (74,163)	$ (569,797)
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated Property and Equipment	$ -	$ 136,538
Right-of-Use Assets Acquired in Exchange for Operating Lease Liabilities	$ 2,614,703	$ -

See accompanying Notes to Financial Statements.

NOTE 1 NATURE AND PURPOSE OF THE AGENCY

Organization

The mission of Vine Maple Place (the Agency) is to end homelessness, in South King County, through working with single-parent families to break the generational cycle of homelessness by offering safety, providing stability and equipping to self-sufficiency.

Vine Maple Place breaks the generational cycle of homelessness and poverty through a trauma-informed approach that is holistic and tailored. The Agency works with single parents who are homeless or facing imminent eviction, and their children. The Agency provides integrated services that weave emergency housing, rental assistance, livable wage development, behavioral health, financial literacy, parenting support, and all-inclusive child and youth services to help families heal and build new skills to achieve safety and stability.

Vine Maple Place was incorporated in 2000 as a nonprofit transitional housing (TH) service with capacity to serve eight homeless single mothers and their children per year. As the need for services grew, the Agency began national best practices in homelessness prevention and rapid rehousing. Based on the Agency's research, in 2012, Vine Maple Place piloted an integrated approach to prevention services, designed to help families gain—and maintain—stability. Services include financial literacy training, employment and livable-wage development, and housing stabilization.

In 2014 the Agency retired TH and added rapid rehousing, mental health counseling, and comprehensive child and youth services. This integrated "Stable Families program" has been astounding. In November 2018, the Agency expanded its capacity by opening a new 15,000-square-foot Family Hope Center in Maple Valley. By 2021 the facility was at capacity, serving 800 families a year. Due to the increased demand for services in Kent, where 89% of our calls for help come from, a second Family Hope Center was opened there, fall of 2021. The opening of a second Family Hope Center provided the space to scale up programming. The Agency served a total of 1,080 families and 3,402 individuals between the two facilities during the year ended June 30, 2023, and continues to maintain a rate of 91% of families remaining stably housed one year after exiting the program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Agency have been prepared in accordance with the provisions of accounting principles generally accepted in the United States of America for nonprofit organizations. Under those provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Net assets of the Agency, and changes therein, are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions include all net assets with board designations and net assets on which there are no donor-imposed restrictions.

Net Assets With Donor Restrictions – Included in net assets with donor restrictions are those that may be satisfied by future actions of the Agency or the passage of time as well as net assets that will be maintained permanently by the Agency.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases*, Accounting Standards Codification (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the beginning of the period of adoption (see Note 10). Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840 (see Note 9).

The Agency has elected to adopt the package of practical expedients available in the year of adoption. The Agency has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Agency's ROU assets. The Agency has not elected to separate nonlease components from lease components.

The Agency elected the available practical expedients to account for existing capital and operating leases as finance and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Agency recognized on July 1, 2022, a lease liability of $2,770,226, which represents the present value of the remaining operating lease payments, discounted using the applicable risk-free discount rate, and ROU asset of $2,770,226.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

The standard had material impact on the statement of financial position at adoption but did not have a material impact on the statement of activities, nor statement of cash flows for the year ended June 30, 2023. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Leases

The Agency leases office space in Kent Washington. The Agency determines if an arrangement is a lease at inception. Operating leases are included in the operating ROU assets and operating lease liabilities on the statement of financial position as of June 30, 2023.

ROU assets represent the Agency’s right to use an underlying asset for the lease term and lease liabilities represent the Agency’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Agency uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for the lease payments is recognized on a straight-line basis over the lease term.

The Agency has elected not to separate nonlease components from lease components and instead accounts for these as a single lease component.

The Agency s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Agency considers factors such as if the Agency has obtained substantially all of the rights to the underlying asset through exclusivity, if the Agency can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes

Vine Maple Place is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and it is not a private foundation. In general, the Agency's tax returns may be selected for examination by tax authorities subject to a three-year statute of limitations.

