Consolidated Financial Statements
September 30, 2019 and 2018

One Vision

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
One Vision
Clear Lake, Iowa

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of One Vision (Organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, 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 audits. We conducted our audits 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of One Vision as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the consolidated financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. Accordingly, the September 30, 2018 consolidated financial statements have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Eide Bailly LLP

Dubuque, Iowa
December 18, 2019

	2019	2018 (Restated)
Assets		
Cash and cash equivalents	$ 231,738	$ 1,004,539
Operating investments	6,071,461	7,624,831
Accounts receivable, net	2,890,724	2,404,745
Promises to give, net	118,524	323,870
Restaurant inventory	-	13,859
Prepaid expenses and other assets	628,785	198,176
Workers' compensation / professional liability insurance estimated receivable	406,841	973,077
Funds held pursuant to HUD requirements		
Reserve for replacements	26,018	18,819
Residual receipts	13,217	13,199
Investments under indenture agreement	2,545,134	-
Property and equipment, net	20,336,973	9,727,623
Assets held for sale	1,440,018	732,093
Deferred compensation investments	30,958	239,855
Land held for investment	2,595,250	2,595,250
Cash value of life insurance	297,844	285,018
Beneficial interest in perpetual trust	949,344	911,060
Endowment investments	9,538,749	9,537,649
Total assets	$ 48,121,578	$ 36,603,663

	2019	2018 (Restated)
Liabilities and Net Assets		
Accounts payable		
Trade	$ 637,443	$ 458,844
Estimated health claims	757,167	407,883
Estimated workers' compensation claims and professional liability claims	406,841	973,077
Construction	1,922,629	620,952
Interest	257,713	-
Accrued expenses		
Salaries and wages	391,029	362,318
Deferred compensation	30,729	241,765
Vacation	625,776	673,390
Payroll taxes and other	204,778	91,858
Long-term debt, net of unamortized bond issuance costs and premium on bonds	11,009,040	153,755
Gift annuity obligation	2,861	3,541
Total liabilities	16,246,006	3,987,383
Net Assets		
Without donor restrictions		
Undesignated	21,189,521	21,734,345
Designated by the Board for endowment	8,595,928	8,595,928
Total net assets without donor restrictions	29,785,449	30,330,273
With donor restrictions		
Purpose restrictions	127,619	273,496
Time-restricted for future periods	70,339	159,730
Perpetual in nature	1,892,165	1,852,781
Total net assets with donor restrictions	2,090,123	2,286,007
Total net assets	31,875,572	32,616,280
Total liabilities and net assets	$ 48,121,578	$ 36,603,663

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Client services, net	$ 22,012,514	$ -	$ 22,012,514
Contributions	357,862	3,333	361,195
Thrift store and green house sales	2,048,418	-	2,048,418
Less cost of goods sold	(511,698)	-	(511,698)
Net thrift store sales	1,536,720	-	1,536,720
Restaurant/bakery sales	-	-	-
Less cost of goods sold	(13,645)	-	(13,645)
Net restaurant/bakery sales	(13,645)	-	(13,645)
Net investment return	609,671	38,284	647,955
Rental income from investment property	68,904	-	68,904
Other revenue	453,206	-	453,206
Net assets released from restrictions	237,501	(237,501)	-
Total revenue, support, and gains	25,262,733	(195,884)	25,066,849
Expenses and Losses			
Program services expense			
Residential	15,002,363	-	15,002,363
Day/employment	2,227,237	-	2,227,237
Behavioral health	562,108	-	562,108
Business enterprises	1,557,126	-	1,557,126
Other	1,070,100	-	1,070,100
Total program services expense	20,418,934	-	20,418,934
Supporting services expense			
Management and general	4,943,361	-	4,943,361
Fundraising and development	408,788	-	408,788
Total supporting services expense	5,352,149	-	5,352,149
Loss on sale of property and equipment	36,474	-	36,474
Total expenses and losses	25,807,557	-	25,807,557
Change in Net Assets	(544,824)	(195,884)	(740,708)
Net Assets, Beginning of Year	30,330,273	2,286,007	32,616,280
Net Assets, End of Year	$ 29,785,449	$ 2,090,123	$ 31,875,572

	Without Donor Restrictions	With Donor Restrictions (Restated)	Total
Revenue, Support, and Gains			
Client services, net	$ 22,568,519	$ -	$ 22,568,519
Contributions	936,939	239,094	1,176,033
Thrift store sales	1,816,381	-	1,816,381
Less cost of goods sold	(360,348)	-	(360,348)
Net thrift store sales	1,456,033	-	1,456,033
Restaurant sales	323,262	-	323,262
Less cost of goods sold	(168,857)	-	(168,857)
Net Restaurant sales	154,405	-	154,405
Net investment return	1,325,730	18,550	1,344,280
Rental income from investment property	61,030	-	61,030
Other revenue	452,589	-	452,589
Net assets released from restrictions	845,022	(845,022)	-
Total revenue, support, and gains	27,800,267	(587,378)	27,212,889
Expenses and Losses			
Program services expense			
Residential	15,545,304	-	15,545,304
Day/employment	2,757,324	-	2,757,324
Behavioral health	656,139	-	656,139
Business enterprises	1,831,529	-	1,831,529
Other	1,129,286	-	1,129,286
Total program services expense	21,919,582	-	21,919,582
Supporting services expense			
Management and general	4,404,887	-	4,404,887
Fundraising and development	441,034	-	441,034
Total supporting services expense	4,845,921	-	4,845,921
Impairment loss on building (cottages)	78,850	-	78,850
Loss on sale of property and equipment	28,233	-	28,233
Total expenses and losses	26,872,586	-	26,872,586
Change in Net Assets	927,681	(587,378)	340,303
Net Assets, Beginning of Year	29,402,592	2,873,385	32,275,977
Net Assets, End of Year	$ 30,330,273	$ 2,286,007	$ 32,616,280

