

# St. Joseph's Villa

## Consolidated Financial Statements

June 30, 2017 and 2016



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# ST. JOSEPH'S VILLA

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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees  
St. Joseph's Villa  
Richmond, Virginia

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Joseph's Villa and related entity (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements as of the years ended June 30, 2017 and 2016 of St. Joseph's Villa Housing Corp. ("HC"), a wholly-owned subsidiary, which statements reflect total assets of \$1,500,044 as of June 30, 2017 and \$1,498,017 as of June 30, 2016 and total revenues of \$640,474 for 2017 and \$627,878 for 2016. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for HC as of June 30, 2017 and 2016, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph's Villa and related entity as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

### **Prior Period Adjustment**

As described in Note 15 to the consolidated financial statements, the 2016 consolidated financial statements dated November 15, 2016 did not present the capital campaign contributions received during 2016 as temporarily restricted. The accompanying 2016 consolidated financial statements have been restated to correct the error. Our opinion is not modified with respect to this matter.

### **Supplemental Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 24 through 40 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and cash flows of St. Joseph's Villa and related entity individually and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated 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 November 14, 2017, on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.



November 14, 2017  
Glen Allen, Virginia

## ST. JOSEPH'S VILLA

### Consolidated Statements of Financial Position June 30, 2017 and 2016

| <u>Assets</u>                           | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| Current assets:                         |                      |                      |
| Cash and cash equivalents               | \$ 1,261,699         | \$ 967,469           |
| Accounts receivable - net               | 1,809,953            | 1,319,409            |
| Pledges receivable - net, current       | 738,049              | 192,457              |
| Other current assets                    | <u>162,729</u>       | <u>201,138</u>       |
| Total current assets                    | <u>3,972,430</u>     | <u>2,680,473</u>     |
| Assets limited as to use:               |                      |                      |
| Cash held for board-designated reserves | 269,762              | 294,763              |
| Cash held for residents                 | 17,016               | 16,624               |
| Cash held in escrow                     | 366,419              | 337,727              |
| Cash held for capital campaign          | 291,016              | 144,600              |
| Cash restricted by grants               | <u>155,141</u>       | <u>129,516</u>       |
| Total assets limited as to use          | <u>1,099,354</u>     | <u>923,230</u>       |
| Property and equipment - net            | <u>9,880,144</u>     | <u>10,307,661</u>    |
| Other assets:                           |                      |                      |
| Pledges receivable - net, long-term     | 982,175              | 459,069              |
| Real estate held for investment         | 299,811              | 299,811              |
| Due from affiliate                      | <u>5,983</u>         | <u>10,907</u>        |
| Total other assets                      | <u>1,287,969</u>     | <u>769,787</u>       |
|   | <u>\$ 16,239,897</u> | <u>\$ 14,681,151</u> |

See accompanying notes to consolidated financial statements.

**ST. JOSEPH'S VILLA**

Consolidated Statements of Financial Position, Continued  
June 30, 2017 and 2016

| <u>Liabilities and Net Assets</u> | <u>2017</u>          | <u>2016</u>          |
|-----------------------------------|----------------------|----------------------|
| Current liabilities:              |                      |                      |
| Long-term debt - net, current     | \$ 134,046           | \$ 127,101           |
| Accounts payable - trade          | 273,964              | 309,723              |
| Due to affiliate                  | 5,983                | 13,172               |
| Accrued interest payable          | 6,975                | 7,307                |
| Accrued salaries and benefits     | 533,566              | 412,509              |
| Accrued vacation                  | 251,126              | 219,756              |
| Deferred revenue                  | 32,612               | 51,652               |
| Other current liabilities         | <u>-</u>             | <u>2,545</u>         |
| Total current liabilities         | 1,238,272            | 1,143,765            |
| Long-term debt - net              | 2,545,893            | 2,679,939            |
| Other liabilities:                |                      |                      |
| Funds held for residents          | <u>15,012</u>        | <u>14,678</u>        |
| Total liabilities                 | <u>3,799,177</u>     | <u>3,838,382</u>     |
| Net assets:                       |                      |                      |
| Unrestricted - undesignated       | 10,062,184           | 9,786,418            |
| Unrestricted - board-designated   | <u>569,574</u>       | <u>594,574</u>       |
| Total unrestricted                | 10,631,758           | 10,380,992           |
| Temporarily restricted            | <u>1,808,962</u>     | <u>461,777</u>       |
| Total net assets                  | <u>12,440,720</u>    | <u>10,842,769</u>    |
|                                   | <u>\$ 16,239,897</u> | <u>\$ 14,681,151</u> |

See accompanying notes to consolidated financial statements.

## ST. JOSEPH'S VILLA

### Consolidated Statement of Activities Year Ended June 30, 2017

|                                       | Unrestricted         | Temporarily<br>Restricted | Total                |
|---------------------------------------|----------------------|---------------------------|----------------------|
| Support and revenue:                  |                      |                           |                      |
| Program service grants and fees:      |                      |                           |                      |
| Program service grants                | \$ 2,304,458         | \$ -                      | \$ 2,304,458         |
| Program service fees                  | 11,291,684           | -                         | 11,291,684           |
| Net rental income                     | 587,080              | -                         | 587,080              |
| Contributions and other revenue:      |                      |                           |                      |
| Contributions                         | 1,880,363            | 1,760,673                 | 3,641,036            |
| In-kind contributions                 | 1,400                | -                         | 1,400                |
| Grants                                | -                    | 149,441                   | 149,441              |
| Special events - net                  | 30,244               | -                         | 30,244               |
| Miscellaneous                         | <u>225,642</u>       | <u>-</u>                  | <u>225,642</u>       |
| Total support and revenue             | <u>16,320,871</u>    | <u>1,910,114</u>          | <u>18,230,985</u>    |
| Net assets released from restrictions | <u>562,929</u>       | <u>(562,929)</u>          | <u>-</u>             |
| Expenses:                             |                      |                           |                      |
| Program services:                     |                      |                           |                      |
| Education                             | 3,652,322            | -                         | 3,652,322            |
| Developmental disabilities            | 4,255,553            | -                         | 4,255,553            |
| Day treatment                         | 1,728,301            | -                         | 1,728,301            |
| Behavioral health services            | 1,223,509            | -                         | 1,223,509            |
| Housing and homeless services         | 2,138,433            | -                         | 2,138,433            |
| Hollybrook office                     | 36,614               | -                         | 36,614               |
| Other services                        | 785,715              | -                         | 785,715              |
| Housing Corporation                   | <u>551,444</u>       | <u>-</u>                  | <u>551,444</u>       |
| Total program services                | <u>14,371,891</u>    | <u>-</u>                  | <u>14,371,891</u>    |
| Support services:                     |                      |                           |                      |
| Management and general                | 1,719,456            | -                         | 1,719,456            |
| Fundraising                           | <u>541,687</u>       | <u>-</u>                  | <u>541,687</u>       |
| Total support services                | <u>2,261,143</u>     | <u>-</u>                  | <u>2,261,143</u>     |
| Total expenses                        | <u>16,633,034</u>    | <u>-</u>                  | <u>16,633,034</u>    |
| Change in net assets                  | 250,766              | 1,347,185                 | 1,597,951            |
| Net assets, beginning of year         | <u>10,380,992</u>    | <u>461,777</u>            | <u>10,842,769</u>    |
| Net assets, end of year               | <u>\$ 10,631,758</u> | <u>\$ 1,808,962</u>       | <u>\$ 12,440,720</u> |

See accompanying notes to consolidated financial statements.

**ST. JOSEPH'S VILLA**

Consolidated Statement of Activities  
Year Ended June 30, 2016

|  | <u>Unrestricted</u>  | Temporarily<br><u>Restricted</u> | <u>Total</u>         |
|--|----------------------|----------------------------------|----------------------|
| Support and revenue:                       |                      |                                  |                      |
| Program service grants and fees:           |                      |                                  |                      |
| Program service grants                     | \$ 2,193,222         | \$ -                             | \$ 2,193,222         |
| Program service fees                       | 8,885,845            | -                                | 8,885,845            |
| Net rental revenue                         | 577,206              | -                                | 577,206              |
| Contributions and other revenue:           |                      |                                  |                      |
| Contributions                              | 1,942,392            | 626,814                          | 2,569,206            |
| In-kind contributions                      | 3,745                | -                                | 3,745                |
| Grants                                     | -                    | 121,467                          | 121,467              |
| Special events - net                       | 74,327               | -                                | 74,327               |
| Miscellaneous                              | <u>222,133</u>       | <u>-</u>                         | <u>222,133</u>       |
| Total support and revenue                  | <u>13,898,870</u>    | <u>748,281</u>                   | <u>14,647,151</u>    |
| Net assets released from restrictions      | <u>348,522</u>       | <u>(348,522)</u>                 | <u>-</u>             |
| Expenses and losses:                       |                      |                                  |                      |
| Program services:                          |                      |                                  |                      |
| Education                                  | 3,121,882            | -                                | 3,121,882            |
| Developmental disabilities                 | 3,412,426            | -                                | 3,412,426            |
| Day treatment                              | 1,606,803            | -                                | 1,606,803            |
| Behavioral health services                 | 1,155,258            | -                                | 1,155,258            |
| Housing and homeless services              | 1,984,571            | -                                | 1,984,571            |
| Hollybrook office                          | 36,877               | -                                | 36,877               |
| Other services                             | 646,145              | -                                | 646,145              |
| Housing Corporation                        | <u>576,729</u>       | <u>-</u>                         | <u>576,729</u>       |
| Total program services                     | <u>12,540,691</u>    | <u>-</u>                         | <u>12,540,691</u>    |
| Support services:                          |                      |                                  |                      |
| Management and general                     | 1,669,991            | -                                | 1,669,991            |
| Fundraising                                | <u>416,677</u>       | <u>-</u>                         | <u>416,677</u>       |
| Total support services                     | <u>2,086,668</u>     | <u>-</u>                         | <u>2,086,668</u>     |
| Loss on disposal of property and equipment | <u>22,863</u>        | <u>-</u>                         | <u>22,863</u>        |
| Total expenses and losses                  | <u>14,650,222</u>    | <u>-</u>                         | <u>14,650,222</u>    |
| Change in net assets                       | (402,830)            | 399,759                          | (3,071)              |
| Net assets, beginning of year              | <u>10,783,822</u>    | <u>62,018</u>                    | <u>10,845,840</u>    |
| Net assets, end of year                    | <u>\$ 10,380,992</u> | <u>\$ 461,777</u>                | <u>\$ 10,842,769</u> |

See accompanying notes to consolidated financial statements.



