CHOSEN VISION, INC.
(A Michigan Non-Profit Organization)

GRAND LEDGE, MICHIGAN

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

CONTENTS

LALLY GROUP, PC
Certified Public Accountants
"Trusted Service for a Confident Tomorrow"

Jackson Office
110 1st Street
JACKSON, MICHIGAN 49201
(517) 787-0064

Lansing Office
7335 Westshire Dr. Suite 103
LANSING, MICHIGAN 48917
(517) 627-4008 - (517) 321-4333

Website: www.lallycpa.com
E-Mail: info@lallycpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Chosen Vision, Inc.
Grand Ledge, MI 48837

We have audited the accompanying financial statements of Chosen Vision, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free of material misstatement.

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

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 financial statements referred to above present fairly, in all material respects, the net assets of Chosen Vision, Inc. as of December 31, 2019 and 2018, and the changes in its net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully,

Lally Group, PC

Jackson, Michigan

January 24, 2021

CHOSEN VISION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS:		
Cash	$ 509,372	$ 500,301
Accounts Receivable	59,869	18,402
Certificates of Deposit	357,426	251,464
Investments	105,362	0
Prepaid Residence Allowance	1,223	1,292
Prepaid Expense	13,776	6,845
TOTAL CURRENT ASSETS	1,047,028	778,304
PROPERTY AND EQUIPMENT:		
Land	142,998	142,998
Chosen Vision Homes and Improvements	1,976,717	1,965,720
Equipment	17,659	17,659
Vehicles	91,616	67,616
Furniture	56,361	54,431
Less: Accumulated Depreciation	(571,977)	(490,055)
NET PROPERTY AND EQUIPMENT	1,713,374	1,758,369
TOTAL ASSETS	$ 2,760,402	$ 2,536,673

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES:		
Accounts Payable	$ 11,353	$ 13,476
Accrued Payroll and Related Expenses	30,254	23,642
TOTAL CURRENT LIABILITIES	41,607	37,118
NET ASSETS:		
Net assets without donor restrictions	2,718,795	2,499,555
TOTAL NET ASSETS	2,718,795	2,499,555
TOTAL LIABILITIES AND NET ASSETS	$ 2,760,402	$ 2,536,673

The accompanying notes are an integral part of the financial statements.

CHOSEN VISION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Donations	$ 471,718	$ 0	$ 471,718	$ 430,249	$ 0	$ 430,249
Joshua's Place Donations	0	0	0	0	17,577	17,577
Resident Income	709,002	0	709,002	527,580	0	527,580
Annual Banquet	60,660	0	60,660	75,816	0	75,816
Scholarships	0	0	0	38,000	0	38,000
Gain (Loss) on sale of property	0	0	0	(40,167)	0	(40,167)
Miscellaneous	500	0	500	500	0	500
Investment Income	11,359	0	11,359	3,225	0	3,225
Unrealized gain (loss) on investments	3,674	0	3,674	0	0	0
TOTAL REVENUES	1,256,913	0	1,256,913	1,035,203	17,577	1,052,780
EXPENSES:						
Program Services	934,999	0	934,999	803,089	0	803,089
Management and General	73,150	0	73,150	77,260	0	77,260
Fund Raising	29,524	0	29,524	43,918	0	43,918
TOTAL EXPENSES	1,037,673	0	1,037,673	924,267	0	924,267
NET ASSETS RELEASED FROM RESTRICTIONS	0	0	0	48,980	(48,980)	0
CHANGE IN NET ASSETS	219,240	0	219,240	159,916	(31,403)	128,513
NET ASSETS - BEGINNING	2,499,555	0	2,499,555	2,339,639	31,403	2,371,042
NET ASSETS - ENDING	$ 2,718,795	$ 0	$ 2,718,795	$ 2,499,555	$ 0	$ 2,499,555

The accompanying notes are an integral part of the financial statements.

CHOSEN VISION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES:		
Change in net position	$ 219,240	$ 128,513
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization expense	81,922	73,050
(Gain)Loss on sale of land	0	40,167
Unrealized (gain) loss on investments	(3,674)	0
(Increase) Decrease in assets:		
Accounts receivable	(41,467)	2,445
Prepaid residence allowance	69	(493)
Prepaid expense	(6,931)	7,078
Increase (Decrease) in liabilities:		
Accounts payable	(2,123)	3,947
Accrued payroll and related expenses	6,612	1,494
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	253,648	256,201
INVESTING ACTIVITIES:		
Purchase of property and equipment	(36,929)	(66,572)
Purchase of certificates of deposit	(105,960)	0
Purchase of investments	(101,688)	(251,464)
Proceeds from sale of property	0	43,035
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(244,577)	(275,001)
INCREASED (DECREASE) IN CASH AND CASH EQUIVALENTS	9,071	(18,800)
CASH AND CASH EQUIVALENTS - BEGINNING BALANCE	500,301	519,101
CASH AND CASH EQUIVALENTS - ENDING BALANCE	$ 509,372	$ 500,301
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 0	$ 0
Income taxes paid	$ 0	$ 0

The accompanying notes are an integral part of the financial statements.

