

Richmond Residential Services, Inc. RRS Property, Inc.

Combined Financial Statements

June 30, 2016 and 2015

Richmond Residential Services, Inc.
RRS Property, Inc.

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Independent Auditor's Report

Board of Directors
Richmond Residential Services, Inc.
Richmond, Virginia

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Richmond Residential Services, Inc. and its affiliate, which comprise the combined statements of financial position as of June 30, 2016 and 2015, the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Richmond Residential Services, Inc. and its combined affiliate as of June 30, 2016 and 2015, 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

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Mitchell, Wiggins & Company LLP

Petersburg, Virginia
June 13, 2017

**Richmond Residential Services, Inc.
RRS Property, Inc.**

**Combined Statements of Financial Position
June 30, 2016 and 2015**

Assets	2016	2015
Cash and cash equivalents	\$ 597,856	\$ 349,109
Cash, restricted	12,221	11,340
Cash held for others	646,330	529,587
Accounts receivable	1,213,624	1,251,648
Prepaid expenses	123,858	115,293
Land, buildings and equipment, net of depreciation	4,197,316	4,368,187
Assets not placed in service	16,080	-
Loan fees, net of accumulated amortization 2016 \$8,308 and 2015 \$5,419	17,613	20,503
Total assets	\$ 6,824,898	\$ 6,645,667
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 116,328	\$ 102,273
Amounts held for others	646,330	529,587
Accrued expenses	415,260	416,259
Note payable	1,574,661	1,676,721
Total liabilities	2,752,579	2,724,840
 Net Assets		
Unrestricted	3,813,783	3,656,624
Temporarily restricted	258,536	264,203
Total net assets	4,072,319	3,920,827
 Total liabilities and net assets	 \$ 6,824,898	 \$ 6,645,667

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Activities
Years Ended June 30, 2016 and 2015

	2016	2015
Unrestricted Net Assets		
Operating Support		
Program service fees	\$ 672,328	\$ 633,866
Medicaid waiver fees	6,877,654	6,769,017
Local and state funding	68,016	65,140
Interest income	4	3
Gain (loss) on disposal of property and equipment	(3,094)	4,094
Other income	94,980	77,603
State and local funding	7,580	59,528
Net assets released from restrictions	45,667	45,252
Total unrestricted operating support	<u>7,763,135</u>	<u>7,654,503</u>
Non-Operating Support		
Insurance proceeds from fire	6,961	30,651
Estimated property & equipment loss from fire	-	(14,058)
Net gain from fire damage	<u>6,961</u>	<u>16,593</u>
Total unrestricted support	<u>7,770,096</u>	<u>7,671,096</u>
Expenses		
Program services	6,998,967	7,066,503
General and administrative	605,434	596,954
Fundraising	8,536	8,335
Total expenses	<u>7,612,937</u>	<u>7,671,792</u>
Increase (decrease) in unrestricted net assets	<u>157,159</u>	<u>(696)</u>
Temporarily Restricted Net Assets		
Local and state funding	20,000	43,005
Other income	20,000	-
Net Assets Released from Restrictions		
Satisfaction of purpose restrictions	(45,667)	(45,252)
Changes in temporarily restricted net assets	<u>(5,667)</u>	<u>(2,247)</u>
Changes in net assets	151,492	(2,943)
Net assets, beginning	<u>3,920,827</u>	<u>3,923,770</u>
Net assets, ending	<u>\$ 4,072,319</u>	<u>\$ 3,920,827</u>