	Program Services						Supporting Services			
	Residential	Day/ Employment	Behavioral Health	Business Enterprises	Other	Total	Management and General	Fundraising and Development	Total	Total Expenses
Salaries and Wages	$ 10,662,312	$ 1,483,403	$ 355,045	$ 808,648	$ 230,754	$ 13,540,162	$ 2,136,132	$ 207,660	$ 2,343,792	$ 15,883,954
Employee Benefits	1,939,482	336,890	60,830	84,581	47,151	2,468,934	858,110	38,884	896,994	3,365,928
Payroll Taxes	1,080,638	143,842	34,325	83,208	24,543	1,366,556	226,034	21,544	247,578	1,614,134
Food	292,521	-	1,886	2,397	-	296,804	10,609	5,852	16,461	313,265
Supplies	199,238	27,447	20,850	127,833	7,277	382,645	196,479	37,139	233,618	616,263
Utilities and Telephone	221,213	41,978	8,932	97,571	89,631	459,325	113,694	4,972	118,666	577,991
Repairs and Maintenance	168,704	71,523	22,399	75,862	47,870	386,358	214,817	8,089	222,906	609,264
Transportation	101,664	56,036	10,998	3,531	204,737	376,966	39,975	3,035	43,010	419,976
Education Conferences	24,227	7,688	8,626	6,660	58	47,259	75,893	7,575	83,468	130,727
Resident Payroll	-	15,666	-	12,896	-	28,562	-	-	-	28,562
Postage	558	21	71	66	33	749	9,489	13,494	22,983	23,732
Printing	-	-	420	-	-	420	597	28,268	28,865	29,285
Professional Fees	140,621	435	13,650	40,791	3,630	199,127	550,868	2,660	553,528	752,655
Insurance	4,977	77	539	6,577	24,506	36,676	120,353	227	120,580	157,256
Interest	2,017	-	-	-	-	2,017	-	-	-	2,017
Dues and Subscriptions	2,704	-	129	-	15,251	18,084	21,919	10,798	32,717	50,801
Other Taxes	-	-	-	48,064	-	48,064	13,339	-	13,339	61,403
Cost of Goods Sold	-	-	-	445,619	-	445,619	-	-	-	445,619
Depreciation	142,766	34,893	16,982	110,942	374,539	680,122	223,518	3,606	227,124	907,246
Other	18,721	7,338	6,426	47,499	120	80,104	76,723	15,811	92,534	172,638
Bad Debts (Recoveries)	-	-	-	-	-	-	54,812	(826)	53,986	53,986
Total Expenses by Function	15,002,363	2,227,237	562,108	2,002,745	1,070,100	20,864,553	4,943,361	408,788	5,352,149	26,216,702
Less Expenses Included with Revenues on the Statement of Activities										
Cost of goods sold										
Thrift store and green house	-	-	-	(432,031)	-	(432,031)	-	-	-	(432,031)
Restaurant/bakery	-	-	-	(13,588)	-	(13,588)	-	-	-	(13,588)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 15,002,363	$ 2,227,237	$ 562,108	$ 1,557,126	$ 1,070,100	$ 20,418,934	$ 4,943,361	$ 408,788	$ 5,352,149	$ 25,771,083

One Vision

Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services						Supporting Services			
	Residential	Day/ Employment	Behavioral Health	Business Enterprises	Other	Total	Management and General	Fundraising and Development	Total	Total Expenses
Salaries and Wages	$ 10,984,177	$ 1,559,151	$ 473,700	$ 1,010,358	$ 235,631	$ 14,263,017	$ 2,186,744	$ 224,018	$ 2,410,762	$ 16,673,779
Employee Benefits	2,096,750	430,639	60,866	100,525	62,259	2,751,039	597,963	48,895	646,858	3,397,897
Payroll Taxes	1,165,821	158,748	52,298	110,434	24,499	1,511,800	248,554	22,732	271,286	1,783,086
Food	286,966	186	3,047	1,710	-	291,909	10,310	10,308	20,618	312,527
Supplies	226,359	93,940	24,136	176,332	11,389	532,156	179,229	33,902	213,131	745,287
Utilities and Telephone	206,321	73,548	1,632	98,410	91,837	471,748	72,635	4,227	76,862	548,610
Repairs and Maintenance	184,733	89,085	13,562	83,749	57,572	428,701	152,601	8,580	161,181	589,882
Transportation	93,600	36,479	8,472	2,065	210,665	351,281	39,134	3,986	43,120	394,401
Education Conferences	33,389	8,039	8,607	300	229	50,564	76,007	3,542	79,549	130,113
Resident Payroll	-	210,434	-	2,163	-	212,597	-	-	-	212,597
Postage	614	10	50	145	16	835	9,855	11,004	20,859	21,694
Printing	-	-	-	-	-	-	110	28,551	28,661	28,661
Professional Fees	48,413	1,500	3,000	51,214	3,996	108,123	401,857	1,080	402,937	511,060
Insurance	13,252	495	-	13,847	51,979	79,573	70,273	494	70,767	150,340
Interest	2,722	-	-	-	-	2,722	-	-	-	2,722
Dues and Subscriptions	6,396	-	340	8	15,213	21,957	23,939	8,893	32,832	54,789
Other Taxes	-	-	-	4,416	-	4,416	9,306	-	9,306	13,722
Cost of Goods Sold	-	-	-	529,205	-	529,205	-	-	-	529,205
Depreciation	182,341	93,352	4,997	118,878	363,718	763,286	197,379	3,606	200,985	964,271
Other	13,450	1,718	1,432	56,975	283	73,858	112,564	20,255	132,819	206,677
Bad Debts (Recoveries)	-	-	-	-	-	-	16,427	6,961	23,388	23,388
Total Expenses by Function	15,545,304	2,757,324	656,139	2,360,734	1,129,286	22,448,787	4,404,887	441,034	4,845,921	27,294,708
Less Expenses Included with Revenues on the Statement of Activities										
Cost of goods sold										
Thrift store	-	-	-	(360,348)	-	(360,348)	-	-	-	(360,348)
Restaurant	-	-	-	(168,857)	-	(168,857)	-	-	-	(168,857)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 15,545,304	$ 2,757,324	$ 656,139	$ 1,831,529	$ 1,129,286	$ 21,919,582	$ 4,404,887	$ 441,034	$ 4,845,921	$ 26,765,503

