



Certified Public Accountants, A.C.

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Marietta, OH 45750
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104 South Sugar St.
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FAMILY SERVICE – UPPER OHIO VALLEY, INC.

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INDEPENDENT AUDITOR'S REPORT

May 18, 2018

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of **Family Service – Upper Ohio Valley, Inc** (a non-profit organization) (the Agency) which comprises the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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Auditor’s Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service – Upper Ohio Valley, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State Awards and Expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency’s internal control over financial reporting and compliance.



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

**FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND DECEMBER 31, 2016**

ASSETS

CURRENT ASSETS	2017	2016
Cash and cash equivalents	\$ 649,431	\$ 243,845
Accounts receivable - grants and contracts	95,963	65,150
Accounts receivable - other	982	640
Prepaid expense	9,764	1,652
Investments	965,523	933,731
Total current assets	<u>1,721,663</u>	<u>1,245,018</u>
 PROPERTY AND EQUIPMENT		
Land and land improvements	-	126,000
Building and building improvements	77,843	1,423,949
Equipment and major moveable equipments	413,178	1,138,868
Accumulated depreciation	(266,130)	(2,341,698)
Net property and equipment	<u>224,891</u>	<u>347,119</u>
 TOTAL ASSETS	<u>\$ 1,946,554</u>	<u>\$ 1,592,137</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 50,957	\$ 60,025
Accrued wages, benefits, and taxes	87,554	88,974
Client funds held in trust	226,869	159,934
Other current liabilities	5,501	2,780
Total current liabilities	<u>370,881</u>	<u>311,713</u>
 NET ASSETS - UNRESTRICTED	<u>1,575,673</u>	<u>1,280,424</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,946,554</u>	<u>\$ 1,592,137</u>

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

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUES AND OTHER SUPPORT	2017	2016
Grants and contracts	\$ 1,061,049	\$ 987,126
Medicaid client Fees	25,155	78,200
Program income & other client fees	136,186	166,680
United Way and other contributions	162,279	138,467
Investment income	116,353	31,114
Special events income	21,326	28,668
Rental income	21,468	22,498
Miscellaneous income & reimbursements	8,485	13,187
Gain on sale of capital assets	66,784	-
Total revenues and other support	<u>1,619,085</u>	<u>1,465,940</u>
EXPENSES		
Conservator	75,754	72,668
Fair	37,414	33,493
Headstart	106,515	93,890
Life	64,512	132,729
Lighthouse	104,910	113,864
Medicaid	42,005	80,024
Title IIIB	86,187	142,322
Title IIIC	326,315	324,828
Title IIID&E	27,659	35,514
Total program services	<u>871,271</u>	<u>1,029,332</u>
Administration	357,714	460,034
Fundraising	31,619	76,773
Other grants	63,232	21,500
Total expenses	<u>1,323,836</u>	<u>1,587,639</u>
CHANGE IN NET ASSETS	295,249	(121,699)
NET ASSETS, BEGINNING OF YEAR	<u>1,280,424</u>	<u>1,402,123</u>
NET ASSETS, END OF YEAR	<u>\$ 1,575,673</u>	<u>\$ 1,280,424</u>

