

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

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A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board and Management
Utah Valley Family Support Center, Inc.
Orem, Utah

We have reviewed the accompanying financial statements of Utah Valley Family Support Center, Inc. (a nonprofit organization) as of June 30, 2015 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountant's Responsibility

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

Accountant's Conclusion

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

Supplementary Information

The supplementary information included in the supplementary statements of support, revenues, and expenses -- budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have not reviewed such information, and, accordingly, we do not express an opinion or a conclusion, nor do we provide any assurance on it.

Gilbert & Stewart

Provo, Utah

September 28, 2016

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

| <u>Assets</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| <u>Current Assets</u> | | |
| Cash | \$ 72,119 | \$ 20,677 |
| Grants and contributions receivable | 48,561 | 56,849 |
| Therapy fees receivable, net of allowance for uncollectibles | 61,149 | 62,822 |
| Sales tax refund receivable | 356 | 261 |
| Total current assets | <u>182,185</u> | <u>140,609</u> |
| <u>Property and Equipment</u> | | |
| Land | 250,000 | 250,000 |
| Building | 956,218 | 956,218 |
| Building improvements | 63,407 | 63,407 |
| Furniture and equipment | 93,487 | 80,108 |
| Less: Accumulated depreciation | (255,325) | (228,610) |
| Net property and equipment | <u>1,107,787</u> | <u>1,121,123</u> |
| Total assets | <u>\$ 1,289,972</u> | <u>\$ 1,261,732</u> |
| <u>Liabilities and Net Assets</u> | | |
| <u>Current Liabilities</u> | | |
| Accounts payable | \$ 1,920 | \$ 716 |
| Accrued liabilities | 3,710 | 3,815 |
| Accrued salaries/wages | 16,445 | 10,324 |
| Payroll taxes payable | 3,338 | 1,634 |
| United Way pledges withheld | 477 | 546 |
| Accrued compensated absences | 21,149 | 18,260 |
| Current portion of long-term liabilities | 13,795 | 12,963 |
| Total current liabilities | <u>60,834</u> | <u>48,258</u> |
| <u>Long-term Liabilities</u> | | |
| Mortgage payable | 304,032 | 319,383 |
| Less current portion | (13,795) | (12,963) |
| Total long-term liabilities | <u>290,237</u> | <u>306,420</u> |
| Total liabilities | 351,071 | 354,678 |
| Total net assets - unrestricted | <u>938,901</u> | <u>907,054</u> |
| Total liabilities and net assets | <u>\$ 1,289,972</u> | <u>\$ 1,261,732</u> |

See accompanying notes and accountants' review report.

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| Changes in Unrestricted Net Assets | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Revenues and support | | |
| Prevention and general support: | | |
| Utah DHS-Division of Child and Family Services | \$ 196,300 | \$ 198,030 |
| Utah DWS-Temporary Assistance for Needy Families | 238,551 | 117,006 |
| Utah Department of Education | - | 6,245 |
| United Way | 29,007 | 87,297 |
| Other cash donations | 29,531 | 73,199 |
| Donations-in-kind | 46,519 | 102,116 |
| Miscellaneous revenue | 561 | 253 |
| Total prevention and general support revenue | <u>540,469</u> | <u>584,146</u> |
| Therapy fees and other fees for services: | | |
| Utah DHS-Division of Child and Family Services | 37,237 | 23,500 |
| Utah DWS-Temporary Assistance for Needy Families | 152,034 | 30,447 |
| Crime Victims Reparation | 6,100 | 8,917 |
| Mountainlands Association of Governments | 8,222 | 8,455 |
| Provo City | 22,353 | 19,706 |
| City of Orem | 10,070 | 10,026 |
| Medicaid | 31,258 | 46,111 |
| Grant for therapy | - | 25,000 |
| Other therapy fees, net of uncollectibles | 273,967 | 292,275 |
| Total therapy and other service fees | <u>541,241</u> | <u>464,437</u> |
| Total unrestricted revenue | <u>1,081,710</u> | <u>1,048,583</u> |
| Functional Expenses | | |
| Program: | | |
| Prevention | 404,687 | 337,412 |
| Treatment | 463,841 | 462,612 |
| Supporting services: | | |
| Management and general | 171,308 | 137,996 |
| Fundraising | 10,027 | 16,564 |
| Total expenses | <u>1,049,863</u> | <u>954,584</u> |
| Increase (Decrease) in net assets | 31,847 | 93,999 |
| Net assets at beginning of year | 907,054 | 813,055 |
| Net assets at end of year | <u>\$ 938,901</u> | <u>\$ 907,054</u> |

See accompanying notes and accountants' review report.

