



**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Vienna, WV 26105
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St. Clairsville, OH 43950
740 695 1569

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FAMILY SERVICE – UPPER OHIO VALLEY, INC.

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INDEPENDENT AUDITOR'S REPORT

May 17, 2019

Family Service – Upper Ohio Valley, Inc.
2200 Main Street
Wheeling, WV 26003

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of **Family Service – Upper Ohio Valley, Inc** (a non-profit organization) (the Agency) which comprises the statements of financial position as of December 31, 2018 and 2017, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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 Agency'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 Agency'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.

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Members: American Institute of Certified Public Accountants

*Ohio Society of CPAs * West Virginia Society of CPAs * Association of Certified Fraud Examiners * Association of Certified Anti-Money Laundering Specialists*

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service – Upper Ohio Valley, Inc. as of December 31, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, Family Service – Upper Ohio Valley, Inc. adopted new accounting guidance, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State Awards and Expenditures 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, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency’s internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND DECEMBER 31, 2017**

ASSETS

	2018	Restated 2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 477,873	\$ 649,431
Accounts receivable - grants and contracts	118,279	95,963
Accounts receivable - other	-	982
Prepaid expense	12,611	9,764
Investments	927,622	965,523
Total current assets	1,536,385	1,721,663
PROPERTY AND EQUIPMENT		
Building and building improvements	651,886	77,843
Equipment and major moveable equipments	467,910	413,178
Accumulated depreciation	(300,350)	(266,130)
Net property and equipment	819,446	224,891
TOTAL ASSETS	\$ 2,355,831	\$ 1,946,554

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 16,327	\$ 50,957
Accrued wages, benefits, and taxes	72,522	87,554
Client funds held in trust	220,825	226,869
Other current liabilities	-	188
Total current liabilities	309,674	365,568
LONG TERM LIABILITIES		
Loan payable	390,742	-
Total long term liabilities	390,742	-
TOTAL LIABILITIES	700,416	365,568
NET ASSETS - WITHOUT DONOR RESTRICTIONS	1,651,842	1,575,673
NET ASSETS - WITH DONOR RESTRICTIONS	3,573	5,313
TOTAL NET ASSETS	1,655,415	1,580,986
TOTAL LIABILITIES AND NET ASSETS	\$ 2,355,831	\$ 1,946,554

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Without Donor Restriction	With Donor Restriction	Total 2018	Without Donor Restriction (Restated)	With Donor Restriction (Restated)	Total 2017 (Restated)
REVENUES AND OTHER SUPPORT						
Grants and contracts	\$ 1,061,590	\$ -	\$ 1,061,590	\$ 1,059,808	\$ 4,000	\$ 1,063,808
Medicaid client Fees	-	-	-	25,155	-	25,155
Program income & other client fees	166,462	-	166,462	136,186	-	136,186
United Way and other contributions	107,185	61,130	168,315	162,279	-	162,279
Investment income	19,383	-	19,383	23,408	-	23,408
Special events income	20,527	-	20,527	21,326	-	21,326
Rental income	-	-	-	21,468	-	21,468
Miscellaneous income & reimbursements	13,398	-	13,398	8,485	-	8,485
Released from Restrictions	62,870	(62,870)	-	1,242	(1,242)	-
Total revenues and other support	1,451,415	(1,740)	1,449,675	1,459,357	2,758	1,462,115
EXPENSES						
Conservator	72,837	-	72,837	75,754	-	75,754
Fair	35,621	-	35,621	37,414	-	37,414
Headstart	138,470	-	138,470	106,515	-	106,515
Life	74,844	-	74,844	64,512	-	64,512
Lighthouse	123,111	-	123,111	104,910	-	104,910
Medicaid	3,248	-	3,248	42,005	-	42,005
Title IIIB	80,764	-	80,764	86,187	-	86,187
Title IIIC	357,542	-	357,542	326,315	-	326,315
Title IIID&E	59,291	-	59,291	27,659	-	27,659
Veteran's	21,640	-	21,640	-	-	-
Total program services	967,368	-	967,368	871,271	-	871,271
Administration	220,265	-	220,265	357,714	-	357,714
Fundraising	33,715	-	33,715	31,619	-	31,619
5310 Grant	58,203	-	58,203	-	-	-
Other grants	38,838	-	38,838	63,232	-	63,232
Total expenses	1,318,389	-	1,318,389	1,323,836	-	1,323,836
OTHER REVENUES AND EXPENSES						
Net gains (losses) from sales of investments	54,797	-	54,797	37,919	-	37,919
Unrealized gains (losses)	(106,854)	-	(106,854)	55,025	-	55,025
Gain (loss) on sale of capital assets	(4,800)	-	(4,800)	66,784	-	66,784
Net other revenues and expenses	(56,857)	-	(56,857)	159,728	-	159,728
CHANGE IN NET ASSETS	76,169	(1,740)	74,429	295,249	2,758	298,007
NET ASSETS, BEGINNING OF YEAR (Restated, See Note 11)	1,575,673	5,313	1,580,986	1,280,424	2,555	1,282,979
NET ASSETS, END OF YEAR	<u>\$ 1,651,842</u>	<u>\$ 3,573</u>	<u>\$ 1,655,415</u>	<u>\$ 1,575,673</u>	<u>\$ 5,313</u>	<u>\$ 1,580,986</u>

