A CHILD'S HAVEN, INC.

GREENVILLE, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

A CHILD'S HAVEN, INC.

GREENVILLE, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
A Child's Haven, Inc.
Greenville, South Carolina

We have audited the accompanying financial statements of A Child's Haven, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, 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 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 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 A Child's Haven, Inc. as of June 30, 2013 and 2012, 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.

Bradshaw, Gordon & Clinkscales, LLC

March 27, 2014

A CHILD'S HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	2013	2012 (Restated)
CURRENT ASSETS:		
Cash and cash equivalents	$ 559,317	$ 216,871
Restricted cash	104,087	260,642
Donations receivable	12,125	9,800
Grants and contracts receivable	108,703	64,535
Pledges receivable – Capital Campaign, current portion, net	45,255	136,646
Pledges receivable – Capital Campaign – maintenance, current portion, net	10,487	14,218
Medicaid match receivable	-	131,616
Investments	101,506	93,074
Charitable remainder trust	198	198
Prepaid expenses	10,865	-
Total Current Assets	952,543	927,600
PROPERTY AND EQUIPMENT, Net	723,357	739,605
OTHER ASSETS:		
Pledges receivable – Capital Campaign, less current portion, net	98,912	32,382
Pledges receivable – Capital Campaign – maintenance, less current portion, net	3,338	3,369
Restricted cash, Capital Campaign	2,939,971	2,718,674
Total Other Assets	3,042,221	2,754,425
TOTAL ASSETS	$ 4,718,121	$ 4,421,630

LIABILITIES AND NET ASSETS

	2013	2012 (Restated)
LIABILITIES:		
Accounts payable	$ 13,975	$ 11,468
Accrued expenses	39,859	23,669
Total Liabilities (All Current)	53,834	35,137
NET ASSETS:		
Unrestricted	1,421,065	1,220,563
Temporarily restricted	3,243,222	3,165,930
Total Net Assets	4,664,287	4,386,493
TOTAL LIABILITIES AND NET ASSETS	$ 4,718,121	$ 4,421,630

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

A CHILD'S HAVEN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:			
Public Support:			
General contributions	$ 129,436	$ 165,769	$ 295,205
In-kind contributions	66,903	10,500	77,403
Special events	327,905	-	327,905
United Way	38,037	-	38,037
Capital Campaign	-	252,466	252,466
Total Public Support	562,281	428,735	991,016
Revenue:			
Fees, contracts and grants from governmental agencies	1,420,097	-	1,420,097
Change in value of investments	7,198	-	7,198
Interest income	3,299	10,969	14,268
Total Revenue	1,430,594	10,969	1,441,563
Net assets released from restrictions	362,412	(362,412)	-
Total Public Support and Revenue	2,355,287	77,292	2,432,579
FUNCTIONAL EXPENSES:			
Direct program expenses	1,865,169	-	1,865,169
General and administrative expenses	151,310	-	151,310
Fundraising	69,372	-	69,372
Total Functional Expenses	2,085,851	-	2,085,851
LOSS ON DISPOSAL OF FIXED ASSETS	68,934	-	68,934
Total Expenses and Losses	2,154,785	-	2,154,785
CHANGES IN NET ASSETS	200,502	77,292	277,794
NET ASSETS, Beginning of year, as restated	1,220,563	3,165,930	4,386,493
NET ASSETS, End of year	$ 1,421,065	$ 3,243,222	$ 4,664,287

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

A CHILD'S HAVEN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012 (RESTATED)

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:			
Public Support:			
General contributions	$ 165,010	$ 215,538	$ 380,548
In-kind contributions	125,259	-	125,259
Special events	243,170	-	243,170
United Way	48,304	-	48,304
Capital Campaign	-	170,536	170,536
Total Public Support	581,743	386,074	967,817
Revenue:			
Fees, contracts and grants from governmental agencies	1,469,878	-	1,469,878
Change in value of investments	(6,396)	-	(6,396)
Interest income	4,252	11,810	16,062
Other revenue	2,489	4,674	7,163
Total Revenue	1,470,223	16,484	1,486,707
Net assets released from restrictions	195,008	(195,008)	-
Total Public Support and Revenue	2,246,974	207,550	2,454,524
FUNCTIONAL EXPENSES:			
Direct program expenses	1,513,067	-	1,513,067
General and administrative expenses	328,177	-	328,177
Fundraising	61,344	-	61,344
Total Functional Expenses	1,902,588	-	1,902,588
CHANGES IN NET ASSETS	344,386	207,550	551,936
NET ASSETS, Beginning of year	876,177	2,958,380	3,834,557
NET ASSETS, End of year	$ 1,220,563	$ 3,165,930	$ 4,386,493