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

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

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

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

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM SERVICES									ADMINISTRATION				TOTAL
	CONSERVATOR	FAIR	HEADSTART	LIFE	LIGHTHOUSE	MEDICAID	TITLE IIIB	TITLE IIIC	TITLE IIID&E	AND GENERAL	FUNDRAISING	OTHER GRANTS		
Wages, Accrued Wages, Accrued PDO	\$ 48,941	\$ 25,592	\$ 28,561	\$ 115,112	\$ 90,895	\$ 52,411	\$ 89,434	\$ 149,723	\$ 27,496	\$ 133,746	\$ 43,427	\$ 10,201	\$ 815,539	
Payroll Taxes and Employee Benefits	13,313	3,609	6,541	7,490	15,312	5,695	16,727	36,356	3,624	39,922	9,976	1,036	159,603	
Utilities and Telephone	1,603	1,603	1,603	1,603	1,603	1,603	10,421	18,438	1,603	37,677	2,405	-	80,164	
Insurance	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	-	2,641	2,641	-	26,411	
Repairs & Maintenance	-	-	1,643	-	-	-	18,280	8,155	-	37,031	-	-	65,108	
Event Expense	-	-	-	-	-	-	-	-	-	-	12,132	-	12,132	
Supplies and Equipment	530	-	3,348	988	117	60	1,238	11,689	-	13,150	733	3,316	35,168	
Food & Nutrition Supplies	-	-	47,017	-	-	-	-	91,268	-	-	-	-	138,285	
Postage & Printing	2,805	-	-	1,469	-	7	213	111	-	2,211	85	1,634	8,536	
Travel/Training	-	48	3	1,785	3,159	373	1,460	961	121	846	-	-	8,756	
Professional Fees/Purchased Service	2,750	-	242	1,621	-	-	647	822	2,670	116,352	3,223	5,068	133,394	
Rent	-	-	2,245	-	-	-	-	4,358	-	-	-	-	6,603	
Misc.	84	-	47	20	137	17,232	1,260	306	-	13,828	2,150	245	35,309	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	62,631	-	-	62,631	
Total Expenses	\$ 72,668	\$ 33,493	\$ 93,890	\$ 132,729	\$ 113,864	\$ 80,024	\$ 142,322	\$ 324,828	\$ 35,514	\$ 460,034	\$ 76,773	\$ 21,500	\$ 1,587,639	

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

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 295,249	\$ (121,699)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	57,080	62,631
Gain on sale of capital asstes	(66,784)	-
Investment Income	(116,301)	(6,987)
Changes in assets and liabilities:		
Accounts receivable - grants, contracts, and other	(31,155)	129,132
Prepaid expenses	(8,112)	10,260
Client funds held in trust	66,935	(146,623)
Other current liabilities	2,721	2,780
Accounts payable and other accrued expenses	(9,068)	(23,480)
Accrued wages, benefits and taxes	(1,420)	50
Net cash (used in)/provided by operating activities	189,145	(93,936)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(160,206)	(115,272)
Distribution of investments	80,000	-
Proceeds from sale/maturity of securities	164,714	126,743
Purchase of fixed assets	(168,067)	(47,011)
Sale of fixed assets	300,000	-
Net cash (used in)/provided by investing activities	216,441	(35,540)
 Increase/Decrease in cash an cash equivalents	405,586	(129,476)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	243,845	373,321
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 649,431	\$ 243,845

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

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

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

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

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

Basis of Presentation – The financial statements are presented following the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification (FASB ASC) No. 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC No. 958-205, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restriction on their use. Temporarily restricted net assets are restricted as to time or purpose as designated by the donor. All net assets other than those subject to temporary or permanent donor-imposed restrictions, including Board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. The Agency had no temporarily or permanently restricted net assets as of December 31, 2017 or 2016. In addition, the Agency is required to present a statement of cash flows.

Investments – The Agency carries investments at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income is reported as increases in unrestricted net assets.

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

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

Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets, which mostly range from 3 to 20 years. Depreciation expense for the years ended December 31, 2017 and 2016, were \$57,080 and \$62,631.

Other Items – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Those funds restricted by the donor are recorded under Restricted Contributions based on donor stipulations. The agency received \$11,926 and \$4,110 in restricted donations in 2017 and 2016. These donations were spent in each year received.

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

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

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Agency and recognize a tax liability (or asset) if the Agency has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Agency, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Agency's Federal Return of Organization Exempt from Income Tax (federal Form 990) for 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

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

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

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

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

Expense Allocation – Direct expenses of the Agency have been recorded on a grant, program, or contract basis. In addition, costs that cannot be directly charged to a grant, program, or contract are offset by fundraising, rental income and donations. Headstart expenses directly associated with program are noted as such. Shared food program expenses are allocated by percentage based on prior month expenditures.