## ST. JOSEPH'S VILLA

### Consolidated Statement of Functional Expenses Year Ended June 30, 2017

|                                   | Program Services    |                            |                     |                            |                               |                   |                   |                   | Total Program Services |
|-----------------------------------|---------------------|----------------------------|---------------------|----------------------------|-------------------------------|-------------------|-------------------|-------------------|------------------------|
|                                   | Education           | Developmental Disabilities | Day Treatment       | Behavioral Health Services | Housing and Homeless Services | Hollybrook Office | Other Services    | Housing Corp.     |                        |
| Salaries and wages                | \$ 1,940,768        | \$ 2,592,859               | \$ 1,010,384        | \$ 599,788                 | \$ 721,539                    | \$ -              | \$ 789,943        | \$ 128,513        | \$ 7,783,794           |
| Employee benefits                 | 202,294             | 252,370                    | 109,214             | 56,474                     | 90,695                        | -                 | 84,948            | 23,335            | 819,330                |
| Payroll taxes                     | 177,679             | 242,021                    | 108,333             | 194,556                    | 78,604                        | -                 | 138,546           | 10,047            | 949,786                |
| Professional fees                 | 9,410               | 13,230                     | 7,734               | 22,084                     | 11,287                        | -                 | 127,103           | 8,649             | 199,497                |
| Supplies                          | 80,939              | 107,273                    | 31,869              | 6,679                      | 3,216                         | -                 | 186,182           | 12,109            | 428,267                |
| Contracts                         | -                   | -                          | -                   | -                          | -                             | -                 | -                 | 85,805            | 85,805                 |
| Telephone                         | 1,350               | 2,882                      | 2,692               | 1,753                      | 6,226                         | -                 | 4,366             | -                 | 19,269                 |
| Postage                           | 1,146               | 50                         | 171                 | 88                         | 706                           | -                 | -                 | -                 | 2,161                  |
| Occupancy                         | 127,378             | 97,250                     | 33,000              | 36,877                     | 25,048                        | 3,158             | 300,096           | 60,206            | 683,013                |
| Equipment                         | 6,289               | 11,487                     | 5,123               | 2,375                      | 3,252                         | -                 | 13,343            | -                 | 41,869                 |
| Printing and publications         | 260                 | 1,622                      | 7,365               | 1,013                      | 79                            | -                 | 787               | -                 | 11,126                 |
| Travel                            | 9,597               | 35,019                     | 60,275              | 2,170                      | 15,450                        | -                 | 38,012            | -                 | 160,523                |
| Conference and meetings           | 5,058               | 1,226                      | 2,499               | 603                        | 709                           | -                 | 871               | -                 | 10,966                 |
| Special assistance to individuals | 21,637              | -                          | -                   | -                          | 905,537                       | -                 | -                 | -                 | 927,174                |
| Membership dues                   | 5,375               | 2,931                      | 30                  | 25                         | 1,065                         | -                 | 19,886            | -                 | 29,312                 |
| Technology                        | 33,442              | 11,977                     | 1                   | 2,547                      | 7,230                         | -                 | 20,716            | -                 | 75,913                 |
| Internal chargeouts               | 385,577             | 360,446                    | 94,798              | 101,397                    | 12,001                        | 13,335            | (1,167,166)       | -                 | (199,612)              |
| Administration services           | 418,360             | 376,835                    | 182,675             | 160,561                    | 231,978                       | 20,121            | 142,193           | 25                | 1,532,748              |
| Interest expense                  | -                   | -                          | -                   | -                          | -                             | -                 | -                 | 88,433            | 88,433                 |
| Mortgage insurance premium        | -                   | -                          | -                   | -                          | -                             | -                 | -                 | 12,538            | 12,538                 |
| Miscellaneous                     | 13,386              | 4,383                      | 4,106               | 735                        | 48                            | -                 | 1,830             | 4,020             | 28,508                 |
| Depreciation                      | 212,377             | 141,692                    | 68,032              | 33,784                     | 23,763                        | -                 | 84,059            | 117,764           | 681,471                |
| <b>Total expenses</b>             | <b>\$ 3,652,322</b> | <b>\$ 4,255,553</b>        | <b>\$ 1,728,301</b> | <b>\$ 1,223,509</b>        | <b>\$ 2,138,433</b>           | <b>\$ 36,614</b>  | <b>\$ 785,715</b> | <b>\$ 551,444</b> | <b>\$ 14,371,891</b>   |

See accompanying notes to consolidated financial statements.

**ST. JOSEPH'S VILLA**

Consolidated Statement of Functional Expenses, Continued  
Year Ended June 30, 2017

|                                      | <u>Support Services</u>   |                   |                           |                      |
|--------------------------------------|---------------------------|-------------------|---------------------------|----------------------|
|                                      | Management<br>and General | Fundraising       | Total Support<br>Services | Total                |
| Salaries and wages                   | \$ 1,497,554              | \$ 451,581        | \$ 1,949,135              | \$ 9,732,929         |
| Employee benefits                    | 200,465                   | 50,279            | 250,744                   | 1,070,074            |
| Payroll taxes                        | 178,859                   | 41,181            | 220,040                   | 1,169,826            |
| Professional fees                    | 137,560                   | 27,758            | 165,318                   | 364,815              |
| Supplies                             | 18,222                    | 2,431             | 20,653                    | 448,920              |
| Contracts                            | -                         | -                 | -                         | 85,805               |
| Telephone                            | 6,786                     | 356               | 7,142                     | 26,411               |
| Postage                              | 6,855                     | 2,483             | 9,338                     | 11,499               |
| Occupancy                            | 273,464                   | 58                | 273,522                   | 956,535              |
| Equipment                            | 16,998                    | (16)              | 16,982                    | 58,851               |
| Printing and publications            | 38,688                    | 30,333            | 69,021                    | 80,147               |
| Travel                               | 9,218                     | 2,462             | 11,680                    | 172,203              |
| Conference and<br>meetings           | 7,353                     | 2,224             | 9,577                     | 20,543               |
| Special assistance<br>to individuals | -                         | -                 | -                         | 927,174              |
| Membership dues                      | 5,646                     | 1,858             | 7,504                     | 36,816               |
| Technology                           | 138,535                   | 20,361            | 158,896                   | 234,809              |
| Internal chargeouts                  | 199,612                   | -                 | 199,612                   | -                    |
| Administration services              | (1,397,506)               | (135,217)         | (1,532,723)               | 25                   |
| Interest expense                     | -                         | -                 | -                         | 88,433               |
| Mortgage insurance<br>premium        | -                         | -                 | -                         | 12,538               |
| Miscellaneous                        | 59,430                    | 43,555            | 102,985                   | 131,493              |
| Depreciation                         | 321,717                   | -                 | 321,717                   | 1,003,188            |
| Total expenses                       | <u>\$ 1,719,456</u>       | <u>\$ 541,687</u> | <u>\$ 2,261,143</u>       | <u>\$ 16,633,034</u> |

See accompanying notes to consolidated financial statements.

**ST. JOSEPH'S VILLA**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2016

|                                      | Program Services    |                               |                     |                               |                                  |                  |                   |                   |                           |
|--------------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|----------------------------------|------------------|-------------------|-------------------|---------------------------|
|                                      | Education           | Developmental<br>Disabilities | Day Treatment       | Behavioral<br>Health Services | Housing and<br>Homeless Services | Hollybrook       | Other<br>Services | Housing<br>Corp.  | Total Program<br>Services |
| Salaries and wages                   | \$ 1,578,300        | \$ 2,012,915                  | \$ 947,264          | \$ 570,052                    | \$ 676,717                       | \$ -             | \$ 747,353        | \$ 122,162        | \$ 6,654,763              |
| Employee benefits                    | 151,809             | 157,570                       | 95,807              | 54,490                        | 77,094                           | -                | 92,523            | 15,137            | 644,430                   |
| Payroll taxes                        | 154,459             | 202,745                       | 95,730              | 196,919                       | 70,070                           | -                | 114,512           | 10,579            | 845,014                   |
| Professional fees                    | 7,654               | 7,376                         | 7,760               | 7,373                         | 23,389                           | -                | 111,106           | 15,805            | 180,463                   |
| Supplies                             | 67,145              | 78,203                        | 27,869              | 3,213                         | 3,419                            | -                | 169,160           | 19,165            | 368,174                   |
| Contracts                            | -                   | -                             | -                   | -                             | -                                | -                | -                 | 116,879           | 116,879                   |
| Telephone                            | 2,777               | 2,552                         | 2,919               | 2,480                         | 6,399                            | -                | 5,658             | -                 | 22,785                    |
| Postage                              | 593                 | 142                           | 21                  | 77                            | 182                              | 22               | -                 | -                 | 1,037                     |
| Occupancy                            | 125,470             | 79,960                        | 33,272              | 25,392                        | 12,998                           | 5,159            | 256,069           | 48,551            | 586,871                   |
| Equipment                            | 7,759               | 15,706                        | 4,854               | 2,063                         | 11,071                           | 2                | 9,684             | -                 | 51,139                    |
| Printing and publications            | 2,593               | 3,582                         | 2,327               | 3,543                         | 867                              | -                | 453               | -                 | 13,365                    |
| Travel                               | 6,735               | 29,835                        | 49,933              | 1,303                         | 21,471                           | -                | 28,075            | -                 | 137,352                   |
| Conference and<br>meetings           | 4,706               | 3,228                         | 2,467               | 312                           | 3,679                            | -                | 692               | -                 | 15,084                    |
| Special assistance<br>to individuals | 6,576               | -                             | -                   | -                             | 782,616                          | -                | -                 | -                 | 789,192                   |
| Membership dues                      | 2,489               | 1,880                         | -                   | -                             | 730                              | -                | 1,884             | -                 | 6,983                     |
| Technology                           | 66,014              | 9,664                         | 1                   | 657                           | 4,786                            | -                | 3,216             | -                 | 84,338                    |
| Internal chargeouts                  | 331,437             | 296,535                       | 97,067              | 95,200                        | 12,946                           | 12,946           | (1,031,848)       | -                 | (185,717)                 |
| Administration services              | 412,287             | 350,403                       | 151,272             | 144,147                       | 240,177                          | 18,748           | 136,889           | 25                | 1,453,948                 |
| Interest expense                     | -                   | -                             | -                   | -                             | -                                | -                | -                 | 92,369            | 92,369                    |
| Mortgage insurance<br>premium        | -                   | -                             | -                   | -                             | -                                | -                | -                 | 16,805            | 16,805                    |
| Miscellaneous                        | 15,673              | 10,352                        | 13,857              | 435                           | 6,260                            | -                | 719               | 6,088             | 53,384                    |
| Depreciation                         | 177,406             | 149,778                       | 74,383              | 47,602                        | 29,700                           | -                | -                 | 113,164           | 592,033                   |
| Total expenses                       | <u>\$ 3,121,882</u> | <u>\$ 3,412,426</u>           | <u>\$ 1,606,803</u> | <u>\$ 1,155,258</u>           | <u>\$ 1,984,571</u>              | <u>\$ 36,877</u> | <u>\$ 646,145</u> | <u>\$ 576,729</u> | <u>\$ 12,540,691</u>      |

See accompanying notes to consolidated financial statements.