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

A CHILD'S HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	$ 1,183,152	$ 51,658	$ 34,831	$ 1,269,641
Mandatory benefits	127,155	5,462	3,940	136,557
Non-mandatory benefits	76,879	3,307	2,480	82,666
Total Personnel Expenses	1,387,186	60,427	41,251	1,488,864
Assistance to individuals	68,259	-	-	68,259
Contracted services	51,715	12,697	-	64,412
Depreciation	17,730	1,232	-	18,962
Dues, memberships and subscriptions	306	427	-	733
Education and training	17,626	1,652	68	19,346
Employee expenses	7,052	822	11	7,885
Fundraising	-	-	21,873	21,873
Insurance	9,200	9,355	-	18,555
Miscellaneous	2,754	5,164	706	8,624
Office expenses	1,049	3,815	151	5,015
Other supplies	14,703	2,265	-	16,968
Postage	123	2,114	805	3,042
Printing	171	2,031	974	3,176
Professional and consulting fees	20,663	33,901	212	54,776
Program meals	34,740	94	-	34,834
Program supplies	13,372	5	-	13,377
Rent	95,090	6,418	-	101,508
Repairs and maintenance	24,573	456	-	25,029
Taxes, licenses and fees	265	1,900	-	2,165
Technology	28,480	3,656	2,935	35,071
Telephone	10,758	1,174	-	11,932
Travel (client)	14,626	-	-	14,626
Travel (entertainment and staff appreciation)	7,053	1,459	386	8,898
Utilities	18,080	246	-	18,326
Vehicle fuel	19,595	-	-	19,595
	$ 1,865,169	$ 151,310	$ 69,372	$ 2,085,851

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

A CHILD'S HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012 (RESTATED)

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	$ 911,936	$ 225,128	$ 32,750	$ 1,169,814
Mandatory benefits	88,509	21,851	3,179	113,539
Non-mandatory benefits	59,984	14,808	2,155	76,947
Total Personnel Expenses	1,060,429	261,787	38,084	1,360,300
Assistance to individuals	80,085	-	-	80,085
Contracted services	13,184	1,710	-	14,894
Depreciation	16,967	2,512	-	19,479
Dues, memberships and subscriptions	176	1,173	-	1,349
Education and training	14,731	440	-	15,171
Employee expenses	12,001	1,559	-	13,560
Fundraising	-	-	13,476	13,476
Insurance	8,270	9,930	-	18,200
Miscellaneous	2,913	1,293	13	4,219
Office expenses	819	4,109	64	4,992
Other supplies	14,897	2,809	210	17,916
Postage	14	2,327	1,210	3,551
Printing	-	237	4,028	4,265
Professional and consulting fees	3,121	18,234	152	21,507
Program meals	38,544	-	-	38,544
Program supplies	9,752	-	-	9,752
Rent	92,978	6,290	-	99,268
Repairs and maintenance	13,008	1,130	-	14,138
Taxes, licenses and fees	185	2,386	-	2,571
Technology	70,271	4,885	3,651	78,807
Telephone	10,976	722	-	11,698
Travel (client)	12,278	-	-	12,278
Travel (entertainment and staff appreciation)	3,292	1,461	456	5,209
Utilities	15,355	3,183	-	18,538
Vehicle fuel	18,821	-	-	18,821
	$ 1,513,067	$ 328,177	$ 61,344	$ 1,902,588

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

A CHILD'S HAVEN, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 277,794	$ 551,936
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	18,962	19,479
Investment income reinvested	(1,911)	(2,637)
Noncash investment fees	677	1,115
Realized and unrealized (gains) losses on investments	(7,198)	6,396
Realized (gains) losses on fixed asset disposals	68,934	-
(Increase) decrease in:		
Donations receivable	(2,325)	(4,285)
Grants and contracts receivable	(44,168)	22,039
Pledges receivable – Capital Campaign	24,861	(98,102)
Pledges receivable – Capital Campaign – maintenance	3,762	(5,071)
Medicaid match receivable	131,616	(131,616)
Prepaid expenses	(10,865)	22,531
Increase (decrease) in:		
Accounts payable	2,507	(246)
Accrued expenses	16,190	4,834
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	478,836	386,373
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(71,648)	(8,881)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(71,648)	(8,881)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	407,188	377,492
CASH AND CASH EQUIVALENTS, Beginning of year	3,196,187	2,818,695
CASH AND CASH EQUIVALENTS, End of year	$ 3,603,375	$ 3,196,187

