



Family Service of Roanoke Valley

Strengthen Families. Heal Trauma. Restore Hope.

FINANCIAL REPORT

JUNE 30, 2017

FAMILY SERVICE OF ROANOKE VALLEY

FINANCIAL REPORT

June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Service of Roanoke Valley
Roanoke, Virginia

We have audited the accompanying financial statements of Family Service of Roanoke Valley, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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 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 financial statements are free from 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Family Service of Roanoke Valley as of June 30, 2017 and 2016, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information beginning on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 12, 2017

FAMILY SERVICE OF ROANOKE VALLEY

STATEMENT OF FINANCIAL POSITION

June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 80,249	\$ 55,703
Accounts and other receivables, net of allowance for doubtful accounts and contractual adjustments of \$24,658 and \$33,925 for 2017 and 2016, respectively	37,785	43,177
Agency receivables	98,309	44,863
Prepaid expenses and other assets	27,318	26,182
Contributions receivable (Note 2)	4,107	3,363
Investments (Notes 3 and 10)	77,679	67,625
Land, buildings, and equipment, net of accumulated depreciation (Note 4)	1,409,460	1,478,709
Beneficial interest in perpetual trust	63,838	63,920
Total assets	\$ 1,798,745	\$ 1,783,542
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 47,412	\$ 48,655
Accrued wages and benefits	62,684	67,502
Deferred revenue	4,921	33,017
Notes payable (Note 5)	709,235	734,911
Total liabilities	824,252	884,085
Net Assets (Notes 6 and 9)		
Unrestricted	794,456	742,569
Temporarily restricted	77,158	53,927
Permanently restricted	102,879	102,961
Total net assets	974,493	899,457
Total liabilities and net assets	\$ 1,798,745	\$ 1,783,542

FAMILY SERVICE OF ROANOKE VALLEY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES				
Program fees	\$ 795,255	\$ -	\$ -	\$ 795,255
Less contractual adjustments	(235,790)	-	-	(235,790)
Net program fees	559,465	-	-	559,465
Contributions and public support (Note 1)	114,709	1,068,777	-	1,183,486
Investment return (Note 3)	-	10,231	-	10,231
Special events	56,651	-	-	56,651
Contracted services	35,662	600	-	36,262
Other income	8,382	-	-	8,382
Income on beneficial interest in perpetual trust	3,917	-	-	3,917
Net assets released from restrictions and reclassifications	1,056,377	(1,056,377)	-	-
Total operating revenues	1,835,163	23,231	-	1,858,394
OPERATING EXPENSES				
Program services	1,584,853	-	-	1,584,853
Supporting services				
Management and general	75,252	-	-	75,252
Fundraising	123,171	-	-	123,171
Total operating expenses	1,783,276	-	-	1,783,276
Change in net assets, operating	51,887	23,231	-	75,118
NON-OPERATING INCOME				
Change in beneficial interest in perpetual trust	-	-	(82)	(82)
Change in net assets, non-operating	-	-	(82)	(82)
Change in net assets	51,887	23,231	(82)	75,036
NET ASSETS				
Beginning	742,569	53,927	102,961	899,457
Ending	\$ 794,456	\$ 77,158	\$ 102,879	\$ 974,493

FAMILY SERVICE OF ROANOKE VALLEY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES				
Program fees	\$ 882,702	\$ -	\$ -	\$ 882,702
Less contractual adjustments	(292,828)	-	-	(292,828)
Net program fees	589,874	-	-	589,874
Contributions and public support (Note 1)	118,922	926,417	-	1,045,339
Investment return (Note 3)	-	6,269	-	6,269
Special events	46,607	-	-	46,607
Contracted services	37,170	-	-	37,170
Other income	-	-	-	-
Income on beneficial interest in perpetual trust	3,871	-	-	3,871
Net assets released from restrictions and reclassifications	994,123	(994,123)	-	-
Total operating revenues	1,790,567	(61,437)	-	1,729,130
OPERATING EXPENSES				
Program services	1,547,437	-	-	1,547,437
Supporting services				
Management and general	84,075	-	-	84,075
Fundraising	133,799	-	-	133,799
Total operating expenses	1,765,311	-	-	1,765,311
Change in net assets, operating	25,256	(61,437)	-	(36,181)
NON-OPERATING INCOME				
Change in beneficial interest in perpetual trust	-	-	(3,618)	(3,618)
Change in net assets, non-operating	-	-	(3,618)	(3,618)
Change in net assets	25,256	(61,437)	(3,618)	(39,799)
NET ASSETS				
Beginning	717,313	115,364	106,579	939,256
Ending	\$ 742,569	\$ 53,927	\$ 102,961	\$ 899,457

