VISTA MARIA AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

VISTA MARIA AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vista Maria and Subsidiaries

We have audited the accompanying consolidated financial statements of Vista Maria and Subsidiaries (the "Organization", a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the 2020 and 2019 financial statements of InSight Youth and Family Connections, Inc. ("InSight") (formerly known as StarrVista, Inc.), a wholly owned subsidiary, which statements reflect total assets of $13,924,652 and $11,018,255 as of September 30, 2020 and 2019, respectively, and total revenues of $6,222,544 and $4,434,928 for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for InSight as of September 30, 2020 and 2019, and for the years then ended, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audits, and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vista Maria and Subsidiaries as of December 31, 2020 and 2019, 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.

UHY LLP

Farmington Hills, Michigan
April 22, 2021

VISTA MARIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2020	December 31, 2019
ASSETS		
Cash and Cash Equivalents:		
Undesignated Funds	**$ 7,296,917**	$ 6,059,297
Designated Funds - Capital Campaign	**-**	13,321
Investments	**9,127,762**	9,134,095
Receivables:		
Programming Fees	**2,939,158**	4,180,821
Promise to Give - Net	**356,709**	203,128
Other	**187,347**	193,455
Prepaid Expenses	**294,346**	379,544
Building, Improvements, and Equipment - Net	**16,877,217**	15,841,430
Total Assets	**$ 37,079,456**	$ 36,005,091
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	**$ 300,550**	$ 766,708
Accrued Liabilities	**1,555,164**	1,384,956
Other Liabilities	**24,000**	43,000
Notes Payable	**1,797,334**	1,439,000
PPP Loan	**2,812,300**	-
Pension Liability	**842,055**	4,900,473
Total Liabilities	**7,331,403**	8,534,137
NET ASSETS		
Without Donor Restrictions:		
Undesignated	**11,882,872**	7,967,997
Investment in Capital Assets - Net	**15,079,884**	14,402,431
Board-Designated	**2,780,297**	2,442,431
With Donor Restrictions	**5,000**	2,658,095
Total Net Assets	**29,748,053**	27,470,954
Total Liabilities and Net Assets	**$ 37,079,456**	$ 36,005,091

VISTA MARIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year ended December 31, 2020			Year ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Direct Care / Programming Fees	**$ 18,870,029**	**$ -**	**$ 18,870,029**	$ 20,112,679	$ -	$ 20,112,679
Care Management Organization Service Revenue	**9,262,436**	**-**	**9,262,436**	8,607,389	-	8,607,389
Contributions and Program Grants	**1,949,573**	**461,629**	**2,411,202**	1,775,740	511,194	2,286,934
Rental Income	**275,988**	**-**	**275,988**	277,080	-	277,080
Other Supportive Services	**10,711**	**-**	**10,711**	181,100	-	181,100
Total Revenues and Other Support	**30,368,737**	**461,629**	**30,830,366**	30,953,988	511,194	31,465,182
EXPENSES						
Direct Care / Programming Expense	**26,118,667**	**-**	**26,118,667**	26,386,997	-	26,386,997
Supporting Services:						
Management and General	**3,086,331**	**-**	**3,086,331**	2,968,483	-	2,968,483
Fundraising	**608,529**	**-**	**608,529**	652,877	-	652,877
Total Expenses	**29,813,527**	**-**	**29,813,527**	30,008,357	-	30,008,357
CHANGE IN NET ASSETS FROM OPERATIONS	**555,210**	**461,629**	**1,016,839**	945,631	511,194	1,456,825
OTHER CHANGES IN NET ASSETS						
Capital Campaign - Net	**-**	**575,052**	**575,052**	228,120	187,361	415,481
Investment Gain - Net of Fees	**1,413,346**	**-**	**1,413,346**	1,226,831	-	1,226,831
Endowment - Net	**26**	**-**	**26**	1,701	-	1,701
Capital Grants and Other Activity	**25,229**	**-**	**25,229**	(5,398)	-	(5,398)
Net Assets Released from Restrictions	**3,689,776**	**(3,689,776)**	**-**	418,087	(418,087)	-
Note Interest Expense	**(10,781)**	**-**	**(10,781)**	-	-	-
Loss on Disposal of Fixed Assets	**(12,823)**	**-**	**(12,823)**	-	-	-
Net Periodic Pension Benefit Costs	**(988,248)**	**-**	**(988,248)**	(403,334)	-	(403,334)
Pension Plan Expense	**(68,021)**	**-**	**(68,021)**	(44,892)	-	(44,892)
Pension-Related Changes	**326,480**	**-**	**326,480**	(1,313,776)	-	(1,313,776)
CHANGE IN NET ASSETS	**4,930,194**	**(2,653,095)**	**2,277,099**	1,052,970	280,468	1,333,438
NET ASSETS - Beginning of Year	**24,812,859**	**2,658,095**	**27,470,954**	23,759,889	2,377,627	26,137,516
NET ASSETS - End of Year	**$ 29,743,053**	**$ 5,000**	**$ 29,748,053**	$ 24,812,859	$ 2,658,095	$ 27,470,954