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| Cash Flows From Operating Activities | | |
| Increase (Decrease) in net assets | \$ 31,847 | \$ 93,999 |
| Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities: | | |
| Depreciation | 26,715 | 26,067 |
| In Kind Donation of Equipment | (8,292) | (7,625) |
| (Increase) Decrease in receivables | 9,866 | (66,758) |
| Increase (Decrease) in accounts payable | 1,204 | (6,157) |
| Increase (Decrease) in accrued liabilities | (105) | (1,702) |
| Increase (Decrease) in accrued salaries/wages | 6,121 | 4,468 |
| Increase (Decrease) in payroll taxes payable | 1,704 | (6,070) |
| Increase (Decrease) in pledges owed United Way | (69) | 223 |
| Increase (Decrease) in accrued compensated absences | 2,889 | 2,468 |
| Net cash provided by (used in) operating activities | <u>71,880</u> | <u>38,913</u> |
| Cash flows from investing activities | | |
| Purchase of property & equipment | (5,087) | (2,814) |
| Net cash used in investing activities | <u>(5,087)</u> | <u>(2,814)</u> |
| Cash flows from financing activities | | |
| Principal paid on mortgage note | (15,351) | (14,580) |
| Net line of credit advances (payments) | 0 | (8,689) |
| Net cash provided (used) by financing activities | <u>(15,351)</u> | <u>(23,269)</u> |
| Net increase (decrease) in cash and cash equivalents | 51,442 | 12,830 |
| Cash and cash equivalents at beginning of year | 20,677 | 7,847 |
| Cash and cash equivalents at end of year | <u>\$ 72,119</u> | <u>\$ 20,677</u> |

Note: The Agency receives significant noncash in-kind donations, as follows:

| | | |
|----------------------------|-----------------|------------------|
| Given to Clients | \$17,049 | \$64,092 |
| Program Supplies | 10,909 | 11,839 |
| Shared with Other Agencies | 6,580 | 7,894 |
| Equipment | 8,292 | 7,625 |
| Food | 2,543 | 6,400 |
| Other | 1,146 | 4,266 |
| Total Donations In Kind | <u>\$46,519</u> | <u>\$102,116</u> |

See accompanying notes and accountants' review report.

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies

Utah Valley Family Support Center, Inc. is a nonprofit organization which maintains a crisis respite nursery for victims and potential victims of child abuse, operates programs teaching abuse prevention and parenting skills, provides respite services and provides therapy for victims and their families. The two general categories of program expenses, as reflected in the statement of activities, are prevention and treatment.

These financial statements are prepared using the accrual method of accounting. The accounting policies used conform to generally accepted accounting principles for voluntary health and welfare organizations.

Items of property and equipment, with significant cost or value, are recorded at cost, or if donated, at estimated fair market value at date of donation. The land and building, acquired in May, 2009 is recorded at estimated fair market value, based on a valuation performed by Zions Bank, in connection with their provision of financing for the acquisition, as described in Note 8. Depreciation/Amortization is computed on a straight line basis over estimated useful lives of 5-10 years for furniture and equipment, 30 years for building improvements, and 50 years for the building.

Receivables are recorded for therapy fees unpaid at the time the therapy service is rendered. Receivables for United Way indirect contributions and other program revenue are recorded each month in amounts representing 1/12 of the estimated annual amounts communicated to the Agency. Receivables are recorded for earned grant revenue when the conditions of the grants have been fulfilled. An allowance for uncollectible accounts has been provided to reflect, based on historical experience and a specific review of individual therapy accounts receivable balances, the amount of receivables for which collection is not expected. The allowance account was \$16,064 and \$13,921 as of June 30, 2016 and June 30, 2015, respectively. Top management reviews and approves individual account balances proposed for write-off.

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates by management. Actual results may differ from those estimates. The significant estimates made for these financial statements include the above-noted allowance for uncollectible accounts, depreciation methods for fixed assets and fair market value for in-kind donations of supplies and services. These estimates may change in the future and the change may be material.

The Agency is exempt from federal income taxes as a non-profit charitable organization under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes.