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

Grants and Reimbursements:

The funds due from various funding sources under grants and contracts are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds are earned. Amounts received in advance of related expenditures being incurred are recorded as deferred revenue.

Program Revenue:

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

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

Contributions:

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Note 2 - Cash and Cash Equivalents

Family Service - Upper Ohio Valley, Inc. maintains checking and savings accounts at various local financial institutions. At December 31, 2017 and 2016, there was \$778,819 and \$328,211 on deposit. The Agency had a carrying amount of \$649,431 and \$243,845, respectively for 2017 and 2016. For the purpose of cash flows statements, the Agency includes cash in banks and on hand and certificates of deposit with original maturities of 90 days or less, as cash and cash equivalents. The Agency paid no interest or income taxes in 2017 and 2016.

Note 3 - Retirement Plans

The Agency has a policy of contributing to each qualified employee's individual retirement contract. No separate plan is maintained by the Agency. The Agency will contribute to each employee's individual contract up to 6 percent of the employee's gross salary, if the employee contributed 3 percent of their gross salary. Plan costs for the period ended December 31, 2017 and 2016, were \$22,994 and \$16,079.

Note 4 – Accounts Receivable

Grants and contracts receivable balances are mainly comprised of amounts due from funding sources in reimbursement-type arrangements. Amounts due at December 31, 2017 and 2016, represent funds due for expenses incurred or services provided as of December 31, 2017 and 2016. The amounts detailed below have been classified as grants and contracts receivables for reporting purposes.

2017

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

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

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 4 – Accounts Receivable (Continued)

2016

Medicaid	\$ 5,603
Title III B	6,924
Title III D	540
Title III C Nutrition	18,811
Head Start	13,569
Lighthouse/Fair	6,732
ADC Marshall County	1,690
LIFE	<u>11,280</u>
 Total	 <u>\$65,150</u>

Accounts receivable – other at December 31, 2106 is comprised of tenant rent due of \$290 and Fresh Start grant due of \$350.

Note 5 - Investments

Cost and estimated fair value of investments at December 31, 2017 and 2016, are as follows:

2017

	<u>Estimated Fair Value</u>	<u>Cost</u>
Cash and cash equivalents held for		
long term investments	\$ 4,376	\$ 4,376
Equities	517,244	441,051
Fixed Income	416,587	400,531
Alternatives	<u>27,316</u>	<u>25,982</u>
 Total Investments	 <u>\$965,523</u>	 <u>\$871,939</u>

Components of investment income for 2017 consist of the following:

	<u>Unrestricted</u>
Interest and dividends on investments	\$ 23,356
Unrealized gains (losses) on investments	55,025
Realized gains (losses) on investments	<u>37,919</u>
 Total return on investments	 <u>\$116,300</u>

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 5 – Investments (Continued)

2016

	<u>Estimated Fair Value</u>	<u>Cost</u>
Cash and cash equivalents held for long term investments	\$ 1,293	\$ 1,293
Equities	417,486	402,570
Fixed Income	<u>514,952</u>	<u>491,463</u>
Total Investments	<u>\$933,731</u>	<u>\$895,326</u>

Components of investment income for 2016 consist of the following:

	<u>Unrestricted</u>
Interest and dividends on investments	\$ 24,127
Unrealized gains (losses) on investments	2,106
Realized gains (losses) on investments	<u>4,881</u>
Total return on investments	<u>\$ 31,114</u>

Note 6 - Fair Value Measurements

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

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

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 6 - Fair Value Measurements (Continued)

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

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

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

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

The following table presents assets reported on the financial statements at their fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Equity and equity mutual funds	\$ 417,486	\$ -	\$ -	\$ 417,486
Fixed income securities	<u>514,952</u>	<u>-</u>	<u>-</u>	<u>514,952</u>
Total	<u>\$ 932,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 932,438</u>

**FAMILY SERVICE – UPPER OHIO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 7 - Payroll Expense

Family Service conducted a restructuring in which when individuals left, positions were reevaluated for function and purposes for cost savings measures, resulting in a reduction of payroll related expenses of approximately \$172,100 in 2017 and \$229,000 in 2016.