Cash and Cash Equivalents

The Agency maintains depository accounts at banks that insure the accounts up to the Federal Deposit Insurance Corporation (FDIC) prescribed limits. The financial instrument may subject the agency to concentrations of risk as, from time to time, cash balances exceed amounts insured by the Federal Deposit insurance Corporation.

Valuation of Investments and Income Recognition

Investments in mutual funds are stated at fair value based on quoted market prices. Investments in money market funds are stated at cost. Net appreciation (depreciation) in fair value of investments includes unrealized gains and losses. Purchases and sales of securities are recorded on a trade date basis.

Grants Receivable

Grants receivables consist of revenue earned or grants awarded for which funds were not received by year-end. Management considers the amounts to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Accounting for Pledges

Under the accrual basis of accounting, revenue, and support should be recorded when earned rather than when cash is received, and the expenses are recorded when incurred rather than when cash is disbursed. However, the Agency's policy is to record pledges as revenue in the year cash is received regardless of when the pledge was made. Pledges are typically made for varying amounts to be contributed over a five-year period. At June 30, 2023, the amount expected to be received in future years is as follows:

Total Amounts Due In:	Amount
One Year	$ 402,745
Two to Five Years	26,701
Thereafter	979
Total	$ 430,425

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment having a unit cost greater than $1,000 are stated at cost or, for donated assets, at the fair value of the assets received. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and the resulting gains or losses are included in the statements of activities.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Buildings and Improvements	20 to 40 Years
Furniture and Equipment	3 to 7 Years
Vehicles	5 Years

Contributions

The Agency's operations have been financed primarily through contributions from churches, individuals, and the community, as well as grants from the city of Maple Valley and other municipalities, businesses, and private foundations.

Contributions received are recorded as without donor restrictions or with donor restrictions support, depending on the existence or nature of any donor restrictions. Contributions are recorded at fair value. All donor-restricted support is reported as an increase in with donor restriction net assets. When a stipulated time restriction ends or a purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities Net Assets Released from Restrictions.

It is the Agency policy that if the restrictions on a restricted contribution will expire within one year from the date of contribution, the contribution will be recorded as without donor restrictions.

Nonfinancial Contributions

The Agency receives significant nonfinancial contributions in the form of donated goods and services. Donated goods are recorded at the fair value of the goods at the date of donation based on estimates of fair value or wholesale values that would be received for selling the goods. Donated services are recorded at fair value if they create or enhance nonfinancial assets or if they consist of specialized skills that would have to be purchased if they were not donated. The estimated value of these services is based on information provided by the service provider, who estimates the fair value based on date, time, and market in which the service is provided.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Promises and Intentions to Give

From time to time, the Agency receives a conditional promise or intention to give, the receipt of which is contingent upon external factors over which the Agency has no control. Under the FASB ASC industry topic for nonprofit entities, conditional promises and intentions are not recognized in the financial statements until they become unconditional; that is, when the conditions on which they depend are substantially met. The Agency did not have any conditional grants as of June 30, 2023.

Functional Expense Classification

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services, general and administrative and fundraising categories based on the benefits derived. Rent, equipment rental and maintenance, and telephone expenses are allocated based on time and effort, and depreciation is allocated based on salary amounts for various departments.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to confirm to the 2023 presentation. The reclassifications did not have any impact on net assets or changes in net assets.

Subsequent event

Management has evaluated subsequent events through January 25, 2024, the date the financial statements were available to be issued. There were no other events or transactions that require recognition and disclosures in the financial statements.

NOTE 3 RELATED PARTY TRANSACTIONS

The Agency's pledges receivable shown on the accompanying statements of financial position includes outstanding pledges from board members' of $221,600 and $363,584 as of June 30, 2023 and 2022, respectively. Donations received from board members amounted to $718,175 and $765,583 for the years ended June 30, 2023 and 2022, respectively.