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

(Continued)

Note 2 – Building Lease /Improvements/Acquisition

Prior to March, 1999 the Agency leased the building from United Way of Utah County and paid rent substantially equal to United Way's debt service on financing used to make initial improvements to the building. The Agency also made improvements to the building. From March of 1999 through April of 2009, the Agency leased a building from a foundation which had acquired the building, during which time the foundation paid for significant improvement and expansion of the building to accommodate the growing operating needs of the Agency. During the time the foundation owned the building, the Agency leased the building for a payment of \$2,000 per month. Annual fair market rent during this time was estimated to be approximately \$96,000 per year. The difference between the actual lease payments and the fair market rent was recorded as an in-kind donation. In May of 2009, the Agency acquired the building from the foundation. The foundation required that the Agency pay the foundation \$380,000 for the land and building in order for the foundation to basically recover its cost in the facility. To facilitate the acquisition of the property, the Agency secured a \$390,000 loan from Zions Bank. The bank performed an internal evaluation of the property which estimated the value of the land and building to be \$1,200,000. The difference of \$820,000 between this estimated market value and the \$380,000 required by the foundation was recorded as an in-kind donation from the foundation in the year ended June 30, 2009.

Note 3 – Economic Dependence

The Agency receives a significant portion of its funding from government grants, and is economically dependent on the continuation of these revenue sources.

Note 4 – Changes in Property and Equipment

The changes in property and equipment for the years ended June 30, 2015 and June 30, 2016 were as follows:

| | Balance 6/30/14 | <u>Additions</u> | <u>Retirements</u> | Balance 6/30/15 |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| Land | \$ 250,000 | | | \$ 250,000 |
| Building | 956,218 | | | 956,218 |
| Furniture and equipment | 69,669 | \$ 10,439 | | 80,108 |
| Building improvements | 63,407 | | | 63,407 |
| Depreciation/Amortization | (202,543) | (26,067) | | (228,610) |
| Net property and equipment | <u>\$1,136,751</u> | <u>\$ (15,628)</u> | | <u>\$1,121,123</u> |

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

(Continued)

Note 4 – Changes in Property and Equipment (continued)

| | Balance <u>6/30/15</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>6/30/16</u> |
|----------------------------|---------------------------|--------------------|--------------------|---------------------------|
| Land | \$ 250,000 | | | \$ 250,000 |
| Building | 956,218 | | | 956,218 |
| Furniture and equipment | 80,108 | \$ 13,379 | | 93,487 |
| Building improvements | 63,407 | | | 63,407 |
| Depreciation/Amortization | <u>(228,610)</u> | <u>(26,715)</u> | | <u>(255,325)</u> |
| Net property and equipment | <u>\$1,121,123</u> | <u>\$ (13,336)</u> | | <u>\$1,107,787</u> |

Note 5 – Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account and 2 small cash funds. All monetary investments with maturities of less than 30 days are considered cash equivalents. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents, as all balances were covered by FDIC insurance.

Note 6 – Contributed Services

The Agency periodically receives donated services for its program functions in the form of unpaid interns. These volunteers assist in therapy functions. The Agency recognized revenue in the amounts of \$18,537 and \$13,578 for intern services for the years June 30, 2016 and June 30, 2015, respectively. The value of other volunteer services is not recorded due to lack of specialized skills.

Note 7 - Retirement Plan

Beginning in July, 2001, the Agency began participating in a defined contribution retirement plan qualified under section 403(b) of the Internal Revenue Code, covering all eligible full-time employees. Employees are allowed to make elective deferrals from their compensation, subject to statutory limits. The Agency contributes 3% of compensation to the plan for eligible employees. The Agency's contributions to the plan were \$11,500 and \$3,832 for the years June 30, 2016 and June 30, 2015, respectively.

UTAH VALLEY FAMILY SUPPORT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

(Continued)

Note 8- Long-term Debt

In May of 2009 the Agency borrowed \$390,000 from Zions First National Bank to purchase the building where their operations are located. The mortgage loan is secured by the land and building. The loan bears interest at an initial rate of 6.49%. A minimal payment is required to be made monthly, beginning in June, 2009, equal to the monthly accrued interest on the loan. The loan became due and payable on May 8, 2014, at which time it was automatically extended and converted to an amortizing term loan due May 8, 2029, at a rate equal to the 5 year LIBOR plus 4%, assuming no events of default have occurred and there has been no material adverse change in the Agency's financial condition. The Agency was originally required to reduce the principal balance of the loan by at least \$11,000 by each year end, for the initial 5-year period, if a revolving feature of the loan was used, allowing for extra principal payments to be made, then drawn back as needed. Since the Agency has not used this revolving feature, the bank, in June of 2010 waived the requirement of the \$11,000 annual principal reduction. The Agency makes monthly loan payments of \$2,834, based on a normal 20-year amortization.

