

Grapevine Center, Inc.

Financial Statements and Supplementary Information

For the Year Ended June 30, 2015 with
Independent Auditor's Report

MaherDuessel
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GRAPEVINE CENTER, INC.

FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information:	
Statement of Functional Expenses – MH/ID Basis	13

Independent Auditor's Report

Board of Directors
Grapevine Center, Inc.

We have audited the accompanying financial statements of Grapevine Center Inc. (Center) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 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 the Center as of June 30, 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the 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 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
December 4, 2015

GRAPEVINE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

Assets	
Cash and cash equivalents	\$ 63,102
Accounts receivable - Butler County	98,753
Accounts receivable - other	8,880
Prepaid expenses	10,783
Fixed assets (net of accumulated depreciation of \$279,961)	<u>103,455</u>
Total Assets	<u><u>\$ 284,973</u></u>
Liabilities and Net Assets	
Liabilities:	
Accounts payable	\$ 53,687
Accrued payroll expenses	13,604
Compensated absences	<u>6,224</u>
Total Liabilities	<u>73,515</u>
Net Assets:	
Unrestricted	204,442
Temporarily restricted	<u>7,016</u>
Total Net Assets	<u>211,458</u>
Total Liabilities and Net Assets	<u><u>\$ 284,973</u></u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Revenues:	Unrestricted	Temporarily Restricted	Total
Program service fees:			
Butler County	\$ 372,817	\$ -	\$ 372,817
Mercer County	99,829	-	99,829
Other	74,454	-	74,454
Public support:			
United Way grant	17,001	-	17,001
United Way designations	534	-	534
Other	16,554	406	16,960
Program rent income	5,100	-	5,100
Miscellaneous	5,342	-	5,342
	<u>591,631</u>	<u>406</u>	<u>592,037</u>
Net assets released from restrictions	17,086	(17,086)	-
Total revenues	<u>608,717</u>	<u>(16,680)</u>	<u>592,037</u>
Expenses:			
Program services	519,439	-	519,439
Management and general	19,315	-	19,315
Fundraising	4,579	-	4,579
Total expenses	<u>543,333</u>	<u>-</u>	<u>543,333</u>
Change in Net Assets	65,384	(16,680)	48,704
Net Assets:			
Beginning of year	<u>139,058</u>	<u>23,696</u>	<u>162,754</u>
End of year	<u>\$ 204,442</u>	<u>\$ 7,016</u>	<u>\$ 211,458</u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 239,022	\$ 6,094	\$ 1,454	\$ 246,570
Payroll taxes	25,468	662	158	26,288
Employee benefits	5,614	210	50	5,874
Professional fees	22,797	7,222	1,723	31,742
Contracted services	8,191	-	-	8,191
Office supplies	17,075	132	31	17,238
Rent	63,996	2,398	572	66,966
Insurance	19,089	778	186	20,053
Utilities	15,727	590	141	16,458
Telephone	7,348	244	58	7,650
Postage	1,720	2	-	1,722
Promotion	16,095	411	98	16,604
Travel	10,043	1	-	10,044
Conferences	6,368	13	3	6,384
Building maintenance	3,993	152	36	4,181
Equipment maintenance and repairs	14,765	193	46	15,004
Depreciation	35,662	-	-	35,662
Other	6,466	213	23	6,702
	<u>\$ 519,439</u>	<u>\$ 19,315</u>	<u>\$ 4,579</u>	<u>\$ 543,333</u>
Total expenses	<u>\$ 519,439</u>	<u>\$ 19,315</u>	<u>\$ 4,579</u>	<u>\$ 543,333</u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities:	
Change in net assets	\$ 48,704
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	35,662
Proceeds from sale of fixed assets	(4,000)
Change in:	
Accounts receivable - Butler County	(26,980)
Accounts receivable - other	(6,596)
Prepaid expenses	(3,471)
Accounts payable	7,461
Accrued liabilities	1,954
Compensated absences	1,980
Total adjustments	<u>6,010</u>
Net cash provided by operating activities	<u>54,714</u>
Cash Flows From Investing Activities:	
Proceeds from sale of fixed assets	4,000
Purchase of fixed assets	<u>(85,243)</u>
Net cash used in investing activities	<u>(81,243)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(26,529)
Cash and Cash Equivalents:	
Beginning of year	<u>89,631</u>
End of year	<u>\$ 63,102</u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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. As part of the Independent Monitoring for Quality program, interviews are conducted of a random sample of intellectually disabled individuals from Butler County in an effort to improve their quality of life. Additionally, in 2014 the Center began providing Consumer Family Satisfaction Team services in Mercer County. During 2015, the Mercer County branch opened, providing Consumer Family Satisfaction Team and Independent Monitoring for Quality services. 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, 2015, the Center has temporarily restricted net assets totaling \$7,016.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Permanently Restricted Net Assets – Net assets subject to donor-imposed restriction or stipulations that the principal be maintained in perpetuity. At June 30, 2015, the Center has no permanently restricted net assets.

Tax-Exempt Status

The Center has been recognized as a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision of federal or state income taxes has been provided in the financial statements. Further, the Center annually files Form 990.

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 Butler and Mercer Counties. These contracts are renewed on a year-to-year basis. Due to a current Commonwealth of Pennsylvania budget impasse, certain grant funding from the Department of Human Services passed through these Counties has been frozen. This budget impasse, depending on its duration, could have a significant impact on the Center's financial condition.

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.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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 Butler and Mercer Counties and other sources expected to be received within 12 months. An allowance for doubtful accounts has not been 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 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. Certified Peer Specialists have individual contracts and earn more vacation and sick hour benefits under their contracts than other employees.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Terminated (voluntarily or involuntarily) eligible employees do not receive payment of actual accrued sick leave. An estimated accrual was made at June 30, 2015 for vacation days accumulated during this calendar year by eligible employees. Accrued sick day absences for the year ended June 30, 2015 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.

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, 2015, the carrying value was \$63,102 and the entire bank balance of \$53,257 was insured by federal depository insurance.

5. FIXED ASSETS

At June 30, 2015, fixed assets for the Center are as follows:

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Balance at June 30, 2014	Net Additions	Net Deletions	Balance at June 30, 2015
Vehicles	\$ 201,266	\$ 33,692	\$ (10,267)	\$ 224,691
Equipment and furniture	92,889	40,415	-	133,304
Computer equipment	14,285	11,136	-	25,421
	<u>308,440</u>	<u>85,243</u>	<u>(10,267)</u>	<u>383,416</u>
Less: accumulated depreciation/recovered costs	<u>(254,566)</u>	<u>(35,662)</u>	<u>10,267</u>	<u>(279,961)</u>
Net vehicles, equipment, and computer equipment	<u>\$ 53,874</u>	<u>\$ 49,581</u>	<u>\$ -</u>	<u>\$ 103,455</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, 2015, the Center had no outstanding balance relating to their line of credit and the prime rate was 3.25%.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 are available for the following areas:

Forensic Certified Peer Specialist Program	\$ 6,610
Recovery Fest Seed Grants	<u>406</u>
	<u>\$ 7,016</u>

8. 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. On May 28, 2013, the agreement was amended to include an additional \$24,000 rent for the

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

year ended June 30, 2015. On July 1, 2015, the agreement was renewed at an annual rate of \$66,000. The agreement also requires the Center to pay one half of the cost of sewage and water. The Center paid rent in the amount of \$66,000 to the Association during the year ended June 30, 2015.

9. LEASE

The Center entered into an operating lease for the new Mercer Center on July 1, 2015. The term of the lease is for one year, beginning on July 1, 2015 at an annual rate of \$6,279. The Center has the option to renew the lease, each for one year, through June 30, 2021.

Supplementary Information

GRAPEVINE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MH/ID BASIS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 239,022	\$ 6,094	\$ 1,454	\$ 246,570
Payroll taxes	25,468	662	158	26,288
Employee benefits	5,614	210	50	5,874
Professional fees	22,797	7,222	1,723	31,742
Contracted services	8,191	-	-	8,191
Office supplies	17,075	132	31	17,238
Rent	63,996	2,398	572	66,966
Insurance	19,089	778	186	20,053
Utilities	15,727	590	141	16,458
Telephone	7,348	244	58	7,650
Postage	1,720	2	-	1,722
Promotion	16,095	411	98	16,604
Travel	10,043	1	-	10,044
Conferences	6,368	13	3	6,384
Building maintenance	3,993	152	36	4,181
Equipment and vehicle purchases	85,241	-	-	85,241
Equipment maintenance and repairs	14,765	193	46	15,004
Other	6,465	213	23	6,701
	<u>\$ 569,017</u>	<u>\$ 19,315</u>	<u>\$ 4,579</u>	<u>\$ 592,911</u>
Total expenses				