FAMILY SERVICE OF ROANOKE VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	2017			
	Program Services	Supporting Services	Fundraising	Total
SALARIES AND RELATED EXPENSES				
Salaries	\$ 1,085,834	\$ 30,642	\$ 78,344	\$ 1,194,820
Payroll taxes and insurance	91,902	388	6,938	99,228
Employee benefits	105,497	6,706	5,140	117,343
	<u>1,283,233</u>	<u>37,736</u>	<u>90,422</u>	<u>1,411,391</u>
OTHER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Contracted services	16,011	75	131	16,217
Travel	31,488	711	50	32,249
Rental and maintenance	39,864	3,485	2,964	46,313
Utilities	27,170	2,470	1,223	30,863
Supplies	23,988	582	909	25,479
Professional fees	14,677	682	807	16,166
Interest	24,180	2,890	1,881	28,951
Postage	3,695	268	489	4,452
Real estate taxes	4,783	1,045	212	6,040
Provision for bad debts	3,581	-	-	3,581
Liability insurance	10,211	6,292	741	17,244
Miscellaneous	27,344	987	2,003	30,334
Awards and certificates	7,021	322	-	7,343
Special events	-	-	12,752	12,752
Printing and publications	344	50	50	444
Bank fees	2,176	3,503	1,598	7,277
Advertising	800	122	2,856	3,778
Membership dues	7,441	3,081	1,256	11,778
	<u>244,774</u>	<u>26,565</u>	<u>29,922</u>	<u>301,261</u>
DEPRECIATION AND AMORTIZATION	<u>56,846</u>	<u>10,951</u>	<u>2,827</u>	<u>70,624</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,584,853</u>	<u>\$ 75,252</u>	<u>\$ 123,171</u>	<u>\$ 1,783,276</u>

FAMILY SERVICE OF ROANOKE VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	2016			
	Program Services	Supporting Services	Fundraising	Total
SALARIES AND RELATED EXPENSES				
Salaries	\$ 1,047,267	\$ 36,452	\$ 78,654	\$ 1,162,373
Payroll taxes and insurance	98,070	3,382	6,804	108,256
Employee benefits	103,145	3,162	7,987	114,294
	<u>1,248,482</u>	<u>42,996</u>	<u>93,445</u>	<u>1,384,923</u>
OTHER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Contracted services	11,775	302	205	12,282
Travel	33,839	1,833	451	36,123
Rental and maintenance	38,117	7,970	9,271	55,358
Utilities	26,845	2,620	1,309	30,774
Supplies	29,386	422	514	30,322
Professional fees	16,370	2,017	1,492	19,879
Interest	26,396	5,719	2,853	34,968
Postage	3,567	171	646	4,384
Real estate taxes	5,517	1,506	363	7,386
Provision for bad debts	1,543	-	-	1,543
Liability insurance	11,466	2,843	1,191	15,500
Miscellaneous	(164)	1,407	2,445	3,688
Awards and certificates	2,674	98	74	2,846
Special events	(2,436)	-	11,346	8,910
Printing and publications	82	66	340	488
Bank fees	4,277	1,403	1,574	7,254
Advertising	500	-	1,825	2,325
Membership dues	26,547	632	1,339	28,518
	<u>236,301</u>	<u>29,009</u>	<u>37,238</u>	<u>302,548</u>
DEPRECIATION AND AMORTIZATION	<u>62,654</u>	<u>12,070</u>	<u>3,116</u>	<u>77,840</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,547,437</u>	<u>\$ 84,075</u>	<u>\$ 133,799</u>	<u>\$ 1,765,311</u>