## ST. JOSEPH'S VILLA

### Consolidated Statement of Functional Expenses, Continued Year Ended June 30, 2016

|                                   | Support Services |             |               |               |
|-----------------------------------|------------------|-------------|---------------|---------------|
|                                   | Management       |             | Total Support |               |
|                                   | and General      | Fundraising | Services      | Total         |
| Salaries and wages                | \$ 1,470,722     | \$ 393,961  | \$ 1,864,683  | \$ 8,519,446  |
| Employee benefits                 | 205,390          | 41,497      | 246,887       | 891,317       |
| Payroll taxes                     | 137,202          | 36,064      | 173,266       | 1,018,280     |
| Professional fees                 | 120,509          | 61,406      | 181,915       | 362,378       |
| Supplies                          | 12,119           | 1,964       | 14,083        | 382,257       |
| Contracts                         | -                | -           | -             | 116,879       |
| Telephone                         | 7,426            | 559         | 7,985         | 30,770        |
| Postage                           | 4,610            | 2,098       | 6,708         | 7,745         |
| Occupancy                         | 163,107          | -           | 163,107       | 749,978       |
| Equipment                         | 4,433            | 137         | 4,570         | 55,709        |
| Printing and publications         | 33,582           | 22,029      | 55,611        | 68,976        |
| Travel                            | 4,081            | 1,567       | 5,648         | 143,000       |
| Conference and meetings           | 7,370            | 1,048       | 8,418         | 23,502        |
| Special assistance to individuals | -                | -           | -             | 789,192       |
| Membership dues                   | 5,754            | 1,024       | 6,778         | 13,761        |
| Technology                        | 123,186          | 4,031       | 127,217       | 211,555       |
| Internal chargeouts               | 185,717          | -           | 185,717       | -             |
| Administration services           | (1,308,687)      | (145,236)   | (1,453,923)   | 25            |
| Interest expense                  | -                | -           | -             | 92,369        |
| Mortgage insurance premium        | -                | -           | -             | 16,805        |
| Miscellaneous                     | 55,854           | (5,472)     | 50,382        | 103,766       |
| Depreciation                      | 437,616          | -           | 437,616       | 1,029,649     |
| Total expenses                    | \$ 1,669,991     | \$ 416,677  | \$ 2,086,668  | \$ 14,627,359 |

See accompanying notes to consolidated financial statements.

## ST. JOSEPH'S VILLA

### Consolidated Statements of Cash Flows Years Ended June 30, 2017 and 2016

|   | 2017         | 2016       |
|---|--------------|------------|
| Cash flows from operating activities:   |              |            |
| Change in net assets  | \$ 1,597,951 | \$ (3,071) |
| Adjustments to reconcile change in net assets<br>to net cash from operating activities: |              |            |
| Depreciation  | 1,003,188    | 1,029,649  |
| Amortization of deferred financing costs  | 2,897        | 2,897      |
| Loss on sale of property and equipment  | -            | 22,863     |
| Changes in assets and liabilities:  |              |            |
| Accounts receivable - net   | (490,544)    | 44,363     |
| Pledges receivable - net  | (1,068,698)  | (531,517)  |
| Other current assets  | 38,409       | (75,791)   |
| Due from affiliate  | 4,924        | (10,907)   |
| Accounts payable - trade  | (35,759)     | (5,541)    |
| Due (from) to affiliate   | (7,189)      | 7,447      |
| Accrued interest payable  | (332)        | (323)      |
| Accrued salaries and benefits   | 121,057      | 131,488    |
| Accrued vacation  | 31,370       | 20,147     |
| Deferred revenue  | (19,040)     | 32,111     |
| Funds held for residents - net  | (58)         | (1,945)    |
| Board-designated reserve  | 25,001       | 4,922      |
| Restricted for grants   | (25,625)     | (92,996)   |
| Other current liabilities   | (2,545)      | 2,545      |
| Net cash provided by operating activities   | 1,175,007    | 576,341    |
| Cash flows from investing activities:   |              |            |
| Net change in cash held in escrow   | (28,692)     | 16,215     |
| Purchase of property and equipment  | (575,671)    | (295,267)  |
| Net cash used in investing activities   | (604,363)    | (279,052)  |

See accompanying notes to consolidated financial statements.

## ST. JOSEPH'S VILLA

### Consolidated Statements of Cash Flows, Continued Years Ended June 30, 2017 and 2016

|   | <u>2017</u>         | <u>2016</u>       |
|---|---------------------|-------------------|
| Cash flows from financing activities:                 |                     |                   |
| Principal payments on long-term debt                  | \$ (129,998)        | \$ (126,073)      |
| Net change in cash held for capital campaign          | <u>(146,416)</u>    | <u>51,929</u>     |
| <br>Net cash used in financing activities             | <u>(276,414)</u>    | <u>(74,144)</u>   |
| <br>Net change in cash and cash equivalents           | 294,230             | 223,145           |
| <br>Cash and cash equivalents, beginning of year      | <u>967,469</u>      | <u>744,324</u>    |
| <br>Cash and cash equivalents, end of year            | <u>\$ 1,261,699</u> | <u>\$ 967,469</u> |
| <br>Supplemental disclosure of cash flow information: |                     |                   |
| Cash paid for interest                                | <u>\$ 88,765</u>    | <u>\$ 92,692</u>  |

See accompanying notes to consolidated financial statements.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements

#### 1. Summary of Significant Accounting Policies:

**Organization:** St. Joseph's Villa (the "Villa") is a nonprofit corporation organized in 1834 for the primary purposes of providing for the health, education and general welfare of children and their families. The Villa serves families primarily in Virginia.

Hollybrook Apartments, owned by St. Joseph's Villa Housing Corp. (the "Housing Corp.") is organized under Section 202 of the National Housing Act to acquire, renovate, own and operate a 60-unit apartment complex located in Richmond, Virginia (the "Development") and provide low cost housing for people with disabilities under operating lease arrangements. The Development is regulated by the United States Department of Housing and Urban Development ("HUD") as to rental rates and operating methods. The Development has a Section 8 Housing Assistance Payment agreement with HUD and a significant portion of the Development's rental income is received from HUD under this agreement.

**Principles of Consolidation:** The accompanying consolidated financial statements include the resources and activities of St. Joseph's Villa and St. Joseph's Villa Housing Corp. (collectively, the "Organization"). All significant intercompany transactions and accounts are eliminated.

**Basis of Accounting:** The Organization prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"), which require reporting information regarding its financial position and activities according to these three classes of net assets:

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. If the Board of Trustees specifies a purpose where none has been stated by the original donor, such assets are classified as Board-designated within unrestricted net assets.

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets are subject to donor-imposed stipulations that the original fair value of the gift be maintained permanently by the Organization and use of all or part of the income earned on any related investments is for general or specific purposes. There were no permanently restricted net assets at June 30, 2017 and 2016.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Estimates:** The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** The Organization considers as cash equivalents all short term, highly liquid investments with maturities of three months or less at date of acquisition.

**Concentrations of Credit Risk:** The Organization maintains its cash and cash equivalent balances in financial institutions with high credit quality ratings. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization periodically has balances in excess of the insured limits.

The Organization's accounts receivable and pledges receivable are due from government agencies, corporations, and individuals located primarily in Central Virginia. The Organization believes its credit risk related to these receivables is limited due to the nature of its customers and donors. The ability to collect receivables is affected by the general economic conditions.

**Accounts Receivable:** Accounts receivable represent receivables recorded at the original invoiced amount and do not bear interest. Receivables are recorded net of an allowance for doubtful accounts. The Organization evaluates the collectability of its accounts receivables based on a combination of factors, including the age of the receivable, on a monthly basis. Accounts receivable are written off when deemed uncollectible. The allowance for doubtful accounts was \$638 as of June 30, 2017, and \$14,748 as of June 30, 2016.

**Pledges Receivable:** Unconditional promises to give are recognized as unrestricted, temporarily restricted, or permanently restricted support as appropriate. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of future cash flows. Amortization of the discount is included in contribution revenue. The allowance is based on prior years' experience and management's analysis of specific pledges. The allowance for doubtful pledges was \$19,396 as of June 30, 2017, and \$4,400 as of June 30, 2016.

**Assets Limited as to Use:** Assets limited as to use includes restricted capital campaign cash, assets designated and held aside by a mortgagee for insurance premiums and taxes and to meet reserve requirements for HUD, and amounts received from residents for security and other deposits. Assets limited as to use are held in interest bearing cash accounts.



## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Property and Equipment:** Property and equipment are recorded at cost for purchased assets and at fair value for donated items. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets, which range from three to fifty years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

**Real Estate Held for Investment:** Investments in real estate are recorded at fair value at the time of purchase or donation to the Organization. Management evaluates the investments for impairment in accordance with GAAP. The Organization did not identify any impairment during 2017 or 2016.

**Deferred Financing Costs:** Deferred financing costs totaling \$57,937, incurred in connection with obtaining a mortgage note payable, were capitalized and are being amortized over the term of the note. Accumulated amortization was \$11,588 as of June 30, 2017, and \$8,691 as of June 30, 2016. Amortization expense was \$2,897 for 2017 and 2016.

In April 2015, the Financial Accounting Standards Board ("FASB") approved Accounting Standards Update ("ASU") 2015-03, which amended ASC 835, *Interest*. The amendment requires the Organization to present deferred financing costs related to a recognized debt liability as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. The Organization adopted the new guidance effective June 30, 2016.

**Functional Allocation of Expenses:** The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising Expenses:** The Organization expenses advertising costs as they are incurred. Advertising expense amounted to \$51,154 for 2017 and \$51,846 for 2016.

**Income Taxes:** The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Income Tax Uncertainties:** Management has evaluated the effects of accounting guidance related to uncertain income tax positions and concluded that the Organization had no significant financial statement exposure to uncertain income tax positions at June 30, 2017 and 2016. The Organization is not currently under audit by any tax jurisdiction.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Contributions:** Unconditional contributions are recognized as revenues when received. They are recognized at fair value and are classified in the appropriate net asset class based on donor stipulations. Conditional contributions are recognized as revenues when conditions are substantially met.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skill, are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**Subsequent Events:** Management has evaluated subsequent events through November 14, 2017, the date the consolidated financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

#### 2. Housing Assistance Payment Contract:

HUD has contracted with the Housing Corp. to make housing assistance payments on behalf of qualified tenants. The contract is subject to renewal, and if not renewed, could substantially impact the rental income of the Development. The current contract for the Housing Corp. will expire May 2033. The Housing Corp. received assistance payments of \$452,226 in 2017 and \$445,520 in 2016.

#### 3. Pledges Receivable:

The present value of estimated future cash flows of pledges receivable is discounted at the risk-free rate of 1.89% at June 30, 2017 and 1.01% at June 30, 2016. Future cash flows are expected to be received as follows at June 30:

|                                | <u>2017</u>         | <u>2016</u>       |
|--------------------------------|---------------------|-------------------|
| Amounts due in:                |                     |                   |
| Less than one year             | \$ 757,445          | \$ 196,857        |
| One to five years              | <u>1,034,898</u>    | <u>474,754</u>    |
|                                | 1,792,343           | 671,611           |
| Less:                          |                     |                   |
| Allowance for doubtful pledges | (19,396)            | (4,400)           |
| Discount on pledges receivable | <u>(52,723)</u>     | <u>(15,685)</u>   |
|                                | <u>\$ 1,720,224</u> | <u>\$ 651,526</u> |

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 4. Property and Equipment:

Property and equipment consisted of the following at June 30:

|                               | <u>2017</u>         | <u>2016</u>          |
|-------------------------------|---------------------|----------------------|
| Land                          | \$ 1,340,257        | \$ 1,340,257         |
| Land improvements             | 7,564,840           | 7,531,275            |
| Buildings and storage sheds   | 13,583,614          | 13,346,378           |
| Furniture and equipment       | 294,391             | 297,208              |
| Computer equipment            | 303,595             | 234,473              |
| Vehicles                      | 430,686             | 430,686              |
| Construction in process       | <u>380,559</u>      | <u>158,820</u>       |
|                               | 23,897,942          | 23,339,097           |
| Less accumulated depreciation | <u>(14,017,798)</u> | <u>(13,031,436)</u>  |
|                               | <u>\$ 9,880,144</u> | <u>\$ 10,307,661</u> |

#### 5. Fair Value Measurements:

The Organization follows FASB guidance, which provides a framework for measuring fair value under GAAP, for all financial assets and liabilities measured at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels.