VISTA MARIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Residential and Community Programs	Management and General	Fundraising	Total	Residential and Community Programs	Management and General	Fundraising	Total
PAYROLL								
Salary & Wages	$ 12,360,500	$ 1,629,281	$ 393,188	$ 14,382,969	$ 12,581,154	$ 1,615,468	$ 349,531	$ 14,546,153
Payroll Taxes	830,864	206,887	25,231	1,062,982	884,330	174,769	22,899	1,081,998
Employee Benefit Expense	1,600,955	96,512	23,833	1,721,300	1,390,941	111,955	23,131	1,526,027
Total Salaries and Related Expenses	14,792,319	1,932,680	442,252	17,167,251	14,856,425	1,902,192	395,561	17,154,178
DIRECT CARE								
Direct Care / Specific Assistance	5,283,025	-	-	5,283,025	5,926,231	-	-	5,926,231
Food Services	626,291	4,604	141	631,036	821,245	12,674	136	834,055
Psychiatry, Physicians, Medical	633,484	-	-	633,484	842,703	-	-	842,703
Gift in Kind Expense	352,286	-	-	352,286	242,900	-	-	242,900
VMA Donation	38,774	-	-	38,774	26,057	-	-	26,057
FUNDRAISING								
Fundraising Event Expense	-	8,841	68,791	77,632	-	14,654	180,532	195,186
Restricted Grant Expense	359,991	-	22,040	382,031	100,722	15,630	7,375	123,727
OTHER AGENCY								
Facilities / Occupancy	1,337,756	229,564	15,911	1,583,231	1,241,925	235,851	15,452	1,493,228
Professional Fees and Services	560,533	520,449	9,432	1,090,414	503,851	385,792	10,068	899,711
Service & Maintenance Contracts	246,348	60,854	22,205	329,407	226,045	41,416	20,008	287,469
Office Supplies & Equipment	157,246	50,301	6,924	214,471	183,205	65,719	2,794	251,718
Transportation & Training	156,348	27,642	1,043	185,033	228,447	49,615	1,257	279,319
Miscellaneous Expense	222,190	73,800	16,612	312,602	35,130	69,271	17,015	121,416
Telecom Expense	112,605	1,780	-	114,385	98,894	2,091	-	100,985
Membership Dues/Subscriptions	15,373	87,806	824	104,003	10,412	85,487	198	96,097
Bad Debt	-	-	-	-	(32,000)	-	-	(32,000)
Interest Expense	-	8,350	-	8,350	-	9,233	-	9,233
Depreciation and Amortization	1,224,098	79,660	2,354	1,306,112	1,074,805	78,858	2,481	1,156,144
TOTAL EXPENSES	$ 26,118,667	$ 3,086,331	$ 608,529	$ 29,813,527	$ 26,386,997	$ 2,968,483	$ 652,877	$ 30,008,357

See notes to consolidated financial statements.

VISTA MARIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2020	2019
OPERATING ACTIVITIES		
Change in Net Assets from Operations	**$ 1,016,839**	$ 1,456,825
Adjustments to Reconcile Change in Net Assets from Operations to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization	**1,306,112**	1,156,144
Bad Debt Expense (Recovery)	**-**	(32,000)
Debt Amortized to Grant Revenue	**(141,667)**	(116,667)
Changes in Operating Assets and Liabilities:		
Accounts Receivable - Programming Fees	**1,241,664**	771,665
Accounts Receivable - Grants and Other	**6,108**	46,188
Accounts Receivable - Promise to Give and Contribution	**(153,581)**	408,036
Prepaid Expenses and Other	**85,198**	(81,420)
Accounts Payable	**(466,158)**	274,636
Accrued Liabilities	**170,208**	(169,550)
Other Liabilities	**(19,000)**	(7,400)
Pension Plan fees	**(68,021)**	(44,892)
Net Periodic Pension Benefit Costs	**(988,248)**	(403,334)
Pension Liability, Excluding Pension-Related Changes of $326,480 (income) and $1,313,776 (expense), respectively	**(3,731,938)**	(138,455)
Net Cash Provided by (Used in) Operating Activities	**(1,742,484)**	3,119,776
INVESTING ACTIVITIES		
Proceeds from Sales of Fixed Assets	**1,100**	-
Purchase of Property and Equipment	**(2,355,822)**	(3,434,754)
Purchases of Investments	**(3,108,031)**	(8,212,514)
Proceeds from Sales and Maturities of Investments	**3,114,364**	8,246,783
Capital Income - Net	**600,281**	410,083
Realized and Unrealized Gain on Investments, Net of Fees	**1,413,346**	1,226,831
Endowment Income	**26**	1,701
Net Cash Used in Investing Activities	**(334,736)**	(1,761,870)
FINANCING ACTIVITIES		
Proceeds FHLBI Loan	**500,000**	-
Payments on loan interest	**(10,781)**	-
Proceeds from PPP Loan	**2,812,300**	-
Net Cash Provided by Financing Activities	**3,301,519**	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,224,299**	1,357,906
CASH AND CASH EQUIVALENTS, Beginning of Year	**6,072,618**	4,714,712
CASH AND CASH EQUIVALENTS, End of Year	**$ 7,296,917**	$ 6,072,618
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	**$ 10,781**	**$ -**
NON-CASH ACTIVITY		
In-Kind Contributions	**$ 352,286**	$ 242,900

See notes to consolidated financial statements.

NOTE 1 – ORGANIZATION

Founded in 1883 by the Sisters of the Good Shepherd, Vista Maria is a Michigan not-for-profit corporation organized on a membership basis. It is Vista Maria’s mission to deliver innovative care, treatment, and education focused on restorative relationships so that vulnerable youth believe in their worth, heal and build the skills for success. Vista Maria envisions a world where all children, families and communities achieve success through learning and restorative relationships that promote personal, professional and family wellbeing. The Agency provides a comprehensive continuum of programs promoting trauma-informed care and healing relationships. The Organization's 37-acre campus and facilities are located in Dearborn Heights, Michigan.

