

# **Summerhouse Houston**

Financial Statements  
and Independent Accountants' Review Report  
for the years ended December 31, 2021 and 2020

# Summerhouse Houston

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**Independent Accountants' Review Report**

To the Board of Directors of  
Summerhouse Houston:

We have reviewed the accompanying financial statements of Summerhouse Houston, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountants' Responsibility** – Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Summerhouse Houston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

**Accountants' Conclusion** – Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Blazek & Vetterling*

March 9, 2022

## Summerhouse Houston

### Statements of Financial Position as of December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 400,659	\$ 331,954
Contributions receivable		12,082
Accounts receivable from member fees, government contracts, and other program fees	4,906	7,583
Prepaid assets	11,310	6,599
Property, net ( <i>Note 3</i> )	<u>1,406,524</u>	<u>1,391,194</u>
TOTAL ASSETS	<u>\$ 1,823,399</u>	<u>\$ 1,749,412</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 31,031	\$ 22,669
Deferred member fees		1,640
Refundable advance – Paycheck Protection Program ( <i>Note 6</i> )		15,844
Note payable ( <i>Note 4</i> )	<u>608,111</u>	<u>656,203</u>
Total liabilities	<u>639,142</u>	<u>696,356</u>
Net assets:		
Without donor restrictions	1,084,135	1,037,556
With donor restrictions ( <i>Note 5</i> )	<u>100,122</u>	<u>15,500</u>
Total net assets	<u>1,184,257</u>	<u>1,053,056</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,823,399</u>	<u>\$ 1,749,412</u>

*See accompanying notes to financial statements and independent accountants' review report.*

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## Summerhouse Houston

Statement of Activities for the year ended December 31, 2021

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions ( <i>Note 6</i> )	\$ 42,545	\$ 253,492	\$ 296,037
Fundraising event	116,053		116,053
Donor benefits provided at fundraising event	(12,587)		(12,587)
Member fees	550,719		550,719
Government contracts	64,106		64,106
Other program fees	23,365		23,365
Other income	<u>53</u>	<u></u>	<u>53</u>
Total revenue	784,254	253,492	1,037,746
Net assets released from restrictions:			
Program expenditures	<u>168,870</u>	<u>(168,870)</u>	<u></u>
Total	<u>953,124</u>	<u>84,622</u>	<u>1,037,746</u>
EXPENSES:			
Program services	750,393		750,393
Management and general	93,070		93,070
Fundraising	<u>63,082</u>		<u>63,082</u>
Total functional expenses	<u>906,545</u>		<u>906,545</u>
CHANGES IN NET ASSETS	46,579	84,622	131,201
Net assets, beginning of year	<u>1,037,556</u>	<u>15,500</u>	<u>1,053,056</u>
Net assets, end of year	<u>\$ 1,084,135</u>	<u>\$ 100,122</u>	<u>\$ 1,184,257</u>

*See accompanying notes to financial statements and independent accountants' review report.*

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## Summerhouse Houston

### Statement of Activities for the year ended December 31, 2020

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 108,712	\$ 132,715	\$ 241,427
Fundraising event	99,784		99,784
Donor benefits provided at fundraising event	(3,368)		(3,368)
Member fees	356,329		356,329
Government contracts	39,321		39,321
Other program fees	15,015		15,015
Other income	4,346		4,346
Total revenue	620,139	132,715	752,854
Net assets released from restrictions:			
Program expenditures	117,553	(117,553)	
Total	737,692	15,162	752,854
EXPENSES:			
Program services	575,622		575,622
Management and general	77,828		77,828
Fundraising	41,210		41,210
Total functional expenses	694,660		694,660
CHANGES IN NET ASSETS	43,032	15,162	58,194
Net assets, beginning of year	994,524	338	994,862
Net assets, end of year	<u>\$ 1,037,556</u>	<u>\$ 15,500</u>	<u>\$ 1,053,056</u>

*See accompanying notes to financial statements and independent accountants' review report.*

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## Summerhouse Houston

### Statement of Functional Expenses for the year ended December 31, 2021

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL EXPENSES</u>
Compensation and related benefits	\$ 538,306	\$ 51,885	\$ 58,370	\$ 648,561
Supplies and food	60,599	933	488	62,020
Depreciation	37,232	784	1,176	39,192
Insurance	26,915	2,952	1,141	31,008
Equipment rental and maintenance	22,600	457	685	23,742
Travel and mileage	21,769	510	29	22,308
Occupancy	18,763	382	573	19,718
Contract and professional services		18,939		18,939
Interest expense	16,062	933	507	17,502
Bank fees		7,609		7,609
Professional development	4,129	135		4,264
Communications and internet	3,568	64	113	3,745
Postage and printing	378	160		538
Other	<u>72</u>	<u>7,327</u>	<u></u>	<u>7,399</u>
Total functional expenses	<u>\$ 750,393</u>	<u>\$ 93,070</u>	<u>\$ 63,082</u>	906,545
Donor benefits provided at fundraising event				<u>12,587</u>
Total expenses				<u>\$ 919,132</u>