	2019	2018
Operating Activities		
Change in net assets	$ (740,708)	$ 340,303
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	907,246	964,271
Realized and unrealized gain on operating investments	(95,484)	(465,803)
Change in value of split-interest agreements	(680)	(680)
Contributions restricted to endowment	(1,100)	-
Change in beneficial interests held by others	(38,284)	(18,550)
Endowment net investment return	(341,518)	(675,683)
Expense of non-capitalized construction in progress	-	8,255
Impairment loss on building (cottages)	-	78,850
Loss on sale of property and equipment	36,474	28,233
Changes in operating assets and liabilities		
Accounts receivable, net	(485,979)	(244,422)
Promises to give, net	205,346	(79,538)
Restaurant inventory	13,859	2,238
Prepaid expenses and other assets	(430,609)	(59,975)
Accounts payable	785,596	118,052
Accrued expenses	(117,019)	(248,235)
Net Cash from (used for) Operating Activities	(302,860)	(252,684)
Investing Activities		
Purchases of operating investments	(13,712,558)	(10,439,671)
Proceeds from sales of operating investments	15,419,939	12,032,664
Addition to assets held for sale	(707,925)	(732,093)
(Addition to) withdrawal from deferred compensation investments	208,897	(50,904)
Withdrawal from endowment, net	261,848	206,567
Purchases of property and equipment	(10,275,965)	(1,385,692)
Proceeds from sales of property and equipment	24,572	10,123
Change in investments held under indenture agreement	(2,545,134)	-
Net Cash from (used for) Investing Activities	(11,326,326)	(359,006)

	2019	2018
Financing Activities		
Collections of contributions restricted to endowment	$ 1,100	$ -
Proceeds from issuance of long-term debt	11,050,800	-
Principal payments on long-term debt	(24,003)	(23,270)
Payment of debt issuance costs	(171,512)	-
Net Cash from (used for) Financing Activities	10,856,385	(23,270)
Net Change in Cash and Cash Equivalents	(772,801)	(634,960)
Cash and Cash Equivalents, Beginning of Year	1,004,539	1,639,499
Cash and Cash Equivalents, End of Year	$ 231,738	$ 1,004,539
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, including amounts paid for capitalized interest	$ 183,645	$ 2,722
Supplemental Disclosure of Non-cash Investing Activity		
Accounts payable for construction	$ 1,922,629	$ 620,952

Note 1 - Principal Activity and Significant Accounting Policies

Organization

One Vision (Organization) is a nonprofit organization established to provide residential homes, activity centers, and other services for those individuals having physical or mental disabilities which necessitate special help and supervision in their daily lives. The Organization additionally fulfills its mission by focusing its efforts in the following primary service areas:

Residential

The Organization helps individuals with disabilities to find affordable, safe, and comfortable homes in Iowa communities of their choice. One Vision staff support each person to live as independently as possible, while providing appropriate assistance based on individual needs.

Day/Employment

The Organization supports individuals with disabilities to achieve success at work. It starts with discovery. The Organization gets to know a person outside of work, look at their home environment, find out when and where they are at their best, and assess skills and interests. Then they offer training to improve skills and the opportunity to learn about different types of work by visiting businesses or trying out a job for ten days. The Organization supports individuals with disabilities to achieve success in the communities where they live and the wider world. Success for some might mean volunteering at a local community kitchen or at a state park picking up trash. For another, it may mean going to the grocery store like everyone else in town, to choose favorite items and pay for them.

Behavioral Health

The One Vision Children's Autism Center in Clear Lake, Iowa, offers hope for families overwhelmed by the challenges of raising a child on the autism spectrum. Direct services including assessment, positive behavior supports, and skill building activities to improve the lives of children with autism.

Business Enterprises

The Organization operates various businesses, such as a greenhouse a thrift store, which offer work-related opportunities for those individuals it serves. These businesses are operated in conjunction with the other program services previously mentioned. The Organization previously operated a restaurant as well, but those operations ceased during 2018.

Other

The Organization provides safe, courteous, and prompt transportation to meet the transportation needs of staff, persons supported, and transit service customers.

Principles of Consolidation

The consolidated financial statements include the accounts of One Vision (which includes Eagle Grove Group Home), Elm Street Home, Inc., Northwoods Living, Inc, One Vision Charitable Foundation, Fieldhouse Restaurant LLC and TimberCrest Apartments LLC because One Vision has both control and an economic interest in Elm Street Home, Inc., Northwoods Living, Inc., the One Vision Charitable Foundation, Fieldhouse Restaurant LLC and TimberCrest Apartments LLC. Fieldhouse Restaurant LLC was closed during the year. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

Cash and Cash Equivalents

The Organization consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to the building project (held under indenture agreements), endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for client services. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At September 30, 2019 and 2018, the allowance was $32,800 and $32,400, respectively.

Promises to Give

The Organization records unconditional contributions expected to be collected within one year at net realizable value. Unconditional contributions expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At September 30, 2019 and 2018, the allowance was $16,000 and $3,400, respectively.