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Changes in net assets	\$ 151,492	\$ (2,943)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	267,231	261,536
(Gain) loss on disposal of property and equipment	3,094	(4,094)
Net gain from fire damage	(6,961)	(16,593)
Changes in operating assets		
Accounts receivable	38,024	(570,895)
Prepaid expenses	(8,565)	(14,574)
Changes in operating liabilities		
Accounts payable	14,055	(52,411)
Accrued expenses	(999)	3,240
Net cash provided by (used in) operating activities	<u>457,371</u>	<u>(396,734)</u>
Cash Flows from Investing Activities		
Net insurance proceeds from fire damage	6,961	106,593
Purchase of property and equipment	(96,564)	(135,395)
Purchase of assets not placed in service	(16,080)	-
Proceeds from sale of property and equipment	-	4,400
Net cash (used in) investing activities	<u>(105,683)</u>	<u>(24,402)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of note payable	-	241,295
Proceeds from line of credit	-	200,000
Curtailment of notes payable	(102,060)	(82,820)
Increase in restricted cash	(881)	(888)
Net cash provided by (used in) financing activities	<u>(102,941)</u>	<u>357,587</u>
Net change in cash and cash equivalents	248,747	(63,549)
Cash and cash equivalents, beginning	<u>349,109</u>	<u>412,658</u>
Cash and cash equivalents, ending	<u>\$ 597,856</u>	<u>\$ 349,109</u>

(continued)

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Cash Flows (continued)
Years Ended June 30, 2016 and 2015

	2016	2015
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 82,366	\$ 75,429
Supplemental Schedule of Noncash Investing and Financing Activities		
<i>Proceeds from issuance of note payable</i>		
Debt incurred	\$ -	\$ 650,000
Line of credit payoff	-	(400,000)
Loan fees included in assets	-	(8,705)
Cash proceeds from issuance of note payable	\$ -	\$ 241,295
<i>Proceeds from insurance claim</i>		
Net gain from fire damage	\$ 6,961	\$ 16,593
Decrease in insurance receivable included in other assets	-	90,000
Cash proceeds from insurance claim	\$ 6,961	\$ 106,593

See Notes to Combined Financial Statements

**Richmond Residential Services, Inc.
RRS Property, Inc.**

**Combined Statements of Functional Expenses
Years Ended June 30, 2016 and 2015**

	2016				2015			
	Program Services	General & Administrative	Fundraising	Total	Program Services	General & Administrative	Fundraising	Total
Salaries	\$ 4,373,483	\$ 314,640	\$ 6,101	\$ 4,694,224	\$ 4,387,620	\$ 308,381	\$ 5,922	\$ 4,701,923
Employee benefits	620,092	44,577	665	665,334	666,897	47,176	715	714,788
Payroll taxes	346,739	24,927	372	372,038	358,546	25,363	384	384,293
Other personnel costs	76,753	5,518	82	82,353	77,094	5,454	83	82,631
Total salaries and related expenses	5,417,067	389,662	7,220	5,813,949	5,490,157	386,374	7,104	5,883,635
Food	281,086	-	-	281,086	271,385	-	-	271,385
Insurance	160,084	11,340	169	171,593	143,306	10,034	152	153,492
Interest	77,450	5,568	83	83,101	71,844	5,082	76	77,002
Miscellaneous	23,647	6,931	25	30,603	16,064	10,698	8	26,770
Other client benefits	47,321	-	-	47,321	33,870	-	-	33,870
Professional fees	31,920	124,372	34	156,326	37,940	121,906	41	159,887
Rent	2,171	156	2	2,329	2,687	190	3	2,880
Repairs and maintenance	162,883	11,318	169	174,370	175,472	5,124	78	180,674
Supplies	98,660	7,093	106	105,859	112,506	7,959	59	120,524
Taxes	8,871	638	10	9,519	8,354	591	9	8,954
Telephone	71,163	5,116	76	76,355	69,541	4,919	75	74,535
Travel	6,908	497	7	7,412	8,058	869	75	9,002
Utilities	127,986	8,692	130	136,808	141,540	9,415	143	151,098
Vehicle operation	234,834	16,882	249	251,965	241,242	17,065	259	258,566
Total expenses before depreciation	6,752,051	588,265	8,280	7,348,596	6,823,966	580,226	8,082	7,412,274
Depreciation and amortization	246,916	17,169	256	264,341	242,537	16,728	253	259,518
Total expenses	\$ 6,998,967	\$ 605,434	\$ 8,536	\$ 7,612,937	\$ 7,066,503	\$ 596,954	\$ 8,335	\$ 7,671,792

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies

Richmond Residential Services, Inc. (RRSI), a private nonprofit corporation founded in 1979, supports the residential needs of adults with intellectual disabilities in the greater Richmond, Virginia area. Licensed by the Virginia Department of Behavioral Health and Developmental Services, the Organization works in cooperation with the Richmond Behavioral Health Authority and the Henrico and Hanover Community Services Boards, as well as others, to supply a comprehensive network of residential services funded in a large part by Virginia's Medicaid Waiver Program. The Organization operates a variety of residential, apartment and in-home based programs to provide person-centered care, instruction and community integration opportunities designed to increase independent living skills.