FAMILY SERVICE OF ROANOKE VALLEY

STATEMENT OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 75,036	\$ (39,799)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	70,624	77,840
Net unrealized and realized gain on investments	(4,193)	(5,258)
Change in beneficial interest in perpetual trust	82	3,618
Change in certain operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	5,392	4,689
Agency receivables	(53,446)	35,410
Contributions receivable	(744)	(93)
Prepaid expenses and other assets	(1,136)	14,834
(Decrease) increase in:		
Accounts payable and accrued expenses	(1,243)	(17,563)
Accrued wages and benefits	(4,818)	(5,735)
Deferred revenue	(28,096)	8,821
Net cash provided by operating activities	57,458	76,764
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings, and equipment	(1,375)	(799)
Change in investments, net of proceeds from sales	(5,861)	37,423
Net cash provided by (used in) investing activities	(7,236)	36,624
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of line of credit	-	(40,000)
Repayment of notes payable	(25,676)	(40,034)
Net cash used in financing activities	(25,676)	(80,034)
Increase in cash	24,546	33,354
CASH		
Beginning	55,703	22,349
Ending	\$ 80,249	\$ 55,703
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 30,237	\$ 33,682

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations:

Family Service of Roanoke Valley (the “Organization”) is incorporated as a non-profit corporation under the laws of the Commonwealth of Virginia. The Organization provides a variety of counseling and other assistance to Roanoke Valley, Virginia residents. Its primary sources of revenues are program service fees, contracted services, United Way support, and contributions from local governments and private foundations.

Basis of financial statement presentation and accounting:

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

The accompanying financial statements present information regarding the Organization’s financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Temporarily restricted net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Organization pursuant to those stipulations.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various restricted and other operating needs. These net assets primarily include permanent endowment funds and beneficial interest in perpetual trust.

Cash:

The Organization considers all funds with a maturity of three months or less to be cash equivalents.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Accounts receivable:

Accounts receivable due from clients and third-party payors are stated at the amount management expects to collect from outstanding balances. The Organization considers accounts receivable balances in excess of 90 days as past due accounts. Interest is not charged on past due balances. Accounts receivable are charged off when determined uncollectible. Provisions for uncollectible accounts are made based on past experience, current economic conditions, and management's estimates of contributors' ability to pay. The Organization had approximately \$10,000 and \$12,000 of accounts receivable greater than 90 days past due as of June 30, 2017 and 2016, respectively.

Investments:

Investments in marketable securities with readily determinable fair values are reported at their fair values, as determined by quoted market prices, in the statements of financial position. Net unrealized and realized gains or losses are reflected in the statements of activities.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Income and realized and unrealized net gains on investments of endowment and similar net asset classes are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;
- As increases in unrestricted net assets in all other cases.

The Organization has various investment vehicles that the carrying value fluctuates with the financial markets. As a result, the value of such investments as of the date of this report may be materially different than year end values.

Land, buildings, and equipment:

Land, buildings, and equipment are stated at cost at the date of acquisition, or fair value at the date of gift, less accumulated depreciation. Depreciation is recorded using the straight-line method over estimated useful lives of the assets.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for land, buildings, and equipment exceeding \$1,000 are capitalized.

The Organization recognizes costs related to major maintenance activities as costs are incurred.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Accrued wages and benefits:

The Organization accrues for salaries and all other compensation earned but not paid.

Deferred revenue:

Deferred revenue represents amounts received on certain contracts from grantor agencies for which revenue recognition criteria has not been met. The liability will be reduced and revenue recorded when expenses are incurred in accordance with the grantor's requirements.

Net asset classifications of institutional funds:

The Organization holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). "Endowment" is a commonly used term to refer to the resources, including trusts and annuities that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the Organization's activities. The Organization's endowment consists of individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the Organization adopted the provisions of accounting guidance for the net asset classification of donor-restricted endowment funds for an organization that is subject to UPMIFA and also required related financial statement disclosures.

Interpretation of UPMIFA

The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Net asset classifications of institutional funds: (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the executive committee, the endowment assets are invested in a manner that is intended to maximize long-term growth using a balanced approach with less than full stock market risk and volatility.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Contributions:

Contributions, including unconditional promises to give or contributions receivable, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, in the period the donor's commitment is received. Unrestricted, unconditional promises to give are recognized as temporarily restricted operating revenues unless the donor explicitly stipulates its use to support current period activities.