*See accompanying notes to financial statements and independent accountants' review report.*

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## Summerhouse Houston

### Statement of Functional Expenses for the year ended December 31, 2020

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL EXPENSES</u>
Compensation and related benefits	\$ 422,102	\$ 56,623	\$ 36,033	\$ 514,758
Supplies and food	42,160	1,922	2,061	46,143
Depreciation	37,089	781	1,171	39,041
Insurance	20,594	2,162	849	23,605
Equipment rental and maintenance	1,011	115	22	1,148
Travel and mileage	13,133	180	149	13,462
Occupancy	14,570	194	290	15,054
Contract and professional services	992	9,069	85	10,146
Interest expense	11,251	237	355	11,843
Bank fees		4,901		4,901
Professional development	4,678			4,678
Communications and internet	4,044	96	131	4,271
Postage and printing	902	586	13	1,501
Other	<u>3,096</u>	<u>962</u>	<u>51</u>	<u>4,109</u>
Total functional expenses	<u>\$ 575,622</u>	<u>\$ 77,828</u>	<u>\$ 41,210</u>	694,660
Donor benefits provided at fundraising event				<u>3,368</u>
Total expenses				<u>\$ 698,028</u>

*See accompanying notes to financial statements and independent accountants' review report.*

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## Summerhouse Houston

### Statements of Cash Flows for the years ended December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 131,201	\$ 58,194
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donated property	(6,500)	
Contributions restricted for property acquisition	(29,317)	
Depreciation	39,192	39,041
Changes in operating assets and liabilities:		
Contributions receivable		5,210
Accounts receivable	2,677	(4,882)
Prepaid assets	(4,711)	(1,116)
Accounts payable and accrued expenses	8,362	3,503
Deferred member fees	(1,640)	(7,544)
Refundable advance – Paycheck Protection Program	<u>(15,844)</u>	<u>15,844</u>
Net cash provided by operating activities	<u>123,420</u>	<u>108,250</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property	<u>(48,022)</u>	<u>(4,947)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property acquisition	41,399	1,500
Principal payments on note payable	<u>(48,092)</u>	<u>(81,157)</u>
Net cash used by financing activities	<u>(6,693)</u>	<u>(79,657)</u>
<b>NET CHANGE IN CASH</b>	<b>68,705</b>	<b>23,646</b>
Cash, beginning of year	<u>331,954</u>	<u>308,308</u>
Cash, end of year	<u>\$ 400,659</u>	<u>\$ 331,954</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid	\$17,502	\$11,843

*See accompanying notes to financial statements and independent accountants' review report.*

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## Summerhouse Houston

Notes to Financial Statements for the years ended December 31, 2021 and 2020

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Summerhouse Houston was established to create opportunities for adults with intellectual disabilities to belong and positively impact the Greater Houston community. Summerhouse Houston supports adults with intellectual disabilities, their families, and our community through employment, volunteerism, and partnerships to foster a culture of belonging, choice, and respect. Summerhouse Houston programs focus on four primary areas:

- **Employment:** Highly individualized and customized job placement, coaching, and supported employment services provided to members and outside referrals.
- **Volunteerism:** Assisting members to give back to the community while exploring their career interests and learning valuable work skills.
- **Community Engagement:** Our community is stronger when everyone participates, and Summerhouse Houston supports members to develop socially valued roles and engage in their communities.
- **Family Support:** Being a resource and support to families as Summerhouse Houston truly partners to implement each member’s vision and individualized learning plan.