RRS Property, Inc. (RRSP) is a nonprofit, non-stock corporation organized to operate exclusively for charitable purposes. The Maymont Manor Group Home project, located in Richmond, Virginia, is a five-bedroom group home project housing disabled persons from the principal area of the City of Richmond, but not limited thereto, in accordance with the provisions of Section 811, Cranston-Gonzalez National Affordable Housing Act and applicable HUD regulations.

A summary of the Organization's significant accounting policies follows:

Principles of combination

The combined financial statements include the accounts of Richmond Residential Services, Inc. (RRSI) and RRS Property, Inc. (RRSP), which are related by virtue of common control. All intercompany balances and transactions have been eliminated in the combined financial statements.

General

The Organization maintains its accounts on the accrual basis. These combined financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into classes of net assets, either unrestricted, temporarily restricted or permanently restricted.

Unrestricted Net Assets represents resources over which the Organization's Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws.

Temporarily Restricted Nets Assets are 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 combined statements of activities as net assets released from restrictions.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Permanently Restricted Net Assets represents endowment funds that are restricted to investment in perpetuity, the income from which is expendable to support the various programs sponsored by the Organization, at the discretion of the Board of Directors. The organization had no permanently restricted net assets as of June 30, 2016 and 2015.

Revenues are reported as increases in the unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Cash equivalents

For purposes of the combined statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable and net program service fees

Accounts receivable and the related net program service fees are recorded at the time services are provided. Management estimates an allowance for doubtful accounts based on an evaluation of historical losses, current economic conditions and other factors unique to the Organization's consumer base. Accounts written off as uncollectible are deducted from the allowance and recoveries are added. Management believes all receivables to be fully collectible and therefore does not think an allowance is necessary. The Organization has agreements with third-party payors that provide for payments to the Organization based on established rates. Net program service fees are reported at the estimated net realizable amounts from consumers, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Consumers not covered by Medicaid are billed directly after primary and secondary insurance payments are recognized.

Property and equipment

Equipment is valued at cost or if donated at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-one years. Maintenance and repairs are charged to expense when incurred.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Advertising cost

Advertising cost in the amount of \$6,931 and \$1,420 for the years ended June 30, 2016 and 2015, respectively, is expensed as incurred.

Income taxes

Richmond Residential Services, Inc. and RRS Property, Inc. are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Richmond Residential Services, Inc. and RRS Property, Inc. have also been classified as entities that are not a private foundation within the meaning of Section 509(a) and qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization follows generally accepted accounting principles regarding "Accounting for Uncertain Tax Positions". This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Organization's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The tax years 2013 to 2015 remain subject to examination by the taxing authorities.

The Organization includes penalties and interest assessed by income taxing authorities in operating expenses. No penalties or interest were incurred for the years ended June 30, 2016 and 2015.

Loan fees

Loan costs are amortized on the straight-line method over the lives of the related loans.

Donated materials and services

Donated materials are included in contributions at fair market value as of the date of donation. A substantial number of unpaid volunteers have made significant contributions of their time in the Organization's administrative and operating activities. In accordance with accounting standards, the value of this donated time is not reflected in these financial statements since it does not meet the standard for inclusion.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 2. Cash Held for Others

The Organization receives social security payments for clients and deposits the clients' social security payments in a separate bank account maintained by RRSI. The Organization manages the money and pays bills for clients. Any amounts that are not disbursed for the clients are reflected as an asset and liability for the Organization because it is the property of the clients.