The combined minimum aggregate maturities for the Zions Bank Mortgage are as follows:

| <u>Year ended</u> | <u>Principal payments</u> | <u>Interest payments</u> | <u>Total payments</u> |
|-------------------|---------------------------|--------------------------|-----------------------|
| June 30, 2017 | \$13,795 | \$20,213 | \$34,008 |
| June 30, 2018 | 14,680 | 19,328 | 34,008 |
| June 30, 2019 | 15,622 | 18,386 | 34,008 |
| June 30, 2020 | 16,625 | 17,384 | 34,008 |
| June 30, 2021 | 17,691 | 16,317 | 34,008 |
| Thereafter | <u>225,620</u> | <u>92,427</u> | <u>318,047</u> |
| | <u>\$304,032</u> | <u>\$184,055</u> | <u>\$488,087</u> |

Note 9 Subsequent Events

The Agency has evaluated subsequent events through September 28, 2016 for items that would have an impact on the financial statements at June 30, 2015. September 28, 2016 is the date the financial statements were available for issuance. There were no material subsequent events to report.

UTAH VALLEY FAMILY SUPPORT CENTER, INC.
 SUPPLEMENTAL STATEMENT OF SUPPORT, REVENUES AND EXPENSES-BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

| | Budget As Amended | Actual | Favorable (Unfavorable) |
|---|----------------------|------------|----------------------------|
| <u>Prevention and general support revenue</u> | | | |
| Utah DHS-DFS - Crisis Respite Nursery | \$ 132,000 | \$ 135,000 | \$ 3,000 |
| Utah DHS-DFS - CRN Adoption Respite | 25,000 | 25,000 | - |
| Utah DHS-DFS - Shelter Care/Foster Care Respite | 6,000 | 6,084 | 84 |
| Utah DHS-DFS - Community Base Prevention | 28,000 | 29,334 | 1,334 |
| Utah DHS-DFS - In-home Parenting Education | 9,000 | 882 | (8,118) |
| Utah DWS-Temporary Assistance for Needy Families | 200,000 | 238,551 | 38,551 |
| Utah Department of Education | - | - | - |
| United Way - cash donations | 84,000 | 29,007 | (54,993) |
| Other cash donations | 32,000 | 29,531 | (2,469) |
| Donations in-kind -Materials | 40,000 | 46,520 | 6,520 |
| Miscellaneous | 1,000 | 561 | (439) |
| Total prevention and general support revenue | 557,000 | 540,470 | (16,530) |
| <u>Therapy fees and other fees for services</u> | | | |
| Utah DHS-Division of Family Services | 35,000 | 37,237 | 2,237 |
| Utah DWS-Temporary Assistance for Needy Families | 150,000 | 152,034 | 2,034 |
| Crime Victim Reparations | 7,000 | 6,100 | (900) |
| Mountainlands Association of Governments | 8,000 | 8,222 | 222 |
| Provo City-CDBG | 20,000 | 22,353 | 2,353 |
| City of Orem-CDBG | 10,000 | 10,070 | 70 |
| Medicaid | 30,000 | 31,258 | 1,258 |
| Grant for therapy | 25,000 | - | (25,000) |
| Other therapy fees, net of uncollectibles | 260,000 | 273,967 | 13,967 |
| Total therapy and other service fees | 545,000 | 541,241 | (3,759) |
| Total revenues | 1,102,000 | 1,081,711 | (20,289) |
| <u>Expenses</u> | | | |
| Salaries and wages | 715,000 | 722,214 | (7,214) |
| Fringe benefits | 75,000 | 76,158 | (1,158) |
| Payroll taxes | 60,000 | 59,888 | 112 |
| Travel/mileage | 12,000 | 14,108 | (2,108) |
| Telephone | 6,700 | 7,630 | (930) |
| Postage | 1,400 | 1,210 | 190 |
| Advertising | 2,500 | 1,957 | 543 |
| Utilities | 16,500 | 17,934 | (1,434) |
| Repairs and maintenance | 8,000 | 9,942 | (1,942) |
| Equipment lease | 1,500 | 2,090 | (590) |
| Program supplies | 12,000 | 10,909 | 1,091 |
| Food/household supplies | 11,000 | 9,147 | 1,853 |
| Conferences and workshops | 1,600 | 4,095 | (2,495) |
| Printing | 2,500 | 3,827 | (1,327) |
| Miscellaneous | 2,000 | 2,792 | (792) |
| Insurance | 12,000 | 14,568 | (2,568) |
| Licenses and permits | 10,000 | 10,709 | (709) |
| Professional fees | 10,000 | 10,301 | (301) |
| In-kind contributions to clients/outside entities | 20,000 | 23,734 | (3,734) |
| Depreciation | 25,000 | 26,715 | (1,715) |
| Interest expense | 25,000 | 19,936 | 5,064 |
| Total budget-basis expenses | 1,029,700 | 1,049,864 | (20,164) |
| Excess of support and revenues over expenses | \$ 72,300 | \$ 31,847 | \$ (40,453) |

See accompanying notes and accountants' review report