

Grapevine Center, Inc.

Financial Statements and Supplementary Information

For the Year Ended June 30, 2011 with
Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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GRAPEVINE CENTER, INC.

FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information:	
Statement of Functional Expenses – MH/MR Basis	11

Auditor's Report

Board of Directors
Grapevine Center, Inc.

We have audited the accompanying statement of financial position for Grapevine Center, Inc. (Center), a nonprofit organization, as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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.

Maher Duessel

Pittsburgh, Pennsylvania
January 6, 2012

GRAPEVINE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

Assets	
Cash and cash equivalents	\$ 41,160
Accounts receivable - Butler	47,429
Accounts receivable - other	1,325
Prepaid expenses	4,175
Fixed assets (net of accumulated depreciation of \$219,825)	<u>46,743</u>
Total Assets	<u><u>\$ 140,832</u></u>
 Liabilities and Net Assets	
Liabilities:	
Accounts payable	\$ 26,932
Compensated absences	<u>3,539</u>
Total Liabilities	<u>30,471</u>
 Net Assets:	
Unrestricted	<u>110,361</u>
Total Liabilities and Net Assets	<u><u>\$ 140,832</u></u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Revenues:

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Program service fees:	
County of Butler	\$ 309,833
Other	59,458
Public support:	
United Way grant	14,665
United Way designations	150
Other	4,394
Investment income	28
Program rent income	5,135
Miscellaneous	1,823
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Total revenues	395,486
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Expenses:

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Program services	352,671
Management and general	31,795
Fundraising	1,205
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Total expenses	385,671
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Change in Net Assets 9,815

Net Assets:

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Beginning of year	100,546
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End of year	\$ 110,361
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See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 142,120	\$ 10,744	\$ 934	\$ 153,798
Payroll taxes	14,736	754	66	15,556
Employee benefits	5,041	521	5	5,567
Professional fees	18,464	9,411	96	27,971
Contracted services	4,000	-	-	4,000
Office supplies	19,296	543	6	19,845
Rent	37,384	4,570	46	42,000
Insurance	11,773	1,406	14	13,193
Utilities	11,903	1,413	14	13,330
Telephone	6,777	628	6	7,411
Postage	2,306	74	-	2,380
Promotion	8,988	369	4	9,361
Travel	13,742	50	-	13,792
Conferences	8,145	241	3	8,389
Building maintenance	3,246	342	4	3,592
Equipment maintenance and repair	7,206	519	5	7,730
Depreciation	16,279	-	-	16,279
Grant to others	17,100	-	-	17,100
Other	4,165	210	2	4,377
	<u>\$ 352,671</u>	<u>\$ 31,795</u>	<u>\$ 1,205</u>	<u>\$ 385,671</u>
Total expenses	<u>\$ 352,671</u>	<u>\$ 31,795</u>	<u>\$ 1,205</u>	<u>\$ 385,671</u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

Cash Flows From Operating Activities:	
Change in net assets	\$ 9,815
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,279
Change in:	
Accounts receivable - Butler County	19,685
Accounts receivable - other	(690)
Prepaid expenses	(1,256)
Accounts payable	(2,560)
Accrued liabilities	(240)
Compensated absences	3,539
Total adjustments	34,757
Net cash provided by operating activities	44,572
Cash Flows From Investing Activities:	
Purchase of fixed assets	(22,105)
Cash Flows From Financing Activities:	
Borrowings on line of credit	3,300
Principal payments on line of credit	(3,300)
Net cash provided by financing activities	-
Net Increase in Cash and Cash Equivalents	22,467
Cash and Cash Equivalents:	
Beginning of year	18,693
End of year	\$ 41,160
Interest paid	\$ -

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1. ORGANIZATION

Grapevine Center, Inc. (Center) established its own non-profit status on June 16, 2008. The Center is an activity center that provides a supportive atmosphere for companionship, recreation, education, and vocational services encouraging those with mental health disabilities to lead more productive lives. The Center provides a Consumer Family Satisfaction Team that conducts interviews in order to address individual concerns and assess the quality of behavioral health services in Butler County (County). As part of the Independent Monitoring for Quality Program, interviews are conducted of a random sample of developmentally challenged individuals from the County in an effort to improve their quality of life. The Center is also a recovery resource center where peers mentor and support individuals in a healing environment as valued community citizens.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Center's financial statements have been prepared on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period when liabilities are incurred.

Basis of Presentation

The Center classifies net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restriction or stipulations that may or will be met either by actions of the Center or the passage of time. At June 30, 2011, the Center has no temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restriction or stipulations that the principal be maintained in perpetuity. At June 30, 2011, the Center has no permanently restricted net assets.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Income Taxes

The Center qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and is considered to be “other than a private foundation.” Accordingly, no provision for income taxes is recorded in the financial statements. Further, the Center annually files Form 990. The forms filed are subject to examination by the Internal Revenue Service generally for three years after they are filed.

Use of Estimates in the Preparation of Financial Statements

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Concentration of Risk

The Center funds its services primarily through contracts with the County. These contracts are renewed on a year-to-year basis.

Contributions

All donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Temporarily restricted contributions whose restrictions are satisfied within the same year are reflected as unrestricted support in the year of receipt.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables

Receivables consist of amounts due from the County and other sources expected to be received within 12 months. An allowance for doubtful accounts has not been

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

established, since management is of the opinion that all receivables at year-end are fully collectible.

Fixed Assets

Purchases of fixed assets are recorded at cost. The Center maintains a capitalization threshold of \$1,000. Donations of land, building, and equipment are recorded at the estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets, donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire land, building, and equipment, are reported as restricted support. The Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fixed assets are depreciated over the assets' estimated useful life, using the straight-line method.

Donated Services

Many volunteers have given significant amounts of time and talents for the benefit of the Center and its programs, services, and activities. However, these efforts do not meet the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America.

Compensated Absences

Accrued vacation must be used at the end of each calendar year or it is forfeited. Employees can earn up to 30 hours of sick leave and can carry over sick leave for up to three years. Terminated (voluntarily or involuntarily) eligible employees do not receive payment of actual accrued sick leave. An estimated accrual was made at June 30, 2011 for vacation days accumulated during this calendar year by eligible employees. Accrued sick day absences for the year ended June 30, 2011 have not been recognized in the financial statements, since the amount is immaterial.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

3. FUNDING FOR SERVICES PROVIDED

For the majority of funding, the Center is reimbursed for actual costs incurred up to contracted amounts. Additional funds are received from the United Way and Value Options.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held in local banks. At June 30, 2011, the carrying value was \$41,160 and the entire bank balance of \$51,481 was insured by federal depository insurance.

5. FIXED ASSETS

At June 30, 2011, fixed assets for the Center are as follows:

	Balance at June 30, 2010	Net Additions	Net Deletions	Balance at June 30, 2011
Vehicles	\$ 166,106	\$ 16,288	\$ -	\$ 182,394
Equipment and furniture	68,262	3,767	-	72,029
Computer equipment	10,095	2,050	-	12,145
	<u>244,463</u>	<u>22,105</u>	<u>-</u>	<u>266,568</u>
Less: accumulated depreciation/recovered costs	<u>(203,546)</u>	<u>(16,279)</u>	<u>-</u>	<u>(219,825)</u>
Net vehicles, equipment, and computer equipment	<u>\$ 40,917</u>	<u>\$ 5,826</u>	<u>\$ -</u>	<u>\$ 46,743</u>

6. LINE OF CREDIT

The Center established a revolving line of credit with a local bank in February 2009. The line of credit is secured by all assets of the Center. The maximum borrowing allowed under the line of credit is \$25,000 and it carries an interest rate equal to the prime rate plus 2.75%. At June 30, 2011, the Center had no outstanding balance relating to their line of credit and the prime rate was 3.25%.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

7. SHARED SERVICES AGREEMENT

The Center entered into a shared services agreement with the Mental Health Association of Butler County (Association) on February 1, 2009. Under the terms of the agreement, the Center is required to pay annual rent totaling \$42,000. Rent is charged at an annual rate of \$7.00 per square foot. The agreement also requires the Center to pay one half of the cost of sewage and water. The agreement also allows the Center to request consultation services to be provided by the Executive Director of the Association at a rate of \$25 per hour, not to exceed \$420 per month. The Center paid rent and consultation fees in the amount of \$42,000 and \$0, respectively, to the Association during the year ended June 30, 2011.

Furthermore, for the year ended June 30, 2011, the Center awarded a restricted grant of \$17,100 to the Association for repairs related to the upkeep of the building.

Supplementary Information

GRAPEVINE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MH/MR BASIS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 142,120	\$ 10,744	\$ 934	\$ 153,798
Payroll taxes	14,736	754	66	15,556
Employee benefits	5,041	521	5	5,567
Professional fees	18,464	9,411	96	27,971
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Conferences	8,145	241	3	8,389
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Equipment and vehicle purchases	22,105	-	-	22,105
Equipment maintenance and repairs	7,206	519	5	7,730
Grant to others	17,100	-	-	17,100
Other	4,165	210	2	4,377
	<u>\$ 358,497</u>	<u>\$ 31,795</u>	<u>\$ 1,205</u>	<u>\$ 391,497</u>
Total expenses	<u>\$ 358,497</u>	<u>\$ 31,795</u>	<u>\$ 1,205</u>	<u>\$ 391,497</u>