Note 3. Restricted Cash

Restricted cash balances at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Tenant security deposits	\$ 263	\$ 270
Reserve for replacement	9,345	8,457
Escrow deposit	2,613	2,613
	<u>\$ 12,221</u>	<u>\$ 11,340</u>

Note 4. Residual Receipts

Within 60 days after each fiscal year, any residual receipts, as defined by HUD, realized from the operation of the project, must be deposited in a separate residual receipts account. Residual receipts can be disbursed only at HUD's discretion and with prior written approval. At June 30, 2016 and 2015, RRS Property, Inc. had no residual receipts and is not required to deposit any funds for the 2016 fiscal year.

Note 5. Capital Advances

HUD makes capital advances to owners for the construction of housing for disabled persons between the ages of 18 and 62 under Section 811 of the Cranston-Gonzalez National Affordable Housing Act. Section 811 Capital Advances need not be repaid and do not bear interest so long as the project owner continues to make the housing available for the disabled for at least 40 years commencing April 16, 1996. If the requirements are not maintained by RRS Property, Inc., the advances will become payable plus interest since the date of the first advance. The circumstances will be reviewed annually, and if repayment becomes likely, the advances will be recorded as a loan. As of June 30, 2016 and 2015, RRS Property, Inc. had received \$256,700 in capital advances.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 6. Economic Dependency

The Organization generated 96% and 99% of its Medicaid waiver fees are from the Department of Medicaid Services for the years ended June 30, 2016 and 2015, respectively. There was a net receivable from the Department of Medicaid Services of \$1,123,772 and \$1,167,493 as of June 30, 2016 and 2015, respectively. The Organization also receives a significant amount of support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Note 7. Property and Equipment

Property and equipment at cost, less accumulated depreciation as of June 30, 2016 and 2015 on the combined statements of financial position, include the following major classifications:

	<u>2016</u>	<u>2015</u>
Land	\$ 746,081	\$ 746,081
Buildings and improvements	4,516,575	4,505,573
Furniture and fixtures	484,065	469,584
Equipment and vehicles	345,029	299,467
	<u>6,091,750</u>	<u>6,020,705</u>
Less accumulated depreciation	<u>(1,894,434)</u>	<u>(1,652,518)</u>
	<u>\$ 4,197,316</u>	<u>\$ 4,368,187</u>

Note 8. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Section 811 Capital Advances	\$ 256,700	\$ 256,700
Dental care for residents	1,836	7,503
	<u>\$ 258,536</u>	<u>\$ 264,203</u>

Note 9. Note Payable, Line of Credit

The Organization has a line of credit outstanding with BB&T at the Bank's prime rate. The rate at June 30, 2016 was 4.99%. The outstanding balance was \$0 at June 30, 2016 and 2015. The line of credit is secured by real property of the Organization.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 10. Notes Payable

Notes payable consists of the following:

	<u>2016</u>	<u>2015</u>
BB&T, 4.95%, payable in monthly installments of \$10,200, due September 2026, secured by real property of the Organization	\$ 969,641	\$ 1,041,275
BB&T, 4.99%, payable in monthly installments of \$5,140, due December 2019, secured by real property of the Organization	<u>605,020</u>	<u>635,446</u>
	<u>\$ 1,574,661</u>	<u>\$ 1,676,721</u>

The annual maturities of refinanced long-term debt are as follows:

2017	\$ 108,331
2018	113,830
2019	119,608
2020	591,625
2021	92,743
2022 and thereafter	548,524
	<u>\$ 1,574,661</u>

Note 11. Concentration of Credit Risk

The Organization maintains various deposit accounts that are in excess of federally insured limits. The risk is managed by maintaining these accounts in a high quality financial institution.

Note 12. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 13. Lease Commitments

The Organization leases vehicles under multiple noncancellable lease agreements. Vehicle lease expense, which includes a maintenance agreement and vehicle personal property taxes, was \$129,937 and \$125,150 for the years ended June 30, 2016 and 2015, respectively. The vehicle lease expense is included in the vehicle operating expense.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2016 and 2015

Note 13. Lease Commitments (Continued)

The annual minimum payments under the existing leases are as follows:

2017	\$ 91,252
2018	69,652
2019	39,853
2020	17,678
2021	9,407
	<u>\$ 227,842</u>

Note 14. Employee Savings Plan

The Organization has a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code that is offered to all full-time employees who have completed one year of service and are at least 20 and one-half years of age. In 2016 and 2015, the Organization had the option to make discretionary employer contributions. The Organization made no discretionary employer contributions in 2016 and 2015. In addition, the plan provides a 100% match of participating employees' contributions up to 4% of the participant's salary. The Board of Directors has the authority to change its contributions and match percentage upon proper written notice to the employees and plan administrator. The retirement provision provided by the Board of Directors for the years ended June 30, 2016 and 2015 was \$60,530 and \$59,479, respectively.