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES										ADMINISTRATION					TOTAL
	CONSERVATOR	FAIR	HEADSTART	LIFE	LIGHTHOUSE	MEDICAID	TITLE III B	TITLE III C	TITLE III D	TITLE III E	VETERANS	AND GENERAL	FUNDRAISING	5310 GRANT	OTHER GRANTS	
Wages, Accrued Wages, Accrued PDO	\$ 49,070	\$ 24,796	\$ 42,139	\$ 41,797	\$ 94,011	\$ -	\$ 37,725	\$ 122,081	\$ 19,174	\$ 22,166	\$ 13,843	\$ 70,672	\$ 9,145	\$ 34,741	\$ 33,253	\$ 614,613
Payroll Taxes and Employee Benefits	6,798	4,969	13,478	2,186	14,588	-	7,923	24,425	4,459	1,775	2,645	27,645	1,730	6,149	3,065	121,835
Utilities and Telephone	3,008	2,149	6,124	2,149	2,149	-	2,456	8,316	2,149	2,149	2,149	1,870	1,870	2,178	-	38,716
Insurance	1,975	197	419	9,362	3,246	250	417	2,999	-	555	-	3,165	-	1,553	1,390	25,528
Repairs & Maintenance	-	-	10,102	-	-	-	26,108	15,587	-	-	-	6,277	-	10,550	-	68,624
Event Expense	-	-	-	-	-	-	-	-	-	-	-	-	12,104	-	-	12,104
Supplies and Equipment	540	29	9,237	-	637	-	286	10,897	-	-	-	10,339	1,174	-	-	33,139
Food & Nutrition Supplies	-	-	48,331	-	-	-	-	155,256	-	-	-	266	-	-	-	203,853
Postage & Printing	3,640	2	-	225	153	-	422	348	-	8	-	885	218	-	-	5,901
Travel/Training	18	418	-	1,414	4,098	-	306	4	484	35	12	683	-	-	590	8,062
Professional Fees/Purchased Service	3,600	70	112	14,700	427	-	1,271	5,779	340	-	-	19,450	3,985	-	540	50,274
Rent	4,188	2,991	8,525	2,991	2,991	-	3,420	11,578	2,991	2,991	2,991	2,604	2,604	3,032	-	53,897
Misc.	-	-	3	20	811	2,998	430	272	15	-	-	20,080	885	-	-	25,514
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	56,329	-	-	-	56,329
Total Expenses	\$ 72,837	\$ 35,621	\$ 138,470	\$ 74,844	\$ 123,111	\$ 3,248	\$ 80,764	\$ 357,542	\$ 29,612	\$ 29,679	\$ 21,640	\$ 220,265	\$ 33,715	\$ 58,203	\$ 38,838	\$ 1,318,389

The accompanying notes are an integral part of the financial statements.

**FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	PROGRAM SERVICES									ADMINISTRATION			TOTAL
	CONSERVATOR	FAIR	HEADSTART	LIFE	LIGHTHOUSE	MEDICAID	TITLE IIIB	TITLE IIIC	TITLE IIID&E	AND GENERAL	FUNDRAISING	OTHER GRANTS	
Wages, Accrued Wages, Accrued PDO	\$ 57,250	\$ 28,690	\$ 36,404	\$ 56,898	\$ 84,730	\$ 32,633	\$ 48,735	\$ 126,379	\$ 18,849	\$ 113,549	\$ 10,501	\$ 48,310	\$ 662,928
Payroll Taxes and Employee Benefits	8,169	5,116	11,588	2,570	12,590	5,109	12,072	25,932	4,509	42,428	1,905	8,129	140,117
Utilities and Telephone	1,469	1,469	1,469	1,469	1,469	1,469	8,816	16,165	1,469	36,000	2,204	-	73,468
Insurance	2,064	2,064	2,064	2,063	2,062	2,063	2,063	2,063	-	2,063	2,064	-	20,633
Repairs & Maintenance	-	-	2,508	-	-	-	12,435	11,002	-	12,116	-	4,551	42,612
Event Expense	-	-	-	-	-	-	-	-	-	-	11,090	-	11,090
Supplies and Equipment	648	-	1,650	97	608	52	771	10,578	-	9,860	339	-	24,603
Food & Nutrition Supplies	-	-	49,170	-	-	-	81	128,380	-	127	94	122	177,974
Postage & Printing	2,601	-	4	225	97	13	412	341	-	799	233	325	5,050
Travel/Training	-	75	-	1,191	3,012	425	187	366	732	1,013	-	-	7,001
Professional Fees/Purchased Service	3,553	-	106	-	-	-	389	366	2,100	48,472	3,189	1,730	59,905
Rent	-	-	1,553	-	-	-	-	4,653	-	4,000	-	-	10,206
Misc.	-	-	-	-	341	241	225	90	-	30,207	-	65	31,169
Depreciation and amortization	-	-	-	-	-	-	-	-	-	57,080	-	-	57,080
Total Expenses	\$ 75,754	\$ 37,414	\$ 106,515	\$ 64,512	\$ 104,910	\$ 42,005	\$ 86,187	\$ 326,315	\$ 27,659	\$ 357,714	\$ 31,619	\$ 63,232	\$ 1,323,836

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 74,429	\$ 298,007
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	56,329	57,080
(Gain)/Loss on sale of capital asstes	4,800	(66,784)
Investment Income	37,901	(116,301)
Changes in assets and liabilities:		
Accounts receivable - grants, contracts, and other	(21,334)	(31,155)
Prepaid expenses	(2,847)	(8,112)
Client funds held in trust	(6,044)	66,935
Other current liabilities	(188)	(37)
Accounts payable and other accrued expenses	(34,630)	(9,068)
Accrued wages, benefits and taxes	(15,032)	(1,420)
Long-term liabilities	390,742	-
Net cash (used in)/provided by operating activities	484,126	189,145
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(105,313)	(160,206)
Distribution of investments	54,495	80,000
Proceeds from sale/maturity of securities	50,818	164,714
Purchase of fixed assets	(657,884)	(168,067)
Sale of fixed assets	2,200	300,000
Net cash (used in)/provided by investing activities	(655,684)	216,441
 Increase/Decrease in cash an cash equivalents	(171,558)	405,586
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	649,431	243,845
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 477,873	\$ 649,431

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization - Family Service – Upper Ohio Valley, Inc. (the “Agency”) is a non-profit organization who receives most of its funding through federal, state, and other grants, contracts and fee-for-service arrangements. The Agency provides a variety of social and health related services primarily to residents of Ohio and Marshall Counties, West Virginia and the surrounding area. The Agency also operates a conservator/representative payee program.