Restaurant Inventory

Inventory was comprised of food, beverages and dry goods for the Fieldhouse Restaurant, and was stated at the lower of cost (first-in first-out method) or net realizable value. The Fieldhouse Restaurant closed during the year ended September 30, 2018.

U.S. Department of Housing and Urban Development (HUD) Regulations

The operations of the Elm Street Home, Inc. and Eagle Grove Group Home are subject to certain HUD regulations and requirements as follows:

Reserve for Replacements

Pursuant to the terms of the HUD regulatory agreement, Elm Street Home, Inc. and Eagle Grove Group Home are required to maintain a replacement reserve account. The replacement reserve is to be used to fund improvements and replacements. Withdrawals from these accounts are subject to HUD approval.

Residual Receipts

Use of residual receipts accounts are contingent upon HUD's written approval.

Tenant Security Deposits

Pursuant to management policy, Elm Street Home, Inc. and Eagle Grove Group Home have set aside funds to repay tenant security deposits after lease termination in accordance with requirements established by the HUD regulatory agreement.

Rent Increases

Under the regulatory agreement, Elm Street Home, Inc. and Eagle Grove Group Home may not increase rents charged to tenants without HUD approval.

Distributions

Regulatory agreements with HUD stipulate among other things, that Elm Street Home, Inc. and Eagle Grove Group Home will not make distributions of assets or income to any of its officers or directors.

Security Deposits

The Organization holds security deposits for the tenants of the apartments. These funds are included in prepaid expenses and other assets on the consolidated statements of financial position. Security deposits totaled $20,597 and $22,314 at September 30, 2019 and 2018. A corresponding liability is also included in accrued expenses related to these amounts.

Property and Equipment

The Organization records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Interest expense incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. No assets were deemed impaired during the year ended September 30, 2019. Asset impairment loss for the year ended September 30, 2018 totaled $78,850.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the effective interest method. Debt issuance costs are included within long-term debt on the consolidated statement of financial position. Amortization of debt issuance costs will be included in interest and amortization expense in the accompanying consolidated financial statements when incurred.

Assets Held for Sale

The Organization is converting several of the buildings on its campus into 3-unit condos. The assets are classified as assets held for sale on the consolidated statements of financial position. The Organization has recorded these assets at their carrying value. The Organization will review the carrying value of the assets held for sale for impairment whenever they are sold.

Beneficial Interest in Perpetual Trust

The Organization has been named as an irrevocable beneficiary of a trust administered by a bank. Perpetual trusts provide for the distribution of the net income of the trust to the Organization. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statements of activities, and a beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

Investments

The Organization records investment purchases at cost, or the fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Included in investments is approximately $350,000 related to the One Vision Charitable Foundation as of September 30, 2019 and 2018. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

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.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. 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 Revenue Recognition

Client service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client care. These amounts are due from residents, third-party payors (including health insurers and government programs) and others. Generally, the Organization bills after the services are performed, or twice per month if the client receives services on a regular basis. Revenue is recognized as performance obligations are satisfied.

Thrift store income and cost of goods sold are recorded as the donated goods are sold. Green house and restaurant income are recorded at the selling price at the time of the sale.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Donated Services and In-Kind Contributions

The Organization pays for most services requiring specific expertise, however individual volunteers contribute time to the Organization’s specific programs, various committee assignments, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods for resale requires the addition of program-related expenses/processes before it reaches its point of sale and are recorded as contributions at their estimated fair value at time of sale. For the years ended September 30, 2019 and 2018, the Organization recognized contributed merchandise with a fair value of $432,031 and $360,348 as contributed revenue.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities and telephone, and insurance which are allocated based on square footage, as well as transportation, which is allocated based on average miles and size of vehicle, and repairs and maintenance which is allocated based on average time worked in areas. All other expenses are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred, and approximated $42,000 and $57,000 during the years ended September 30, 2019 and 2018.

Income Taxes

One Vision, Elm Street Home, Inc., One Vision Charitable Foundation, and Northwoods Living, Inc. are organized as Iowa nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). One Vision, Elm Street Home, Inc., and One Vision Charitable Foundation qualify for the charitable contribution deduction and have been determined not to be private foundations. Northwoods Living, Inc. has been determined to be a private foundation. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

One Vision files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The Organization has determined that the other entities are not subject to unrelated business income tax and none of the other entities have filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Investment in Tax Credit Project

Included within the consolidated financial statements of the Organization is Northwoods Living, Inc., which is a non-profit organization controlled by the Organization. Northwoods Living, Inc. is a general partner in Northwoods Limited Partnership #1, which was organized to acquire, finance, construct, own, maintain, improve, operate, and if appropriate or desirable, sell or otherwise dispose of an apartment complex in Fort Dodge, Iowa.

As a general partner in the tax credit project, Northwoods Living Inc. manages the day to day operations of the project; however, any significant changes to the operations must be approved by the limited partners. In addition, the partnership agreement defines the rights and obligations of the limited partners and the general partners.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Policy

As of October 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities.* The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Organization’s donor restricted endowment funds. The ASU introduces new disclosures to improve a financial statement user’s ability to assess the Organization’s liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the consolidated statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis, however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the disclosure about liquidity and availability of resources. The Organization has elected to not present comparative information for liquidity and availability of resources.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

As of October 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The provisions of the ASU clarify and refine existing guidance to help explain the scope of contributions. First, in the case of grants and similar contracts with government agencies, unless the resource provider receives commensurate value from the resource recipient, the transaction is most likely a contribution, not an exchange transaction. Second, relates to distinguishing between conditional and unconditional contributions. For a donor-imposed condition to exist, it must have both a measurable barrier that must be overcome and a right of return of the gift to the donor or a release from the donor's promise to give.