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

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012 (Restated)
RECONCILIATION OF CASH:		
Cash and cash equivalents	$ 559,317	$ 216,871
Restricted cash	104,087	260,642
Restricted cash, Capital Campaign	2,939,971	2,718,674
	$ 3,603,375	$ 3,196,187

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Child's Haven, Inc. (the Organization) is a non-profit corporation located in Greenville, South Carolina. The Organization was created to provide a consortium of services to children who are developmentally delayed or at risk for developmental delay due to abuse or neglect, and to their parents or guardians. The Organization works interdependently with other organizations and institutions that are collectively connected by their common objectives and goals.

Financial Statement Presentation and Revenue Recognition: The accompanying financial statements are presented in accordance with the provisions of topic 958, *Not-for-Profit Entities,* of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC).

Those provisions establish standards for external financial reporting by nonprofit organizations and require net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are neither temporarily restricted nor permanently restricted by donor-imposed restrictions.

- Temporarily restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

- Permanently restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets as of June 30, 2013 and 2012.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law.

The provisions of FASB ASC topic 958 require that contributions, including unconditional promises to give (pledges), be recognized as revenues in the period received. Conditional pledges are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 between the applicable classes of net assets.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the term *cash and cash equivalents* includes cash on deposit and certificates of deposit with local banks with maturities under ninety days.

Restricted Cash: Restricted cash represents contributions that have been designated by the donors for current and long-term purposes.

Investments: In accordance with provisions of FASB ASC topic 958-320, *Investments – Debt and Equity Securities,* investments in marketable securities with readily determinable fair value are stated at their fair values in the Statements of Financial Position. Gains and losses are reported as increases or decreases in unrestricted net assets on the Statements of Activities unless their use is temporarily or permanently restricted by donor stipulations or by law.

Pledges Receivable: Pledges receivable are recorded when the donor makes a promise to give. In management's opinion, an allowance for uncollectible pledges receivable of $66,000 at June 30, 2013 and 2012 is necessary.

Property and Equipment: The cost of property and equipment, including major renewals and betterments, is depreciated over the estimated useful lives of the related assets using the straight-line method. When property and equipment are sold or otherwise disposed of, the asset cost and related accumulated depreciation are removed from the respective asset and accumulated depreciation accounts, and any resulting gain or loss is included in revenues or expenses, respectively.

The estimated useful lives of property and equipment for purposes of computing depreciation are:

Furniture and equipment	3 – 7 years
Vehicles	5 years
Leasehold improvements	5 – 15 years

Contributed Services: During 2013 and 2012, a substantial number of volunteers and community businesses donated significant amounts of services to various Organization activities. These services did not meet the criteria for financial statement recognition and are, therefore, not included on the Statements of Activities and Changes in Net Assets.

Functional Allocation of Expenses: The costs of providing the Organization's various programs and support services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and support services.

Use of Estimates: The preparation of the accompanying financial statements in conformity with the accrual basis of accounting requires the use of certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Investments: Provisions of various sections within FASB ASC topic 820, *Fair Value Measurements and Disclosures,* define fair value, establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and require certain disclosures about fair value measurements. Those provisions address acceptable valuation techniques and establish a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.

- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable (for example, interest rates); and inputs that are derived from or corroborated by observable market data.

- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

Provisions of FASB ASC topic 820 require disclosures about fair value measurements for certain financial assets and liabilities.

The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments. The carrying values of the Organization's investments are based on information provided by external investment managers or comparison to quoted market values.

Tax Status: The Organization is a not-for-profit entity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes pursuant to Section 501(a) of the Internal Revenue Code.

After the Organization has filed its information tax return with the Internal Revenue Service, its return is subject to examination by this taxing authority for the number of years that the return is considered to be statutorily "open," generally for three years after the date the return was filed.

NOTE 2 – PLEDGES RECEIVABLE — CAPITAL CAMPAIGN

During 2008, the Organization initiated a capital campaign, the mission of which is to build a new 25,000 square foot facility at the site of the old Armstrong School in Greenville, South Carolina, which will be the largest treatment center in the southeast for neglected and abused children. The campaign's goal is to raise approximately $6,300,000 for the building renovations and approximately $1,000,000 to create a maintenance fund going forward to provide income for maintenance of the building and grounds. The time table to achieve this goal is nine to ten years from inception, with donors designating their terms of payment. Gifts of $6,000 or more will be recognized permanently in the new building. Gifts below $6,000 will be acknowledged in print materials for the duration of the campaign. The pledge payment process includes monthly, quarterly, and yearly invoices for collecting the capital campaign contributions, with a minimal percentage of uncollectible pledges anticipated. No signatures are required on the pledge forms. The pledges receivable are unconditional and due from one to five years. Currently the capital campaign funds which have been collected are held in a separate account which is reported in restricted cash on the accompanying Statements of Financial Position.

