



Richmond Residential Services, Inc. RRS Property, Inc.

Combined Financial Statements

June 30, 2017 and 2016

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, 2017 and 2016, 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, 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

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

Petersburg, Virginia
October 11, 2018

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Financial Position
June 30, 2017 and 2016

Assets	2017	2016
Cash and cash equivalents	\$ 1,572,614	\$ 597,856
Cash, restricted	13,116	12,221
Cash held for others	711,035	646,330
Accounts receivable	786,302	1,213,624
Prepaid expenses	34,575	123,858
Other assets	2,629	-
Land, buildings and equipment, net of depreciation	3,987,080	4,197,316
Assets not placed in service	-	16,080
Total assets	\$ 7,107,351	\$ 6,807,285
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 220,114	\$ 116,328
Amounts held for others	710,484	646,330
Accrued expenses	489,728	415,260
Note payable	1,452,398	1,557,048
Total liabilities	2,872,724	2,734,966
Net Assets		
Unrestricted	3,977,927	3,813,783
Temporarily restricted	256,700	258,536
Total net assets	4,234,627	4,072,319
Total liabilities and net assets	\$ 7,107,351	\$ 6,807,285

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Activities
Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Operating Support		
Program service fees	\$ 638,573	\$ 672,328
Medicaid waiver fees	6,974,261	6,877,654
Local and state funding	75,249	75,596
Interest income	3	4
Loss on disposal of property and equipment	(41,384)	(3,094)
Other income	96,233	94,980
Net assets released from restrictions	1,836	45,667
Total unrestricted operating support	<u>7,744,771</u>	<u>7,763,135</u>
Non-Operating Support		
Insurance proceeds from fire	-	6,961
Net gain from fire damage	<u>-</u>	<u>6,961</u>
Total unrestricted support	<u>7,744,771</u>	<u>7,770,096</u>
Expenses		
Program services	6,834,210	6,998,967
General and administrative	736,296	605,434
Fundraising	10,121	8,536
Total expenses	<u>7,580,627</u>	<u>7,612,937</u>
Increase in unrestricted net assets	<u>164,144</u>	<u>157,159</u>
Temporarily Restricted Net Assets		
Local and state funding	-	20,000
Other income	-	20,000
Net Assets Released from Restrictions		
Satisfaction of purpose restrictions	(1,836)	(45,667)
Changes in temporarily restricted net assets	<u>(1,836)</u>	<u>(5,667)</u>
Changes in net assets	<u>162,308</u>	<u>151,492</u>
Net assets, beginning	<u>4,072,319</u>	<u>3,920,827</u>
Net assets, ending	<u>\$ 4,234,627</u>	<u>\$ 4,072,319</u>

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.
RRS Property, Inc.

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

	2017	2016
Cash Flows from Operating Activities		
Changes in net assets	\$ 162,308	\$ 151,492
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	261,665	264,341
Loss on disposal of property and equipment	41,384	3,094
Interest expense, amortization of debt issuance cost	2,888	2,890
Net gain from fire damage	-	(6,961)
Changes in operating assets		
Accounts receivable	427,322	38,024
Prepaid expenses	89,283	(8,565)
Other assets	(2,629)	-
Changes in operating liabilities		
Accounts payable	103,786	14,055
Accrued expenses	74,468	(999)
Net cash provided by operating activities	1,160,475	457,371
Cash Flows from Investing Activities		
Net insurance proceeds from fire damage	-	6,961
Purchase of property and equipment	(326,737)	(96,564)
Purchase of assets not placed in service	-	(16,080)
Proceeds from sale of property and equipment	249,453	-
Net cash (used in) investing activities	(77,284)	(105,683)
Cash Flows from Financing Activities		
Curtailed of notes payable	(107,538)	(102,060)
Increase in restricted cash	(895)	(881)
Net cash (used in) financing activities	(108,433)	(102,941)
Net change in cash and cash equivalents	974,758	248,747
Cash and cash equivalents, beginning	597,856	349,109
Cash and cash equivalents, ending	\$ 1,572,614	\$ 597,856

(continued)

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Cash Flows (continued)
Years Ended June 30, 2017 and 2016

	2017	2016
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 76,824</u>	<u>\$ 82,366</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
<i>Proceeds from insurance claim</i>		
Net gain from fire damage	\$ -	\$ 6,961
Cash proceeds from insurance claim	<u>\$ -</u>	<u>\$ 6,961</u>
<i>Purchase of property and equipment</i>		
Acquisition of property and equipment	\$ 342,817	\$ 95,564
Transfer of assets not placed in service	(16,080)	-
Purchase of property and equipment	<u>\$ 326,737</u>	<u>\$ 95,564</u>

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.
RRS Property, Inc.