These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 assets and liabilities include debt and equity securities traded in an active exchange market, as well as certain U.S. Treasury securities that are traded by dealers or brokers in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 5. Fair Value Measurements, Continued:

Level 3 – Valuation is determined using model-based techniques that use significant assumptions not observable in the market and significant to the fair value measurement. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Assets measured at fair value on a recurring basis included pledges receivable of \$1,720,224 at June 30, 2017, and \$651,526 at June 30, 2016, using Level 3 criteria. There were no liabilities measured at fair value on a recurring basis at June 30, 2017 and 2016.

The table below sets forth a summary of changes in the fair value of pledges receivable:

|   |    |                  |
|---|----|------------------|
| Balance at July 1, 2015                     | \$ | 120,009          |
| New pledges received                        |    | 628,000          |
| Collections on pledges                      |    | (93,798)         |
| Write-offs                                  |    | (49,000)         |
| Change in fair value                        |    | (15,685)         |
| Change in allowance for doubtful<br>pledges |    | <u>62,000</u>    |
| Balance at June 30, 2016                    |    | 651,526          |
| New pledges received                        |    | 1,654,954        |
| Collections on pledges                      |    | (500,939)        |
| Write-offs                                  |    | (33,283)         |
| Change in fair value                        |    | (37,038)         |
| Change in allowance for doubtful<br>pledges |    | <u>(14,996)</u>  |
| Balance at June 30, 2017                    | \$ | <u>1,720,224</u> |

#### 6. Long-Term Debt:

The Organization entered into a mortgage note payable in the amount of \$3,223,200, bearing interest at 3.07% per annum. The mortgage note is payable in monthly installments of principal and interest of \$17,989 with a maturity date of June 1, 2033. The balance of the mortgage note was \$2,726,289 as of June 30, 2017 and \$2,856,286 as of June 30, 2016.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 6. Long-Term Debt, Continued:

The estimated annual principal maturities for subsequent years ending June 30 are as follows:

| Year Ending<br>June 30, | Amount              | Unamortized<br>Deferred<br>Financing Costs | Total               |
|-------------------------|---------------------|--|---------------------|
| 2018                    | \$ 136,943          | \$ (2,897)                                 | \$ 134,046          |
| 2019                    | 138,220             | (2,897)                                    | 135,323             |
| 2020                    | 142,523             | (2,897)                                    | 139,626             |
| 2021                    | 146,961             | (2,897)                                    | 144,064             |
| 2022                    | 151,537             | (2,897)                                    | 148,640             |
| Thereafter              | <u>2,010,104</u>    | <u>(31,864)</u>                            | <u>1,978,240</u>    |
|                         | <u>\$ 2,726,288</u> | <u>\$ (46,349)</u>                         | <u>\$ 2,679,939</u> |

The deferred financing costs are amortized over the life of the mortgage loan payable and reported as interest expense within the consolidated schedules of functional expenses. The amount expensed was \$2,897 for each of 2017 and 2016.

#### 7. Related Party Transactions:

The Villa is associated with St. Joseph's Villa Foundation (the "Foundation"), a non-consolidated affiliated organization. The Foundation made unrestricted contributions to the Organization of \$1,319,414 during 2017 and \$1,335,109 during 2016.

#### 8. Defined Contribution Plan:

The Organization has a defined contribution 403(b) retirement plan in which all employees may participate. Under the plan, the Organization contributes a match up to 5% of eligible employees' salaries. Contributions to the plan totaled \$163,514 for 2017 and \$165,681 for 2016. The contract is assigned to the employee and remains with them upon separation of service.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 9. Commitments:

##### Office Equipment

The Organization leases equipment under an operating lease agreement. Lease expense was \$37,729 for 2017, and \$30,861 for 2016. Estimated future minimum lease payment under this long-term operating lease is \$4,158 for 2018.

##### Building Lease

The Organization leases a building under an operating lease agreement. Lease expense was \$18,000 for 2017, and \$18,000 for 2016. Estimated future minimum lease payment under this long-term operating lease is \$15,000 for 2018.

##### Consulting and Fundraising

Beginning July 1, 2006, the Organization agreed to make monthly payments of \$1,275 to the previous Chief Executive Officer ("CEO") in a consulting capacity for a period up to ten years. If permanent disability occurs for the previous CEO during the 120 months that he serves in a consulting capacity, the Organization has agreed to pay the present value of any remaining consulting fees to be calculated using a 5% annual discount rate. Beginning June 1, 2013, the Organization also agreed to pay the previous CEO \$1,000 a month for health insurance through April 1, 2018 and a final payment of \$1,836 on May 1, 2018. This agreement will terminate if the previous CEO dies before the agreement is completed. The Organization is self-insured for these commitments. Total future payments under these agreements are \$11,836 for 2018.

##### Federal Awards

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for noncompliance with grantor restrictions. Such audits could also result in the grantor prohibiting future funding of such grant. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, for any impact from the revocation of future grant funds cannot be determined at this date.

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 10. Deferred Compensation Agreement:

The Organization also has a nonqualified executive deferred executive compensation agreement with the Chief Executive Officer. The effective date of this agreement was August 1, 2011. The unfunded plan allows for a lump sum deferral plus annual additions. Earnings accrue on the unpaid balance and are credited to the deferred compensation account. The executive's interest in the deferred compensation is nontransferable. The benefit payment begins on the first day of the month next following the date on which the executive's employment terminates or no later than the calendar year in which the executive turns age seventy and one half. The agreement includes a provision of death and disability. Any benefit under the agreement is a mere contractual obligation of the Organization and the Organization is self-insured for this commitment.

#### 11. Leases:

The Organization leases a property located at 7700 Brook Road, Henrico, Virginia, to a third party. The leased property consists of office space that is included in property and equipment – net in the accompanying consolidated financial statements. The cancelable lease was in effect through December 31, 2016, and provided for monthly rental receipts of \$9,551.

#### 12. Temporarily Restricted Net Assets:

Temporarily restricted net assets were restricted for the following purposes at June 30:

|                         | 2017         | 2016       |
|-------------------------|--------------|------------|
| RiseUP capital campaign | \$ 1,653,822 | \$ 332,262 |
| Education               | -            | 8,048      |
| Program service needs   | 155,140      | 121,467    |
|                         | \$ 1,808,962 | \$ 461,777 |

Temporarily restricted net assets were released from donor restrictions by incurring expenses to satisfy the following restricted purposes for the years ended June 30:

|                          | 2017       | 2016       |
|--------------------------|------------|------------|
| RiseUP capital campaign  | \$ 439,113 | \$ 294,552 |
| Education                | 8,048      | 17,450     |
| Grants and contributions | 115,768    | 36,520     |
|                          | \$ 562,929 | \$ 348,522 |

## ST. JOSEPH'S VILLA

### Notes to Consolidated Financial Statements, Continued

#### 13. Board-Designated Net Assets:

Board-designated net assets were restricted for the following purposes at June 30:

|                                 | <u>2017</u>       | <u>2016</u>       |
|---------------------------------|-------------------|-------------------|
| Developers fee                  | \$ 269,763        | \$ 294,763        |
| Real estate held for investment | <u>299,811</u>    | <u>299,811</u>    |
|                                 | <u>\$ 569,574</u> | <u>\$ 594,574</u> |

#### 14. Recent Accounting Guidance:

In August 2016, FASB issued ASU No. 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities", which both simplifies certain aspects of reporting required by not-for-profit organizations and increases disclosures with a goal to improve the usefulness of not-for-profit financial statements to the various stakeholders, including management, directors, lenders, and donors. Significant changes include the following:

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets – net assets with donor restrictions and net assets without donor restrictions
- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of *net assets with donor restrictions* and requires additional disclosures for underwater endowment funds
- Requires all not-for-profits to provide expenses by nature and function
- Requires expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources.

The amendments in this ASU are effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization has elected not to early adopt this ASU at this time

#### 15. Prior Period Adjustment:

During 2016, the Villa received \$626,814 in contributions restricted for the purpose of the RiseUP Capital Campaign that were presented as unrestricted contributions in the 2016 consolidated financial statements as originally issued. During 2016, \$294,552 of these contributions were expended for capital campaign purposes and should have been released for meeting the restricted purpose. As a result, temporarily restricted net assets at June 30, 2016 should have totaled \$461,777 to include \$332,262 of unspent capital campaign contributions. The accompanying 2016 consolidated financial statements and supplemental schedules have been updated to correct the error.



**SUPPLEMENTAL INFORMATION**

Consolidating Schedules

June 30, 2017

## ST. JOSEPH'S VILLA

### Consolidating Statement of Financial Position June 30, 2017

| <u>Assets</u>                           | <u>St. Joseph's<br/>Villa</u> | <u>Housing<br/>Corp.</u> | <u>Eliminations</u> | <u>Consolidated<br/>Total</u> |
|---|-------------------------------|--------------------------|---------------------|-------------------------------|
| Current assets:                         |                               |                          |                     |                               |
| Cash and cash equivalents               | \$ 1,203,256                  | \$ 58,443                | \$ -                | \$ 1,261,699                  |
| Accounts receivable - net               | 1,780,357                     | 29,596                   | -                   | 1,809,953                     |
| Pledges receivable - net, current       | 738,049                       | -                        | -                   | 738,049                       |
| Other current assets                    | <u>147,483</u>                | <u>15,246</u>            | <u>-</u>            | <u>162,729</u>                |
| <br>Total current assets                | <br><u>3,869,145</u>          | <br><u>103,285</u>       | <br><u>-</u>        | <br><u>3,972,430</u>          |
| Assets limited as to use:               |                               |                          |                     |                               |
| Cash held for board-designated reserves | 269,762                       | -                        | -                   | 269,762                       |
| Cash held for residents                 | -                             | 17,016                   | -                   | 17,016                        |
| Cash held in escrow                     | -                             | 366,419                  | -                   | 366,419                       |
| Cash held for capital campaign          | 291,016                       | -                        | -                   | 291,016                       |
| Cash restricted by grants               | <u>155,141</u>                | <u>-</u>                 | <u>-</u>            | <u>155,141</u>                |
| <br>Total assets limited as to use      | <br><u>715,919</u>            | <br><u>383,435</u>       | <br><u>-</u>        | <br><u>1,099,354</u>          |
| <br>Property and equipment - net        | <br><u>8,866,820</u>          | <br><u>1,013,324</u>     | <br><u>-</u>        | <br><u>9,880,144</u>          |
| Other assets:                           |                               |                          |                     |                               |
| Pledges receivable - net, long-term     | 982,175                       | -                        | -                   | 982,175                       |
| Real estate held for investment         | 299,811                       | -                        | -                   | 299,811                       |
| Due from affiliate                      | <u>5,983</u>                  | <u>-</u>                 | <u>-</u>            | <u>5,983</u>                  |
| <br>Total other assets                  | <br><u>1,287,969</u>          | <br><u>-</u>             | <br><u>-</u>        | <br><u>1,287,969</u>          |
|   | <br><u>\$ 14,739,853</u>      | <br><u>\$ 1,500,044</u>  | <br><u>\$ -</u>     | <br><u>\$ 16,239,897</u>      |