The Agency has an extensive Senior Service Division which provides nutrition services, social support services, in-home care, health screening, recreation, transportation, and adult day care. The purpose of these programs is mostly to meet the needs of Older Americans.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – The financial statements are presented following the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification (FASB ASC) No. 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under ASU 2016-14, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. All net assets, other than those subject to donor-imposed restrictions, including Board-designated or appropriated amounts, are legally part of the without donor restriction net asset class. The Agency had \$3,573 and \$5,313 in donor restricted net assets as of December 31, 2018 and 2017, respectively. In addition, the Agency is required to present a statement of cash flows.

Investments – The Agency carries investments at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income is reported as increases in net assets without donor restriction.

Account Receivables – Accounts receivable consists primarily of grant and contract amounts due for reimbursement of program services provided and program expenses incurred by year end.

Property and Equipment – All acquisitions of property and equipment generally in excess of \$5,000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives or assets are capitalized. Acquisitions of property less than \$5,000 may occur as management will look at the nature of the asset purchased and will choose to capitalize or expense these items. Property and equipment are carried at cost or, if donated, at their approximate fair value at the date of donation.

Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets, which mostly range from 3 to 20 years. Depreciation expense for the years ended December 31, 2018 and 2017 were \$56,329 and \$57,080.

Other Items – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Those funds restricted by the donor are recorded under Restricted Contributions based on donor stipulations. The agency received \$61,130 and \$11,926 in restricted donations in 2018 and 2017. These donations were spent in each year received.

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes - The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Agency and recognize a tax liability (or asset) if the Agency has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Agency, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Agency's Federal Return of Organization Exempt from Income Tax (federal Form 990) for 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Concentrations- The Agency receives a substantial amount of its support from federal and state governments which also includes State of West Virginian Medicaid Funds. A significant reduction in the level of this support, if this were to occur, may have an effect on the Agency's activities.

Additionally, under the terms of federal and state contracts and grants, periodic audits are required and certain costs may be questioned as inappropriate expenditure. Such audits could lead to reimbursement to the grantor agency. Management believes disallowances, if any would be immaterial.

Financial instruments that potentially subject the Agency to significant concentration of credit risk consist principally of cash. The Agency maintains cash with financial institutions which, at times, may exceed federally insured limits. The Agency believes it is not exposed to any significant credit risk on cash.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Expense Allocation – The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of FSUOV are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas have been allocated across Programs Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Revenues - Revenues are recognized in the accompanying financial statement as follows:

Grants and Reimbursements:

The funds due from various funding sources under grants and contracts are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds are earned.

Program Revenue:

The amount due from various sources is recognized as revenue in the accounting period when the administrative and /or contract services are provided.

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 2 - Cash and Cash Equivalents

Family Service - Upper Ohio Valley, Inc. maintains checking and savings accounts at various local financial institutions. At December 31, 2018 and 2017, there was \$614,852 and \$778,819 on deposit. The Agency had a carrying amount of \$477,873 and \$649,431, respectively for 2018 and 2017. For the purpose of cash flows statements, the Agency includes cash in banks and on hand and certificates of deposit with original maturities of 90 days or less, as cash and cash equivalents. The Agency paid no interest or income taxes in 2017 and paid \$8,770 in interest in year 2018.

Note 3 - Retirement Plans

The Agency has a policy of contributing to each qualified employee's individual retirement contract. No separate plan is maintained by the Agency. The Agency will contribute to each employee's individual contract up to 6 percent of the employee's gross salary, if the employee contributed 3 percent of their gross salary. Plan costs for the period ended December 31, 2018 and 2017 were \$23,862 and \$22,994.

Note 4 – Accounts Receivable

Grants and contracts receivable balances are mainly comprised of amounts due from funding sources in reimbursement-type arrangements. Amounts due at December 31, 2018 and 2017, represent funds due for expenses incurred or services provided as of December 31, 2018 and 2017. The amounts detailed below have been classified as grants and contracts receivables for reporting purposes.

2018	
Title III B	\$ 3,880
Title III D	177
Title III C Nutrition	28,235
Title III E	6,587
Head Start	14,650
Lighthouse/Fair	8,757
LIFE	49,736
5310	4,780
Fresh Start	200
Veteran's	1,277
Total	<u>\$ 118,279</u>

2017	
Medicaid	\$ 851
Title III B	12,507
Title III D	240
Title III C Nutrition	20,584
Title III E	2,452
Head Start	13,758
Lighthouse/Fair	18,494
CDBG	4,000
LIFE	19,117
5310	3,960
Total	<u>\$ 95,963</u>

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 4 – Accounts Receivable (Continued)

Accounts receivable – other at December 31, 2107 is comprised of Fresh Start grant due of \$292 and restitution receivable of \$690.

