

Grapevine Center, Inc.

Financial Statements and Supplementary Information

For the Year Ended June 30, 2017 with
Independent Auditor's Report

MaherDuessel

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GRAPEVINE CENTER, INC.

FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, and the changes in its net assets and its cash flows for the year 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 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 14, 2017

GRAPEVINE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

Assets	
Cash and cash equivalents	\$ 121,070
Accounts receivable - Butler County	63,923
Accounts receivable - other	31,563
Prepaid expenses	13,731
Fixed assets (net of accumulated depreciation of \$323,195)	127,906
Other assets	1,323
Total Assets	\$ 359,516
Liabilities and Net Assets	
Liabilities:	
Accounts payable	\$ 31,666
Accrued payroll expenses	5,150
Compensated absences	7,850
Total Liabilities	44,666
Net Assets:	
Unrestricted	314,162
Temporarily restricted	688
Total Net Assets	314,850
Total Liabilities and Net Assets	\$ 359,516

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

Revenues:	Unrestricted	Temporarily Restricted	Total
Program service fees:			
Butler County	\$ 396,938	\$ -	\$ 396,938
Mercer County	105,615	-	105,615
VBH Revenue	178,465	-	178,465
Other	3,714	-	3,714
Public support:			
United Way grant	2,621	-	2,621
United Way designations	408	-	408
Other	12,684	688	13,372
Program rent income	5,100	-	5,100
Miscellaneous	5,016	-	5,016
	<u>710,561</u>	<u>688</u>	<u>711,249</u>
Net assets released from restrictions	<u>6,090</u>	<u>(6,090)</u>	<u>-</u>
Total revenues	<u>716,651</u>	<u>(5,402)</u>	<u>711,249</u>
Expenses:			
Program services	635,290	-	635,290
Management and general	40,290	-	40,290
Fundraising	3,007	-	3,007
Total expenses	<u>678,587</u>	<u>-</u>	<u>678,587</u>
Change in Net Assets	<u>38,064</u>	<u>(5,402)</u>	<u>32,662</u>
Net Assets:			
Beginning of year	<u>276,098</u>	<u>6,090</u>	<u>282,188</u>
End of year	<u>\$ 314,162</u>	<u>\$ 688</u>	<u>\$ 314,850</u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 286,168	\$ 12,240	\$ 914	\$ 299,322
Payroll taxes	29,515	1,242	93	30,850
Employee benefits	7,189	609	46	7,844
Professional fees	27,278	11,159	833	39,270
Contracted services	10,831	628	47	11,506
Office supplies	25,555	1,161	87	26,803
Rent	66,166	5,726	427	72,319
Insurance	21,939	1,234	92	23,265
Utilities	12,008	847	63	12,918
Telephone	10,563	565	42	11,170
Postage	1,421	55	4	1,480
Promotion	13,336	247	18	13,601
Travel	17,456	7	-	17,463
Conferences	6,962	99	7	7,068
Building maintenance	3,474	267	20	3,761
Equipment maintenance and repairs	32,662	3,364	251	36,277
Depreciation	52,296	-	-	52,296
Other	10,471	840	63	11,374
	<u>\$ 635,290</u>	<u>\$ 40,290</u>	<u>\$ 3,007</u>	<u>\$ 678,587</u>
Total expenses				

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows From Operating Activities:

Change in net assets	\$	32,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		52,296
Change in:		
Accounts receivable - Butler County		21,308
Accounts receivable - other		(25,345)
Prepaid expenses		(3,688)
Other assets		(1,276)
Accounts payable		(26,893)
Accrued liabilities		(179)
Compensated absences		1,486
Total adjustments		<u>17,709</u>
Net cash provided by operating activities		<u>50,371</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of fixed assets		<u>(53,275)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(2,904)
<u>Cash and Cash Equivalents:</u>		
Beginning of year		<u>123,974</u>
End of year	\$	<u><u>121,070</u></u>

See accompanying notes to financial statements.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the Center has temporarily restricted net assets totaling \$688.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Permanently Restricted Net Assets – Net assets subject to donor-imposed restriction or stipulations that the principal be maintained in perpetuity. At June 30, 2017, 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.