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**ST. JOSEPH'S VILLA**

Consolidating Statement of Financial Position, Continued  
June 30, 2017

| <u>Liabilities and Net Assets</u> | <u>St. Joseph's<br/>Villa</u> | <u>Housing<br/>Corp.</u> | <u>Eliminations</u> | <u>Consolidated<br/>Total</u> |
|-----------------------------------|-------------------------------|--------------------------|---------------------|-------------------------------|
| Current liabilities:              |                               |                          |                     |                               |
| Long-term debt - net, current     | \$ -                          | \$ 134,046               | \$ -                | \$ 134,046                    |
| Accounts payable - trade          | 210,566                       | 63,398                   | -                   | 273,964                       |
| Due to affiliate                  | 5,983                         | -                        | -                   | 5,983                         |
| Accrued interest payable          | -                             | 6,975                    | -                   | 6,975                         |
| Accrued salaries and benefits     | 530,836                       | 2,730                    | -                   | 533,566                       |
| Accrued vacation                  | 251,126                       | -                        | -                   | 251,126                       |
| Deferred revenue                  | 32,409                        | 203                      | -                   | 32,612                        |
|                                   | <u>1,030,920</u>              | <u>207,352</u>           | <u>-</u>            | <u>1,238,272</u>              |
| Total current liabilities         | 1,030,920                     | 207,352                  | -                   | 1,238,272                     |
| Long-term debt - net              | -                             | 2,545,893                | -                   | 2,545,893                     |
| Other liabilities:                |                               |                          |                     |                               |
| Funds held for residents          | -                             | 15,012                   | -                   | 15,012                        |
|                                   | <u>1,030,920</u>              | <u>2,768,257</u>         | <u>-</u>            | <u>3,799,177</u>              |
| Total liabilities                 | 1,030,920                     | 2,768,257                | -                   | 3,799,177                     |
| Net assets (deficit):             |                               |                          |                     |                               |
| Unrestricted - undesignated       | 11,330,397                    | (1,268,213)              | -                   | 10,062,184                    |
| Unrestricted - board-designated   | 569,574                       | -                        | -                   | 569,574                       |
| Total unrestricted                | 11,899,971                    | (1,268,213)              | -                   | 10,631,758                    |
| Temporarily restricted            | 1,808,962                     | -                        | -                   | 1,808,962                     |
|                                   | <u>13,708,933</u>             | <u>(1,268,213)</u>       | <u>-</u>            | <u>12,440,720</u>             |
| Total net assets (deficit)        | 13,708,933                    | (1,268,213)              | -                   | 12,440,720                    |
|                                   | <u>\$ 14,739,853</u>          | <u>\$ 1,500,044</u>      | <u>\$ -</u>         | <u>\$ 16,239,897</u>          |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Activities Year Ended June 30, 2017

|  | St. Joseph's<br>Villa | Housing Corp.  | Eliminations   | Consolidated<br>Total |
|--|-----------------------|----------------|----------------|-----------------------|
| Unrestricted net assets:               |                       |                |                |                       |
| Unrestricted support and revenue:      |                       |                |                |                       |
| Program service fees and grants        |                       |                |                |                       |
| Program service grants                 | \$ 2,304,458          | \$ -           | \$ -           | \$ 2,304,458          |
| Program service fees                   | 11,291,684            | -              | -              | 11,291,684            |
| Net rental income                      | -                     | 587,080        | -              | 587,080               |
| Contributions and other revenue:       |                       |                |                |                       |
| Contributions                          | 1,880,363             | -              | -              | 1,880,363             |
| In-kind contributions                  | 1,400                 | -              | -              | 1,400                 |
| Special events - net                   | 30,244                | -              | -              | 30,244                |
| Miscellaneous                          | 182,126               | 53,394         | (9,878)        | 225,642               |
| Total unrestricted support and revenue | <u>15,690,275</u>     | <u>640,474</u> | <u>(9,878)</u> | <u>16,320,871</u>     |
| Net assets released from restriction   | <u>562,929</u>        | <u>-</u>       | <u>-</u>       | <u>562,929</u>        |
| Expenses:                              |                       |                |                |                       |
| Program services:                      |                       |                |                |                       |
| Education                              | 3,652,322             | -              | -              | 3,652,322             |
| Developmental disabilities             | 4,255,553             | -              | -              | 4,255,553             |
| Day treatment                          | 1,728,301             | -              | -              | 1,728,301             |
| Behavioral health services             | 1,223,509             | -              | -              | 1,223,509             |
| Housing and homeless services          | 2,138,433             | -              | -              | 2,138,433             |
| Hollybrook office                      | 36,614                | -              | -              | 36,614                |
| Other services                         | 785,715               | -              | -              | 785,715               |
| Housing Corporation                    | -                     | 561,322        | (9,878)        | 551,444               |
| Support services:                      |                       |                |                |                       |
| Management and general                 | 1,719,456             | -              | -              | 1,719,456             |
| Fundraising                            | 541,687               | -              | -              | 541,687               |
| Total expenses                         | <u>16,081,590</u>     | <u>561,322</u> | <u>(9,878)</u> | <u>16,633,034</u>     |
| Changes in unrestricted net assets     | <u>171,614</u>        | <u>79,152</u>  | <u>-</u>       | <u>250,766</u>        |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Activities, Continued Year Ended June 30, 2017

|   | St. Joseph's<br>Villa | Housing Corp.         | Eliminations | Consolidated<br>Total |
|---|-----------------------|-----------------------|--------------|-----------------------|
| Temporarily restricted net assets:              |                       |                       |              |                       |
| Temporarily restricted support<br>and revenue:  |                       |                       |              |                       |
| Contributions                                   | \$ 1,760,673          | \$ -                  | \$ -         | \$ 1,760,673          |
| Grants  | 149,441               | -                     | -            | 149,441               |
| Net assets released<br>from restrictions        | <u>(562,929)</u>      | <u>-</u>              | <u>-</u>     | <u>(562,929)</u>      |
| Changes in temporarily restricted<br>net assets | <u>1,347,185</u>      | <u>-</u>              | <u>-</u>     | <u>1,347,185</u>      |
| Change in net assets                            | 1,518,799             | 79,152                | -            | 1,597,951             |
| Net assets (deficit), beginning of year         | <u>12,190,134</u>     | <u>(1,347,365)</u>    | <u>-</u>     | <u>10,842,769</u>     |
| Net assets (deficit), end of year               | <u>\$ 13,708,933</u>  | <u>\$ (1,268,213)</u> | <u>\$ -</u>  | <u>\$ 12,440,720</u>  |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Functional Expenses Year Ended of June 30, 2017

|                                      | <u>Program Services</u> |                   |                           | <u>Support Services - St. Joseph's Villa</u> |                   |                   | Total<br>Expenses    |
|--------------------------------------|-------------------------|-------------------|---------------------------|--|-------------------|-------------------|----------------------|
|                                      | St. Joseph's<br>Villa   | Housing<br>Corp.  | Total Program<br>Services | Management and<br>General                    | Fundraising       | Eliminations      |                      |
| Salaries and wages                   | \$ 7,655,281            | \$ 128,513        | \$ 7,783,794              | \$ 1,497,554                                 | \$ 451,581        | \$ -              | \$ 9,732,929         |
| Employee benefits                    | 795,995                 | 23,335            | 819,330                   | 200,465                                      | 50,279            | -                 | 1,070,074            |
| Payroll taxes                        | 939,739                 | 10,047            | 949,786                   | 178,859                                      | 41,181            | -                 | 1,169,826            |
| Professional fees                    | 190,848                 | 8,649             | 199,497                   | 137,560                                      | 27,758            | -                 | 364,815              |
| Supplies                             | 416,158                 | 12,109            | 428,267                   | 18,222                                       | 2,431             | -                 | 448,920              |
| Contracts                            | -                       | 85,805            | 85,805                    | -  | -                 | -                 | 85,805               |
| Telephone                            | 19,269                  | -                 | 19,269                    | 6,786  | 356               | -                 | 26,411               |
| Postage                              | 2,161                   | -                 | 2,161                     | 6,855  | 2,483             | -                 | 11,499               |
| Occupancy                            | 622,807                 | 70,084            | 692,891                   | 273,464                                      | 58                | (9,878)           | 956,535              |
| Equipment                            | 41,869                  | -                 | 41,869                    | 16,998                                       | (16)              | -                 | 58,851               |
| Printing and publications            | 11,126                  | -                 | 11,126                    | 38,688                                       | 30,333            | -                 | 80,147               |
| Travel                               | 160,523                 | -                 | 160,523                   | 9,218  | 2,462             | -                 | 172,203              |
| Conference and<br>meetings           | 10,966                  | -                 | 10,966                    | 7,353  | 2,224             | -                 | 20,543               |
| Special assistance<br>to individuals | 927,174                 | -                 | 927,174                   | -  | -                 | -                 | 927,174              |
| Membership dues                      | 29,312                  | -                 | 29,312                    | 5,646  | 1,858             | -                 | 36,816               |
| Technology                           | 75,913                  | -                 | 75,913                    | 138,535                                      | 20,361            | -                 | 234,809              |
| Internal chargeouts                  | (199,612)               | -                 | (199,612)                 | 199,612                                      | -                 | -                 | -                    |
| Administration services              | 1,532,723               | 25                | 1,532,748                 | (1,397,506)                                  | (135,217)         | -                 | 25                   |
| Interest expense                     | -                       | 88,433            | 88,433                    | -  | -                 | -                 | 88,433               |
| Mortgage insurance premium           | -                       | 12,538            | 12,538                    | -  | -                 | -                 | 12,538               |
| Miscellaneous                        | 24,488                  | 4,020             | 28,508                    | 59,430                                       | 43,555            | -                 | 131,493              |
| Depreciation                         | 563,707                 | 117,764           | 681,471                   | 321,717                                      | -                 | -                 | 1,003,188            |
| <b>Total expenses</b>                | <b>\$ 13,820,447</b>    | <b>\$ 561,322</b> | <b>\$ 14,381,769</b>      | <b>\$ 1,719,456</b>                          | <b>\$ 541,687</b> | <b>\$ (9,878)</b> | <b>\$ 16,633,034</b> |