Note 15. Subsequent Events

Management has evaluated subsequent events through June 13, 2017, the date the financial statements were available for issue.

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Financial Position
June 30, 2016

Assets	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Combined Total
Cash and cash equivalents	\$ 591,685	\$ 6,171	\$ -	\$ 597,856
Cash, restricted	-	12,221	-	12,221
Cash held for others	646,330	-	-	646,330
Accounts receivable	1,213,624	-	-	1,213,624
Prepaid expenses	123,858	-	-	123,858
Other assets	36,164	-	(36,164)	-
Land, buildings and equipment, net of depreciation	4,087,726	109,590	-	4,197,316
Assets not placed in service	16,080	-	-	16,080
Loan fees, net of accumulated amortization \$8,308	17,613	-	-	17,613
Total assets	\$ 6,733,080	\$ 127,982	\$ (36,164)	\$ 6,824,898
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 111,548	\$ 4,780	\$ -	\$ 116,328
Amounts held for others	646,330	-	-	646,330
Accrued expenses	415,260	-	-	415,260
Notes payable	1,574,661	-	-	1,574,661
Total liabilities	2,747,799	4,780	-	2,752,579
Net Assets				
Unrestricted (deficit)	3,983,445	(133,498)	(36,164)	3,813,783
Temporarily restricted	1,836	256,700	-	258,536
Total net assets	3,985,281	123,202	(36,164)	4,072,319
Total liabilities and net assets	\$ 6,733,080	\$ 127,982	\$ (36,164)	\$ 6,824,898

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Financial Position
June 30, 2015

	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Combined Total
Assets				
Cash and cash equivalents	\$ 343,179	\$ 5,930	\$ -	\$ 349,109
Cash, restricted	-	11,340	-	11,340
Cash held for others	529,587	-	-	529,587
Accounts receivable	1,251,648	-	-	1,251,648
Prepaid expenses	115,293	-	-	115,293
Other assets	36,164	-	(36,164)	-
Land, buildings and equipment, net of depreciation	4,250,945	117,242	-	4,368,187
Loan fees, net of accumulated amortization \$5,419	20,503	-	-	20,503
Total assets	\$ 6,547,319	\$ 134,512	\$ (36,164)	\$ 6,645,667
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 99,195	\$ 3,078	\$ -	\$ 102,273
Amounts held for others	529,587	-	-	529,587
Accrued expenses	416,259	-	-	416,259
Notes payable	1,676,721	-	-	1,676,721
Total liabilities	2,721,762	3,078	-	2,724,840
Net Assets				
Unrestricted (deficit)	3,818,054	(125,266)	(36,164)	3,656,624
Temporarily restricted	7,503	256,700	-	264,203
Total net assets	3,825,557	131,434	(36,164)	3,920,827
Total liabilities and net assets	\$ 6,547,319	\$ 134,512	\$ (36,164)	\$ 6,645,667