Vista Affordable Housing, Inc. (“VAH”) is a Michigan not-for-profit corporation organized on a membership basis. Vista Maria is the only member of VAH. VAH was established to acquire affordable housing and make that housing available to tenants in conjunction with the charitable, educational and specific purposes of Vista Maria.

InSight Youth and Family Connections, Inc. (formerly known as StarrVista, Inc.) (InSight) is a Michigan not-for-profit corporation organized on a membership basis. During April 2018, Starr Commonwealth withdrew as a member of InSight while Vista Maria remained as the sole member. See Note 2 and Note 16 for additional information on consolidation and related party transactions. InSight is part of the juvenile justice care management system for the Wayne County Department of Children and Family Services, and is committed to creating solutions through youth and family partnerships. InSight is responsible for providing services to youth and their families residing in northwest Detroit and Dearborn Heights.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidated assets and liabilities, changes in net assets, and cash flows of Vista Maria, Vista Affordable Housing, Inc., and InSight Youth and Family Connections, Inc. (formerly known as StarrVista, Inc). (collectively, the "Organization"). All significant interrelated transactions have been eliminated in consolidation. This consolidation includes the activity and balances for InSight as of and for the years ended September 30, 2020 and 2019.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification* (ASC).

Concentrations

At times, the Organization has balances on deposit with certain institutions that may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk for cash.

The majority of Vista Maria's revenue is earned under contracts or approved rates with the Michigan Department of Health and Human Services (DHHS). During the years ended December 31, 2020 and 2019, operating revenues received from DHHS represented approximately 92% and 90%, respectively, of programming fees. Accounts receivable from DHHS were $1,194,409 and $2,144,371 as of December 31, 2020 and 2019, respectively.

InSight only provides services to Wayne County, Michigan (the "County"). The current contract is set to expire on September 30, 2021.

Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates. In particular, the COVID-19 pandemic and the resulting adverse impact to global economic conditions, as well as the Organizations operations, may affect future estimates, including, but not limited to, the allowance for doubtful accounts.

Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers demand deposits to be cash and money market funds to be cash equivalents.

Accounts Receivable and Allowance for Uncollectible Amounts

Accounts receivable - programming fees primarily consist of amounts due from the State of Michigan, Wayne County, various other Michigan counties and courts, and five Wayne County Care Management Organizations (CMOs) for child care services provided.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Uncollectible Amounts (Continued)

Vista Maria established the allowance for doubtful accounts based on a specific assessment of all invoices that remain unpaid following the normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that the determination is made.

An accumulated allowance of $104,579 and $109,560 has been recorded for receivables included in programming fees receivable for the years ended December 31, 2020 and 2019, respectively.

Unconditional Promises to Give and Allowance for Doubtful Promises

The Organization's pledges receivable are comprised of amounts committed from individuals for use in its capital projects. The receivables are recorded at the present value of estimated future cash flows. Management reviews all pledges receivable as of December 31st, and establishes an allowance for doubtful pledges. The allowance for doubtful pledges was $53,837 at December 31, 2020 and 2019.

Investments

The Organization values the investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets as they occur. Investment return is presented net of investment fees.

Other investments primarily consist of investments held by the Community Foundation for Southeastern Michigan (CFSEM).

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

Building, Improvements, and Equipment

All fixed assets are recorded at cost or, if donated, at fair value at the date of the gift. The Organization provides for depreciation and amortization of these assets using the straight-line method based upon acquisition cost or fair value at the date of the gift and estimated useful lives of the assets, ranging from 3 to 40 years. The Organization capitalizes all items with a cost of $5,000 or more.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Classification of Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment account and a board-designated capital project improvement account.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received, and the related net assets are released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Support

Contracts, Grant Funds, and Deferred Revenue

Funds received from reimbursable contracts and grants are recorded as revenue when the Organization either provides services, or monies are received or pledged. A receivable is recognized for any service provided or pledge received if monies have not yet been received by the Organization. Funds received by the Organization in advance of incurring eligible costs are recorded as deferred revenue.

The funds received are subject to review or audit by the funding sources and the Organization must comply with the specific rules and regulations defined in the contracts.

Contributions

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Donated Goods and Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fund-raising campaigns. Donated services were not recognized in the financial statements since they did not meet the criteria for recognition under ASC topic - *Contributions*. For the years ended December 31, 2020 and 2019, the Organization recorded in-kind donations of $352,286 and $242,900 respectively in the Statements of Activities as contributions. In-kind donations are for physical goods received that are recorded at the fair market value of the goods received.

Revenue Recognition for Contracts with Customers

The Organization's revenue stream under contracts with customers is comprised of the exchange component of special events revenue transactions in which the donor and the Organization receive something of commensurate value from the special event. The Organization performs an analysis to determine the performance obligations associated with the exchange transaction, and revenue is recognized when the given performance obligation is satisfied.

The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as the estimated value of the items received by the donor as part of the special event).

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2020 and 2019, there were no uncertain tax positions that required accrual.

Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The income derived from the cell tower rental is considered unrelated business income. Any income tax attributable to this activity is included in miscellaneous expense of the consolidated statements of functional expenses.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Current Operations

Current operations include all revenue and expenses that are a part of the ongoing day-to-day activities of the Organization. Revenue and expenses related to the pension activities, capital campaign, endowment, capital grants, as well as investment income designated for these activities, if any, are not considered to be operational activities and have been separately displayed on the consolidated statement of activities.

