



## FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

## Table of Contents

	<u>Page</u>
Independent Auditors' Report .....	1-2
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6-10
Supplementary Information:	
Schedule of Functional Expenses .....	11

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

TO THE BOARD OF DIRECTORS  
JOY RANCH, INC.  
WOODLAWN, VIRGINIA

We have audited the accompanying financial statements of Joy Ranch Home for Children (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year 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.

### Auditors' 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 auditors' 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 Joy Ranch Home for Children as of December 31, 2016, 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 schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited Joy Ranch Home for Children's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Robinson, Turner, Co. Associates*

Blacksburg, Virginia  
March 2, 2017

Joy Ranch, Inc.  
Statement of Financial Position  
For the Year Ended December 31, 2016  
(With Comparative Totals as of December 31, 2015)

Assets:	<u>2016</u>	<u>2015</u>
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 851,860	\$ 1,074,262
Investments	-	648
Accounts receivable	27,394	18,059
Prepaid expenses	9,104	8,999
Security deposit	-	1,909
Investment in ski resort property	<u>5,000</u>	<u>5,000</u>
<i>Total Current Assets</i>	\$ <u>893,358</u>	\$ <u>1,108,877</u>
<i>Property and Equipment:</i>		
Land, buildings, and equipment (net of accumulated depreciation)	\$ <u>736,561</u>	\$ <u>745,870</u>
<b>Total Assets</b>	<b>\$ <u><u>1,629,919</u></u></b>	<b>\$ <u><u>1,854,747</u></u></b>
<b>Liabilities:</b>		
<i>Current Liabilities:</i>		
Accounts payable	\$ 7,062	\$ 31,896
Accrued expenses	<u>15,793</u>	<u>19,782</u>
<i>Total Current Liabilities</i>	\$ <u>22,855</u>	\$ <u>51,678</u>
<b>Total Liabilities</b>	<b>\$ <u>22,855</u></b>	<b>\$ <u>51,678</u></b>
<b>Net Assets:</b>		
Unrestricted	\$ 1,083,835	\$ 1,297,595
Temporarily restricted	<u>523,229</u>	<u>505,474</u>
<i>Total Net Assets</i>	\$ <u>1,607,064</u>	\$ <u>1,803,069</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u><u>1,629,919</u></u></b>	<b>\$ <u><u>1,854,747</u></u></b>

The accompanying notes are an integral part of this financial statement.

Joy Ranch, Inc.  
Statement of Activities  
For the Year Ended December 31, 2016  
(With Comparative Totals for December 31, 2015)

	Unrestricted	Temporarily Restricted	2016	2015
<b>Revenues, Gains, and Other Support</b>				
<i>Revenues</i>				
Child care payments:				
Department of Social Services and Social Security	\$ 194,642	\$ -	\$ 194,642	\$ 149,335
Guardian	12,219	-	12,219	35,974
In-kind revenue	18,218	-	18,218	8,368
<b>Total Revenues</b>	<u>\$ 225,079</u>	<u>\$ -</u>	<u>\$ 225,079</u>	<u>\$ 193,677</u>
<i>Gains and Other Support</i>				
Contributions:				
Regular	\$ 248,685	\$ 17,755	\$ 266,440	\$ 283,086
Bequests	667	-	667	16,313
Distributions as income beneficiary	95,089	-	95,089	91,262
Employee contributions	3,100	-	3,100	2,034
Other contributions	126,799	-	126,799	138,407
Grants	3,660	-	3,660	9,500
Miscellaneous	15,928	-	15,928	81,069
Realized and unrealized gain (loss) on investment	7,290	-	7,290	3,116
<b>Total Gains and Other Support</b>	<u>\$ 501,218</u>	<u>\$ 17,755</u>	<u>\$ 518,973</u>	<u>\$ 624,787</u>
<b>Total Revenues, Gains, and Other Support</b>	<u>\$ 726,297</u>	<u>\$ 17,755</u>	<u>\$ 744,052</u>	<u>\$ 818,464</u>
<b>Expenses</b>				
Program services	\$ 606,070	\$ -	\$ 606,070	\$ 679,733
Supporting services:				
Management and general	242,485	-	242,485	236,464
Fundraising	91,502	-	91,502	70,141
<b>Total Expenses</b>	<u>\$ 940,057</u>	<u>\$ -</u>	<u>\$ 940,057</u>	<u>\$ 986,338</u>
<b>Change in Net Assets</b>	<u>\$ (213,760)</u>	<u>\$ 17,755</u>	<u>\$ (196,005)</u>	<u>\$ (167,874)</u>
<b>Net Assets, Beginning of Year</b>	<u>1,297,595</u>	<u>505,474</u>	<u>1,803,069</u>	<u>1,970,943</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,083,835</u></u>	<u><u>\$ 523,229</u></u>	<u><u>\$ 1,607,064</u></u>	<u><u>\$ 1,803,069</u></u>

The accompanying notes are an integral part of this financial statement.