**Richmond Residential Services, Inc.
RRS Property, Inc.**

**Combining Statements of Activities
Year Ended June 30, 2016**

	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Combined Total
Unrestricted Net Assets				
<i>Operating Support</i>				
Program service fees	\$ 657,532	\$ 14,796	\$ -	\$ 672,328
Medicaid waiver fees	6,877,654	-	-	6,877,654
Local and state funding	68,016	-	-	68,016
Interest income	-	4	-	4
Loss on disposal of property and equipment	(3,094)	-	-	(3,094)
Other income	94,980	-	-	94,980
State and local funding	7,580	-	-	7,580
Net assets released from restriction	45,667	-	-	45,667
Total unrestricted operating support	7,748,335	14,800	-	7,763,135
<i>Non-Operating Support</i>				
Insurance proceeds from fire	6,961	-	-	6,961
Net gain from fire damage	6,961	-	-	6,961
Total unrestricted support	7,755,296	14,800	-	7,770,096
Expenses				
Program services	6,975,935	23,032	-	6,998,967
General and administrative	605,434	-	-	605,434
Fundraising	8,536	-	-	8,536
Total expenses	7,589,905	23,032	-	7,612,937
Increase (decrease) in unrestricted net assets	165,391	(8,232)	-	157,159
Temporarily Restricted Net Assets				
Local and state funding	20,000	-	-	20,000
Other income	20,000	-	-	20,000
<i>Net Assets Released from Restrictions</i>				
Satisfaction of purpose restrictions	(45,667)	-	-	(45,667)
Changes in temporarily restricted net assets	(5,667)	-	-	(5,667)
Changes in net assets	159,724	(8,232)	-	151,492
Net assets, beginning	3,825,557	131,434	(36,164)	3,920,827
Net assets, ending	\$ 3,985,281	\$ 123,202	\$ (36,164)	\$ 4,072,319

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Activities
Year Ended June 30, 2015

	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Combined Total
Unrestricted Net Assets				
Operating Support				
Program service fees	\$ 618,755	\$ 15,111	\$ -	\$ 633,866
Medicaid waiver fees	6,769,017	-	-	6,769,017
State and local funding	65,140	-	-	65,140
Interest income	-	3	-	3
Gain on disposal of property and equipment	4,094	-	-	4,094
Other income	77,603	-	-	77,603
State and local funding	59,528	-	-	59,528
Net assets released from restrictions	45,252	-	-	45,252
Total unrestricted support	7,639,389	15,114	-	7,654,503
Non-Operating Support				
Insurance proceeds from fire	30,651	-	-	30,651
Estimated property & equipment loss from fire	(14,058)	-	-	(14,058)
Net gain from fire damage	16,593	-	-	16,593
Total unrestricted support	7,655,982	15,114	-	7,671,096
Expenses				
Program services	7,042,196	24,307	-	7,066,503
General and administrative	596,954	-	-	596,954
Fundraising	8,335	-	-	8,335
Total expenses	7,647,485	24,307	-	7,671,792
Increase (decrease) in unrestricted net assets	8,497	(9,193)	-	(696)
Temporarily Restricted Net Assets				
Local and state funding	43,005	-	-	43,005
Net Assets Released from Restrictions	(45,252)	-	-	(45,252)
Changes in temporarily restricted net assets	(2,247)	-	-	(2,247)
Changes in net assets	6,250	(9,193)	-	(2,943)
Net assets, beginning	3,819,307	140,627	(36,164)	3,923,770
Net assets, ending	\$ 3,825,557	\$ 131,434	\$ (36,164)	\$ 3,920,827

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Functional Expenses
Year Ended June 30, 2016