In May 2014, the FASB issued ASU No. 2014-19 (ASU 2014-09), *Revenues from Contracts with Customers (Topic 606)*. The guidance provides a principles-based approach for determining revenue recognition and supersedes all existing guidance, such as current transaction and industry-specific revenue recognition guidance. The core principle of ASU 2014-09 is that an entity will recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (payment) to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 identifies a five-step process in order to recognize revenue. In addition, there is also more comprehensive guidance for transactions such as service revenue, contract modifications, and multiple-element arrangements. The Organization has implemented Topic 606 and has determined that the adoption had no impact on the prior year or previously disclosed amounts.

Subsequent Events

The Organization has evaluated subsequent events through December 18, 2019, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2019
Cash and cash equivalents	$ 231,738
Accounts receivable, net	2,890,724
Operating investments, less $5,700,000 negative pledge agreement according to debt agreement	371,461
Promises to give, net (amounts expected to be collected within one year)	93,125
	$ 3,587,048

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

A board-designated endowment of $8,595,928 is maintained for long-term purposes. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Operating investments of $5.7 million are pledged as collateral against One Vision debt (B-bond) issued in December 2018 to support the funding and development of the Clear Lake campus re-use projects.

Investments held under indenture agreement of $2,545,134 are related to TimberCrest Apartments, LLC's debt (A bonds) issued in December 2018 as tax-exempt public bonds to fund the construction of TimberCrest Apartments, an active independent living facility for seniors. The remaining funds include restricted funds to support bondholders for an operating reserve, debt service reserve, capitalized interest fund, project fund, and bond fund.

Additional investments in land held for investment of $2,595,250 are maintained as a non-liquid portion of the investment portfolio and the board decision currently is to retain these assets.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, and money market funds.

Note 3 - Net Client Service Fees and Business Enterprises

Net Client Service Fees

Net client service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing care. These amounts are due from residents, third-party payors (including health insurers and government programs) and others. Generally, the Organization bills the resident and third-party payors twice per month after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving residential, day/employment, behavioral health and transportation services from the beginning of the performance period, generally admission or the beginning of the month, to the sooner of completion of services to that client, discharge or the end of the month.

The Organization determines the transaction price based on standard charges for services provided.

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicaid

The Medicaid program reimburses the Organization for services as defined in various agreements. The basis for reimbursement under these agreements may include discounts from established charges and prospectively determined rates. The Organization's Medicaid settlements, if any, have been finalized through the year ended June 30, 2018.

County Funded

Counties reimburse the Organization for services as defined in various agreements. The basis for reimbursement under these agreements may include discounts from established charges and prospectively determined rates.

A summary of revenue from the various payors are as follows:

	2019	2018
Medicaid	98%	94%
County funded	1	3
Private pay	1	2
Other	0	1
	100%	100%

The Organization grants credit without collateral to its clients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and clients are as follows:

	2019	2018
Medicaid	95%	89%
Private pay	3	3
County funded	1	1
Other	1	7
	100%	100%

Business Enterprises

The Organization operates a thrift store and receives donated items to sell to the public. They also operate a green house and grow items to sell at various retail outlets, and during fiscal year 2018 they also operated a restaurant. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods and is recognized at a point in time.

Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Organization does not believe it is required to provide additional goods or services to the client.

The composition of net client service revenue (residential, day/employment and behavioral health) and transportation (included in other revenue) and business enterprises are based on the Organization's lines of business and timing of revenue recognition for the years ended September 30, 2019 and 2018 are as follows:

	2019				
	Residential	Day/ Employment	Behavioral Health	Transportation	Business Enterprises
Timing of revenue and recognition					
At time services are rendered	$ -	$ -	$ -	$ -	$ 1,523,075
Services transferred over time	20,241,651	1,522,045	248,818	406,695	
	$ 20,241,651	$ 1,522,045	$ 248,818	$ 406,695	$ 1,523,075

	2018				
	Residential	Day/ Employment	Behavioral Health	Transportation	Business Enterprises
Timing of revenue and recognition					
At time of services are rendered	$ -	$ -	$ -	$ -	$ 1,610,438
Services transferred over time	20,670,681	1,629,333	268,505	408,524	
	$ 20,670,681	$ 1,629,333	$ 268,505	$ 408,524	$ 1,610,438

Note 4 - Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization’s investment assets are classified within Level 1 because they are comprised of equity securities and open-end mutual funds with readily determinable fair values based on daily closing prices or redemption values. The Organization invests in certificates of deposit traded in the financial markets. Those certificates of deposit and fixed income securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The fair value of the beneficial interest in perpetual trust is based on the fair value of trust investments as reported by the trustee. This is considered to be a Level 3 measurement.

The Organization’s land held in charitable trust and land held for investment purposes are valued based on annual appraisals from real estate agents who have experience in area land transactions. The life interest in real estate is valued based off a sales comparison prepared by a real estate agent. These are classified within Level 3. The fair value of the life insurance policies is determined based on a statement of current policy values provided by the insurance company and is classified as Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2019:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments				
Cash and money market funds (at cost)	$ 75,218	$ -	$ -	$ -
Fixed income	2,234,127	-	2,234,127	-
Equities	3,014,332	3,014,332	-	-
International mutual funds	123,097	123,097	-	-
International equities	624,687	624,687	-	-
	$ 6,071,461	$ 3,762,116	$ 2,234,127	$ -
Endowment Investments				
Cash and money market funds (at cost)	$ 118,174	$ -	$ -	$ -
Fixed income	3,509,989	-	3,509,989	-
Equities	4,735,757	4,735,757	-	-
International mutual funds	193,396	193,396	-	-
International equities	981,433	981,433	-	-
	$ 9,538,749	$ 5,910,586	$ 3,509,989	$ -
Deferred Compensation Investments				
Equity mutual funds	$ 30,958	$ 30,958	$ -	$ -
Investments under Indenture Agreement				
Cash and money market funds (at cost)	$ 1,344,174	$ -	$ -	$ -
Fixed income	1,200,960	-	1,200,960	-
	$ 2,545,134	$ -	$ 1,200,960	$ -
Land Held for Investment	$ 2,595,250	$ -	$ -	$ 2,595,250
Cash Value of Life Insurance	$ 297,844	$ -	$ 297,844	$ -
Beneficial Interest in Perpetual Trust	$ 949,344	$ -	$ -	$ 949,344