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Consolidating Schedules

June 30, 2016



## ST. JOSEPH'S VILLA

### Consolidating Statement of Financial Position June 30, 2016

| <u>Assets</u>                           | <u>St. Joseph's<br/>Villa</u> | <u>Housing<br/>Corp.</u> | <u>Eliminations</u> | <u>Consolidated<br/>Total</u> |
|---|-------------------------------|--------------------------|---------------------|-------------------------------|
| Current assets:                         |                               |                          |                     |                               |
| Cash and cash equivalents               | \$ 936,890                    | \$ 30,579                | \$ -                | \$ 967,469                    |
| Accounts receivable - net               | 1,312,957                     | 6,452                    | -                   | 1,319,409                     |
| Pledges receivable - net, current       | 192,457                       | -                        | -                   | 192,457                       |
| Other current assets                    | <u>184,641</u>                | <u>16,497</u>            | <u>-</u>            | <u>201,138</u>                |
| <br>Total current assets                | <br><u>2,626,945</u>          | <br><u>53,528</u>        | <br><u>-</u>        | <br><u>2,680,473</u>          |
| Assets limited as to use:               |                               |                          |                     |                               |
| Cash held for board-designated reserves | 294,763                       | -                        | -                   | 294,763                       |
| Cash held for residents                 | -                             | 16,624                   | -                   | 16,624                        |
| Cash held in escrow                     | -                             | 337,727                  | -                   | 337,727                       |
| Cash held for capital campaign          | 144,600                       | -                        | -                   | 144,600                       |
| Cash restricted by grants               | <u>129,516</u>                | <u>-</u>                 | <u>-</u>            | <u>129,516</u>                |
| <br>Total assets limited as to use      | <br><u>568,879</u>            | <br><u>354,351</u>       | <br><u>-</u>        | <br><u>923,230</u>            |
| <br>Property and equipment - net        | <br><u>9,217,523</u>          | <br><u>1,090,138</u>     | <br><u>-</u>        | <br><u>10,307,661</u>         |
| Other assets:                           |                               |                          |                     |                               |
| Pledges receivable - net, long-term     | 459,069                       | -                        | -                   | 459,069                       |
| Real estate held for investment         | 299,811                       | -                        | -                   | 299,811                       |
| Due from affiliate                      | <u>11,706</u>                 | <u>-</u>                 | <u>(799)</u>        | <u>10,907</u>                 |
| <br>Total other assets                  | <br><u>770,586</u>            | <br><u>-</u>             | <br><u>(799)</u>    | <br><u>769,787</u>            |
|   | <br><u>\$ 13,183,933</u>      | <br><u>\$ 1,498,017</u>  | <br><u>\$ (799)</u> | <br><u>\$ 14,681,151</u>      |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Financial Position, Continued June 30, 2016

| <u>Liabilities and Net Assets</u> | <u>St. Joseph's<br/>Villa</u> | <u>Housing<br/>Corp.</u> | <u>Eliminations</u> | <u>Consolidated<br/>Total</u> |
|-----------------------------------|-------------------------------|--------------------------|---------------------|-------------------------------|
| Current liabilities:              |                               |                          |                     |                               |
| Long-term debt - net, current     | \$ -                          | \$ 127,101               | \$ -                | \$ 127,101                    |
| Accounts payable - trade          | 298,495                       | 11,228                   | -                   | 309,723                       |
| Due to affiliate                  | 13,172                        | 799                      | (799)               | 13,172                        |
| Accrued interest payable          | -                             | 7,307                    | -                   | 7,307                         |
| Accrued salaries and benefits     | 410,724                       | 1,785                    | -                   | 412,509                       |
| Accrued vacation                  | 219,756                       | -                        | -                   | 219,756                       |
| Deferred revenue                  | 51,652                        | -                        | -                   | 51,652                        |
| Other current liabilities         | -                             | 2,545                    | -                   | 2,545                         |
|                                   | <u>993,799</u>                | <u>150,765</u>           | <u>(799)</u>        | <u>1,143,765</u>              |
| Long-term debt - net              | -                             | 2,679,939                | -                   | 2,679,939                     |
| Other liabilities:                |                               |                          |                     |                               |
| Funds held for residents          | -                             | 14,678                   | -                   | 14,678                        |
|                                   | <u>993,799</u>                | <u>2,845,382</u>         | <u>(799)</u>        | <u>3,838,382</u>              |
| Net assets (deficit):             |                               |                          |                     |                               |
| Unrestricted - undesignated       | 11,133,783                    | (1,347,365)              | -                   | 9,786,418                     |
| Unrestricted - board-designated   | 594,574                       | -                        | -                   | 594,574                       |
| Total unrestricted                | 11,728,357                    | (1,347,365)              | -                   | 10,380,992                    |
| Temporarily restricted            | 461,777                       | -                        | -                   | 461,777                       |
|                                   | <u>12,190,134</u>             | <u>(1,347,365)</u>       | <u>-</u>            | <u>10,842,769</u>             |
|                                   | <u>\$ 13,183,933</u>          | <u>\$ 1,498,017</u>      | <u>\$ (799)</u>     | <u>\$ 14,681,151</u>          |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Activities Year Ended June 30, 2016

|  | St. Joseph's<br>Villa | Housing Corp.  | Eliminations   | Consolidated<br>Total |
|--|-----------------------|----------------|----------------|-----------------------|
| Unrestricted net assets:                   |                       |                |                |                       |
| Unrestricted support and revenue:          |                       |                |                |                       |
| Program service fees and grants:           |                       |                |                |                       |
| Program service grants                     | \$ 2,193,222          | \$ -           | \$ -           | \$ 2,193,222          |
| Program service fees                       | 8,885,845             | -              | -              | 8,885,845             |
| Net rental revenue                         | -                     | 577,206        | -              | 577,206               |
| Contributions and other revenue:           |                       |                |                |                       |
| Contributions                              | 1,942,392             | -              | -              | 1,942,392             |
| In-kind contributions                      | 3,745                 | -              | -              | 3,745                 |
| Special events - net                       | 74,327                | -              | -              | 74,327                |
| Miscellaneous                              | 181,051               | 50,672         | (9,590)        | 222,133               |
| Total unrestricted support and revenue     | <u>13,280,582</u>     | <u>627,878</u> | <u>(9,590)</u> | <u>13,898,870</u>     |
| Net assets released from restriction       | <u>348,522</u>        | <u>-</u>       | <u>-</u>       | <u>348,522</u>        |
| Expenses and losses:                       |                       |                |                |                       |
| Program services:                          |                       |                |                |                       |
| Education                                  | 3,121,882             | -              | -              | 3,121,882             |
| Developmental disabilities                 | 3,412,426             | -              | -              | 3,412,426             |
| Day treatment                              | 1,606,803             | -              | -              | 1,606,803             |
| Behavioral health services                 | 1,155,258             | -              | -              | 1,155,258             |
| Housing and homeless services              | 1,984,571             | -              | -              | 1,984,571             |
| Hollybrook office                          | 36,877                | -              | -              | 36,877                |
| Other services                             | 646,145               | -              | -              | 646,145               |
| Housing Corporation                        | -                     | 586,319        | (9,590)        | 576,729               |
| Support services:                          |                       |                |                |                       |
| Management and general                     | 1,669,991             | -              | -              | 1,669,991             |
| Fundraising                                | 416,677               | -              | -              | 416,677               |
| Loss on disposal of property and equipment | <u>22,863</u>         | <u>-</u>       | <u>-</u>       | <u>22,863</u>         |
| Total expenses and losses                  | <u>14,073,493</u>     | <u>586,319</u> | <u>(9,590)</u> | <u>14,650,222</u>     |
| Changes in unrestricted net assets         | <u>(444,389)</u>      | <u>41,559</u>  | <u>-</u>       | <u>(402,830)</u>      |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Activities, Continued Year Ended June 30, 2016

|  | St. Joseph's<br>Villa | Housing Corp.  | Eliminations | Consolidated<br>Total |
|--|-----------------------|----------------|--------------|-----------------------|
| Temporarily restricted net assets:           |                       |                |              |                       |
| Temporarily restricted support and revenue:  |                       |                |              |                       |
| Contributions                                | \$ 626,814            | \$ -           | \$ -         | \$ 626,814            |
| Grants                                       | 121,467               | -              | -            | 121,467               |
| Net assets released from restrictions        | (348,522)             | -              | -            | (348,522)             |
| Changes in temporarily restricted net assets | 399,759               | -              | -            | 399,759               |
| Changes in net assets                        | (44,630)              | 41,559         | -            | (3,071)               |
| Net assets (deficit), beginning of year      | 12,234,764            | (1,388,924)    | -            | 10,845,840            |
| Net assets (deficit), end of year            | \$ 12,190,134         | \$ (1,347,365) | \$ -         | \$ 10,842,769         |

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## ST. JOSEPH'S VILLA

### Consolidating Statement of Functional Expenses Year Ended June 30, 2016

|                                      | Program Services            |                          | Total Program<br>Services   | Support Services - St. Joseph's Villa |                          |                          | Total<br>Expenses           |
|--------------------------------------|-----------------------------|--------------------------|-----------------------------|---------------------------------------|--------------------------|--------------------------|-----------------------------|
|                                      | St. Joseph's<br>Villa       | Housing<br>Corp.         |                             | Management and<br>General             | Fundraising              | Eliminations             |                             |
| Salaries and wages                   | \$ 6,532,601                | \$ 122,162               | \$ 6,654,763                | \$ 1,470,722                          | \$ 393,961               | \$ -                     | \$ 8,519,446                |
| Employee benefits                    | 629,293                     | 15,137                   | 644,430                     | 205,390                               | 41,497                   | -                        | 891,317                     |
| Payroll taxes                        | 834,435                     | 10,579                   | 845,014                     | 137,202                               | 36,064                   | -                        | 1,018,280                   |
| Professional fees                    | 164,658                     | 15,805                   | 180,463                     | 120,509                               | 61,406                   | -                        | 362,378                     |
| Supplies                             | 349,009                     | 19,165                   | 368,174                     | 12,119                                | 1,964                    | -                        | 382,257                     |
| Contracts                            | -                           | 116,879                  | 116,879                     | -                                     | -                        | -                        | 116,879                     |
| Telephone                            | 22,785                      | -                        | 22,785                      | 7,426                                 | 559                      | -                        | 30,770                      |
| Postage                              | 1,037                       | -                        | 1,037                       | 4,610                                 | 2,098                    | -                        | 7,745                       |
| Occupancy                            | 538,320                     | 58,141                   | 596,461                     | 163,107                               | -                        | (9,590)                  | 749,978                     |
| Equipment                            | 51,139                      | -                        | 51,139                      | 4,433                                 | 137                      | -                        | 55,709                      |
| Printing and publications            | 13,365                      | -                        | 13,365                      | 33,582                                | 22,029                   | -                        | 68,976                      |
| Travel                               | 137,352                     | -                        | 137,352                     | 4,081                                 | 1,567                    | -                        | 143,000                     |
| Conference and meetings              | 15,084                      | -                        | 15,084                      | 7,370                                 | 1,048                    | -                        | 23,502                      |
| Special assistance to<br>individuals | 789,192                     | -                        | 789,192                     | -                                     | -                        | -                        | 789,192                     |
| Membership dues                      | 6,983                       | -                        | 6,983                       | 5,754                                 | 1,024                    | -                        | 13,761                      |
| Technology                           | 84,338                      | -                        | 84,338                      | 123,186                               | 4,031                    | -                        | 211,555                     |
| Internal chargeouts                  | (185,717)                   | -                        | (185,717)                   | 185,717                               | -                        | -                        | -                           |
| Administration services              | 1,453,923                   | 25                       | 1,453,948                   | (1,308,687)                           | (145,236)                | -                        | 25                          |
| Interest expense                     | -                           | 92,369                   | 92,369                      | -                                     | -                        | -                        | 92,369                      |
| Mortgage insurance premium           | -                           | 16,805                   | 16,805                      | -                                     | -                        | -                        | 16,805                      |
| Miscellaneous                        | 47,296                      | 6,088                    | 53,384                      | 55,854                                | (5,472)                  | -                        | 103,766                     |
| Depreciation                         | 478,869                     | 113,164                  | 592,033                     | 437,616                               | -                        | -                        | 1,029,649                   |
| <b>Total expenses</b>                | <b><u>\$ 11,963,962</u></b> | <b><u>\$ 586,319</u></b> | <b><u>\$ 12,550,281</u></b> | <b><u>\$ 1,669,991</u></b>            | <b><u>\$ 416,677</u></b> | <b><u>\$ (9,590)</u></b> | <b><u>\$ 14,627,359</u></b> |

See Report of Independent Accountants.