Note 5 - Investments

Cost and estimated fair value of investments at December 31, 2018 and 2017 are as follows:

2018		
	Estimated Fair Value	Cost
Cash and cash equivalents		
held for long term investments	\$ 49,046	\$ 49,046
Equities	441,101	463,699
Fixed income	410,208	400,239
Alternatives	27,262	27,613
Other assets	5	4
Total investments	<u>\$ 927,622</u>	<u>\$940,601</u>
2017		
	Estimated Fair Value	Cost
Cash and cash equivalents		
held for long term investments	\$ 4,376	\$ 4,376
Equities	517,244	411,051
Fixed income	416,587	400,531
Alternatives	27,316	25,982
Total investments	<u>\$ 965,523</u>	<u>\$841,940</u>

Note 6 - Fair Value Measurements

The Agency follows the provisions of Fair Value Measurements ASC820, which applies to all financial instruments that are being measured and reported on a fair value basis. Under ASC820, 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and derivatives. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 6 - Fair Value Measurements (Continued)

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; fair value is determined through the use of models or other valuation methodologies. Investments generally included in this category are corporate bonds and loans, less liquid and restricted equity securities, and over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is limited market activity for the asset or liability. The inputs for determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general limited interests in private investment funds, real estate funds, debt funds and distressed debt.

The following table presents assets reported on the financial statements at their fair value as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Equity and equity mutual funds	\$441,101	\$ -	\$ -	\$441,101
Fixed income securities	410,208	-	-	410,208
Alternatives	27,262	-	-	27,262
Other assets	4	-	-	4
Total	<u>\$878,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$878,575</u>

The following table presents assets reported on the financial statements at their fair value as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Equity and equity mutual funds	\$517,245	\$ -	\$ -	\$517,245
Fixed income securities	416,587	-	-	416,587
Alternatives	27,316	-	-	27,316
Total	<u>\$961,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$961,148</u>

Note 7 - Payroll Expense

The Agency conducted a restructuring in which when individuals left, positions were reevaluated for function and purposes for cost savings measures, resulting in a reduction of payroll related expenses of approximately \$66,597 in 2018 and \$172,100 in 2017.

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8 - Special Events Income & Expense

In 2018, the Agency held its third annual Family Christmas Concert fundraiser at the Capitol Music Hall. Going forward the organization will evaluate this fundraiser profitability. Agency operates a bingo and conducts raffles and several events in the local area. During 2018, bingo was only held 4 times due to ongoing building renovations.

	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Bingo and Raffle	\$ 1,183	\$ 1,510	\$ 2,693
Senior Services Events	19,344	10,594	29,938
Total	<u>\$ 20,527</u>	<u>\$ 12,104</u>	<u>\$ 32,631</u>

In 2017, the Agency held its second annual Family Christmas Concert fundraiser at the Capitol Music Hall. Going forward it is expected that this fundraiser will show a significant profit. The Agency operates a bingo and conducts raffles and several events in the local area. Gross revenue from these events is \$21,327 with gross expenses at \$11,090, resulting in net revenue of \$10,237.

	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Bingo and Raffle	\$ 3,226	\$ 950	\$ 2,276
Senior Services Events	18,100	10,140	7,960
Total	<u>\$ 21,326</u>	<u>\$ 11,090</u>	<u>\$ 10,236</u>

Note 9 – 5310 Grant

The Agency received \$45,340 in 2018 and \$40,000 in 2017 through the Division of Public Transit of the Department of Transportation Section 5310 Grant to provide transportation services to seniors and individuals with disabilities.

Note 10- Operating Lease

The Agency entered into a 10 year lease agreement in 2017 with Justus, Inc. in the amount of \$4,000 per month during the first 12 months, \$6,000 per month during months 13-60, and \$6,500 per month during months 61-120.