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.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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. Terminated (voluntarily or involuntarily) eligible employees do not receive payment of actual accrued sick leave. An estimated accrual was made at June 30, 2017 for vacation days accumulated during this calendar year by eligible employees. Accrued sick day absences for the year ended June 30, 2017 have not been recognized in the financial statements, since the amount is immaterial.

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Pending Pronouncements

ASU No. 2014-09, *“Revenue from Contracts with Customers (Topic 606),”* effective for the Center’s financial statements for the year ending June 30, 2020. This standard provides a single, comprehensive revenue recognition model for all contracts with customers, and contains principles to determine the measurement of revenue and timing of when it is recognized. Early adoption will be permitted for annual reporting periods beginning after December 15, 2017.

ASU-2016-02, *“Leases (Topic 842),”* effective for the Center’s financial statements for the year ending June 30, 2021. This standard will require lessees to recognize assets and liabilities on the statements of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* effective for the Center’s financial statements for the year ending June 30, 2019. This standard aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowment.

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, 2017

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, 2017, the carrying value was \$121,070 and the entire bank balance of \$132,757 was insured by federal depository insurance.

5. Fixed Assets

At June 30, 2017, fixed assets for the Center are as follows:

	Balance at June 30, 2016	Net Additions	Net Deletions	Balance at June 30, 2017
Vehicles	\$ 252,964	\$ 20,580	\$ (27,169)	\$ 246,375
Equipment and furniture	136,247	21,850	-	158,097
Computer equipment	35,784	10,845	-	46,629
	<u>424,995</u>	<u>53,275</u>	<u>(27,169)</u>	<u>451,101</u>
Less: accumulated depreciation/recovered costs	<u>(298,068)</u>	<u>(52,296)</u>	<u>27,169</u>	<u>(323,195)</u>
Net vehicles, equipment, and computer equipment	<u>\$ 126,927</u>	<u>\$ 979</u>	<u>\$ -</u>	<u>\$ 127,906</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

GRAPEVINE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

June 30, 2017, the Center had no outstanding balance relating to their line of credit and the prime rate was 3.50%.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 are available for The Torrance Picnic and Operation Reindeer in the amount of \$500, and Recovery Fest Seed Grants in the amount of \$188, totaling \$688.

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 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, 2017.

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, terminating June 30, 2016, with the option to renew each year thereafter, through June 30, 2021. The annual amount paid during fiscal year 2017 was \$6,279. The amount to be paid during fiscal year 2018 is \$6,762.

SUPPLEMENTARY INFORMATION

GRAPEVINE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MH/ID BASIS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 286,168	\$ 12,240	\$ 914	\$ 299,322
Payroll taxes	29,515	1,242	93	30,850
Employee benefits	7,189	609	46	7,844
Professional fees	27,278	11,159	833	39,270
Contracted services	10,831	628	47	11,506
Office supplies	25,555	1,161	87	26,803
Rent	66,166	5,726	427	72,319
Insurance	21,939	1,234	92	23,265
Utilities	12,008	847	63	12,918
Telephone	10,563	565	42	11,170
Postage	1,421	55	4	1,480
Promotion	13,336	247	18	13,601
Travel	17,456	7	-	17,463
Conferences	6,962	99	7	7,068
Building maintenance	3,474	267	20	3,761
Equipment and vehicle purchases	53,275	-	-	53,275
Equipment maintenance and repairs	32,662	3,364	251	36,277
Other	10,471	840	63	11,374
	<u>\$ 636,269</u>	<u>\$ 40,290</u>	<u>\$ 3,007</u>	<u>\$ 679,566</u>
Total expenses				