Combined Statements of Functional Expenses
Years Ended June 30, 2017 and 2016

	2017				2016			
	Program Services	General & Administrative	Fundraising	Total	Program Services	General & Administrative	Fundraising	Total
Salaries	\$ 4,205,227	\$ 392,767	\$ 6,660	\$ 4,604,654	\$ 4,373,483	\$ 314,640	\$ 6,101	\$ 4,694,224
Employee benefits	648,332	58,331	957	707,620	620,092	44,577	665	665,334
Payroll taxes	326,395	30,485	500	357,380	346,739	24,927	372	372,038
Other personnel costs	176,284	16,465	270	193,019	161,166	16,858	251	178,275
Total salaries and related expenses	5,356,238	498,048	8,387	5,862,673	5,501,480	401,002	7,389	5,909,871
Food	274,957	-	-	274,957	281,086	-	-	281,086
Insurance	71,229	6,415	105	77,749	75,671	-	-	75,671
Interest	71,733	6,430	106	78,269	80,340	5,568	83	85,991
Miscellaneous	18,363	19,648	33	38,044	20,757	6,931	25	27,713
Other client benefits	44,175	-	-	44,175	47,321	-	-	47,321
Professional fees	34,035	118,190	53	152,278	31,920	124,372	34	156,326
Rent	3,334	311	5	3,650	2,171	156	2	2,329
Repairs and maintenance	174,889	15,683	257	190,829	162,883	11,318	169	174,370
Supplies	105,034	9,807	161	115,002	98,660	7,093	106	105,859
Taxes	10,190	869	14	11,073	8,871	638	10	9,519
Telephone	76,748	7,168	118	84,034	71,163	5,116	76	76,355
Travel	6,051	565	9	6,625	6,908	497	7	7,412
Utilities	127,725	11,248	185	139,158	127,986	8,692	130	136,808
Vehicle operation	219,588	20,521	337	240,446	234,834	16,882	249	251,965
Total expenses before depreciation	6,594,289	714,903	9,770	7,318,962	6,752,051	588,265	8,280	7,348,596
Depreciation and amortization	239,921	21,393	351	261,665	246,916	17,169	256	264,341
Total expenses	\$ 6,834,210	\$ 736,296	\$ 10,121	\$ 7,580,627	\$ 6,998,967	\$ 605,434	\$ 8,536	\$ 7,612,937

See Notes to Combined Financial Statements

Richmond Residential Services, Inc.

RRS Property, Inc.

Notes to Combined Financial Statements

June 30, 2017 and 2016

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), 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, 2017 and 2016

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, 2017 and 2016.

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, 2017 and 2016

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 \$22,336 and \$6,931 for the years ended June 30, 2017 and 2016, 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 2014 to 2016 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, 2017 and 2016.

Loan fees

Debt issuance costs include fees and other external costs incurred to obtain debt financings and are generally amortized on a straight-line basis, over a period not to exceed the term of the related debt and are reflected as interest expense. Unamortized debt issuance costs are written-off when debt is retired before its maturity date. Accumulated amortization was \$11,196 and \$8,308 for the years ended June 30, 2017 and 2016, respectively.

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, 2017 and 2016

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

Reclassifications

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation.

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, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Tenant security deposits	\$ 270	\$ 263
Reserve for replacement	10,232	9,345
Escrow deposit	2,614	2,613
	<u>\$ 13,116</u>	<u>\$ 12,221</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, 2017 and 2016, RRS Property, Inc. had no residual receipts and is not required to deposit any funds for the 2017 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, 2017 and 2016, RRS Property, Inc. had received \$256,700 in capital advances.

Richmond Residential Services, Inc.
RRS Property, Inc.
Notes to Combined Financial Statements
June 30, 2017 and 2016

Note 6. Economic Dependency

The Organization generated 96% and 96% of its Medicaid waiver fees from the Department of Medicaid Services for the years ended June 30, 2017 and 2016, respectively. There was a net receivable from the Department of Medicaid Services of \$652,808 and \$1,123,772 as of June 30, 2017 and 2016, 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, 2017 and 2016 on the combined statements of financial position, include the following major classifications:

	<u>2017</u>	<u>2016</u>
Land	\$ 668,081	\$ 746,081
Buildings and improvements	4,504,828	4,516,575
Furniture and fixtures	502,788	484,065
Equipment and vehicles	345,029	345,029
	<u>6,020,726</u>	<u>6,091,750</u>
Less accumulated depreciation	<u>(2,033,646)</u>	<u>(1,894,434)</u>
	<u>\$ 3,987,080</u>	<u>\$ 4,197,316</u>

Note 8. Restrictions on Net Assets

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

	<u>2017</u>	<u>2016</u>
Section 811 Capital Advances	\$ 256,700	\$ 256,700
Dental care for residents	-	1,836
	<u>\$ 256,700</u>	<u>\$ 258,536</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, 2017 was 4.99%. The outstanding balance was \$0 at June 30, 2017 and 2016. 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, 2017 and 2016

Note 10. Notes Payable

Notes payable consists of the following:

	<u>2017</u>	<u>2016</u>
BB&T, 4.95%, payable in monthly installments of \$10,200, due September 2026, secured by real property of the Organization	\$ 894,190	\$ 969,641
BB&T, 4.99%, payable in monthly installments of \$5,140, due December 2019, secured by real property of the Organization	<u>572,933</u>	<u>605,020</u>
	<u>1,467,123</u>	<u>1,574,661</u>
Less unamortized debt issuance costs	<u>(14,725)</u>	<u>(17,613)</u>
	<u>\$ 1,452,398</u>	<u>\$ 1,557,048</u>

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

2018	\$ 113,790
2019	119,566
2020	125,636
2021	558,798
2022 and thereafter	<u>549,333</u>
	<u>\$ 1,467,123</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 \$137,018 and \$129,937 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016

Note 13. Lease Commitments (Continued)

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

2018	\$ 74,321
2019	44,522
2020	22,347
2021	14,076
2022	1,556
	<u>\$ 156,822</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 2017 and 2016, the Organization had the option to make discretionary employer contributions. The Organization made no discretionary employer contributions in 2017 and 2016. 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, 2017 and 2016 was \$113,018 and \$105,772, respectively.

Note 15. Subsequent Events

Management has evaluated subsequent events through October 11, 2018, the date the financial statements were available for issue.

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Financial Position
June 30, 2017

Assets	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Combined Total
Cash and cash equivalents	\$ 1,564,552	\$ 8,062	\$ -	\$ 1,572,614
Cash, restricted	-	13,116	-	13,116
Cash held for others	711,035	-	-	711,035
Accounts receivable	786,302	-	-	786,302
Prepaid expenses	34,575	-	-	34,575
Other assets	63,793	-	(61,164)	2,629
Land, buildings and equipment, net of depreciation	3,869,067	118,013	-	3,987,080
Total assets	\$ 7,029,324	\$ 139,191	\$ (61,164)	\$ 7,107,351
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 215,289	\$ 29,825	\$ (25,000)	\$ 220,114
Amounts held for others	710,484	-	-	710,484
Accrued expenses	489,728	-	-	489,728
Notes payable	1,452,398	-	-	1,452,398
Total liabilities	2,867,899	29,825	(25,000)	2,872,724
Net Assets				
Unrestricted (deficit)	4,161,425	(147,334)	(36,164)	3,977,927
Temporarily restricted	-	256,700	-	256,700
Total net assets	4,161,425	109,366	(36,164)	4,234,627
Total liabilities and net assets	\$ 7,029,324	\$ 139,191	\$ (61,164)	\$ 7,107,351

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
	<hr/>			
Total assets	\$ 6,715,467	\$ 127,982	\$ (36,164)	\$ 6,807,285
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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	1,557,048	-	-	1,557,048
Total liabilities	2,730,186	4,780	-	2,734,966
	<hr/>			
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
	<hr/>			
Total liabilities and net assets	\$ 6,715,467	\$ 127,982	\$ (36,164)	\$ 6,807,285

Richmond Residential Services, Inc.
RRS Property, Inc.

Combining Statements of Activities
Year Ended June 30, 2017

	Richmond Residential Services, Inc.	RRS Property, Inc.	Eliminations	Combined Total
Unrestricted Net Assets				
<i>Operating Support</i>				
Program service fees	\$ 626,055	\$ 12,518	\$ -	\$ 638,573
Medicaid waiver fees	6,974,261	-	-	6,974,261
Local and state funding	75,249	-	-	75,249
Interest income	-	3	-	3
Loss on disposal of property and equipment	(41,028)	(356)	-	(41,384)
Other income	96,233	-	-	96,233
Net assets released from restriction	1,836	-	-	1,836
Total unrestricted operating support	7,732,606	12,165	-	7,744,771
Expenses				
Program services	6,808,209	26,001	-	6,834,210
General and administrative	736,296	-	-	736,296
Fundraising	10,121	-	-	10,121
Total expenses	7,554,626	26,001	-	7,580,627
Increase (decrease) in unrestricted net assets	177,980	(13,836)	-	164,144
Temporarily Restricted Net Assets				
<i>Net Assets Released from Restrictions</i>				
Satisfaction of purpose restrictions	(1,836)	-	-	(1,836)
Changes in temporarily restricted net assets	(1,836)	-	-	(1,836)
Changes in net assets	176,144	(13,836)	-	162,308
Net assets, beginning	3,985,281	123,202	(36,164)	4,072,319
Net assets, ending	\$ 4,161,425	\$ 109,366	\$ (36,164)	\$ 4,234,627