Joy Ranch, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2016  
(With Comparative Totals for December 31, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (196,005)	\$ (167,874)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	48,150	49,900
Unrealized (gain) loss on investments	648	(2,771)
Decrease (increase) in:		
Accounts receivable	(9,335)	18,222
Prepaid expenses	(105)	(8,999)
Security deposit	1,909	-
Increase (decrease) in:		
Accounts payable	(24,834)	16,594
Accrued expenses	<u>(3,989)</u>	<u>5,706</u>
Cash flows provided by (used for) operating activities	\$ <u>(183,561)</u>	\$ <u>(89,222)</u>
Cash flows from investing activities:		
Purchase of property and equipment	\$ <u>(38,841)</u>	\$ <u>(45,611)</u>
Cash flows provided by (used for) investing activities	\$ <u>(38,841)</u>	\$ <u>(45,611)</u>
Cash flows from financing activities:		
Sale of investments	\$ <u>-</u>	\$ <u>71,190</u>
Cash flows provided by (used for) financing activities	\$ <u>-</u>	\$ <u>71,190</u>
Net increase (decrease) in cash and cash equivalents	\$ (222,402)	\$ (63,643)
Cash and cash equivalents, beginning of year	<u>1,074,262</u>	<u>1,137,905</u>
Cash and cash equivalents, end of year	<u>\$ 851,860</u>	<u>\$ 1,074,262</u>

The accompanying notes are an integral part of this statement.

JOY RANCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

Joy Ranch, Inc. (the Organization) is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia for the purpose of providing temporary and permanent housing for children who are unable to live with their parents or guardians. Joy Ranch, Inc. has approximately 67 acres and a capacity for 48 children and considers the spiritual, moral, physical and educational well being of the child when determining care. Joy Ranch, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

The Organization maintains its assets and liabilities, and records its income and expenses by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

C. Financial Statement Presentation

Joy Ranch, Inc., is required to report information regarding its financial position and activities according to three classes of net assets based on existence or absence of donor-imposed restrictions:

Unrestricted net assets - Net assets that are not subject to any donor-imposed stipulations. At December 31, 2016, the Organization had unrestricted net assets of \$1,083,835.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time. At December 31, 2016, the Organization had temporarily restricted net assets of \$523,229.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specific purposes. At December 31, 2016, the Organization had no permanently restricted net assets.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying value.

E. Investments

The Organization reports investments in equity securities with readily determinable fair values at fair value in the statement of financial position and any related realized and unrealized gains and losses are reported in the statement of activities.



JOY RANCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (CONTINUED)  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Accounts Receivable

Accounts receivable are stated at book value less the allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method.

G. Property and Equipment

Property and equipment acquired by Joy Ranch, Inc. are considered to be owned by the Organization. Purchased property is recorded at cost or estimated cost. Donated property and equipment are recorded at their estimated fair value at the time of donation. Such contributions are reported as unrestricted support unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use are reported as restricted support.

The Organization's capitalization policy identifies the following major classes of assets and establishes a capitalization threshold for each class:

<u>Class of Asset</u>	<u>Capitalization Threshold</u>
Machinery and Equipment	\$1,000 or more
Buildings and Improvements	\$1,000 or more
Land Improvements	\$3,000 or more
Land	Any amount
Office or Cottage Equipment	\$500 or more

Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and Improvements	30-50 years
Vehicles	5-10 years
Equipment	7 to 30 years
Land Improvements	25 years

H. Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has no provision for Federal income taxes in the accompanying financial statements. A form 990 as required by the Internal Revenue Service will be filed for the year ended December 31, 2016 by May 15, 2017.

JOY RANCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (CONTINUED)  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

I. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

J. Donated Goods and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

The Organization also receives a significant amount of donated goods that it recognizes at the fair market value of the goods at the time of receipt. These goods are recorded as in-kind revenues on the Organization's statement of activities.

K. Functional Allocation of Expenses

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

L. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates and assumptions.

M. Comparative Totals

Comparative totals are presented for informational purposes only.