The Organization's operations revenue was impacted in 2020 due to several factors, one of which included the strategic decision to not renew the contracts for juvenile justice residential mental health treatment services which expired on September 30, 2020. The temporary, which may be permanent, exit from the juvenile justice secure and non-secure mental health treatment had been previously contemplated and COVID related reduction in referrals advanced the decision.

Functional Expenses

The Organization allocates its expenses on a functional basis between program and support services. Expenses that are specifically attributable to one of the three segments (Programs, Management/General, or Fundraising) are reported under that segment in their natural expenditure classification. Other expenses shared across segments are allocated using various methods. Significant categories include, but are not limited to Salaries/Benefits, Facilities, and Information Technology Services.

Salaries/Benefits and IT Services are allocated based on estimates of time and effort. Facility costs are allocated based on square footage. The methods used are considered reasonable, but other methods could be used that would produce different results.

COVID-19

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic. As a result, many countries have implemented measures to mitigate the spread of outbreaks that affected global communities.

In response to the pandemic and State of Michigan Executive Orders, the Organization altered business operations in 2020 to minimize the spread of the virus. As the Organization operates several essential function programs, the residential operations were continued but with the following adjustments: closing campus to non-essential visitors, moving several operations and staff to remote/home based work, repeatedly issuing personal protection equipment, isolating and or quarantining youth and staff, adjusted food services, establishing enhanced regular and deep cleaning/disinfecting protocols, enabling virtual meetings and schooling for students, as well as provisions of hazard pay for staff, weekly COVID testing and vaccination support. These changes resulted in significant additional expense in 2020.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

December 31, 2020

	Vista Maria	Vista Affordable Housing	InSight	Consolidated Total
Cash and Cash Equivalents	$ 1,937,083	$ 165,346	$ 2,382,835	$ 4,485,264
Operating Investments	1,768,333	-	6,309,422	8,077,755
Accounts Receivable-Programming Fees	2,016,806	-	922,352	2,939,158
Other Accounts Receivable	197,308	-	1,908	199,216
Promise to Give	356,709	-	-	356,709
	$ 6,276,239	$ 165,346	$ 9,616,517	$ 16,058,102

December 31, 2019

	Vista Maria	Vista Affordable Housing	InSight	Consolidated Total
Cash and Cash Equivalents	$ 2,528,438	$ 137,192	$ 3,393,167	$ 6,058,797
Operating Investments	1,536,259	-	6,655,453	8,191,712
Accounts Receivable-Programming Fees	3,264,140	-	916,681	4,180,821
Other Accounts Receivable	183,957	-	8,812	192,769
Promise to Give	3,087	-	-	3,087
	$ 7,515,881	$ 137,192	$ 10,974,113	$ 18,627,186

All entities operate as separate and distinct legal entities. As such all cash, cash equivalents and investments reflected above are for the exclusive purpose of supporting the operation of the entity.

Operating Investments for Vista Maria consist of a Board Designated Endowment Account. Although this account is not intended for general expenditures, the Board could approve an amount for general use. Operating Investments for InSight, while not intended for general expenditures, could be approved by their Board for general use.

Accounts Receivable-Programming Fees are predominately amounts due from the State, Counties, and Courts for child care services provided under contracts or approved rates.

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

Other Accounts Receivable consists of other amounts due for ancillary services related to child care services programming including amounts from the National School Lunch Program.

Promise to Give represent minor amounts that are related to completed projects and are no longer restricted.

NOTE 4 – PROMISES TO GIVE

Vista Maria's Promises to Give consist of the following:

	December 31, 2020	December 31, 2019
Amounts Due in:		
Less Than One Year	$ 405,891	$ 265,871
One to Five Years	5,500	-
Less Unamortized Discount, Using a Discount Rate of 2.25% and 4.75% for 2020 and 2019, respectively	(845)	(8,906)
Less Allowance for Uncollectibles	(53,837)	(53,837)
Net Promises to Give	$ 356,709	$ 203,128

NOTE 5 – INVESTMENTS

The Organization's investments are sub-divided into four major classifications:

1) Board Designated Endowment,
2) Capital Project Improvement Endowment,
3) Capital Campaign Funds and,
4) Other Investments

Depending on the investment strategy and goals, each portfolio may be comprised of:

1) Money market fund and short term investments,
2) Equity Funds or Mutual Fund - Equity,
3) Fixed income or Mutual Fund - Fixed Income,
4) Mutual Fund – Balanced,
5) Commodity Funds

NOTE 5 – INVESTMENTS (Continued)

The category 'Other Investments' include funds held by:

1) The Community Foundation for Southeastern Michigan (CFSEM),
2) Investments held by InSight at September 30, 2020 and 2019

	Year Ended December 31,	
	2020	2019
Board Designated Endowment:		
Money Market Fund and Short Term Investment	$ 86,821	$ 27,988
Mutual Funds - Equity	1,681,512	1,109,740
Mutual Funds - Fixed Income	-	398,531
Total Board Designated Endowment	1,768,333	1,536,259
Board Designated Capital Project Improvement:		
Money Market Fund and Short Term Investment	60,186	20,679
Common Stock	680,617	606,233
Fixed Income Securities	271,161	279,260
Total Board Designated Capital Project Improvement	1,011,964	906,172
Capital Campaign:		
Money Market Fund and Short Term Investment	646	75
Other Investments:		
Investments held by InSight:		
Money Market Fund and Short Term Investment	4,777	1,366
Mutual Funds - Equity	1,542,169	1,686,247
Mutual Funds - Balanced	3,222,784	3,350,105
Commodity Funds	1,539,692	1,617,735
Total Investments held by InSight	6,309,422	6,655,453
Investments held at The CFSEM	37,397	36,136
Total Other Investments	6,346,819	6,691,589
Total Investments	$ 9,127,762	$ 9,134,095

NOTE 5 – INVESTMENTS (Continued)

Net investment income consists of the following:

	Year ended December 31,	
	2020	2019
Investment Income	$ 99,452	$ 135,607
Realized Gains	83,336	52,572
Unrealized Gains	1,298,533	1,101,980
Investment Fees	(67,975)	(63,328)
	$ 1,413,346	$ 1,226,831

NOTE 6 – BOARD-DESIGNATED ENDOWMENTS

Vista Maria's endowments include funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. There are no such donor-restricted endowment funds. As a result of this interpretation, the Organization would retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

NOTE 6 – BOARD-DESIGNATED ENDOWMENTS (Continued)

Changes in Endowment Net Assets

Changes in endowments for the year ended:

December 31, 2020	Board Designated Endowment Account	Board Designated Capital Project Improvement Account
Board Designated Net Assets - Beginning	$ 1,536,259	$ 906,172
Net Investment Return Gain	232,074	105,792
Board Designated Net Assets - Ending	$ 1,768,333	$ 1,011,964

December 31, 2019	Board Designated Endowment Account	Board Designated Capital Project Improvement Account
Board Designated Net Assets - Beginning	$ 1,289,265	$ 745,962
Net Investment Return Gain	246,994	160,210
Board Designated Net Assets - Ending	$ 1,536,259	$ 906,172

NOTE 6 – BOARD-DESIGNATED ENDOWMENTS (Continued)

Return Objective and Risk Parameters

The Organization has adopted an investment and spending policy for all investment dollars that incorporates a diversified asset portfolio and a pre-defined rate of return on investment that results in a potential source of income for current operations. Endowment assets include those assets classified as board-designated funds. Under this policy, as approved by the board of directors, the endowment net assets are to be managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. Vista Maria expects its endowment funds over time to provide an average annual rate of return of approximately 6 percent. Actual returns in any given year will vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy establishing a predisposition toward reinvesting income of the endowment fund, subject to the needs of the Organization for additional general operational funds from time to time.

NOTE 7 – FAIR VALUE MEASUREMENTS

ASC topic - *Fair Value Measurements*, 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 ASC topic *Fair Value Measurements* are described as follows:

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

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

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

If the asset or liability has a specific (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 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:

The Organization currently holds shares in common stocks; fixed income securities; fixed income, balanced, and equity mutual funds; and money market funds. The funds are valued at the quoted prices that are readily available for the shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Common Stock	$ 680,617	$ -	$ -	$ 680,617
Fixed Income Securities	271,161	-	-	271,161
Mutual Funds	6,446,465	-	-	6,446,465
Commodity Funds	1,539,692	-	-	1,539,692
Money Market Fund and Short Term Investments	152,430	-	-	152,430
Other Holdings - CFSEM	-	-	37,397	37,397
Total	$ 9,090,365	$ -	$ 37,397	$ 9,127,762

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Common Stock	$ 606,233	$ -	$ -	$ 606,233
Fixed Income Securities	279,260	-	-	279,260
Mutual Funds	6,544,623	-	-	6,544,623
Commodity Funds	1,617,735	-	-	1,617,735
Money Market Fund and Short Term Investments	50,108	-	-	50,108
Other Holdings - CFSEM	-	-	36,136	36,136
Total	$ 9,097,959	$ -	$ 36,136	$ 9,134,095

Changes in Level 3 assets measured at fair value on a recurring basis are as follows:

	Year Ended December 31,	
	2020	2019
Other Holdings - CFSEM		
Beginning Balance	$ 36,136	$ 32,818
Total Unrealized Gain Included in Change in Net Assets	1,261	3,318
Ending Balance	$ 37,397	$ 36,136

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

The Organization has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. The Organization estimates the fair value of this investment based upon reports generated by the CFSEM.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

NOTE 8 – BUILDINGS, IMPROVEMENTS, AND EQUIPMENT

The Organization's buildings, improvements, and equipment consist of the following:

	December 31,	
	2020	2019
Leasehold Improvements	$ 14,037	$ 14,037
Land Improvements	3,698,696	3,669,432
Buildings	19,669,069	14,531,470
Building Improvements	12,231,685	12,031,553
Machinery and Equipment	3,759,545	3,375,781
Vehicles	450,243	490,147
Furniture and Fixtures	1,784,887	1,750,511
Construction in Progress	14,395	3,535,934
Total Cost	41,622,557	39,398,865
Accumulated Depreciation and Amortization	(24,745,340)	(23,557,435)
Net Carrying Amount	$ 16,877,217	$ 15,841,430

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 was $1,306,112 and $1,156,144, respectively.

NOTE 9 – LINE OF CREDIT

The Organization operates under a revolving note agreement with a financial institution. Terms include:

- A limit of $2,000,000
- An unused line fee of .40%
- The applicable interest rate equals the daily adjusted LIBOR plus 3.00%
- A maturity date of May 2022

There were no borrowings against the notes at December 31, 2020 and 2019.