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				
Operating Support				
Program service fees	\$ 657,532	\$ 14,796	\$ -	\$ 672,328
Medicaid waiver fees	6,877,654	-	-	6,877,654
State and local funding	75,596	-	-	75,596
Interest income	-	4	-	4
Gain on disposal of property and equipment	(3,094)	-	-	(3,094)
Other income	94,980	-	-	94,980
Net assets released from restrictions	45,667	-	-	45,667
Total unrestricted support	7,748,335	14,800	-	7,763,135
Non-Operating Support				
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
Net Assets Released from Restrictions				
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 Functional Expenses
Year Ended June 30, 2017

	Program Services				Supporting Services				Fundraising Services			
	Richmond Residential Services, Inc.		RRS Property, Inc.		Richmond Residential Services, Inc.		RRS Property, Inc.		Richmond Residential Services, Inc.		RRS Property, Inc.	
	Inc.	Inc.	Eliminations	Total	Inc.	Inc.	Eliminations	Total	Inc.	Inc.	Eliminations	Total
Salaries	\$ 4,205,227	\$ -	\$ -	\$ 4,205,227	\$ 392,767	\$ -	\$ -	\$ 392,767	\$ 6,660	\$ -	\$ -	\$ 6,660
Employee benefits	648,332	-	-	648,332	58,331	-	-	58,331	957	-	-	957
Payroll taxes	326,395	-	-	326,395	30,485	-	-	30,485	500	-	-	500
Other personnel costs	176,284	-	-	176,284	16,465	-	-	16,465	270	-	-	270
Total salaries and related expenses	5,356,238	-	-	5,356,238	498,048	-	-	498,048	8,387	-	-	8,387
Food	274,957	-	-	274,957	-	-	-	-	-	-	-	-
Insurance	68,679	2,550	-	71,229	6,415	-	-	6,415	105	-	-	105
Interest	71,733	-	-	71,733	6,430	-	-	6,430	106	-	-	106
Miscellaneous	18,183	180	-	18,363	19,648	-	-	19,648	33	-	-	33
Other client benefits	44,175	-	-	44,175	-	-	-	-	-	-	-	-
Professional fees	34,035	-	-	34,035	118,190	-	-	118,190	53	-	-	53
Rent	3,334	-	-	3,334	311	-	-	311	5	-	-	5
Repairs and maintenance	167,869	7,020	-	174,889	15,683	-	-	15,683	257	-	-	257
Supplies	105,034	-	-	105,034	9,807	-	-	9,807	161	-	-	161
Taxes	10,190	-	-	10,190	869	-	-	869	14	-	-	14
Telephone	76,748	-	-	76,748	7,168	-	-	7,168	118	-	-	118
Travel	6,051	-	-	6,051	565	-	-	565	9	-	-	9
Utilities	120,434	7,291	-	127,725	11,248	-	-	11,248	185	-	-	185
Vehicle operation	219,588	-	-	219,588	20,521	-	-	20,521	337	-	-	337
Total expenses before depreciation	6,577,248	17,041	-	6,594,289	714,903	-	-	714,903	9,770	-	-	9,770
Depreciation and amortization	230,961	8,960	-	239,921	21,393	-	-	21,393	351	-	-	351
Total expenses	\$ 6,808,209	\$ 26,001	\$ -	\$ 6,834,210	\$ 736,296	\$ -	\$ -	\$ 736,296	\$ 10,121	\$ -	\$ -	\$ 10,121

**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, Inc.		RRS Property, Inc.		Richmond Residential Services, Inc.		RRS Property, Inc.		Richmond Residential Services, Inc.		RRS Property, Inc.	
	Inc.	Eliminations	Total		Inc.	Eliminations	Total		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	161,166	-	161,166		16,858	-	16,858		251	-	251	
Total salaries and related expenses	5,501,480	-	5,501,480		401,002	-	401,002		7,389	-	7,389	
Food	281,086	-	281,086		-	-	-		-	-	-	
Insurance	73,335	2,336	75,671		-	-	-		-	-	-	
Interest	80,340	-	80,340		5,568	-	5,568		83	-	83	
Miscellaneous	20,676	81	20,757		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	