Note 11 – Restatement

While implementing ASU 2016-14 for the year ended December 31, 2018, it was determined certain revenue earned during previous years was incorrectly reported as deferred revenue rather than temporarily restricted net assets. With the implementation of ASU 2016-14, this amount is now considered net assets with donor restrictions. Therefore, a restatement of beginning net assets was necessary:

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>
Ending Net Assets, December 31, 2017	1,575,673	-
Restatement	-	5,313
Ending Net Assets, December 31, 2017 - Restated	<u>1,575,673</u>	<u>5,313</u>

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12 – Liquidity

Financial assets, at year end:	
Cash and cash equivalents	\$ 477,873
Accounts receivable - grants and contracts	118,279
Investments	<u>927,622</u>
Total financial assets, at year end	<u>1,523,774</u>
Less those unavailable for general expenditures within one year, due to:	
Donor restricted for time or purpose	(3,573)
Investments held as collateral	(390,742)
Representative payee cash account	<u>(220,825)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	
	<u>\$ 908,634</u>

The line of credit is used solely for renovation purposes. Payables are kept current and cash balance is maintained at a level that insures expenses will be covered for at least 90 days in case there are delays in funding source reimbursements.

Note 13 – Line of Credit

The Agency took out a line of credit with Wesbanco Bank in 2018 for renovations of a new location. Total drawdowns during 2018 were \$405,209. Payments of \$8,770 and \$13,390 were made for interest and principal, respectively.

Note 14 - Subsequent Events

Family Service - Upper Ohio Valley, Inc. assessed events occurring subsequent to December 31, 2018 and 2017, through May 17, 2019, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were presented.

**FAMILY SERVICE - UPPER OHIO VALLEY, INC.
SCHEDULE OF STATE AWARDS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

State Awards and Other Assistance State Grantor/Pass-through	Award/ Grant No.	State Receipts	State Expenditures
WEST VIRGINIA BUREAU OF SENIOR SERVICES			
State Discretionary Grant-Lighthouse	IH1809	\$ 66,884	\$ 66,884
State Discretionary Grant-Lighthouse	IH1909	53,980	53,980
State Discretionary Grant-Lighthouse-Data Entry	IH1909	5,000	5,000
		<u>125,864</u>	<u>125,864</u>
State Alzheimer's Respite/FAIR	IH1809	6,646	6,646
State Alzheimer's Respite/FAIR	IH1909	3,255	3,255
		<u>9,901</u>	<u>9,901</u>
WEST VIRGINIA BUREAU OF SENIOR SERVICES			
Passed through the Bel-O-Mar Regional Council			
Special Programs for the Aging-Title III, B-State	21835	33,716	33,716
Special Programs for the Aging-Title III, B-State	21935	8,945	8,945
		<u>42,661</u>	<u>42,661</u>
Special Programs for the Aging-Title III, C-1 State	n/a	40,962	40,962
Special Programs for the Aging-Title III, C-2 State	n/a	286,583	286,583
		<u>327,545</u>	<u>327,545</u>
State Legislative Initiatives for the Elderly (L.I.F.E.)	21802	50,580	50,580
State Legislative Initiatives for the Elderly (L.I.F.E.)	21902	177,631	177,631
		<u>228,211</u>	<u>228,211</u>
TOTAL STATE AWARDS AND EXPENDITURES		<u>\$ 734,182</u>	<u>\$ 734,182</u>
<u>OTHER ASSISTANCE</u>			
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through West Virginia Division of Public Transit of the Department of Transportation:			
Section 5310 Grant	n/a	\$ 45,340	\$ 45,340
TOTAL OTHER ASSISTANCE		<u>\$ 45,340</u>	<u>\$ 45,340</u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

May 17, 2019

Family Service – Upper Ohio Valley, Inc.
2200 Main Street
Wheeling, WV 26003

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Family Service – Upper Ohio Valley, Inc.** (a non-profit organization) (the Agency), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2019, wherein we noted Family Service – Upper Ohio Valley, Inc. adopted new accounting guidance, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Agency's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Agency's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the Agency's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio