

**UP VALLEY FAMILY CENTERS  
OF NAPA COUNTY  
FINANCIAL STATEMENTS  
JUNE 30, 2016 and 2015**

**UP VALLEY FAMILY CENTERS  
OF NAPA COUNTY  
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JUNE 30, 2016 and 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Up Valley Family Centers of Napa County  
Calistoga, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Up Valley Family Centers of Napa County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 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 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 Up Valley Family Centers of Napa County as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of expenses by program areas on page 14 is presented for purposes of additional analysis and are 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 applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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.

  
BODEN KLEIN & SNEESBY  
Certified Public Accountants  
Roseville, California

October 24, 2016

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Statement of Financial Position**  
**June 30, 2016 and 2015**

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	<b>Assets</b>	
	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 614,432	\$ 333,519
Pledges receivable	73,250	-
Grants receivable	151,290	97,961
Prepaid expenses	<u>15,515</u>	<u>11,834</u>
Total current assets	854,487	443,314
Property and equipment, net	49,758	32,779
Pledges receivable, non-current	28,250	-
Investments	<u>499,825</u>	<u>493,438</u>
<b>Total Assets</b>	<b><u>\$ 1,432,320</u></b>	<b><u>\$ 969,531</u></b>

	<b>Liabilities and Net Assets</b>	
Current liabilities:		
Accounts payable	\$ 10,698	\$ -
Accrued expenses	<u>31,034</u>	<u>16,741</u>
Total current liabilities	<u>41,732</u>	<u>16,741</u>
Net assets:		
Unrestricted		
Board designated reserve	499,825	-
Undesignated	<u>738,264</u>	<u>908,987</u>
Total unrestricted	1,238,089	908,987
Temporarily restricted	<u>152,499</u>	<u>43,803</u>
Total net assets	<u>1,390,588</u>	<u>952,790</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,432,320</u></b>	<b><u>\$ 969,531</u></b>

See notes to financial statements.

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Statement of Activities**  
**For the Years Ended June 30, 2016 and 2015**

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<b><i>Unrestricted Net Assets</i></b>	<b>2016</b>	<b>2015</b>
Support and Revenue:		
Grants and contributions	\$ 2,108,021	\$ 1,186,513
Special events	84,676	79,019
Donated facilities	22,000	22,000
Total support	2,214,697	1,287,532
Investment income	(4,452)	7,682
Earned revenue	4,290	-
Net assets released from restrictions	43,803	46,311
Total unrestricted support and revenue	2,258,338	1,341,525
Expenses:		
Program services	1,647,919	1,033,126
Fundraising	131,522	123,825
General and administrative	149,795	105,198
Total expenses	1,929,236	1,262,149
Increase in unrestricted net assets	329,102	79,376
<b><i>Temporarily Restricted Net Assets</i></b>		
Grants and contributions	152,499	42,832
Net assets released from restrictions	(43,803)	(46,311)
Increase (decrease) in restricted net assets	108,696	(3,479)
Change in net assets	437,798	75,897
Net assets, beginning of year	952,790	876,893
<b>Net assets, end of year</b>	<b>\$ 1,390,588</b>	<b>\$ 952,790</b>

See notes to financial statements.

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2016**

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 643,058	\$ 55,234	\$ 88,316	\$ 786,608
Emergency grants	323,916	-	-	323,916
Outside services	199,572	7,200	17,924	224,696
Specialized program services	126,651	-	-	126,651
Employee benefits	85,504	902	13,234	99,640
Payroll taxes	57,584	4,355	6,583	68,522
Rent	45,337	1,069	1,010	47,416
Staff training	40,580	2,128	4,239	46,947
Direct fundraising	-	41,175	-	41,175
Miscellaneous	11,703	8,977	2,255	22,935
Telephone and Internet	18,342	1,275	2,102	21,719
Office expenses	16,718	1,229	1,452	19,399
Food for programs	14,031	-	-	14,031
Depreciation	10,764	663	663	12,090
Program materials	11,552	16	158	11,726
Printing and copying	6,270	4,070	134	10,474
Mileage	8,651	419	596	9,666
Accounting	-	-	9,056	9,056
Insurance	5,828	1,063	1,063	7,954
Field trips	7,879	-	-	7,879
Workers comp insurance	3,709	445	134	4,288
Janitorial	3,635	77	293	4,005
Dues and subscriptions	2,227	433	257	2,917
Utilities	2,249	107	147	2,503
Postage and shipping	1,023	685	179	1,887
Bad debt	1,136	-	-	1,136
<b>Total Expenses</b>	<b><u>\$ 1,647,919</u></b>	<b><u>\$ 131,522</u></b>	<b><u>\$ 149,795</u></b>	<b><u>\$ 1,929,236</u></b>

See notes to financial statements.

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

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	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 537,180	\$ 54,883	\$ 49,131	\$ 641,194
Outside services	171,774	1,675	12,626	186,075
Employee benefits	67,816	5,532	10,648	83,996
Payroll taxes	48,337	1,895	4,260	54,492
Direct fundraising	-	47,800	-	47,800
Rent	38,984	-	4,332	43,316
Specialized program services	41,356	-	-	41,356
Accounting	-	-	21,440	21,440
Office expenses	19,297	77	106	19,480
Miscellaneous	6,940	7,292	1,471	15,703
Telephone and Internet	12,868	234	143	13,245
Food for programs	11,185	1,971	-	13,156
Emergency grants	12,884	-	-	12,884
Mileage	8,064	654	33	8,751
Insurance	8,692	-	-	8,692
Depreciation	7,553	-	839	8,392
Child care	7,747	-	-	7,747
Printing and copying	6,583	842	20	7,445
Workers comp insurance	6,988	-	-	6,988
Dues and subscriptions	4,583	505	110	5,198
Janitorial	4,330	-	-	4,330
Staff training	3,171	53	-	3,224
Field trips	2,309	264	-	2,573
Utilities	1,785	-	-	1,785
Travel	1,775	-	-	1,775
Postage and shipping	925	148	39	1,112
<b>Total Expenses</b>	<b><u>\$ 1,033,126</u></b>	<b><u>\$ 123,825</u></b>	<b><u>\$ 105,198</u></b>	<b><u>\$ 1,262,149</u></b>

See notes to financial statements.



**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 437,798	\$ 75,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,090	8,392
Realized loss on sale of securities	20,035	2,519
Unrealized loss on securities	2,860	4,322
Changes in operating assets and liabilities:		
Pledges receivable	(101,500)	-
Grants receivable	(53,329)	77,903
Prepaid expenses	(3,681)	(5,905)
Accounts payable	10,698	(5,059)
Accrued expenses	<u>14,293</u>	<u>(6,890)</u>
Net cash provided by operating activities	<u>339,264</u>	<u>151,179</u>
Cash flows from investing activities:		
Purchase of equipment	(29,069)	(30,542)
Proceeds from sale of marketable securities	54,631	119,807
Purchase of marketable securities	<u>(83,913)</u>	<u>(509,618)</u>
Net cash (used) in investing activities	<u>(58,351)</u>	<u>(420,353)</u>
Net increase (decrease) in cash and equivalents	280,913	(269,174)
Cash and equivalents, beginning of year	<u>333,519</u>	<u>602,693</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 614,432</u></u>	<u><u>\$ 333,519</u></u>

See notes to financial statements.

**(1) Organization and Significant Accounting Policies**

**Organization**

Up Valley Family Centers of Napa County (Organization) was originally incorporated in July 2001 as a non-profit corporation. The Organization's mission is to provide guidance, support and resources in the community, in the home and for the individual, so that everyone can achieve a better life. The Organization's primary purpose is to assist in improving family access to health care and social services in Calistoga and St. Helena, California and the surrounding communities, providing youth development/mentoring, providing early learning programs for families with young children, and providing parent education. The Organization is funded primarily through local government and community grants.

**Significant Accounting Policies**

**(a) Basis of presentation**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting; revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Organization's financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. In accordance with ASC 958, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**(b) Cash and equivalents**

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents, unless held for long-term purposes.

**(c) Investments**

Investments are stated at fair market value.

**(d) Property and equipment**

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded using the straight-line method over lives ranging from five to forty years.

**(e) Revenue recognition**

Contributions are recognized in full when received or unconditionally pledged, in accordance with ASC 958-605, *Not-For-Profit Entities – Revenue Recognition*. All

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Notes to Financial Statements**

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contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statement of activities as net assets released from restrictions, when the time restrictions expire or the contributions are used for the restricted purpose.

**(f) Pledges and Grants**

Unconditional promises to give are recorded at their fair value. Conditional promises to give are not included as support until the conditions are substantially met.