St. Joseph's Villa Schedules

June 30, 2017 and 2016

## ST. JOSEPH'S VILLA

### Statements of Financial Position June 30, 2017 and 2016

| <u>Assets</u>                           | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| Current assets:                         |                      |                      |
| Cash and cash equivalents               | \$ 1,203,256         | \$ 936,890           |
| Accounts receivable - net               | 1,780,357            | 1,312,957            |
| Pledges receivable- net, current        | 738,049              | 192,457              |
| Other current assets                    | 147,483              | 184,641              |
| Total current assets                    | <u>3,869,145</u>     | <u>2,626,945</u>     |
| Assets limited as to use:               |                      |                      |
| Cash held for board-designated reserves | 269,762              | 294,763              |
| Cash held for capital campaign          | 291,016              | 144,600              |
| Cash restricted by grants               | 155,141              | 129,516              |
| Total assets limited as to use          | <u>715,919</u>       | <u>568,879</u>       |
| Property and equipment - net            | <u>8,866,820</u>     | <u>9,217,523</u>     |
| Other assets:                           |                      |                      |
| Pledges receivable - net, long-term     | 982,175              | 459,069              |
| Real estate held for investment         | 299,811              | 299,811              |
| Due from affiliates                     | 5,983                | 11,706               |
| Total other assets                      | <u>1,287,969</u>     | <u>770,586</u>       |
|   | <u>\$ 14,739,853</u> | <u>\$ 13,183,933</u> |
| <u>Liabilities and Net Assets</u>       |                      |                      |
| Current liabilities:                    |                      |                      |
| Accounts payable - trade                | \$ 210,566           | \$ 298,495           |
| Due to affiliate                        | 5,983                | 13,172               |
| Accrued salaries and benefits           | 530,836              | 410,724              |
| Accrued vacation                        | 251,126              | 219,756              |
| Deferred revenue                        | 32,409               | 51,652               |
| Total current liabilities               | <u>1,030,920</u>     | <u>993,799</u>       |
| Net assets:                             |                      |                      |
| Unrestricted - undesignated             | 11,330,397           | 11,133,783           |
| Unrestricted - board-designated         | 569,574              | 594,574              |
| Total unrestricted                      | <u>11,899,971</u>    | <u>11,728,357</u>    |
| Temporarily restricted                  | 1,808,962            | 461,777              |
| Total net assets                        | <u>13,708,933</u>    | <u>12,190,134</u>    |
|   | <u>\$ 14,739,853</u> | <u>\$ 13,183,933</u> |

See Report of Independent Accountants.

## ST. JOSEPH'S VILLA

### Statement of Activities Year Ended June 30, 2017

|                                       | Unrestricted         | Temporarily<br>Restricted | Total                |
|---------------------------------------|----------------------|---------------------------|----------------------|
| Support and revenue:                  |                      |                           |                      |
| Program service fees and grants:      |                      |                           |                      |
| Program service grants                | \$ 2,304,458         | \$ -                      | \$ 2,304,458         |
| Program service fees                  | 11,291,684           | -                         | 11,291,684           |
| Contributions and other revenue:      |                      |                           |                      |
| Contributions                         | 1,880,363            | 1,760,673                 | 3,641,036            |
| In-kind contributions                 | 1,400                | -                         | 1,400                |
| Special events - net                  | 30,244               | -                         | 30,244               |
| Miscellaneous                         | 182,126              | -                         | 182,126              |
| Grants                                | -                    | 149,441                   | 149,441              |
| Total support and revenue             | <u>15,690,275</u>    | <u>1,910,114</u>          | <u>17,600,389</u>    |
| Net assets released from restrictions | <u>562,929</u>       | <u>(562,929)</u>          | <u>-</u>             |
| Expenses:                             |                      |                           |                      |
| Program services:                     |                      |                           |                      |
| Education                             | 3,652,322            | -                         | 3,652,322            |
| Developmental disabilities            | 4,255,553            | -                         | 4,255,553            |
| Day treatment                         | 1,728,301            | -                         | 1,728,301            |
| Behavioral health services            | 1,223,509            | -                         | 1,223,509            |
| Housing and homeless services         | 2,138,433            | -                         | 2,138,433            |
| Hollybrook office                     | 36,614               | -                         | 36,614               |
| Other services                        | 785,715              | -                         | 785,715              |
| Total program services                | <u>13,820,447</u>    | <u>-</u>                  | <u>13,820,447</u>    |
| Support services:                     |                      |                           |                      |
| Management and general                | 1,719,456            | -                         | 1,719,456            |
| Fundraising                           | 541,687              | -                         | 541,687              |
| Total support services                | <u>2,261,143</u>     | <u>-</u>                  | <u>2,261,143</u>     |
| Total expenses                        | <u>16,081,590</u>    | <u>-</u>                  | <u>16,081,590</u>    |
| Changes in net assets                 | 171,614              | 1,347,185                 | 1,518,799            |
| Net assets, beginning of year         | <u>11,728,357</u>    | <u>461,777</u>            | <u>12,190,134</u>    |
| Net assets, end of year               | <u>\$ 11,899,971</u> | <u>\$ 1,808,962</u>       | <u>\$ 13,708,933</u> |

See Report of Independent Accountants.



## ST. JOSEPH'S VILLA

### Statement of Activities Year Ended June 30, 2016

|  | Unrestricted  | Temporarily<br>Restricted | Total         |
|--|---------------|---------------------------|---------------|
| Support and revenue:                       |               |                           |               |
| Program service fees and grants:           |               |                           |               |
| Program service grants                     | \$ 2,193,222  | \$ -                      | \$ 2,193,222  |
| Program service fees                       | 8,885,845     | -                         | 8,885,845     |
| Contributions and other revenue:           |               |                           |               |
| Contributions                              | 1,942,392     | 626,814                   | 2,569,206     |
| In-kind contributions                      | 3,745         | -                         | 3,745         |
| Special events - net                       | 74,327        | -                         | 74,327        |
| Miscellaneous                              | 181,051       | -                         | 181,051       |
| Grants                                     | -             | 121,467                   | 121,467       |
| Total support and revenue                  | 13,280,582    | 748,281                   | 14,028,863    |
| Net assets released from restrictions      | 348,522       | (348,522)                 | -             |
| Expenses and losses:                       |               |                           |               |
| Program services:                          |               |                           |               |
| Education                                  | 3,121,882     | -                         | 3,121,882     |
| Developmental disabilities                 | 3,412,426     | -                         | 3,412,426     |
| Day treatment                              | 1,606,803     | -                         | 1,606,803     |
| Behavioral health services                 | 1,155,258     | -                         | 1,155,258     |
| Housing and homeless services              | 1,984,571     | -                         | 1,984,571     |
| Hollybrook office                          | 36,877        | -                         | 36,877        |
| Other services                             | 646,145       | -                         | 646,145       |
| Total program services                     | 11,963,962    | -                         | 11,963,962    |
| Support services:                          |               |                           |               |
| Management and general                     | 1,669,991     | -                         | 1,669,991     |
| Fundraising                                | 416,677       | -                         | 416,677       |
| Total support services                     | 2,086,668     | -                         | 2,086,668     |
| Loss on disposal of property and equipment | 22,863        | -                         | 22,863        |
| Total expenses and losses                  | 14,073,493    | -                         | 14,073,493    |
| Changes in net assets                      | (444,389)     | 399,759                   | (44,630)      |
| Net assets, beginning of year              | 12,172,746    | 62,018                    | 12,234,764    |
| Net assets, end of year                    | \$ 11,728,357 | \$ 461,777                | \$ 12,190,134 |

See Report of Independent Accountants.

**ST. JOSEPH'S VILLA**

Statement of Functional Expenses  
Year Ended June 30, 2017

|                                      | Program Services    |                     |                     |                     |                     |                  |                   | Total Program<br>Services |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------------|---------------------------|
|                                      | Developmental       |                     | Behavioral          |                     | Housing and         | Hollybrook       | Other             |                           |
|                                      | Education           | Disabilities        | Day Treatment       | Health Services     | Homeless Services   | Office           | Services          |                           |
| Salaries and wages                   | \$ 1,940,768        | \$ 2,592,859        | \$ 1,010,384        | \$ 599,788          | \$ 721,539          | \$ -             | \$ 789,943        | \$ 7,655,281              |
| Employee benefits                    | 202,294             | 252,370             | 109,214             | 56,474              | 90,695              | -                | 84,948            | 795,995                   |
| Payroll taxes                        | 177,679             | 242,021             | 108,333             | 194,556             | 78,604              | -                | 138,546           | 939,739                   |
| Professional fees                    | 9,410               | 13,230              | 7,734               | 22,084              | 11,287              | -                | 127,103           | 190,848                   |
| Supplies                             | 80,939              | 107,273             | 31,869              | 6,679               | 3,216               | -                | 186,182           | 416,158                   |
| Telephone                            | 1,350               | 2,882               | 2,692               | 1,753               | 6,226               | -                | 4,366             | 19,269                    |
| Postage                              | 1,146               | 50                  | 171                 | 88                  | 706                 | -                | -                 | 2,161                     |
| Occupancy                            | 127,378             | 97,250              | 33,000              | 36,877              | 25,048              | 3,158            | 300,096           | 622,807                   |
| Equipment                            | 6,289               | 11,487              | 5,123               | 2,375               | 3,252               | -                | 13,343            | 41,869                    |
| Printing and publications            | 260                 | 1,622               | 7,365               | 1,013               | 79                  | -                | 787               | 11,126                    |
| Travel                               | 9,597               | 35,019              | 60,275              | 2,170               | 15,450              | -                | 38,012            | 160,523                   |
| Conference and<br>meetings           | 5,058               | 1,226               | 2,499               | 603                 | 709                 | -                | 871               | 10,966                    |
| Special assistance<br>to individuals | 21,637              | -                   | -                   | -                   | 905,537             | -                | -                 | 927,174                   |
| Membership dues                      | 5,375               | 2,931               | 30                  | 25                  | 1,065               | -                | 19,886            | 29,312                    |
| Technology                           | 33,442              | 11,977              | 1                   | 2,547               | 7,230               | -                | 20,716            | 75,913                    |
| Internal chargeouts                  | 385,577             | 360,446             | 94,798              | 101,397             | 12,001              | 13,335           | (1,167,166)       | (199,612)                 |
| Administration services              | 418,360             | 376,835             | 182,675             | 160,561             | 231,978             | 20,121           | 142,193           | 1,532,723                 |
| Miscellaneous                        | 13,386              | 4,383               | 4,106               | 735                 | 48                  | -                | 1,830             | 24,488                    |
| Depreciation                         | 212,377             | 141,692             | 68,032              | 33,784              | 23,763              | -                | 84,059            | 563,707                   |
| Total expenses                       | <u>\$ 3,652,322</u> | <u>\$ 4,255,553</u> | <u>\$ 1,728,301</u> | <u>\$ 1,223,509</u> | <u>\$ 2,138,433</u> | <u>\$ 36,614</u> | <u>\$ 785,715</u> | <u>\$ 13,820,447</u>      |