NOTE 10 – LONG-TERM DEBT

Notes Payable

The following is summary of Vista Maria's long-term debt:

	December 31,	
	2020	2019
Note Payable FHLBI - DeRoy Hall	$ 300,000	$ 333,333
Note Payable FHLBI - Myriam Hall	347,222	380,555
Note Payable FHLBI - Shepherd Hall	350,000	400,000
Note Payable Wayne County	325,112	325,112
Note Payable FHLBI - Freedom Center	475,000	-
Long - Term Portion	$ 1,797,334	$ 1,439,000

Maturities of the four notes payable to FHLBI, and the note payable to Wayne County are not included in a schedule of future maturities as these notes are expected to be forgiven.

NOTE 10 – LONG-TERM DEBT (Continued)

VISTA MARIA – FHLBI – DEROY HALL - $500,000

In 2014, Vista Maria received the Certificate of Occupancy for a new residential treatment facility (Deroy Hall). This 16 unit residential housing is where Vista Maria provides mental health treatment and community reintegration services for adolescent survivors of human trafficking. The construction cost was funded through corporate, foundation and individual donations as well as a $500,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15 year term, the note will be forgiven during 2029. If at any time the FHLBI determines that Vista Maria is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in 2015, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $33,333 was recognized for each of the years ended December 31, 2020 and 2019.

VISTA MARIA – FHLBI – MYRIAM HALL - $500,000

In 2016, Vista Maria received the Certificate of Occupancy for a new residential housing building (Myriam Hall). This 8-unit residential housing provides supervised independent living for youth ages 16-18. The construction cost was funded through corporate, foundation and individual donations as well as a $500,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15 year term, the note will be forgiven during 2031. If at any time the FHLBI determines that Vista Maria is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in June 2016, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $33,333 was recognized for each of the years ended December 31, 2020 and 2019, respectively.

VISTA AFFORDABLE HOUSING – FHLBI – SHEPHERD HALL - $750,000

At the end of 2012, the Organization received the Certificate of Occupancy after renovating an existing building (Shepherd Hall). This 22-unit dorm-style apartment housing provides transitional/independent living programming for females between the ages of 16-24. The cost of renovation was funded through corporate, foundation and individual donations, a county grant, as well as a $750,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15 year term, the note will be forgiven during 2027. If at any time the FHLBI determines that the Organization is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in 2013, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $50,000 was recognized for each of the years ended December 31, 2020 and 2019.

NOTE 10 – LONG-TERM DEBT (Continued)

VISTA AFFORDABLE HOUSING – WAYNE COUNTY HOME GRANT – SHEPHERD HALL - $325,112

The note payable to Wayne County is through the HOME program of the U.S. Department of Housing and Urban Development for an amount up to $330,000. This loan is also for Shepherd Hall construction and requires that seven of the 22 units be low or below-low income occupancy for the same 15-year duration as identified above. Based on the terms of the agreement, the loan is interest free and will be forgiven by the County during 2027 if all obligations/terms are met at the end of the 15 year term. If the apartment is not maintained as an affordable housing complex at any point during the 15-year term, the entire portion of the loan is to be repaid.

VISTA MARIA – FHLBI – FREEDOM CENTER- $500,000

During 2017, the Organization was awarded a $500,000 grant, subject to certain administrative requirements, through the Federal Home Loan Bank of Indianapolis to be used for the construction of a new building used to support the Human Trafficking Treatment program. The funds were received in January 2020. In 2020, Vista Maria received the Certificate of Occupancy for a new residential treatment facility. The construction cost was funded through corporate, foundation and individual donations as well as a $500,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15 year term, the note will be forgiven during 2035. If at any time the FHLBI determines that Vista Maria is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in April 2020, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $25,000 and $-0- was recognized for the years ended December 31, 2020 and 2019, respectively.

NOTE 10 – LONG-TERM DEBT (Continued)

VISTA MARIA – PAYCHECK PROTECTION PROGRAM LOAN - $2,812,300

On April 28 2020, the Organization applied for and was the recipient of a Paycheck Protection Program ("PPP") loan in the amount of $2,812,300 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the program terms, PPP loans are forgiven if the loan proceeds are used for permitted expenses, defined as payroll, rent and utilities. All recipients must apply for loan forgiveness and provide requisite documentation to substantiate proceed use. The portion of the PPP loan that is not forgiven is subject to a 1% interest rate and is due by the maturity date of April 28, 2022. The Organization has elected to treat these proceeds as debt and therefore the Organization will recognize forgiveness of debt when it is legally released as primary obligor. The Organization submitted the application for forgiveness to its bank and was subsequently submitted by the bank to the Small Business Association. No forgiveness income has been recorded for the year ended December 31, 2020.

The PPP loan contains customary borrower default provisions and lender remedies, including the right of Comerica to require immediate repayment in full of the outstanding principal balance of the PPP loan with accrued interest. According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization's judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 11 – RETIREMENT PLANS

Defined Contribution Plans

Vista Maria has a 403(b) retirement plan. Under the Plan, eligible employees can elect to defer a portion of their compensation.

InSight has a 401(k) retirement plan. Under the Plan, eligible employees can elect to defer a portion of their compensation. InSight made matching contributions of $23,049 and $19,436 to the Plan for the years ended September 30, 2020 and 2019. The matching contributions are set annually.

NOTE 11 – RETIREMENT PLANS (Continued)

Defined Benefit Plan

Vista Maria has a defined benefit plan, which is a continuation of the pension plan it had as part of the multi-employer plan of United Way for Southeastern Michigan. This Plan was frozen effective February 28, 2009. Prior to freezing the Plan, the Plan covered substantially all of its employees. The benefits were based on years of service and an employee's highest three consecutive years of compensation during the last 10 years of employment. The funding policy is, at a minimum, to contribute annually as required by IRS minimum funding requirements.

