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, 2014 and 2013, 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.

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Members: American Institute of CPAs, South Carolina Association of CPAs, North Carolina Association of CPAs

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, 2014 and 2013, 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

January 27, 2015

A CHILD'S HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	$ 465,425	$ 559,317
Restricted cash and cash equivalents	64,159	104,087
Donations receivable	16,425	12,125
Grants and contracts receivable	128,072	108,703
Pledges receivable – Capital Campaign, current portion, net	130,145	45,255
Pledges receivable – Capital Campaign – maintenance, current portion, net	13,020	10,487
Investment in Community Foundation of Greater Greenville	142,464	101,506
Charitable remainder trust	198	198
Prepaid expenses	18,128	10,865
Total Current Assets	978,036	952,543
PROPERTY AND EQUIPMENT, Net	3,196,177	723,357
OTHER ASSETS:		
Pledges receivable – Capital Campaign, less current portion, net	279,962	98,912
Pledges receivable – Capital Campaign – maintenance, less current portion, net	7,725	3,338
Restricted cash and cash equivalents – Capital Campaign	1,890,361	2,598,748
Restricted certificates of deposit – Capital Campaign	103,757	341,223
Total Other Assets	2,281,805	3,042,221
TOTAL ASSETS	$ 6,456,018	$ 4,718,121

LIABILITIES AND NET ASSETS

	2014	2013
LIABILITIES:		
Accounts payable	$ 524,161	$ 13,975
Accrued expenses	33,641	39,859
Total Liabilities (All Current)	557,802	53,834
NET ASSETS:		
Unrestricted	3,840,803	1,421,065
Temporarily restricted	2,057,413	3,243,222
Total Net Assets	5,898,216	4,664,287
TOTAL LIABILITIES AND NET ASSETS	$ 6,456,018	$ 4,718,121

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, 2014

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:			
Public Support:			
General contributions	$ 198,906	$ 223,927	$ 422,833
In-kind contributions	57,305	7,000	64,305
Special events	349,578	-	349,578
United Way	94,568	-	94,568
Capital Campaign	-	1,274,429	1,274,429
Total Public Support	700,357	1,505,356	2,205,713
Revenue:			
Fees, contracts and grants from governmental agencies	1,261,706	-	1,261,706
Change in value of investments	8,236	-	8,236
Interest income	3,815	9,853	13,668
Total Revenue	1,273,757	9,853	1,283,610
Net assets released from restrictions	2,701,018	(2,701,018)	-
Total Public Support and Revenue	4,675,132	(1,185,809)	3,489,323
FUNCTIONAL EXPENSES:			
Direct program expenses	2,034,405	-	2,034,405
General and administrative expenses	105,452	-	105,452
Fundraising	115,537	-	115,537
Total Functional Expenses	2,255,394	-	2,255,394
CHANGES IN NET ASSETS	2,419,738	(1,185,809)	1,233,929
NET ASSETS, Beginning of year	1,421,065	3,243,222	4,664,287
NET ASSETS, End of year	$ 3,840,803	$ 2,057,413	$ 5,898,216

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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	$ 1,284,037	$ 36,672	$ 61,580	$ 1,382,289
Mandatory benefits	152,431	4,348	7,302	164,081
Non-mandatory benefits	79,839	2,303	3,825	85,967
Total Personnel Expenses	1,516,307	43,323	72,707	1,632,337
Assistance to individuals	57,327	200	-	57,527
Contracted services	65,865	10,289	-	76,154
Depreciation	21,931	1,525	-	23,456
Dues, memberships and subscriptions	365	1,616	301	2,282
Education and training	19,980	379	2,913	23,272
Employee expenses	10,056	713	-	10,769
Fundraising	-	100	25,311	25,411
Insurance	9,158	9,474	-	18,632
Miscellaneous	2,626	743	287	3,656
Office expenses	1,330	4,648	105	6,083
Other supplies	8,925	2,702	142	11,769
Postage	311	2,622	1,560	4,493
Printing	609	516	4,151	5,276
Professional and consulting fees	34,955	7,435	4,434	46,824
Program meals	37,467	276	8	37,751
Program supplies	13,442	-	-	13,442
Rent	97,524	6,371	-	103,895
Repairs and maintenance	20,697	608	-	21,305
Taxes, licenses and fees	164	4,582	-	4,746
Technology	39,547	3,785	3,082	46,414
Telephone	11,791	1,002	-	12,793
Travel (client)	15,158	-	-	15,158
Travel (entertainment and staff appreciation)	10,894	2,218	536	13,648
Utilities	18,316	302	-	18,618
Vehicle fuel	19,660	23	-	19,683
	$ 2,034,405	$ 105,452	$ 115,537	$ 2,255,394