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2018:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments				
Cash and money market funds (at cost)	$ 354,980	$ -	$ -	$ -
Fixed income	2,177,141	-	2,177,141	-
Equities	4,000,693	4,000,693	-	-
International mutual funds	153,787	153,787	-	-
International equities	938,230	938,230	-	-
	$ 7,624,831	$ 5,092,710	$ 2,177,141	$ -
Endowment Investments				
Cash and money market funds (at cost)	$ 444,033	$ -	$ -	$ -
Fixed income	2,723,314	-	2,723,314	-
Equities	5,004,334	5,004,334	-	-
International mutual funds	192,366	192,366	-	-
International equities	1,173,602	1,173,602	-	-
	$ 9,537,649	$ 6,370,302	$ 2,723,314	$ -
Deferred Compensation Investments				
Equity mutual funds	$ 239,855	$ 239,855	$ -	$ -
Land Held for Investment	$ 2,595,250	$ -	$ -	$ 2,595,250
Cash Value of Life Insurance	$ 285,018	$ -	$ 285,018	$ -
Beneficial Interest in Perpetual Trust	$ 911,060	$ -	$ -	$ 911,060

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2019 and 2018:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)		
	Beneficial Interest in Perpetual Trust	Land Held in Trust	Land Held for Investment
Year ended September 30, 2019			
Balance at September 30, 2018	$ 911,060	$ -	$ 2,595,250
Net realized and unrealized gain (loss)	38,284	-	-
Balance at September 30, 2019	$ 949,344	$ -	$ 2,595,250
Unrealized gain (loss) included in net investment return in the consolidated statement of at September 30, 2019	$ 38,284	$ -	$ -
Year ended September 30, 2018			
Balance at September 30, 2017	$ 892,510	$ 648,000	$ 1,917,500
Expiration of time restriction	-	(648,000)	648,000
Net realized and unrealized gain (loss)	18,550	-	29,750
Balance at September 30, 2018	$ 911,060	$ -	$ 2,595,250
Unrealized gain (loss) included in net investment return in the consolidated statement of activities relating to assets still held at September 30, 2018	$ 18,550	$ -	$ 29,750

Note 5 - Net Investment Return

Net investment return consists of the following:

	2019	2018
Operating Investments		
Interest and dividends	$ 248,206	$ 246,514
Net realized and unrealized gain (loss)	95,484	465,803
Less investment management and custodial fees	(37,253)	(43,720)
	306,437	668,597
Endowment Investments		
Interest and dividends	313,738	259,185
Net realized and unrealized gain (loss)	79,670	469,116
Less investment management and custodial fees	(51,890)	(52,618)
	341,518	675,683
	$ 647,955	$ 1,344,280

Note 6 - Promises to Give

Unconditional promises to give are estimated to be collected as follows:

	2019	2018
Within one year	$ 93,125	$ 256,025
In one to five years	41,399	71,245
	134,524	327,270
Less allowance for uncollectible promises to give	(16,000)	(3,400)
	$ 118,524	$ 323,870

Amounts due in more than one year have not been discounted to present value as the amount of the discount is immaterial to the consolidated financial statements.

Note 7 - Property and Equipment

Property and equipment consists of the following:

	2019	2018
Land and improvements	$ 2,020,694	$ 2,218,616
Buildings and improvements	17,414,243	17,666,374
Equipment and furniture	3,309,028	4,305,275
Construction in progress (not depreciated)	13,232,322	1,986,703
	35,976,287	26,176,968
Less accumulated depreciation and amortization	(15,639,314)	(16,449,345)
	$ 20,336,973	$ 9,727,623

The Organization originally had ten on-campus cottage buildings. Due to changes in State legislature and other variables, six of these cottages are no longer used for operational purposes and the intent is to remodel these unused cottages as triplex condos and sell them. The remaining four cottages continue to be utilized by the Organization. Impairment losses were recognized in prior years for those cottages not being utilized, including an impairment loss of $78,850 that was recorded during the year ended September 30, 2018 in the consolidated statements of activities, reducing the carrying value of all cottage buildings not being utilized to $0. The cost to remodel these condos is included in the consolidated statements of financial position as assets held for sale.

Construction in progress (CIP) at September 30, 2019, represents costs incurred for three separate projects. Costs were incurred for the construction of a 48-unit senior living complex (TimberCrest Apartments). Estimated total costs are $15.2 million, of which $11.75 million is currently classified as CIP. Completion is anticipated in May 2020. The Kinney-Lindstom Center is being remodeled to connect the main building to TimberCrest Apartments and to upgrade shared spaces. Estimated total costs are $814,000, of which $704,000 is currently classified as CIP. Completion is anticipated in January 2020. Site work was necessary due to the changing campus structure. Estimated total costs for the site work are $1.2 million, of which $774,000 is currently classified as CIP. Completion is anticipated in May 2020. These projects are be financed through the issuance of debt (see Note 8) and reserve funds.