Program services encompass:

- Community Inclusion – Members engage in opportunities around the neighborhood and the city to both serve and connect with the world around them. Through volunteer sites, community outings, structured leisure, and making connections, members learn important socialization and communication skills, meet their health and fitness goals, and develop friendships that last a lifetime.
- Shred for Independence supports members as they learn the value of hard work. Members hone skills such as sorting, shredding, consistency, follow-through and endurance and learn to value themselves and take pride in a job well done.
- Vocational Training – Through both volunteer and paid positions, members are supported in many different vocational roles. In addition to contributing to the greater community, vocational sites provide valuable training for future potential job placements.
- Supported Employment / Customized Employment – Summerhouse Houston offers job placement, job coaching, and supported employment to members, as well as to referrals from Texas Workforce Commission (TWC) and Workforce Solutions. Services include assessing and then assisting individuals to develop a list of interest and potential skills; performing job site analyses to match a person with the right position; providing one-to-one training on the job site; and maintaining evaluation data for performance reporting. Training is customized to meet the demands of a challenging work environment for both the individual and the employer.

Federal income tax status – Summerhouse Houston is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (the Code) and is classified as a public charity under §509(a)(1).

Cash – At times, bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows.

Property is reported at cost if purchased, or at estimated fair value at the date of gift, if donated. Generally, additions and improvements that have a tangible future economic life of more than one year and a cost of more than \$1,000 are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Summerhouse Houston is entitled to receive or retain funding. Conditional contributions are recognized in the same manner when the conditions have been met. Funding received before conditions are satisfied is reported as refundable advances.

Fundraising event revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Fundraising event revenue is recognized when an event occurs. Donor benefits provided at fundraising events represent the cost of goods and services provided in exchange for the amount paid by sponsors and attendees.

Member fees, government contracts, and other program fees – Member fees are derived primarily from providing vocation, integration, and socialization services to members. Member fees are billed monthly and are due at the beginning of each month. Performance obligations are satisfied, and revenue is recognized during the membership month. Member enrollment, activity, lunch and other miscellaneous fees are immaterial and are not disaggregated from member fees. Member fees collected in advance of the membership month are deferred until performance obligations are met, generally in the following month.

Government contracts and other program fees are derived from providing TWC and Workforce Solutions vocational rehabilitation services, document shredding services, and consulting services, and are recognized at a point in time when the goods or services are provided to the customer in an amount that reflects the consideration Summerhouse Houston expects to be entitled to in exchange for those services. Customers are billed at least monthly for services provided and invoices are due upon receipt.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 400,659	\$ 331,954
Contributions and accounts receivable	<u>4,906</u>	<u>19,665</u>
Total financial assets	405,565	351,619
Less financial assets not available for general expenditure:		
Restricted by donors for use in building expansion	<u>(29,317)</u>	<u>          </u>
Total financial assets available for general expenditure	<u>\$ 376,248</u>	<u>\$ 351,619</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Summerhouse Houston considers all expenditures related to its programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. Summerhouse Houston is substantially supported by contributions and program fees and regularly monitors the liquidity required to meet its operating needs, loan payments, and other contractual commitments. In March 2022, Summerhouse Houston entered into a 20-year bank loan and will use the proceeds to retire existing debt.

## NOTE 3 – PROPERTY

Property consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 675,573	\$ 675,573
Buildings and improvements	688,277	681,777
Vehicles	133,559	89,529
Furniture and equipment	<u>33,798</u>	<u>29,806</u>
Total property	1,531,207	1,476,685
Accumulated depreciation	<u>(124,683)</u>	<u>(85,491)</u>
Property, net	<u>\$ 1,406,524</u>	<u>\$ 1,391,194</u>

## NOTE 4 – NOTE PAYABLE

Summerhouse Houston has a loan from a board member which is collateralized by the Waseca property and matures on April 8, 2022, with an option to extend beyond the maturity date. The interest rate varies from 1% to 3% until maturity and will increase to 18% after the maturity date. Interest is due monthly, and the interest rate was 3% at December 31, 2021. The balance of \$608,111 at December 31, 2021 is due in full in April 2022.

## NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 68,805	
Building expansion	29,317	
Capacity building		\$ 15,000
Other	<u>2,000</u>	<u>500</u>
Total net assets with donor restrictions	<u>\$ 100,122</u>	<u>\$ 15,500</u>

## NOTE 6 – CONTRIBUTIONS

During 2020, Summerhouse Houston received advances totaling \$81,400 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) and COVID-19 Economic Injury Disaster Loans (EIDL). During 2020, all but \$15,844 of those advances were forgiven and recognized as contributions in 2020. In March 2021, \$10,587 of the remaining balance of \$15,844 was forgiven and recognized as a contribution, and the balance was repaid by Summerhouse Houston. In 2021, a second PPP loan of \$95,689 was received, forgiven, and recognized as a contribution. The 2021 PPP loan forgiveness and a contribution from one other donor represent approximately 68% of contributions recognized during 2021.

## NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events other than as disclosed in Note 2 were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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