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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,233,929	$ 277,794
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	23,456	18,962
Investment income reinvested	(2,700)	(1,911)
Noncash investment fees	1,554	677
Realized and unrealized (gains) losses on investments	(8,236)	(7,198)
Realized (gains) losses on fixed asset disposals	-	68,934
(Increase) decrease in:		
Donations receivable	(4,300)	(2,325)
Grants and contracts receivable	(19,369)	(44,168)
Pledges receivable – Capital Campaign	(265,940)	24,861
Pledges receivable – Capital Campaign – maintenance	(6,920)	3,762
Medicaid match receivable	-	131,616
Prepaid expenses	(7,263)	(10,865)
Restricted certificates of deposit – Capital Campaign	237,466	(4,628)
Increase (decrease) in:		
Accounts payable	510,186	2,507
Accrued expenses	(6,218)	16,190
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,685,645	474,208
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments held at Community Foundation	(31,576)	-
Purchases of property and equipment	(2,496,276)	(71,648)
NET CASH USED BY INVESTING ACTIVITIES	(2,527,852)	(71,648)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(842,207)	402,560

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

A CHILD'S HAVEN, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH AND CASH EQUIVALENTS, Beginning of year	3,262,152	2,859,592
CASH AND CASH EQUIVALENTS, End of year	$ 2,419,945	$ 3,262,152
RECONCILIATION OF CASH:		
Cash and cash equivalents	$ 465,425	$ 559,317
Restricted cash and cash equivalents	64,159	104,087
Restricted cash and cash equivalents – Capital Campaign	1,890,361	2,598,748
	$ 2,419,945	$ 3,262,152

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, as well as services 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, 2014 and 2013.

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

Restricted Certificates of Deposit: Restricted certificates of deposits are stated at fair value. Interest income is recognized when paid. At June 30, 2014 and 2013 all restricted certificates of deposit are made up of cash contributions that have been designated by the donors for long-term purposes.

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, 2014 and 2013 is necessary.

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.

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. Acquisitions of property and equipment in excess of $1,000 are capitalized. 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:

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

Contributed Services: During 2014 and 2013, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 was to renovate the 39,000 square foot old Armstrong School in Greenville, South Carolina into the largest treatment center in the Southeast for neglected and abused children. The campaign's original goal was to raise approximately $6,300,000 for building renovations and approximately $1,000,000 to create a maintenance fund going forward to provide income for maintenance of the building and grounds. During the fiscal year ended June 30, 2013, the Organization decided to build a new 25,000 square foot facility rather than renovate the old school building, to gain the same advantages and benefits in a more economical option, and also enhancing the sustainability of future operations. Accordingly, the capital campaign goal, including the maintenance fund, was lowered to approximately $5,500,000. Construction on the new facility started in January 2014 and was completed in September 2014. The Organization moved into the new facility in October 2014. Gifts of $6,000 or more are recognized permanently in the new building. Gifts below $6,000 were 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 but not yet used are held in separate accounts which are reported as restricted cash and cash equivalents and restricted certificates of deposit on the accompanying Statements of Financial Position.

Unconditional promises to give at June 30, 2014 are:

	Capital Campaign	Capital Campaign – Maintenance	Total
Pledged	$ 4,663,875	$ 614,757	$ 5,278,632
Less: Cash received	4,175,694	590,063	4,765,757
Pledges receivable	488,181	24,694	512,875
Less: Discount to net present value	15,252	771	16,023
Less: Allowance for doubtful accounts	62,822	3,178	66,000
Pledges Receivable, Net	$ 410,107	$ 20,745	$ 430,852
Due in less than one year	$ 130,145	$ 13,020	$ 143,165
Due in one to five years	279,962	7,725	287,687
	$ 410,107	$ 20,745	$ 430,852

NOTE 2 – PLEDGES RECEIVABLE — CAPITAL CAMPAIGN (CONTINUED)

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

A discount rate of 5.00% was used for the years ended June 30, 2014 and 2013.