NOTE 4 INVESTMENTS AND FAIR VALUE

Accounting standards generally accepted in the United States of America define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Agency's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standards establish 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).

NOTE 4 INVESTMENTS AND FAIR VALUE (CONTINUED)

The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include:

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

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

In accordance with an established investment policy emphasizing the preservation of principal, the Agency's investments at June 30, 2023 and 2022 consist of money market funds and mutual funds.

Investments are summarized below as of June 30:

	2023			
	Level 1	Level 2	Level 3	Total
Stocks	$ 2,874	$ -	$ -	$ 2,874
Mutual Funds, at Fair Value	6,883	-	-	6,883
	$ 9,757	$ -	$ -	9,757
Money Market Funds Measured at Cost, Included for Reconciliation Purposes				58,040
Total Investments				$ 67,797

	2022			
	Level 1	Level 2	Level 3	Total
Stocks	$ -	$ -	$ -	$ -
Mutual Funds, at Fair Value	6,362	-	-	6,362
	$ 6,362	$ -	$ -	6,362
Money Market Funds Measured at Cost, Included for Reconciliation Purposes				55,892
Total Investments				$ 62,254

NOTE 5 EMPLOYEE BENEFITS

The Agency sponsors a 401(k) plan for all eligible employees. During the years ended June 30, 2023 and 2022, the Agency made contributions on behalf of eligible employees of $34,753 and $30,357, respectively.

NOTE 6 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

Vine Maple Place seeks to maintain liquid financial assets sufficient to cover approximately 60 days of payroll and general expenditures. The following table reflects the Agency's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

	2023	2022
Cash and Money Market Funds	$ 2,745,434	$ 2,337,507
Investments	67,797	64,533
Pledges Receivable, Current Portion	402,745	607,101
Grant and Other Receivables	350,189	220,472
Financial Assets at Year-End	3,566,165	3,229,613
Less those Unavailable for General Expenditures Within One Year, Due To:		
Net Assets Restricted as to Purpose	(890,654)	(521,548)
Board Designations:		
Capital Replenishment Fund	(17,531)	(17,531)
Operating Reserve	(588,296)	(588,296)
Program Expansion Reserve	(964,303)	(1,021,958)
Designated HRA Reserve	(21,055)	(21,055)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,084,326	$ 1,059,225

NOTE 7 NONFINANCIAL CONTRIBUTIONS

Nonfinancial contributions from the statements of activities include the following for the years ended June 30:

	2023	2022
Donated Goods for Use by Families	$ 506,589	$ 591,879
Donated IT Services	35,927	12,282
Donated Equipment Rent and Repairs	43,787	-
Donated Goods - Capitalized	-	23,133
Donated Services - Capitalized	-	113,405
Total	$ 586,303	$ 740,699

NOTE 7 NONFINANCIAL CONTRIBUTIONS (CONTINUED)

In-kind services consist of donated construction costs for the new Kent Washington location. The estimated value of these services have been capitalized and are based on information provided by the service provider, who estimates the fair value based on date, time, and market in which the service is provided. Donated goods are recorded at the fair value of the goods at the date of donation based on estimates of fair value or wholesale values that would be received for selling the goods. Donated goods consist of items capitalized for the new Kent location, and clothing, school supplies, food, hygiene products, and basic essentials for families facing homelessness. Donated goods are not sold but are distributed to families facing homelessness.

NOTE 8 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. Subsequent to June 30, 2023, the Agency complied with the conditions of Employee Retention Credit (ERC) funding from the Internal Revenue Service in the amount of $755,919 in compliance with the program. Grants related to the ERC program are recorded in the statements of activities as the performance requirements were met and costs were incurred in compliance with the program.

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Agency’s financial position.

NOTE 9 OPERATING LEASES – ASC 840

The Agency elected to apply the provision of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Agency entered into a subleasing agreement with New Life Church in Kent Washington on May 1, 2021 to lease 15,425 square feet of space. The lease has monthly payments starting on July 1, 2021 at a rate of $11 per square foot (plus CAM charges) and escalating 3% each year. The lease expires on July 31, 2027. Total lease payments including CAM charges were $242,950 for the year ended June 30, 2023. New Life Church has agreed to contributed $5,000 per month to offset the lease expense through July 31, 2023.