Change in projected benefit obligation:

	December 31, 2020	December 31, 2019
Benefit Obligation - January 1	$ 12,182,435	$ 10,133,742
Service Cost Due to Expense Provision	203,570	208,762
Interest Cost	382,601	418,767
Actuarial Loss	862,547	2,148,293
Administrative Expenses	(37,292)	(203,570)
Benefits Paid	(264,668)	(271,599)
Settlements	(738,648)	(251,960)
Projected Benefit Obligation - December 31	$ 12,590,545	$ 12,182,435

Change in plan assets:

	December 31, 2020	December 31, 2019
Fair Value of Plan Assets - January 1	$ 7,281,962	$ 6,408,590
Investment Return	786,950	1,058,712
Vista Maria's Contributions to Plan	4,720,186	541,789
Administrative Expenses	(37,292)	(203,570)
Benefits Paid	(264,668)	(271,599)
Settlements	(738,648)	(251,960)
Fair Value of Plan Assets - December 31	$ 11,748,490	$ 7,281,962
Excess of Projected Benefit Obligation Over Fair Value of Plan Assets	$ 842,055	$ 4,900,473

NOTE 11 – RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Change in pension liability:

	December 31, 2020	December 31, 2019
Pension Liability - January 1	$ 4,900,473	$ 3,725,152
Net Pension Cost	988,248	403,334
Contributions to the Plan	(4,720,186)	(541,789)
Pension-Related Changes	(326,480)	1,313,776
Pension Liability - December 31	$ 842,055	$ 4,900,473

The net periodic pension cost of the defined benefit pension plan, which is included in the Other Changes in Net Assets of Vista Maria, includes the following components:

	Year ended December 31, 2020	Year ended December 31, 2019
Service Cost Due to Expense Provision	$ 203,570	$ 208,762
Interest Cost on Projected Benefit Obligations	382,601	418,767
Expected Return on Plan Assets	(215,845)	(379,710)
Amortization of Net Loss	195,456	155,515
Settlement Costs	422,466	-
Net Pension Cost	$ 988,248	$ 403,334

Assumptions

Weighted average assumptions used to determine benefit obligations are as follows:

	December 31, 2020	December 31, 2019
Discount Rate	2.60%	3.20%

NOTE 11 – RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Weighted average assumptions used to determine net periodic benefit cost are as follows:

	December 31,	
	2020	2019
Discount Rate	3.20%	4.20%
Expected Long-Term Return on Plan Assets	3.00%	6.00%

The overall expected rate of return on plan assets represents a weighted average composite rate based on the historical rates of return of the respective asset classes adjusted for anticipated market movements.

The following items are included in non-operating activities as pension-related changes other than net periodic pension costs and are not yet recognized as components of pension cost:

	Year Ended December 31,	
	2020	2019
Net Loss Due to Change in Assumptions	$ 291,442	$ 1,469,291
Amortization of Net Loss	(195,456)	(155,515)
Settlement Recognition	(422,466)	-
Total Recognized in Non-Operating Activities	$ (326,480)	$ 1,313,776

Plan Assets

The Organization's pension plan weighted asset allocations, by asset category, are as follows:

	December 31,	
	2020	2019
Fixed-Income Securities and Cash Equivalents	100%	42%
Equity Securities	0%	58%
Total	100%	100%

The goals of the pension plan investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding, maintain the plan in compliance with all applicable laws and

NOTE 11 – RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

regulations and assure timely payment of retirement benefits. Plan assets are invested at the discretion of the trustee with input from the plan sponsor, the investment manager, and other outside advisors.

Equity securities primarily include investments in large-cap, mid-cap, and small-cap companies primarily located in the United States. Fixed-income securities include corporate bonds of companies from diversified industries, high yield, inflation-protected securities, mortgage-backed securities, U.S. Treasuries, and other types of fixed-income securities. As part of the Plan termination, the target allocation of the plan assets has been changed to 100 percent fixed-income securities for the year ended December 31, 2020.

The fair values of the Organization's pension plan assets at December 31, 2020 and 2019, were determined by using quoted prices that are readily available for the shares held by the Plan at year end. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed Income Securities and Cash Equivalents	$ 11,748,490	$ -	$ -	$ 11,748,490

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed Income Securities and Cash Equivalents	$ 3,091,861	$ -	$ -	$ 3,091,861
Equity Securities	4,190,101	-	-	4,190,101
Total	$ 7,281,962	$ -	$ -	$ 7,281,962

Plan Termination Status

Effective October 28, 2019, the Executive Committee of the Organization made the determination to terminate the defined benefit plan. While the final termination is subject to IRS and PBGC approval, the Organization has begun certain operational steps as part of the plan termination. This included increasing the employer contribution made in 2020 to approximately $4,700,000, which increased plan assets to $11,748,490 and decreased the pension liability as of December 31, 2020. As part of the plan termination, benefit payments of $12,590,545 are expected to be paid in the year ended December 31, 2021. The Organization is responsible for funding shortfalls, if any, at plan termination.

NOTE 12 – SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Vista Maria has a supplemental executive retirement plan (SERP) providing supplemental retirement benefits for designated executives. Under the program, the Board of Directors approves an annual amount to be credited to the designated executives' accounts. That amounts vests over 5 years from the date of the Board approval. Amounts that are 100% vested must be disbursed pursuant to the appropriate disbursement date requirements.