JOY RANCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (CONTINUED)  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

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**NOTE 2- PROPERTY AND EQUIPMENT:**

A summary of land, buildings and equipment at December 31, follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 130,071	\$ 130,071
Buildings and Improvements	1,865,883	1,865,883
Furniture and Equipment	218,840	218,840
Vehicles	172,116	172,116
Horses	7,000	7,000
Signs	8,940	8,940
Work in Progress	12,984	12,660
Construction in Progress	42,580	4,063
Paving	<u>22,222</u>	<u>22,222</u>
Total	\$ 2,480,636	\$ 2,441,795
Less: accumulated depreciation	<u>1,744,075</u>	<u>1,695,925</u>
Net Land, Buildings and Equipment	<u>\$ 736,561</u>	<u>\$ 745,870</u>

**NOTE 3 - ACCOUNTS RECEIVABLE:**

Receivables at December 31, 2016 and 2015 amounted to \$27,394 and \$18,059, respectively, and consisted primarily of child support amounts due for residents.

**NOTE 4 - OTHER INVESTMENTS:**

Joy Ranch, Inc. received a non-cash contribution of a timeshare in a ski resort during the year ended December 31, 2003. Joy Ranch, Inc. is entitled to receive the use of the ski resort for one week out of the year. The timeshare has an estimated cost of \$5,000, which is reflected as an investment in the Organization's financial statements.

**NOTE 5 - RETIREMENT PLAN:**

Joy Ranch, Inc. maintains a simple retirement plan for its employees. All full-time employees of the Organization are eligible to participate in the plan after one year of employment. Part-time employees may be eligible to participate following one year of employment providing they have received \$5,000 or more in compensation during any one-year period. Employees who elect to participate will receive up to 3% of their salary in retirement benefits. Employees may terminate their participation at any time during the calendar year. The amount of retirement expense at December 31, 2016 and 2015 was \$9,684 and \$8,906, respectively.

JOY RANCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (CONTINUED)  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

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NOTE 6—RESTRICTIONS AND DESIGNATIONS OF NET ASSETS:

At December 31, 2016, temporarily restricted net assets are available for the following purposes:

Organizational use	\$ 6,967
Cottage remodel	17,755
Ruby Handy estate	498,507
	<u>\$ 523,229</u>

NOTE 7-SUBSEQUENT EVENTS:

In preparing these financial statements, management of Joy Ranch, Inc. has evaluated events and transactions for potential recognition of disclosure through March 2, 2017, the date the financial statements were available to be issued.

Joy Ranch, Inc.  
Schedule of Functional Expenses  
For the Year Ended December 31, 2016  
(With Comparative Totals for December 31, 2015)

	Program Services	Supporting Services		Total	Total
	Foster Care	Management and General	Fundraising	2016	2015
Activities	\$ 17,529	\$ -	\$ -	\$ 17,529	\$ 11,624
Advertising	-	15,079	6,462	21,541	16,926
Animal expenses	22	-	-	22	4,271
Automotive	11,452	5,011	1,432	17,895	17,577
Bank charges	1,232	539	154	1,925	1,819
Clothes and school supplies	7,369	-	-	7,369	26,447
Contracted services	2,348	1,027	293	3,668	4,168
Cottage and residence allowance	14,125	-	-	14,125	10,201
Depreciation	29,371	18,779	-	48,150	49,900
Donor related/fundraising	-	-	13,498	13,498	19,347
Dues and subscriptions	3,282	1,436	410	5,128	9,297
Employee insurance	29,557	12,932	3,695	46,184	47,165
In-kind expenses	18,218	-	-	18,218	8,368
Insurance	16,965	7,422	2,121	26,508	29,608
Kitchen and food supplies	21,616	-	-	21,616	51,372
Maintenance	10,604	4,639	1,326	16,569	35,122
Missions/Church Groups	1,169	-	-	1,169	-
General supplies	8,399	3,675	1,050	13,124	3,716
Medical	3,209	-	-	3,209	1,265
Miscellaneous	1,039	-	-	1,039	(1,406)
Office supplies and expense	8,425	3,686	1,053	13,164	18,582
Other employee benefits	29,453	12,886	3,682	46,021	33,488
Payroll taxes	24,432	10,525	2,631	37,588	38,003
Printing and postage	2,800	-	6,855	9,655	4,774
Professional fees	5,170	2,147	636	7,953	7,643
Reimbursable expenses	180	-	-	180	-
Retirement	5,508	2,323	774	8,605	8,906
Salaries	278,186	117,360	39,120	434,666	442,815
Taxes and licenses	1,825	758	225	2,808	3,748
Telephone	1,336	564	188	2,088	3,597
Training	3,796	949	-	4,745	4,299
Travel	2,012	867	217	3,096	920
Utilities and oil	45,441	19,881	5,680	71,002	72,776
Total Expenses	<u>\$ 606,070</u>	<u>\$ 242,485</u>	<u>\$ 91,502</u>	<u>\$ 940,057</u>	<u>\$ 986,338</u>