NOTE 9 OPERATING LEASES – ASC 840 (CONTINUED)

Future minimum lease payments (excluding CAM charges) are as follows:

Year Ending June 30,	Amount
2023	$ 182,355
2024	187,826
2025	193,461
2026	199,265
2027	205,243
2028	52,074
Total	$ 1,020,224

NOTE 10 OPERATING LEASES – ASC 842

The Organization leases building space in Kent Washington under a long-term, non-cancelable lease agreement. The lease has monthly payments starting on July 1, 2021 at a rate of $11 per square foot (plus CAM charges) and escalating 3% each year. The original lease term is through July 31, 2027. However, the lease allows for two additional five-year extensions with 3% annual increases. Management intends to exercise the lease extensions, and therefore the lease term under ASC 842 is through July 2037.

The following table provides quantitative information concerning the Agency's leases at June 30, 2023:

Lease Cost:	
Operating Lease Cost	$ 223,464
Other Information:	
Operating Cash Flows from Operating Leases	$ 183,245
ROU Asset Obtained in Exchange for Operating Lease Liabilities (at Adoption)	$ 2,614,703
Weighted-Average Remaining Lease Term - Operating Leases	14.1 Years
Weighted-Average Discount Rate - Operating Leases	2.50%

NOTE 10 OPERATING LEASES – ASC 842 (CONTINUED)

The Agency classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating
2024	$ 186,910
2025	192,989
2026	198,778
2027	204,742
2028	210,884
Thereafter	2,193,028
Undiscounted Cash Flows	3,187,331
Less: Imputed Interest	(532,409)
Total Present Value	$ 2,654,922
Short-Term Lease Liabilities	$ 121,912
Long-Term Lease Liabilities	2,533,010
Total Lease Liabilities	$ 2,654,922

NOTE 11 BOARD-DESIGNATED NET ASSETS

The board has designed certain net assets without donor restrictions for specific purposes. The following is a schedule of board-designated net assets at June 30:

	2023	2022
Capital Replenishment Fund	$ 17,531	$ 17,531
Lovsted Operating Reserve	588,296	588,296
Program Expansion Reserve	964,303	1,021,958
Designated HRA Reserve	21,055	21,055
Total	$ 1,591,185	$ 1,648,840

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

The following is a schedule of net assets with donor restrictions for the year ended June 30, 2023:

	Balance at June 30, 2022	Donations	Released from Restrictions	Balance at June 30, 2023
Purpose Restricted:				
Scholarships	$ 191	$ 6,400	$ 6,591	$ -
Building Changes	25,190	1,865	27,055	-
Capital Campaign	371,000	410,966	217,696	564,270
Other	125,167	700,361	499,144	326,384
Total Restricted as to Purpose	521,548	1,119,592	750,486	890,654
Time Restricted:				
Grant Restricted as to Time	85,000	-	85,000	-
Total	$ 606,548	$ 1,119,592	$ 835,486	$ 890,654

The following is a schedule of net assets with donor restrictions for the year ended June 30, 2022:

	Balance at June 30, 2021	Donations	Released from Restrictions	Balance at June 30, 2022
Purpose Restricted:				
Scholarships	$ 2,316	$ 1,400	$ 3,525	$ 191
Building Changes	22,572	19,276	16,658	25,190
Security Improvement	1,957	-	1,957	-
Capital Campaign	397,556	2,113,067	2,139,623	371,000
Other	206,972	463,414	545,219	125,167
Total Restricted as to Purpose	631,373	2,597,157	2,706,982	521,548
Time Restricted:				
Grant Restricted as to Time	-	85,000	-	85,000
Total	$ 631,373	$ 2,682,157	$ 2,706,982	$ 606,548