CHOSEN VISION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
Advertising	$ 0	$ 0	$ 9,339	$ 9,339	$ 0	$ 0	$ 20,188	$ 20,188
Agency Van	12,248	0	0	12,248	11,742	0	0	11,742
Bank and Investment Fees	0	2,448	0	2,448	0	822	0	822
Depreciation and Amortization	77,826	4,096	0	81,922	69,398	3,652	0	73,050
Food and Groceries	83,410	0	0	83,410	91,745	0	0	91,745
Fundraising Banquet and Auction	0	0	19,146	19,146	0	0	22,622	22,622
Insurance	21,700	15,739	0	37,439	19,702	24,525	0	44,227
Interest Expense	0	0	0	0	0	0	0	0
License Fees	70	0	0	70	70	0	0	70
Memberships	734	0	0	734	410	0	0	410
Office Supplies	250	1,251	167	1,668	419	2,096	279	2,794
Payroll Taxes	53,251	2,803	0	56,054	46,931	2,470	0	49,401
Postage and Printing	3,053	436	872	4,361	2,900	416	829	4,145
Professional Services	0	10,414	0	10,414	0	10,287	0	10,287
Program Supplies	953	0	0	953	1,337	0	0	1,337
Repairs and Maintenance	51,556	0	0	51,556	19,133	247	0	19,380
Resident Personal Allowances	15,864	0	0	15,864	13,178	0	0	13,178
Salaries and Wages	564,167	29,693	0	593,860	481,040	25,318	0	506,358
Special Outings and Trips	10,682	0	0	10,682	8,061	0	0	8,061
Staff Development and Recognition	2,905	4,358	0	7,263	3,784	5,678	0	9,462
Property Taxes	761	40	0	801	588	31	0	619
Utilities	35,569	1,872	0	37,441	32,651	1,718	0	34,369
	$ 934,999	$ 73,150	$ 29,524	$ 1,037,673	$ 803,089	$ 77,260	$ 43,918	$ 924,267

The accompanying notes are an integral part of the financial statements.

NOTE 1 – NATURE OF ACTIVITIES:

Chosen Vision, Inc. (the Organization) is a not-for-profit organization incorporated in 1991. Its stated purpose is to provide housing, care, and related services for persons with disabilities. The founders of the Organization were interested in establishing a group home for developmentally disabled adults that would meet their social and emotional needs and be distinctively Christian. The original Chosen Vision Home was opened in 2002, and is a barrier-free, multi-bed home located northeast of Grand Ledge for young women. The organization opened two additional facilities in DeWitt, a second facility for young women in 2013 and a facility for young men in 2015. In 2017, the Organization began construction on Joshua's Place, a new facility located in DeWitt, which opened in 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

- *Net assets with donor* restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Accounts Receivable

Accounts receivable are stated at the amounts the Organization expects to collect from outstanding balances. The Organization does not charge interest or require collateral for its receivables. Management's determination of whether or not an amount is past due depends on the payment terms of the agency owing the Organization. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. The allowance amount was $0 for the years ended December 31, 2019 and 2018.

Revenue Recognition

The Organization has adopted Accounting Standard Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended as of January 1, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Organization recognizes revenue from fundraising activities at the time of payment. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or decreases in expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as Net Assets Released from Restrictions.

Donated Services

Numerous volunteers have donated significant amounts of time to the Organization in connection with the Annual Dinner, Silent Auction, facility maintenance and other programs. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Investments

US GAAP addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. Those investments are to be classified in three categories and accounted for as follows:

Debt securities that the enterprise has the positive intent and ability to hold to maturity are classified as investment securities and reported at amortized cost.

Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings.

Fair Value Measurements

US GAAP establishes a fair value measurement framework, including a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under US GAAP are distinguished by inputs to the valuation methodology summarized as follows:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Fair Value Measurements (Continued)

Level 1 (highest priority) – Quoted market prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instrument in inactive markets; and model-driven valuations in which all significant inputs or significant value drivers are observable in active markets.

Level 3 (lowest priority) – Management's best estimate of what market participants would use in pricing the instrument at the measurement date and model-driven valuations which are unobservable and significant to the fair value measurement.

The assessed level is based on the lowest level of any input that is significant to the fair value measurement. There were no changes in the methodologies used as of December 31, 2019 and 2018.

The following is a description of the valuation methodologies used for amounts measured at fair value:

Level 1 inputs – Descriptions of the valuation methodologies used for assets measured at fair value are as follows: common stocks, corporate bonds, and U.S. government securities valued at the closing price reported on the active market on which the individual securities are traded.

Property and Equipment

Property and equipment are carried at cost. Depreciation of equipment is provided using the straight-line method for financial reporting purposes over the estimated useful lives of the respective assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Income Tax Status

Chosen Vision, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). It is not classified as a private foundation by the Internal Revenue Service. There are no known federal or state tax contingencies.

The statute of limitations is generally three years for federal returns.