	2019	2018
Interest Costs		
Capitalized as part of construction project	$ 439,341	$ -
Recognized as interest expense	2,017	2,722
Total	$ 441,358	$ 2,722

Note 8 - Bonds and Notes Payable

In December 2018, the Organization issued $9,600,000 of Series 2018 A Revenue Bonds (the A-Bonds). The proceeds of the A-Bonds were used for the construction of a senior-focused independent living apartment complex located in Clear Lake, Iowa (TimberCrest Apartments). The A-Bonds are 30-year serial bonds maturing at various times from 2021-2048, with interest rates that vary between 3.85% to 6.00% based on term of the separate maturities. The A-Bonds have two years of interest-only payments followed by principal and interest payments based on a 28-year amortization. Payment of principle and interest on the A-Bonds is guaranteed by a loan agreement which is secured by mortgaged property currently in construction in progress. Interest on the A-Bonds is payable semi-annually on April 1 and October 1.

In December 2018, the Organization also issued a $5,700,000 Series 2018 B Revenue Bond (the B-Bond). The Organization had not drawn down the entire bond as of September 30, 2019. The proceeds of the B-Bond are being borrowed to support the funding and development of the Clear Lake campus re-use projects. The B-Bond has a 20-year amortization with floating rates based on the 5-year U.S. Treasury rate plus 135 basis points with the first 5 years set at 4.25%. The B-Bond has two years of interest only payments followed by principal and interest payments based on an 18-year amortization. Payment of principle and interest on the B-Bond is guaranteed by a loan agreement which is secured by property held by the Organization and a pledge to keep $5,700,000 in the Organization's investment portfolio. Interest on the Bonds is payable monthly on the 20th of the month.

Notes Payable consists of the following:

	2019	2018
Senior Housing Revenue Bonds, Series 2018 Bonds, 3.85%-6.00% interest rates, interest payments due semi-annually, final maturity in October 2049, collateralized by real and personal property, net of unamortized debt issuance costs (based upon an average effective interest rate) and unamoritized bond premium		
Principal amount	$ 9,600,000	$ -
Less unamortized debt issuance costs	(207,071)	-
Plus unamortized bond premium	187,203	-
	9,580,132	-
Facility Revenue Bond, Series 2018, 4.25% interest rate, interest payments due semi-annually, final maturity in October 2038, collateralized by real and personal property, net of unamortized debt issuance costs (based upon the effective interest rate)		
Principal amount	1,450,800	-
Less unamortized debt issuance costs	(151,644)	-
	1,299,156	-

	2019	2018
Non-interest bearing mortgage note payable to the Iowa Department of Economic Development, due in monthly installments of $317, with final payment in 2044	$ 87,822	$ 92,889
Note payable to a bank, current interest rate is 3.9%, due in monthly installments of $1,750 through March 2020, with balloon payment in 2020, secured by real estate	41,930	60,866
Long-term debt, less unamortized debt issuance costs, and unamortized bond premium	$ 11,009,040	$ 153,755

Future maturities of debt are as follows:

Years Ending September 30,	Bonds Payable	Notes Payable	Total
2020	$ -	$ 46,997	$ 46,997
2021	108,149	5,067	113,216
2022	395,941	5,067	401,008
2023	410,432	5,067	415,499
2024	430,331	5,067	435,398
Thereafter	9,705,947	62,487	9,768,434
Less unamortized debt issuance costs	(358,715)	-	(358,715)
Plus unamortized bond premium	187,203	-	187,203
	$ 10,879,288	$ 129,752	$ 11,009,040

The Organization will be subject to certain covenants under the Bond agreements above once the projects are completed. The Organization has established certain bond funds (project fund, capitalized interest fund, operating fund, reserve bond fund and debt service reserve fund).

The Organization received two forgivable loans from North Iowa Area Council of Governments (NIACOG) Housing Trust Fund for housing assistance to help construct homes for its clients to rent. The Organization was required to match the funds given. 1/60th of the loans will be forgiven each month as long as terms for the loan continue to be met. The specifications require that the Organization must use the homes for clients or low-income housing, and they may not sell the homes for five years from the date of the agreements. The Organization entered into one forgivable loan on March 26, 2014, for $96,538 and another forgivable loan on January 22, 2015, for $79,617. As the loans are forgivable and the Organization deems any non-performance remote, the loans were recorded as contributions upon receipt and are not included in long-term debt as of September 30, 2019 and 2018. If the terms of the loan agreements are not met, outstanding balances as of September 30, 2019 and 2018 would be approximately $0 and $5,000, respectively.

Note 9 - Leases

The Organization leases building space for its work activity program under an operating lease expiring in October 2026. However, subsequent to April 26, 2014, the lease may be terminated by either party. The monthly payments are $4,040. There are no future minimum lease payments as of September 30, 2019.

The Organization began leasing space used for restaurant operations in January 2017 under an operating lease expiring December 31, 2020. During the year ended September 30, 2019, the Organization closed the restaurant. The Organization came to a buyout agreement with the lessee to terminate the lease early. The Organization was released from its obligation on October 1, 2019. The $10,321 obligation is recorded in accounts payable on the consolidated statements of financial position. Lease expense for the years ended September 30, 2019 and 2018 under this lease was $18,000.

Total rent expense for the years ended September 30, 2019 and 2018 totaled $184,079 and $100,860, respectively.

Note 10 - Endowments

The Organization's endowment (the Endowment) consists of eight individual funds established by donors. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Iowa 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, unless there are explicit donor stipulations to the contrary. September 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization retains 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2019			
Board-Designated Endowment	$ 8,595,928	$ -	$ 8,595,928
Donor-Restricted Endowment (original gift)	-	942,821	942,821
	$ 8,595,928	$ 942,821	$ 9,538,749
September 30, 2018			
Board-Designated Endowment	$ 8,595,928	$ -	$ 8,595,928
Donor-Restricted Endowment (original gift)	-	941,721	941,721
	$ 8,595,928	$ 941,721	$ 9,537,649

Investment and Spending Policies

The Organization has adopted investment policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The Organization is currently developing a spending policy to align with this methodology as earnings on the endowment have historically been released from restriction annually to use for operations. The Organization would not spend from any funds that would be in an underwater position.