Conditional promises to give are not recognized until they become unconditional – that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions receivable are charged off when determined uncollectible. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Operating results:

Operating activities in the statements of activities illustrate a measure of how the Organization is maintaining the resources available for its “current operations.” Operations generally reflect transactions increasing or decreasing unrestricted net assets except those of a capital nature – that is, capitalized for long-term investment or as land, buildings, and equipment. Temporarily restricted net assets released from restrictions which satisfy an operating purpose are treated as an operating reclassification.

The Organization allocates operating expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly.

Advertising costs:

The Organization expenses advertising costs as incurred.

Fair value measurements:

The Organization carries its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a market-based approach is used which establishes that fair value is based on the “highest and best use”. The Organization categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as reflected below. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices in Level 1 that are either 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 were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

The estimated fair value for specific groups of financial instruments is presented within the notes applicable to such items. If not specifically presented, fair value is estimated to approximate the related carrying value.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Income taxes:

The Organization is classified as an exempt organization for federal income tax purposes under Section 501(c)(3) of the *Internal Revenue Code*, except for unrelated business income which is taxable.

Credit risk concentrations:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, investments and receivables.

The Organization places its cash with high-credit, quality financial institutions. On June 30, 2017 and 2016, the Organization had no deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Concentration of credit risk for investments is limited by the Organization's policy of diversification of assets.

The Organization grants credit without collateral to its clients, most of whom are area residents who are uninsured. The mix of net receivables from clients and third-party payors was concentrated in the following major payor classes:

	2017	2016
Other insurance and self-pay	29%	35%
Medicaid	53	57
Medicare	18	8
	100%	100%

Reclassifications:

United Way contributions for 2016 were reclassified from unrestricted contributions and public support to temporarily restricted contributions and public support and offsetting net assets released from restrictions and reclassifications. There is no impact on total unrestricted or temporarily restricted operating revenues as a result of this reclassification.

Note 2. Contributions Receivable

Contributions receivable consists of the following as of June 30:

	2017	2016
Expected to be collected in:		
Less than one year	\$ 4,607	\$ 3,863
	4,607	3,863
Less:		
Allowance for uncollectible contributions	(500)	(500)
	\$ 4,107	\$ 3,363

Contributions receivable included \$3,607 and \$3,863 from officers, directors, and employees as of June 30, 2017 and 2016, respectively.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 3. Investments

Investments consist of the domestic equities.

Investment activities for the years ended June 30 are reflected in the table below:

	2017	2016
Investments, beginning	\$ 67,625	\$ 99,790
Investment returns		
Dividends and interest	6,038	1,011
Realized and unrealized gains	4,193	5,258
Total return on investments	10,231	6,269
Withdrawals, distributions, and other	(177)	(38,434)
Investments, ending	\$ 77,679	\$ 67,625

Note 4. Land, Buildings, and Equipment

Land, buildings, and equipment at June 30 consist of the following:

	Estimated Useful Lives	2017	2016
Buildings and improvements	39 years	\$ 1,801,910	\$ 1,801,910
Furniture and fixtures	3 - 10 years	333,598	332,149
		2,135,508	2,134,059
Less accumulated depreciation		(901,730)	(831,032)
		1,233,778	1,303,027
Land		175,682	175,682
		\$ 1,409,460	\$ 1,478,709

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 5. Notes Payable

The Organization's notes payable consist of the following as of June 30:

	2017	2016
Loan payable to a bank, payable in 59 monthly installments of \$2,742, including interest at 3.95% with a balloon payment of the remaining balance due in November 2020. The loan is collateralized by real estate.	\$ 429,821	\$ 445,033
Loan payable to a bank, payable in 59 monthly installments of \$1,815, including interest at 3.95% with a balloon payment of the remaining balance due in November 2020. The loan is collateralized by real estate.	279,414	289,878
	\$ 709,235	\$ 734,911

Debt matures as follows:

Year ending June 30,	
2018	\$ 27,111
2019	28,002
2020	29,194
2021	624,928
	\$ 709,235

The Organization has a \$200,000 line of credit with interest at the prime rate (4.25% and 3.50% at June 30, 2017 and 2016, respectively), but with a floor of 4% through October 2017, collateralized by substantially all of the Organization's assets, including accounts receivable and fixed assets. This line of credit is renewable annually, but the entire balance must be paid down to zero for at least 30 consecutive days before the maturity date.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 6. Net Assets