Estimates

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

Functional Expenses

The costs of the Organization’s programs and supporting services have been reported on a functional basis. Certain costs have been allocated among the various programs and supporting services based on estimates made by management.

Advertising

Advertising costs are expensed as incurred.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through January 24, 2021, the date the financial statements were available to be issued. No significant events were identified that would require adjustment or disclosure in the financial statements.

NOTE 3 - INVESTMENTS:

Marketable Securities -

Marketable securities accounted for using the fair value method, record income (losses) based on the change in fair value of the investment. The unrealized gain (loss) on securities for the years ended December 31, 2019 and 2018, consisted of the following:

	2019	2018
Charles Schwab	$ 3,674	$ 0

Amortized and approximate market value of marketable securities are:

	2019	2018
Amortized cost	$ 101,688	$ 0
Unrealized gains (loss)	3,674	0
Market value	$ 105,362	$ 0

Net realized gains (losses) on sales of securities were:

	2019	2018
Charles Schwab	$ 1,688	$ 0

Fair Value of Investments -

The fair value of the Company's investments is classified as follows, according to the Company's policy described in Note 2:

Assets at Fair Value as of December 31, 2019

Assets	Level 1	Level 2	Level 3	Total
Stocks/partnerships	$105,362	$0	$ 0	$ 105,362

Assets at Fair Value as of December 31, 2018

Assets	Level 1	Level 2	Level 3	Total
Stocks/partnerships	$ 0	$0	$ 0	$ 0

Change in Level 1 Value -

The following table represents the change in the Level 1 fair value hierarchy as disclosed in the above tables.

NOTE 3 – INVESTMENTS - CONTINUED:

Change in Level 1 Value (Continued)

	2019	2018
Beginning Level 1 value	$ 0	$ 0
Purchase of investments	101,688	0
Change in market value/investment	3,674	0
Ending Level 1 value	$ 105,362	$ 0

These methods may produce a fair value measurement that may not be indicative of net realizable value of future fair values. Management believes its valuation methods are appropriate, but the use of different methodologies or assumptions could result in a different fair value measurement at the measurement date.

NOTE 4 - PROPERTY AND EQUIPMENT:

Major classes of property and equipment as of December 31 as follows:

	USEFUL LIFE	2019	2018
Chosen Vision Home and Improvements	30 years	$ 513,673	$ 502,676
Land-Waverly Road Parcel	N/A	22,963	22,963
Land-Joshua's Place	N/A	60,035	60,035
Joshua's Place Buildings	30 years	564,784	564,784
Land-Dewitt	N/A	60,000	60,000
Dewitt Buildings	30 years	898,260	898,260
Equipment	5 years	17,659	17,659
Vehicles	4 years	91,616	67,616
Furniture	8 years	56,361	54,431
		2,285,351	2,248,424
Less accumulated depreciation		(571,977)	(490,055)
Net property and equipment		$ 1,713,374	$ 1,758,369

Depreciation expense for the years ended December 31, 2019 and 2018, was $81,922 and $73,050, respectively.

NOTE 5 – COMMITMENTS AND CONTINGENCIES:

The Organization receives a substantial amount of its support from independent funding sources. A significant reduction in the level of this support, if this were to occur, could have an effect on the Organization's ability to continue its programs.

NOTE 6 – CASH AND CASH EQUIVALENTS:

The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the FDIC up to $250,000. At various times during the year, the Organization's cash balances may have exceeded the federally insured limit. At December 31, 2019 and 2018, uninsured cash balances totaled $272,796 and $490,051, respectively.

NOTE 7 – LIQUIDITY AND AVAILABILITY:

Chosen Vision, Inc. is primarily funded by contributions from donors and income from residents that do not contain restrictions. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization also invests its cash in excess of its daily needs in short-term investments. The Board occasionally designates amounts to its liquidity reserve and its endowment fund (used primarily for long-term investing) that could be utilized in the event of an unanticipated liquidity need.

The table below reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. However, amounts already appropriated from either the donor-restricted endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

Financial assets, at year end	$1,047,024
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	0
Board designations:	
Endowment fund primarily for long-term investing	100,000
Financial assets available to meet cash needs for general expenditures within one year	$947,024

NOTE 8 – REVENUE FROM CONTRACTS WITH CUSTOMERS:

According to ASC 606, contracts with similar circumstances should be treated consistently. The Organization has identified contracts with similar circumstances in order to use the portfolio approach. The portfolio chosen by this Organization is resident income. Contract revenue from this portfolio was $709,002 and $527,580 for 2019 and 2018, respectively.

The timing of revenue recognition from resident income results in accounts receivable. Resident income included in receivables on the Statement of Financial Position was $18,719 and $17,802 for 2019 and 2018, respectively.

The Organization has evaluated the costs associated with the contracts and has, as a practical expedient, elected not to amortize these costs over the life of the contract as it does not have a material effect on the financial statements.

NOTE 9 – COVID-19 PANDEMIC:

The extent of the impact of COVID-19 on our future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our future financial condition and results of operations remain uncertain.