NOTE 3 – INVESTMENT IN COMMUNITY FOUNDATION OF GREATER GREENVILLE

The Community Foundation of Greater Greenville manages investment funds with a fair value of $142,464 and $101,506 at June 30, 2014 and 2013, 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, 2014 and 2013 were as follows:

Description	Assets (Liabilities) Fair Value	Assets (Liabilities) Significant Unobservable Inputs (Level 3)
June 30, 2014:		
ASSETS:		
Investments:		
Community Foundation of Greater Greenville	$ 142,464	$ 142,464
Charitable remainder trust	198	198
Total Assets	$ 142,662	$ 142,662
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

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, respectively, to represent the fair market value of the investments.

The Organization had no Level 1 or Level 2 assets or liabilities at June 30, 2014 and 2013.

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:

	2014	2013
Beginning balance	$ 101,704	$ 93,272
Investment purchases	31,576	-
Investment interest income	2,700	1,911
Investment fees	(1,554)	(677)
Change in value of investments	8,236	7,198
	$ 142,662	$ 101,704
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, 2014 and 2013	$ 8,236	$ 7,198

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2014	2013
Land	$ 60,000	$ 60,000
Construction-in-progress	3,081,161	624,859
Leasehold improvements	21,594	21,594
Furniture and equipment	109,256	109,256
Vehicles	250,896	210,922
	3,522,907	1,026,631
Less: Accumulated depreciation	326,730	303,274
	$ 3,196,177	$ 723,357

Depreciation expense for the years ended June 30, 2014 and 2013 was $23,456 and $18,962 respectively.

NOTE 6 – CONCENTRATIONS 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, 2014, the balances in excess of FDIC coverage limit totaled $425,641.

Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Organization's contributor base and their dispersion across different industries. However, as of June 30, 2014 and 2013, approximately 68% and 54%, respectively, of the Organization's pledges receivable was due from two donors.

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, and included an option granted by the lessor to allow the lessee the option to terminate the agreement at any time with a thirty day written notice to the lessor. Lease expenditures for the operating lease for the years ended June 30, 2014 and 2013 were $89,258 and $90,106 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:

2015	$ 41,468

NOTE 8 – CREDIT LINE

At June 30, 2014, the Organization had a $700,000 credit line with a local bank with an interest rate of prime and a floor of 0.0% and 5.5% at June 30, 2014 and 2013, respectively. The interest rate was 3.25% and 5.5% at June 30, 2014 and 2013. The credit line is secured by real property with a net book value of $3,140,792 and $684,569 at June 30, 2014 and 2013, respectively. At June 30, 2014 and 2013, the entire balance was available to the Organization. The credit line matures in November 2016.

NOTE 9 – MATCHING FUNDING PROVIDED BY UNITED WAY

The Organization was provided matching funds of $140,000 and $196,000 for the years ended June 30, 2014 and 2013, 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.

This revenue is included in fees, contracts and grants from governmental agencies 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, 2014 and 2013 consisted of the following support transferred out of temporarily restricted funds for payment by unrestricted funds:

	2014	2013
Accreditation	$ 882	$ 43,221
Behavior Therapy	4,956	-
Bus	39,974	1,635
Capital Campaign	2,456,947	85,531
Childrens' Trust Fund	156,073	44,740
Classroom supplies	5,408	6,314
Community Foundation of Greater Greenville	-	7,658
Field trips	3,540	4,087
Furnishings	-	1,833
Greenville Women Giving	-	57,598
Music and exercise	7,875	5,287
Nurse	10,000	-
Parenting	-	54,359
Special Assistance and Christmas	-	1,739
Staff Appreciation	294	559
Technical	6,365	29,400
Training	8,704	18,451
	$ 2,701,018	$ 362,412

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, 2014 and 2013, respectively.

	2014	2013
Accreditation	$ 76,183	$ 77,065
Behavior Therapy	2,139	7,095
Bus	-	26,986
Capital Campaign	1,313,306	2,590,989
Capital Campaign – maintenance	614,757	502,703
Classroom supplies	1,639	3,524
Field trips	1,637	4,265
Furnishings	1,322	1,322
Music and exercise	4,204	4,079
Nurse	10,000	20,000
Pinwheel Literacy Grant	895	-
Scansource Parenting Grant	20,000	-
Staff Appreciation	-	294
Technical	2,981	1,845
Training	8,350	3,055
	$ 2,057,413	$ 3,243,222

NOTE 12 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through January 27, 2015, 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.