Changes in Endowment net assets are as follows:

Year Ended September 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 8,595,928	$ 941,721	$ 9,537,649
Investment Return			
Investment income, net of fees	282,744	30,994	313,738
Net realized and unrealized gain (loss)	71,799	7,871	79,670
Less investment management and custodial fees	(46,763)	(5,127)	(51,890)
	307,780	33,738	341,518
Contributions	-	1,100	1,100
Distributions			
Appropriation of endowment assets pursuant to spending-rate policy	-	(33,738)	(33,738)
Transfer to remove board-designated endowment funds	(307,780)	-	(307,780)
Endowment Net Assets, End of Year	$ 8,595,928	$ 942,821	$ 9,538,749

Year Ended September 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 8,595,928	$ 941,721	$ 9,537,649
Investment Return			
Investment income, net of fees	233,594	25,591	259,185
Net realized and unrealized gain (loss)	422,797	46,319	469,116
Less investment management and custodial fees	(47,423)	(5,195)	(52,618)
	608,968	66,715	675,683
Distributions			
Appropriation of endowment assets pursuant to spending-rate policy	-	(66,715)	(66,715)
Transfer to remove board-designated endowment funds	(608,968)	-	(608,968)
Endowment Net Assets, End of Year	$ 8,595,928	$ 941,721	$ 9,537,649

Note 11 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Subject to Expenditure for Specified Purpose		
Special needs fund	$ 65,434	$ 63,201
New program development	14,000	46,155
Promises to give, the proceeds from which have been restricted by donors for		
Autism Center	6,385	121,140
Special projects	41,800	43,000
	127,619	273,496
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	70,339	159,730
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Available for general use	942,821	941,721
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest in perpetual trust	949,344	911,060
	$ 2,090,123	$ 2,286,007

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors:

	2019	2018
Expiration of Time Restrictions	$ 89,391	$ 797,120
Satisfaction of Purpose Restrictions		
Payment of deferred compensation	-	29,738
New program development	32,155	18,164
Autism Center	114,755	-
Special projects	1,200	-
	$ 237,501	$ 845,022

Note 12 - Employee Benefits

The Organization sponsors a defined contribution pension plan that matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. During the years ended September 30, 2019 and 2018, contributions to the plan amounted to $298,564 and $324,710, respectively. There is a 457(b) deferred compensation plan that covers members of the leadership team. These assets are held in a separate investment account and as of September 30, 2019 and 2018, the balance of the investment was $30,958 and $239,855, respectively.

Note 13 - Contingencies

General Liability Insurance

General liability insurance coverage is subject to a limit of $1 million per claim and an annual aggregate limit of $3 million.

Self-Insured Health Plan

The Organization self-insures for losses related to employee health benefits. Reinsurance coverage is maintained for specific individual and aggregate liability losses over specified amounts. A provision for estimated health claims outstanding of approximately $757,000 and $408,000 is included in liabilities at September 30, 2019 and 2018. Reinsurance receivables at September 30, 2019 and 2018 of $412,000 and $0 are included in prepaid expenses and other assets on the consolidated statements of financial position.

Worker's Compensation Insurance

The Organization has worker's compensation insurance coverage to provide protection for costs related to employee injuries.

Claims Reserve

The Organization has accrued estimated costs related to professional liability and worker's compensation claims of $407,000 and $973,000 at September 30, 2019 and 2018. In addition, receivables of $407,000 and $973,000 have been recorded for expected insurance recoveries related to the cost of the claims.

Litigation, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations and relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Organization.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicaid program, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 14 - Related Party Transactions

The Organization is building a 48-unit senior living complex, which includes other necessary campus improvements, and is remodeling certain cottages it intends to sell as triplex condos. The Organization has contracted with a construction company owned by the spouse of a member of the Board of Directors. Throughout the fiscal year, the Organization has paid $7,754,000 to Dean Snyder Construction. As of September 30, 2019, $1,621,000 is still outstanding.

Note 15 - Adjustment Resulting from Change in Accounting Policy

As disclosed in Note 1, the Organization adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities,* as of October 1, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Organization's September 30, 2018 net assets.

The effect on the Organization's consolidated statement of financial position as of September 30, 2018 is as follows:

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Temporarily restricted net assets	$ 433,226	$ (433,226)	$ -
Permanently restricted net assets	1,852,781	(1,852,781)	-
Net assets with donor restrictions	-	2,286,007	2,286,007

The effect on the Organization's consolidated statement of activities as of September 30, 2018 is as follows:

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Net Assets, Beginning of Year			
Temporarily restricted	$ 1,039,154	$ (1,039,154)	$ -
Permanently restricted	1,834,231	(1,834,231)	-
Net assets with donor restrictions	-	2,873,385	2,873,385
Net Assets, End of Year			
Temporarily restricted	$ 433,226	$ (433,226)	$ -
Permanently restricted	1,852,781	(1,852,781)	-
Net assets with donor restrictions	-	2,286,007	2,286,007
Change in Net Assets			
Net investment return	$ 1,440,618	$ (96,338)	$ 1,344,280
Total revenue, support, and gains	27,309,227	(96,338)	27,212,889
Total expenses and losses	26,968,924	(96,338)	26,872,586

Note 16 - Letter of Credit

The Organization entered into an irrevocable standby letter of credit with a bank on August 15, 2018 related to the construction of sewer and water lines. The letter of credit, in the amount of $337,761 expired on August 15, 2019 and was not extended.