Net assets as of June 30 consisted of the following:

	2017	2016
Unrestricted:		
Quasi endowment	\$ 6,428	\$ 6,428
Undesignated	788,028	736,141
	794,456	742,569
Temporarily restricted:		
Accumulated endowment investment return	32,408	22,177
Donor restricted funds	44,750	31,750
	77,158	53,927
Permanently restricted:		
Restricted in perpetuity; only the income is expendable:		
Endowment principal	39,041	39,041
Beneficial interest in perpetual trust	63,838	63,920
	102,879	102,961
Total net assets	\$ 974,493	\$ 899,457

Temporarily restricted net assets are subject to both purpose and time restrictions. Temporarily restricted accumulated endowment investment return, net of amounts spent, is restricted for future operations and financial assistance. Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support future operations and provide financial assistance.

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 7. Employee Benefits

The Organization participates in a 403(b) retirement plan. All employees are eligible to participate in the plan immediately, and after completing one year of service are eligible to receive employer contributions. Contributions to the plan and the amounts charged to expense for the years ended June 30, 2017 and 2016 were \$24,578 and \$21,504, respectively.

Note 8. Commitments and Contingencies

Restricted contributions, contracts, grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the respective instruments. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them could result in the return of the funds to donors or grantors. Although that is a possibility, the Organization deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of its activities to the provisions of the gifts.

Note 9. Endowment

A summary of assets and net assets of the endowment is as follows as of June 30:

	2017	2016
Assets:		
Cash	\$ 198	\$ 21
Investments	77,679	67,625
Beneficial interest in perpetual trust	63,838	63,920
Total assets	\$ 141,715	\$ 131,566
Net assets:		
Unrestricted:		
Quasi endowment	\$ 6,428	\$ 6,428
Temporarily restricted:		
Accumulated endowment investment return, net of amounts spent	32,408	22,177
Permanently restricted:		
Endowment – Organization held	39,041	39,041
Beneficial interest in perpetual trust	63,838	63,920
	102,879	102,961
Total net assets	\$ 141,715	\$ 131,566

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 9. Endowment (Continued)

The Organization's endowment consisted of the following net assets at June 30:

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted								
Endowment funds	\$ -	\$ 32,408	\$ 102,879	\$ 135,287	\$ -	\$ 22,177	\$ 102,961	\$ 125,138
Board-designated								
Endowment funds	6,428	-	-	6,428	6,428	-	-	6,428
Total	\$ 6,428	\$ 32,408	\$ 102,879	\$ 141,715	\$ 6,428	\$ 22,177	\$ 102,961	\$ 131,566

Changes in endowment net assets for the year ended June 30 are as follows:

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning, as restated	\$ 6,428	\$ 22,177	\$ 102,961	\$ 131,566	\$ 6,428	\$ 65,908	\$ 106,579	\$ 178,915
Total investment return	-	10,231	-	10,231	-	6,269	-	6,269
Appropriation for expenditure	-	-	-	-	-	(50,000)	-	(50,000)
Change in beneficial interest in perpetual trust	-	-	(82)	(82)	-	-	(3,618)	(3,618)
Endowment net assets, ending	\$ 6,428	\$ 32,408	\$ 102,879	\$ 141,715	\$ 6,428	\$ 22,177	\$ 102,961	\$ 131,566

Note 10. Fair Value Measurements

The following is a summary of the inputs used in measuring the fair value of financial assets and liabilities measured on a recurring basis as of June 30:

	2017				2016			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Investments	\$ 77,679	\$ 77,679	\$ -	\$ -	\$ 67,625	\$ 67,625	\$ -	\$ -
Beneficial interest in perpetual trust	\$ 63,838	\$ -	\$ -	\$ 63,838	\$ 63,920	\$ -	\$ -	\$ 63,920

FAMILY SERVICE OF ROANOKE VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Fair Value Measurements (Continued)

The fair values of investments are determined based on quoted market prices. The fair value of beneficial interest in perpetual trust is based on the fair value of underlying investments held in trust for the benefit of the Organization.