**(g) Donated Services**

Donated services are recognized as contributions, if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Volunteers have made contributions of time to the Organization's programs. These contributed services do not meet the criteria for recognition and, accordingly, are not recognized in the accompanying financial statements.

**(h) Income taxes**

The Organization operates as a nonprofit public benefit organization and has received exempt status under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Taxation Code section 23701(d) and has no unrelated business income tax.

The Organization adopted the accounting principles related to accounting for uncertainty in income taxes (as described under ASC 740-10), and has determined that there is no material impact on the financial statements at June 30, 2016. With some exceptions, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2012.

**(i) Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(j) Functional allocation of expenses**

The costs of providing program services has been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Notes to Financial Statements**

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**(k) Fair value measurements**

Asset and liabilities measured at fair value are recorded in accordance with ASC 820, *Fair Value Measurement and Disclosures*, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

**Level 1 Inputs** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

**Level 2 Inputs** Inputs other than quoted prices in active markets that is observable either directly or indirectly.

**Level 3 Inputs** Unobservable inputs in which there is little or no market data, which require us to develop our own assumptions.

**(2) Pledges and Grants Receivable**

Pledges receivable are deemed collectible therefore no allowance has been provided for. The non-current portion is due within five years.

Grants receivable are unsecured, non-interest bearing and due within one year. No allowance for uncollectible grants has been recorded for June 30, 2016 as all grants receivable are deemed collectible.

**(3) Investments**

The Organization's investments subject to ASC 820, *Fair Value Measurement and Disclosures*, are classified as Level 1 investments as follows:

	2016	2015
Mutual Funds:		
Bond funds	\$ 204,832	\$ 195,480
Equity funds	294,993	297,958
<b>Total</b>	<b>\$ 499,825</b>	<b>\$ 493,438</b>

Investment income consists of the following at June 30,:

	2016	2015
Interest and dividends	\$ 22,106	\$ 19,198
Realized loss on sale of securities	(20,035)	(2,519)
Unrealized loss on securities	(2,860)	(4,322)
Advisory fees	(3,663)	(4,675)
<b>Total</b>	<b>\$ (4,452)</b>	<b>\$ 7,682</b>

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Notes to Financial Statements**

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**(4) Property and Equipment**

Property and equipment consist of the following at June 30:

	2016	2015
Furniture and fixtures	\$ 34,580	\$ 34,580
Equipment	87,034	57,965
Website development	12,303	12,303
Leasehold improvements	6,708	6,708
Total	<u>140,625</u>	<u>111,556</u>
Less accumulated depreciation	<u>(90,867)</u>	<u>(78,777)</u>
Property and equipment, net	<u>\$ 49,758</u>	<u>\$ 32,779</u>

**(5) Restricted Net Assets**

Restricted net assets consist of the following at June 30:

	2016	2015
Foundation grants	\$ 53,403	\$ 9,971
Nonprofit grants	-	8,120
Service group grants	2,250	8,830
Government grants	43,485	11,654
Corporate grants	612	-
Individuals	46,964	5,228
Valley Fire	5,785	-
	<u>\$ 152,499</u>	<u>\$ 43,803</u>

**(6) Board Designated Reserve**

The Organization's board of directors designated an operating reserve to help ensure the Organization's long-term financial stability and position the Organization to respond to varying economic conditions and changes affecting its financial position and its ability to continuously carry out its mission. The Organization's goal is to maintain the reserve at a minimum of 3 months of operating costs up to 6 months of operating costs. At June 30, 2016, the reserve is approximately 3.5 months of operating costs.

**(7) Donated Services, Materials, and Facilities**

The Organization received donated facilities with a value of \$22,000. This amount has been included in support and revenue and rent expense in the Statement of Activities.

**UP VALLEY FAMILY CENTERS OF NAPA COUNTY**  
**Notes to Financial Statements**

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**(8) Retirement Plans**

The Organization has a 401(k) defined contribution retirement plan covering eligible employees. Eligible employees are 18 years of age or older, have one year of service, and have worked a minimum of 1,000 hours. The Organization may make elective contributions to the plan which is determined annually by management. The Organization made contributions in the amount of \$5,811 and \$2,550 for the years ended June 30, 2016 and 2015, respectively.

**(9) Leases**

The Organization leases two facilities in Calistoga. One lease is from the Calistoga Unified School District (District) for \$1 annually which expires June 30, 2034. The lessor may terminate the lease at any time after the first ten years of operation. Upon termination, the District will pay to the Organization an amount based on a formula incorporating the original funds raised and remaining useful life of the building. This payment will recognize the value of the public contributions received to construct the building used by the Organization. The second lease expires June 30, 2017 with monthly lease payments of \$800.

The Organization leases a facility in St. Helena which expires June 30, 2020. Monthly lease payments are \$1,200.

Remaining lease payments for all leases are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 24,000
2018	14,400
2019	14,400
2020	<u>14,400</u>
	<u>\$ 67,200</u>

**(10) Concentration of Credit Risk**

The Organization maintains bank accounts at several financial institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2106, uninsured cash balances totaled \$144,297.

The Organization holds investment securities which are exposed to various risks including interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's investment account balances and the amounts reported in the statement of financial position.

**(11) Subsequent Events**

Management has evaluated subsequent events through October 24, 2016, the date on which the financial statements were available to be issued. During this period, the Organization is not aware of any significant recognizable or unrecognizable subsequent events.

**(12) Programs and Services**

The following is a summary of the Organization's programs and services.

*Community Connections:* Guided resource and referrals; drop-in availability; community outreach.

*Health & Wellness:* Counseling, domestic violence assistance, health insurance applications/referrals, drug and alcohol prevention and education.

*Education:* Parent education, school readiness/summer bridge, early literacy programs, parent/child playgroups, youth mentoring groups.

*Economic Success:* Emergency grants for families in crisis, free tax preparation, financial literacy, and employment assistance.

*Immigrant Integration:* Outreach, education and application assistance for citizenship and other immigration benefits including US citizenship classes.

*Senior Services:* Guided referrals, case management, resource fairs, and educational workshops.

During the year ended June 30, 2016, the Organization provided emergency grants to families affected by the Valley Fire, serving 377 households reaching 1,543 individuals of all ages affected by the fire. Emergency grants were used for assistance with housing relocation, such as security deposits/rental assistance, and for essential support items, such as food, transportation, medical bills and/or utility bills.

UP VALLEY FAMILY CENTERS OF NAPA COUNTY  
Statement of Expenses by Program Area  
For the Year Ended June 30, 2016

	Community Connections	Education	Economic Success	Health and Wellness	Immigrant Integration	Senior Services	Total
Salaries	\$ 74,213	\$ 241,839	\$ 85,596	\$ 121,916	\$ 69,608	\$ 49,886	\$ 643,058
Emergency grants	-	1,000	322,635	-	-	281	323,916
Outside services	1,745	21,574	2,928	170,738	1,432	1,155	199,572
Specialized program services	-	110,193	-	600	15,858	-	126,651
Employee benefits	11,860	38,768	10,215	9,969	5,434	9,258	85,504
Payroll taxes	6,190	25,193	6,801	10,475	5,305	3,620	57,584
Staff training	378	36,030	229	2,947	721	275	40,580
Rent	4,940	10,628	11,432	7,485	5,185	5,667	45,337
Miscellaneous	699	1,942	339	3,499	5,081	143	11,703
Telephone and Internet	1,263	6,933	3,339	3,044	1,715	2,048	18,342
Office expenses	2,589	7,570	1,869	1,628	1,108	1,954	16,718
Food for programs	-	9,173	1,146	2,261	1,451	-	14,031
Depreciation	1,794	1,794	1,794	1,794	1,794	1,794	10,764
Program materials	82	9,778	84	1,138	352	118	11,552
Printing and copying	134	3,666	681	836	831	122	6,270
Mileage	259	3,468	1,045	2,540	964	375	8,651
Insurance	831	1,620	831	831	883	832	5,828
Field trips	-	7,879	-	-	-	-	7,879
Workers comp insurance	433	1,048	530	1,147	366	185	3,709
Janitorial	741	1,874	290	352	371	7	3,635
Dues and subscriptions	733	360	270	333	279	252	2,227
Utilities	173	1,054	244	345	270	163	2,249
Postage and shipping	99	215	670	-	19	20	1,023
Bad debt	-	1,136	-	-	-	-	1,136
<b>Total Expenses</b>	<b>\$ 109,156</b>	<b>\$ 544,735</b>	<b>\$ 452,968</b>	<b>\$ 343,878</b>	<b>\$ 119,027</b>	<b>\$ 78,155</b>	<b>\$ 1,647,919</b>

See notes to financial statements.