Compensation expense for the SERP for the years ended December 31, 2020 and 2019 was $72,630 and $59,694, respectively. Vista Maria has accrued the vested balance of the SERP in the amount of $193,922 and $175,292 for the years ended December 31, 2020 and 2019, respectively.

NOTE 13 – DONOR RESTRICTED NET ASSETS

Vista Maria's donor restricted net assets are available for the following purposes:

	December 31, 2020	December 31, 2019
Residential Training	$ -	$ 42,000
Deroy Treatment Training	-	30,000
Academic Scholarships	-	19,040
Capital Campaign	-	2,539,913
Other	5,000	27,142
Total	$ 5,000	$ 2,658,095

During the years ended December 31, 2020 and 2019, net assets released from restrictions totaled $3,689,776 and $418,087, respectively.

Net assets related to the Capital Campaign were subject to purpose restrictions, and were released when the underlying building is completed and placed into service. All other donor restricted net assets are subject to purpose restrictions, and will be released when the amounts are spent for the designated purpose.

NOTE 14 – SPECIAL EVENTS

The special events held by Vista Maria are detailed below. The gross revenue has been included in contributions.

	Gross Revenue	Expenses	Net Revenue
2020			
Celebrating Women	$ 208,615	$ (4,834)	$ 203,781
Golf Outing-High Hopes	90,921	(20,620)	70,301
Golf Outing-Ford	117,545	(22,663)	94,882
Women Fore Women	34,407	(11,088)	23,319
Women's Empowerment Breakfast	26,860	(800)	26,060
Dolly Drive	7,650	(5,000)	2,650
Total	$ 485,998	$ (65,005)	$ 420,993
2019			
Celebrating Women	$ 251,077	$ (61,435)	$ 189,642
Golf Outing-High Hopes	119,291	(40,159)	79,132
Golf Outing-Ford	128,270	(29,061)	99,209
Women Fore Women	40,829	(16,867)	23,962
Women's Empowerment Breakfast	51,718	(12,218)	39,500
Dolly Drive	39,273	(16,936)	22,337
Total	$ 630,458	$ (176,676)	$ 453,782

NOTE 15 – OPERATING LEASES

The Organization leases various office equipment through a combination of month-to-month and long term lease agreements. The long term leases expire through 2021. Total lease expense under all lease agreements for the years ended December 31, 2020 and 2019 was $23,498 and $44,611, respectively.

Future minimum lease payments under these leases for 2021 are $18,874.

NOTE 16 – RELATED PARTY TRANSACTIONS

InSight Youth and Family Connections, Inc.

The Organization is the sole owning member of InSight Youth and Family Connections, Inc., a nonprofit care management organization that coordinates services for Wayne County youth under a juvenile justice service agreement with Wayne County. Highlights of this entity include:

- InSight receives revenue via a capitated agreement with Wayne County which provides monthly installment payments.

InSight Youth and Family Connections, Inc. Youth Diversion Grant

During the years ended December 31, 2020 and 2019, InSight provided Vista Maria with $429,842 and $750,000 grants, respectively, to fund the Journey to Success (JTS) program – a youth and young adult diversion program targeted at Wayne County students in 6th through 12th grade. The objective is to divert students from unsafe, unhealthy activities and environments to focus on positive activities that develop life skills, increase emotional and social intelligence, promote academic and career success and build supportive adult relationships.

InSight funded program leadership and transportation costs incurred by the Organization to run the Grow Detroit Youth Talent summer job program, a social media certification program for interested youth, and a workforce development program. Total funds provided in 2020 and 2019 were $0 and $107,170 respectively.

NOTE 17 – CONTINGENCIES

Grants

Grants often require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, the Organization deems the contingency unlikely, since by accepting the grant monies and their terms, it has accommodated the objectives of the Organization to the provisions of the grants.

NOTE 17 – CONTINGENCIES (Continued)

Unemployment Claims

The Organization is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Organization has purchased commercial insurance for coverage of all claims except employee unemployment benefits. The Organization pays unemployment claims on a reimbursement basis.

Litigation

In the normal course of business, there are various unresolved legal actions. As of April 22, 2021, the outcome of these legal actions was not determinable. Management believes the resolution of these lawsuits will not have a material effect on the financial statements; therefore, a provision for a loss was not included in the financial statements.

Long-Term Debt

As noted in Note 10, the Organization is subject to certain requirements as part of the FHLBI, Wayne County Home Grant, and Paycheck Protection Program agreements.

NOTE 18 – ACCOUNTING PRONOUNCEMENTS

Upcoming Accounting Pronouncement

In July 2016, the FASB issued ASU 2016-2, *Leases (Topic 842).* The ASU requires that assets and liabilities be recognized from all leases, except for leases with a term of 12 months or less. The ASU is effective for fiscal years beginning after December 15, 2021.

Management is currently assessing the potential impact of the upcoming pronouncement to the Organization's accounting and financial reporting.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization adopted the ASU effective January 1, 2019. The adoption of the standard has no impact on the revenue recognition for the years ended December 31, 2020 and 2019.

NOTE 18 – ACCOUNTING PRONOUNCEMENTS (Continued)

Recently Adopted Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985). The ASU provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contribution (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. Management performed an assessment of the Organization's contributions and determined the adoption of the standard has no impact on the recognition of contributions for the years ended December 31, 2020 or 2019.

NOTE 19 – SUBSEQUENT EVENTS

The consolidated financial statements and related disclosures include evaluation of events up through and including April 22, 2021, which is the date the consolidated financial statements were issued.