A reconciliation of the activity of charitable trusts valued using Level 3 inputs for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 63,920	\$ 67,538
Realized and unrealized losses	<u>(82)</u>	<u>(3,618)</u>
Ending balance	<u>\$ 63,838</u>	<u>\$ 63,920</u>

Note 11. Economic Dependency

For the year ended June 30, 2017 and 2016, the United Way provided approximately 19% and 24% of the Organization's total support and revenue, respectively.

Note 12. Unemployment Insurance

The Organization participates in a trust with Unemployment Services Trust that provides an alternative means for funding (reimbursing) unemployment claims for former employees. The Organization makes deposits to the Unemployment Services Trust based on an estimate of claims projections. The Unemployment Services Trust uses the deposits to reimburse the Participating State for payments made on behalf of the Organization. At June 30, 2017, the Organization exceeded the deposit requirement with accumulated deposits of \$6,910 available.

Note 13. Subsequent Events

Subsequent events were considered through December 12, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FAMILY SERVICE OF ROANOKE VALLEY

SCHEDULES OF AGENCY RECEIVABLES

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
SCHEDULE OF AGENCY RECEIVABLES		
Virginia Department of Social Services (VOCA)	\$ 6,518	\$ -
Virginia Department of Social Services (VOCA) - Refugee	31,159	-
DPM PREP 511 Year 1	-	24,337
DPM PREP 511 Year 2	24,581	-
Virginia Department of Health	11,895	9,486
Virginia Department of Health - Positive Action	1,826	-
Commonwealth of Virginia – FACT	937	-
Total Action for Progress	7,500	2,500
DJS Roanoke - Parent Aide	223	-
DJS Roanoke - Byrne	8,869	-
Byrne Grant	-	2,089
Junior League of Roanoke Valley	-	1,918
Presbyterian Community Center	412	1,320
Hollins University	1,283	1,283
United Way of Franklin County	-	900
Cultural Arts for Excellence	1,148	605
LOA Area Agency on Aging	300	225
Roanoke County Department of Social Services	1,658	200
	<u>\$ 98,309</u>	<u>\$ 44,863</u>

FAMILY SERVICE OF ROANOKE VALLEY

SCHEDULE OF RESTRICTED PUBLIC SUPPORT
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
SCHEDULE OF RESTRICTED PUBLIC SUPPORT		
Virginia Department for the Aging	\$ 225,676	\$ 220,738
United Way	214,810	234,476
DPM PREP 511 Year 1	61,425	150,838
DPM PREP 511 Year 2	191,886	-
Virginia Department of Social Services (VOCA)	80,404	-
Virginia Department of Criminal Justice Services (VOCA)	49,310	-
DPM PREP 510 Year 3	-	49,916
Virginia Department of Health	-	46,118
Virginia Department of Health - Positive Action	7,497	-
Virginia Department of Health - AEP Grant Year 2	12,905	-
Virginia Department of Health - AEP Grant Year 3	40,369	-
James Meador Foundation	-	40,000
City of Roanoke - Human Services Committee	38,900	38,300
Roanoke City Schools 21st Century	19,530	32,870
Foundation for Roanoke Valley MLF	-	23,446
Sam & Marion Golden (Helping Hand)	15,457	20,000
Helen C. Cobb Special Project	13,000	-
Thurman Foundation	10,000	10,000
State Farm	7,500	-
Carilion Clinic	15,000	10,000
Melinda Chitwood	-	10,000
Cox Cable	10,000	-
DCJS Byrn	14,076	8,537
Second Presbyterian Church	9,279	8,000
Foundation for Roanoke Valley Star Survivors	13,125	4,375
Roanoke Valley Gives	5,815	3,050
Virginia - FACT	3,750	-
Bick Lick Soup	-	2,053
Kiwanis	2,000	2,000
Youth Service America	-	2,000
Junior League	-	1,918
Board Sustainability	-	1,200
Local Office on Aging - Area Agency on Aging	2,250	1,725
Aramark Building	4,813	1,607
Carilion - Back on Track	-	1,000
Staples Foundation	-	1,000
Roanoke Outside Foundation	-	500
Points of Light	-	500
Go Race Inc.	-	250
	<u>\$ 1,068,777</u>	<u>\$ 926,417</u>