Unconditional promises to give at June 30, 2013 are:

	Capital Campaign	Capital Campaign – Maintenance	Total
Pledged	$ 3,494,323	$ 509,880	$ 4,004,203
Less: Cash received	3,275,310	488,878	3,764,188
Pledges receivable	219,013	21,002	240,015
Less: Discount to net present value	14,621	1,402	16,023
Less: Allowance for doubtful accounts	60,225	5,775	66,000
Pledges Receivable, Net	$ 144,167	$ 13,825	$ 157,992
Due in less than one year	$ 45,255	$ 10,487	$ 55,742
Due in one to five years	98,912	3,338	102,250
	$ 144,167	$ 13,825	$ 157,992

NOTE 2 – PLEDGES RECEIVABLE — CAPITAL CAMPAIGN (CONTINUED)

Unconditional promises to give at June 30, 2012 are:

	Capital Campaign	Capital Campaign – Maintenance	Total
Pledged	$ 3,279,727	$ 472,011	$ 3,751,738
Less: Cash received	3,036,385	446,715	3,483,100
Pledges receivable	243,342	25,296	268,638
Less: Discount to net present value	14,514	1,509	16,023
Less: Allowance for doubtful accounts	59,800	6,200	66,000
Pledges Receivable, Net	$ 169,028	$ 17,587	$ 186,615
Due in less than one year	$ 136,646	$ 14,218	$ 150,864
Due in one to five years	32,382	3,369	35,751
	$ 169,028	$ 17,587	$ 186,615

A discount rate of 5.00% was used for the years ended June 30, 2013 and 2012.

In 2013, the Organization received a conditional promise to give totaling $368,250. Incremental payments will be made through June 2016 as project costs are incurred and various conditions are met.

NOTE 3 – INVESTMENT IN COMMUNITY FOUNDATION OF GREATER GREENVILLE

The Community Foundation of Greater Greenville manages investment funds with a fair value of $101,506 and $93,074 at June 30, 2013 and 2012, respectively. The Organization can designate that the funds be distributed back to the Organization or to another charitable organization. Investment return, consisting of interest, investment fees and unrealized gains or losses, is considered unrestricted.

NOTE 4 – FAIR VALUE OF INVESTMENTS

Fair values of assets and liabilities measured on a recurring basis at June 30, 2013 and 2012 were as follows:

Description	Assets (Liabilities) Fair Value	Significant Unobservable Inputs (Level 3)
June 30, 2013:		
ASSETS:		
Investments:		
Community Foundation of Greater Greenville	$ 101,506	$ 101,506
Charitable remainder trust	198	198
Total Assets	$ 101,704	$ 101,704
June 30, 2012:		
ASSETS:		
Investments:		
Community Foundation of Greater Greenville	$ 93,074	$ 93,074
Charitable remainder trust	198	198
Total Assets	$ 93,272	$ 93,272

The valuation techniques for the assets and liabilities presented above were determined as follows:

- Level 3 fair values for the charitable remainder trust held by the Presbyterian Foundation and the investments held by Community Foundation of Greater Greenville were determined by the Presbyterian Foundation and the Community Foundation of Greater Greenville to represent the fair market value of the investments.

The Organization had no Level 1 or Level 2 assets or liabilities at June 30, 2013 and 2012.

NOTE 4 – FAIR VALUE OF INVESTMENTS (CONTINUED)

The following table represents a reconciliation of activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at June 30:

	2013	2012
Beginning balance	$ 93,272	$ 98,146
Investment interest income	1,911	2,637
Investment fees	(677)	(1,115)
Change in value of investments	7,198	(6,396)
	$ 101,704	$ 93,272
Total gains (losses) included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at June 30, 2013 and 2012	$ 7,198	$ (6,396)

NOTE 5 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30:

	2013	2012
Land	$ 60,000	$ 60,000
Construction-in-progress	624,859	622,145
Leasehold improvements	21,594	21,594
Furniture and equipment	109,256	109,256
Vehicles	210,922	210,922
	1,026,631	1,023,917
Less: Accumulated depreciation	303,274	284,312
	$ 723,357	$ 739,605

Depreciation expense for the years ended June 30, 2013 and 2012 was $18,962 and $19,479 respectively.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in several financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times throughout the year, the Organization may maintain bank balances in excess of the FDIC insured limits. At June 30, 2013, the balances in excess of FDIC coverage limit totaled $709,717.