	Program Services				Supporting Services				Fundraising Services			
	Richmond Residential Services,		RRS Property,		Richmond Residential Services,		RRS Property,		Richmond Residential Services,		RRS Property,	
	Inc.	Inc.	Eliminations	Total	Inc.	Inc.	Eliminations	Total	Inc.	Inc.	Eliminations	Total
Salaries	\$ 4,373,483	\$ -	\$ -	\$ 4,373,483	\$ 314,640	\$ -	\$ -	\$ 314,640	\$ 6,101	\$ -	\$ -	\$ 6,101
Employee benefits	620,092	-	-	620,092	44,577	-	-	44,577	665	-	-	665
Payroll taxes	346,739	-	-	346,739	24,927	-	-	24,927	372	-	-	372
Other personnel costs	76,753	-	-	76,753	5,518	-	-	5,518	82	-	-	82
Total salaries and related expenses	5,417,067	-	-	5,417,067	389,662	-	-	389,662	7,220	-	-	7,220
Food	281,086	-	-	281,086	-	-	-	-	-	-	-	-
Insurance	157,748	2,336	-	160,084	11,340	-	-	11,340	169	-	-	169
Interest	77,450	-	-	77,450	5,568	-	-	5,568	83	-	-	83
Miscellaneous	23,566	81	-	23,647	6,931	-	-	6,931	25	-	-	25
Other client benefits	47,321	-	-	47,321	-	-	-	-	-	-	-	-
Professional fees	31,920	-	-	31,920	124,372	-	-	124,372	34	-	-	34
Rent	2,171	-	-	2,171	156	-	-	156	2	-	-	2
Repairs and maintenance	157,438	5,445	-	162,883	11,318	-	-	11,318	169	-	-	169
Supplies	98,660	-	-	98,660	7,093	-	-	7,093	106	-	-	106
Taxes	8,871	-	-	8,871	638	-	-	638	10	-	-	10
Telephone	71,163	-	-	71,163	5,116	-	-	5,116	76	-	-	76
Travel	6,908	-	-	6,908	497	-	-	497	7	-	-	7
Utilities	120,904	7,082	-	127,986	8,692	-	-	8,692	130	-	-	130
Vehicle operation	234,834	-	-	234,834	16,882	-	-	16,882	249	-	-	249
Total expenses before depreciation	6,737,107	14,944	-	6,752,051	588,265	-	-	588,265	8,280	-	-	8,280
Depreciation and amortization	238,828	8,088	-	246,916	17,169	-	-	17,169	256	-	-	256
Total expenses	\$ 6,975,935	\$ 23,032	\$ -	\$ 6,998,967	\$ 605,434	\$ -	\$ -	\$ 605,434	\$ 8,536	\$ -	\$ -	\$ 8,536

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Functional Expenses
Year Ended June 30, 2015

	Program Services				Supporting Services				Fundraising Services			
	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Total	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Total	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Total
Salaries	\$ 4,387,620	\$ -	\$ -	\$ 4,387,620	\$ 308,381	\$ -	\$ -	\$ 308,381	\$ 5,922	\$ -	\$ -	\$ 5,922
Employee benefits	666,897	-	-	666,897	47,176	-	-	47,176	715	-	-	715
Payroll taxes	358,546	-	-	358,546	25,363	-	-	25,363	384	-	-	384
Other personnel costs	77,094	-	-	77,094	5,454	-	-	5,454	83	-	-	83
Total salaries and related expenses	5,490,157	-	-	5,490,157	386,374	-	-	386,374	7,104	-	-	7,104
Food	271,385	-	-	271,385	-	-	-	-	-	-	-	-
Insurance	141,849	1,457	-	143,306	10,034	-	-	10,034	152	-	-	152
Interest	71,844	-	-	71,844	5,082	-	-	5,082	76	-	-	76
Miscellaneous	16,000	64	-	16,064	10,698	-	-	10,698	8	-	-	8
Other client benefits	33,870	-	-	33,870	-	-	-	-	-	-	-	-
Professional fees	37,940	-	-	37,940	121,906	-	-	121,906	41	-	-	41
Rent	2,687	-	-	2,687	190	-	-	190	3	-	-	3
Repairs and maintenance	169,216	6,256	-	175,472	5,124	-	-	5,124	78	-	-	78
Supplies	112,506	-	-	112,506	7,959	-	-	7,959	59	-	-	59
Taxes	8,354	-	-	8,354	591	-	-	591	9	-	-	9
Telephone	69,541	-	-	69,541	4,919	-	-	4,919	75	-	-	75
Travel	8,058	-	-	8,058	869	-	-	869	75	-	-	75
Utilities	133,098	8,442	-	141,540	9,415	-	-	9,415	143	-	-	143
Vehicle operation	241,242	-	-	241,242	17,065	-	-	17,065	259	-	-	259
Total expenses before depreciation	6,807,747	16,219	-	6,823,966	580,226	-	-	580,226	8,082	-	-	8,082
Depreciation and amortization	234,449	8,088	-	242,537	16,728	-	-	16,728	253	-	-	253
Total expenses	\$ 7,042,196	\$ 24,307	\$ -	\$ 7,066,503	\$ 596,954	\$ -	\$ -	\$ 596,954	\$ 8,335	\$ -	\$ -	\$ 8,335