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**ST. JOSEPH'S VILLA**

Statement of Functional Expenses, Continued  
Year Ended June 30, 2017

|                                      | Support Services          |             |                           |               |
|--------------------------------------|---------------------------|-------------|---------------------------|---------------|
|                                      | Management<br>and General | Fundraising | Total Support<br>Services | Total         |
| Salaries and wages                   | \$ 1,497,554              | \$ 451,581  | \$ 1,949,135              | \$ 9,604,416  |
| Employee benefits                    | 200,465                   | 50,279      | 250,744                   | 1,046,739     |
| Payroll taxes                        | 178,859                   | 41,181      | 220,040                   | 1,159,779     |
| Professional fees                    | 137,560                   | 27,758      | 165,318                   | 356,166       |
| Supplies                             | 18,222                    | 2,431       | 20,653                    | 436,811       |
| Telephone                            | 6,786                     | 356         | 7,142                     | 26,411        |
| Postage                              | 6,855                     | 2,483       | 9,338                     | 11,499        |
| Occupancy                            | 273,464                   | 58          | 273,522                   | 896,329       |
| Equipment                            | 16,998                    | (16)        | 16,982                    | 58,851        |
| Printing and publications            | 38,688                    | 30,333      | 69,021                    | 80,147        |
| Travel                               | 9,218                     | 2,462       | 11,680                    | 172,203       |
| Conference and<br>meetings           | 7,353                     | 2,224       | 9,577                     | 20,543        |
| Special assistance<br>to individuals | -                         | -           | -                         | 927,174       |
| Membership dues                      | 5,646                     | 1,858       | 7,504                     | 36,816        |
| Technology                           | 138,535                   | 20,361      | 158,896                   | 234,809       |
| Internal chargeouts                  | 199,612                   | -           | 199,612                   | -             |
| Administration services              | (1,397,506)               | (135,217)   | (1,532,723)               | -             |
| Miscellaneous                        | 59,430                    | 43,555      | 102,985                   | 127,473       |
| Depreciation                         | 321,717                   | -           | 321,717                   | 885,424       |
| Total expenses                       | \$ 1,719,456              | \$ 541,687  | \$ 2,261,143              | \$ 16,081,590 |

See Report of Independent Accountants.

**ST. JOSEPH'S VILLA**

Statement of Functional Expenses  
Year Ended June 30, 2016

|                                      | Program Services    |                     |                     |                     |                     |                  |                   | Total Program<br>Services |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------------|---------------------------|
|                                      | Developmental       |                     | Behavioral          |                     | Housing and         | Hollybrook       | Other             |                           |
|                                      | Education           | Disabilities        | Day Treatment       | Health Services     | Homeless Services   | Office           | Services          |                           |
| Salaries and wages                   | \$ 1,578,300        | \$ 2,012,915        | \$ 947,264          | \$ 570,052          | \$ 676,717          | \$ -             | \$ 747,353        | \$ 6,532,601              |
| Employee benefits                    | 151,809             | 157,570             | 95,807              | 54,490              | 77,094              | -                | 92,523            | 629,293                   |
| Payroll taxes                        | 154,459             | 202,745             | 95,730              | 196,919             | 70,070              | -                | 114,512           | 834,435                   |
| Professional fees                    | 7,654               | 7,376               | 7,760               | 7,373               | 23,389              | -                | 111,106           | 164,658                   |
| Supplies                             | 67,145              | 78,203              | 27,869              | 3,213               | 3,419               | -                | 169,160           | 349,009                   |
| Telephone                            | 2,777               | 2,552               | 2,919               | 2,480               | 6,399               | -                | 5,658             | 22,785                    |
| Postage                              | 593                 | 142                 | 21                  | 77                  | 182                 | 22               | -                 | 1,037                     |
| Occupancy                            | 125,470             | 79,960              | 33,272              | 25,392              | 12,998              | 5,159            | 256,069           | 538,320                   |
| Equipment                            | 7,759               | 15,706              | 4,854               | 2,063               | 11,071              | 2                | 9,684             | 51,139                    |
| Printing and publications            | 2,593               | 3,582               | 2,327               | 3,543               | 867                 | -                | 453               | 13,365                    |
| Travel                               | 6,735               | 29,835              | 49,933              | 1,303               | 21,471              | -                | 28,075            | 137,352                   |
| Conference and<br>meetings           | 4,706               | 3,228               | 2,467               | 312                 | 3,679               | -                | 692               | 15,084                    |
| Special assistance<br>to individuals | 6,576               | -                   | -                   | -                   | 782,616             | -                | -                 | 789,192                   |
| Membership dues                      | 2,489               | 1,880               | -                   | -                   | 730                 | -                | 1,884             | 6,983                     |
| Technology                           | 66,014              | 9,664               | 1                   | 657                 | 4,786               | -                | 3,216             | 84,338                    |
| Internal chargeouts                  | 331,437             | 296,535             | 97,067              | 95,200              | 12,946              | 12,946           | (1,031,848)       | (185,717)                 |
| Administration services              | 412,287             | 350,403             | 151,272             | 144,147             | 240,177             | 18,748           | 136,889           | 1,453,923                 |
| Miscellaneous                        | 15,673              | 10,352              | 13,857              | 435                 | 6,260               | -                | 719               | 47,296                    |
| Depreciation                         | 177,406             | 149,778             | 74,383              | 47,602              | 29,700              | -                | -                 | 478,869                   |
| Total expenses                       | <u>\$ 3,121,882</u> | <u>\$ 3,412,426</u> | <u>\$ 1,606,803</u> | <u>\$ 1,155,258</u> | <u>\$ 1,984,571</u> | <u>\$ 36,877</u> | <u>\$ 646,145</u> | <u>\$ 11,963,962</u>      |

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**ST. JOSEPH'S VILLA**

Statement of Functional Expenses, Continued  
Year Ended June 30, 2016

|                                      | Support Services          |             |                           |               |
|--------------------------------------|---------------------------|-------------|---------------------------|---------------|
|                                      | Management<br>and General | Fundraising | Total Support<br>Services | Total         |
| Salaries and wages                   | \$ 1,470,722              | \$ 393,961  | \$ 1,864,683              | \$ 8,397,284  |
| Employee benefits                    | 205,390                   | 41,497      | 246,887                   | 876,180       |
| Payroll taxes                        | 137,202                   | 36,064      | 173,266                   | 1,007,701     |
| Professional fees                    | 120,509                   | 61,406      | 181,915                   | 346,573       |
| Supplies                             | 12,119                    | 1,964       | 14,083                    | 363,092       |
| Telephone                            | 7,426                     | 559         | 7,985                     | 30,770        |
| Postage                              | 4,610                     | 2,098       | 6,708                     | 7,745         |
| Occupancy                            | 163,107                   | -           | 163,107                   | 701,427       |
| Equipment                            | 4,433                     | 137         | 4,570                     | 55,709        |
| Printing and publications            | 33,582                    | 22,029      | 55,611                    | 68,976        |
| Travel                               | 4,081                     | 1,567       | 5,648                     | 143,000       |
| Conference and<br>meetings           | 7,370                     | 1,048       | 8,418                     | 23,502        |
| Special assistance<br>to individuals | -                         | -           | -                         | 789,192       |
| Membership dues                      | 5,754                     | 1,024       | 6,778                     | 13,761        |
| Technology                           | 123,186                   | 4,031       | 127,217                   | 211,555       |
| Internal chargeouts                  | 185,717                   | -           | 185,717                   | -             |
| Administration services              | (1,308,687)               | (145,236)   | (1,453,923)               | -             |
| Miscellaneous                        | 55,854                    | (5,472)     | 50,382                    | 97,678        |
| Depreciation                         | 437,616                   | -           | 437,616                   | 916,485       |
| Total expenses                       | \$ 1,669,991              | \$ 416,677  | \$ 2,086,668              | \$ 14,050,630 |

See Report of Independent Accountants.

Schedule of Expenditures of Federal Awards

**ST. JOSEPH'S VILLA**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

| <b>Federal Grantor/Pass-Through Grantor<br/>Program or Cluster Title</b> | <b>Pass- through<br/>Entity Identifying<br/>Number</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|--|--|------------------------------------|---------------------------------|
| U.S. Department of Agriculture:  |  |                                    |                                 |
| Direct Programs  |  |                                    |                                 |
| Summer Feeding Program   |  | 10.559                             | \$ 8,321                        |
| Passed through Dori Foods  |  |                                    |                                 |
| School Program   | St. Joseph's Villa                                     | 10.565                             | <u>249</u>                      |
|  |  |                                    | <u>8,570</u>                    |
| U.S. Department of Housing and Urban Development                         |  |                                    |                                 |
| Direct Programs  |  |                                    |                                 |
| Continuum of Care Program  |  |                                    |                                 |
| Housing Resource Center  |  | 14.267                             | 284,096                         |
| Flagler Services   |  | 14.267                             | <u>498,769</u>                  |
|  |  |                                    | 782,865                         |
| Passed Through Commonwealth of Virginia                                  |  |                                    |                                 |
| Passed Through Department of Housing and Community Development           |  |                                    |                                 |
| Emergency Solutions Grant  | St. Joseph's Villa                                     | 14.231                             | 188,620                         |
| Passed Through Commonwealth of Virginia                                  |  |                                    |                                 |
| Passed Through Henrico County, VA  |  |                                    |                                 |
| Emergency Solutions Grant - Flagler Services                             | St. Joseph's Villa                                     | 14.231                             | <u>10,561</u>                   |
|  |  |                                    | 199,181                         |
|  |  |                                    | <u>982,046</u>                  |
| U.S. Department of Veteran Affairs                                       |  |                                    |                                 |
| Passed Through Virginia Health Administration Center                     |  |                                    |                                 |
| Passed Through Virginia Supportive Housing                               |  |                                    |                                 |
| Supportive Services for Veteran Families                                 | St. Joseph's Villa                                     | 64.033                             | <u>139,497</u>                  |
|  |  |                                    | <u>\$ 1,130,113</u>             |

See Report of Independent Accountants.

## ST. JOSEPH'S VILLA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

### Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Joseph's Villa under the programs of the federal government for the year ended June 30, 2017. This information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements and therefore are not intended to present the financial position, changes in net assets, or cash flows of St. Joseph's Villa.

The accompanying schedule of expenditures of federal awards does not include the federal grant activity of St. Joseph's Villa Housing Corp., which was audited and reported on separately by other auditors whose report was dated September 28, 2017.

See Report of Independent Accountants.



Compliance

**REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
St. Joseph's Villa  
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of St. Joseph's Villa, (the "Organization") which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keiter", with a stylized flourish at the end.

November 14, 2017  
Glen Allen, Virginia

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
St. Joseph's Villa  
Richmond, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of St. Joseph's Villa (the "Organization") with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Organization's compliance.

## Opinion of Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.



November 14, 2017  
Glen Allen, Virginia

**ST. JOSEPH'S VILLA**

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2017

No matters were reported for the year ended June 30, 2016.

## ST. JOSEPH'S VILLA

### Schedule of Findings and Questioned Costs Year Ended June 30, 2017

#### A. SUMMARY OF AUDIT RESULTS:

- (1) Unmodified opinion on the basic consolidated financial statements.
- (2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.
- (3) No noncompliance which is material to the consolidated financial statements was disclosed by the audit.
- (4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs were disclosed by the audit.
- (5) Unmodified opinion on compliance for major programs.
- (6) No audit findings were disclosed by the audit.
- (7) Major Programs:  
14.267 – Special Needs Assessment Program \$782,865
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (9) The auditee did qualify as a low risk auditee.

#### B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS:

None

#### C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None