NOTE 7 – OPERATING LEASE OBLIGATIONS

The Organization entered into an operating lease with a third party for their facilities. The lease was amended in April 2011 with monthly installments of $6,911 and was scheduled to expire in December 2013. In December 2013 the lease was amended to extend the lease term one year to December 2014 with the same monthly installments of $6,911. Lease expenditures for the operating lease for the years ended June 30, 2013 and 2012 were $90,106 and $90,271 respectively and are included in rent on the accompanying statements of Functional Expenses.

Future minimum payments under the operating lease as of June 30, 2014 are:

2014	$ 82,932
2015	41,468
	$ 124,400

NOTE 8 – CREDIT LINE

At June 30, 2013, the Organization had a $700,000 credit line with a local bank with an interest rate of prime and a floor of 5.5%. The interest rate was 5.5% at June 30, 2013 and 2012. The credit line is secured by real property with a net book value of $684,569 and $681,934 at June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, the entire balance was available to the Organization. The credit line matured in November 2013 and was renewed until November 2016. The interest rate at renewal was 3.25%.

NOTE 9 – MATCHING FUNDING PROVIDED BY UNITED WAY

The Organization was provided matching funds of $196,000 and $140,000 for the years ended June 30, 2013 and 2012, respectively by the United Way of Greenville County. Under the terms of this funding, the funds are paid directly to the South Carolina Department of Health and Human Services (SCDHHS) on behalf of the Organization. The funds are applied to the matching funds requirement as outlined in the Matching funds for Therapeutic Child Services agreement with the SCDHHS effective July 1, 1999. The funds are subsequently recognized as revenue by the Organization when earned and reimbursed from the SCDHHS.

NOTE 9 – MATCHING FUNDING PROVIDED BY UNITED WAY (CONTINUED)

This revenue is represented as part of fees, contracts and grants from governmental agencies shown on the accompanying Statements of Activities and Changes in Net Assets. The United Way of Greenville County also donates money directly to the Organization. This is represented as United Way public support.

NOTE 10 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions as of June 30, 2013 and 2012 consisted of the following support transferred out of temporarily restricted funds for payment by unrestricted funds:

	2013	2012
Accreditation	$ 43,221	$ 4,714
Assessment – United Way	-	6,684
Bridge funding	-	52,538
Bus	1,635	1,215
Capital Campaign	85,531	10
Childrens' Trust Fund	44,740	-
Classroom supplies	6,314	9,815
Community Foundation of Greater Greenville	7,658	1,508
Extended Day	-	346
Field trips	4,087	1,914
Furnishings	1,833	-
Greenville Women Giving	57,598	-
Music and exercise	5,287	2,288
Parent Anonymous	-	2,794
Parenting	54,359	35,525
Special Assistance and Christmas	1,739	5,230
Staff Appreciation	559	-
Technical	29,400	24,755
Therapeutic Program	-	5,400
Training	18,451	14,767
Transportation	-	25,505
	$ 362,412	$ 195,008

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

The following classifications reflect the nature of restrictions on temporarily restricted net assets for the years ended June 30, 2013 and 2012, respectively.

	2013	2012
Accreditation	$ 77,065	$ 120,286
Behavior Therapy	7,095	-
Bus	26,986	6,121
Capital Campaign	2,590,989	2,433,277
Capital Campaign – maintenance	502,703	472,011
Classroom supplies	3,524	3,189
Community Foundation of Greater Greenville	-	7,658
Field trips	4,265	-
Furnishings	1,322	155
Greenville Women Giving	-	57,598
Music and exercise	4,079	6,367
Nurse	20,000	-
Parenting	-	34,859
Special Assistance and Christmas	-	458
Staff Appreciation	294	-
Technical	1,845	13,245
Training	3,055	10,706
	$ 3,243,222	$ 3,165,930

NOTE 12 – PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2013, management determined that the prior year expenses had been overstated by $131,616. As a result, receivables and unrestricted net assets at June 30, 2012 were understated. The prior year amounts included in the financial statements have been restated to reflect this adjustment.

NOTE 13 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through March 27, 2014, which is the date that the accompanying financial statements were available to be issued, and is unaware of any changes that should be made to the financial statements.