Note 8 - Special Events Income & Expense

In 2017, Family Service held its second annual Family Christmas Concert fundraiser at the Capitol Music Hall. Going forward it is expected that this fundraiser will show a significant profit. The Agency operates a bingo and conducts raffles and several events in the local area. Gross revenues from these events is \$21,754 with gross expenses at \$10,664. Resulting in a net revenue of \$11,090.

	<u>Revenue</u>	<u>Expenses</u>
Bingo and Raffle	\$ 3,227	\$ 950
Senior Services Events	<u>18,100</u>	<u>10,140</u>
Total	<u>\$ 21,754</u>	<u>\$ 10,664</u>

In 2016, Family Service held its first annual Family Christmas Concert fundraiser at the Capitol Music Hall. Going forward it is expected that this fundraiser will show a significant profit. The Agency operates a bingo and conducts raffles and several events in the local area. Gross revenues from these events is \$28,670 with gross expenses at \$12,132. Resulting in a net revenue of \$16,538.

	<u>Revenue</u>	<u>Expenses</u>
Bingo and Raffle	\$ 5,604	\$ 590
Senior Services Events	<u>23,066</u>	<u>11,542</u>
Total	<u>\$ 28,670</u>	<u>\$ 12,132</u>

Note 9 – 5310 Grant

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

Note 10- Operating Lease

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

Note 11 - Subsequent Events

Family Service - Upper Ohio Valley, Inc. assessed events occurring subsequent to December 31, 2017 and 2016, through May 18, 2018, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were presented.

**FAMILY SERVICE - UPPER OHIO VALLEY, INC.
SCHEDULE OF STATE AWARDS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

State Awards and Other Assistance State Grantor/Pass-through	Award/ Grant No.	State Receipts	State Expenditures
WEST VIRGINIA BUREAU OF SENIOR SERVICES			
State Discretionary Grant-Lighthouse	IH1709	\$ 53,756	\$ 53,756
State Discretionary Grant-Lighthouse	IH1809	49,052	49,052
State Discretionary Grant-Lighthouse-Data Entry	IH1809	5,000	5,000
		<u>107,808</u>	<u>107,808</u>
State Alzheimer's Respite/FAIR	IH1709	11,330	11,330
State Alzheimer's Respite/FAIR	IH1809	4,609	4,609
		<u>15,939</u>	<u>15,939</u>
WEST VIRGINIA BUREAU OF SENIOR SERVICES			
Passed through the Bel-O-Mar Regional Council			
Special Programs for the Aging-Title III, B-State	21735	18,920	18,920
Special Programs for the Aging-Title III, B-State	21835	19,809	19,809
		<u>38,729</u>	<u>38,729</u>
Special Programs for the Aging-Title III, C-1 State	n/a	74,413	74,413
Special Programs for the Aging-Title III, C-2 State	n/a	231,961	231,961
		<u>306,374</u>	<u>306,374</u>
State Legislative Initiatives for the Elderly (L.I.F.E.)	21702	16,920	16,920
State Legislative Initiatives for the Elderly (L.I.F.E.)	21802	212,276	212,276
		<u>229,196</u>	<u>229,196</u>
TOTAL STATE AWARDS AND EXPENDITURES		<u>\$ 698,046</u>	<u>\$ 698,046</u>
<u>OTHER ASSISTANCE</u>			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through West Virginia Department of Health and Human Resources:			
Medicaid	n/a	\$ 25,155	\$ 25,155
TOTAL OTHER ASSISTANCE		<u>\$ 25,155</u>	<u>\$ 25,155</u>



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

May 18, 2018

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Family Service – Upper Ohio Valley, Inc.** (a non-profit organization) (the Agency), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2018.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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



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