

**A CHILD'S HAVEN, INC.**

**GREENVILLE, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

A CHILD'S HAVEN, INC.

GREENVILLE, SOUTH CAROLINA

---

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT -----	1
STATEMENTS OF FINANCIAL POSITION -----	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS -----	4
STATEMENTS OF FUNCTIONAL EXPENSES -----	6
STATEMENT OF CASH FLOWS -----	8
NOTES TO THE FINANCIAL STATEMENTS -----	10

\*\*\*\*\*



**BRADSHAW, GORDON & CLINKSCALES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Del L. Bradshaw, CPA/ABV, CFF  
Dell Baker, CPA  
Peter C. Tiffany, CPA/ABV, CFF  
Mandy B. Satterfield

Sandra L. Watkins, CPA, CFP®  
Ellison D. Smith, CPA  
Brian M. Graham, JD  
James B. Starks, IV, CPA

---

Roger B. Clinkscapes, CPA  
1954-2014

---

Roger R. Duncan, CPA  
1956-2011

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, 2017 and 2016, 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Bradshaw, Gordon + Clarke LLC*

December 21, 2017

A CHILD'S HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

---

ASSETS

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 820,131	\$ 847,471
Restricted cash and cash equivalents	32,450	6,507
Donations receivable	2,669	9,719
Grants and contracts receivable	134,842	177,954
Pledges receivable – Capital Campaign, current portion, net	1,958	120,331
Pledges receivable – Capital Campaign – maintenance, current portion, net	320	3,111
Investment in Community Foundation of Greater Greenville	155,065	141,549
Charitable remainder trust	198	198
Prepaid expenses	10,385	9,100
	<u>1,158,018</u>	<u>1,315,940</u>
Total Current Assets		
<b>PROPERTY AND EQUIPMENT, Net</b>	<u>4,132,822</u>	<u>4,159,648</u>
<b>OTHER ASSETS:</b>		
Pledges receivable – Capital Campaign, less current portion, net	1,539	20,000
Restricted cash and cash equivalents – Capital Campaign	814,105	798,787
	<u>815,644</u>	<u>818,787</u>
Total Other Assets		
<b>TOTAL ASSETS</b>	<u><u>\$ 6,106,484</u></u>	<u><u>\$ 6,294,375</u></u>

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 54,604	\$ 37,161
Deferred revenue	35,000	-
Accrued expenses	<u>74,090</u>	<u>60,018</u>
Total Liabilities (All Current)	<u>163,694</u>	<u>97,179</u>
<b>NET ASSETS:</b>		
Unrestricted	5,036,197	5,129,265
Temporarily restricted	<u>906,593</u>	<u>1,067,931</u>
Total Net Assets	<u>5,942,790</u>	<u>6,197,196</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 6,106,484</u></u>	<u><u>\$ 6,294,375</u></u>

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Public Support:			
General contributions	\$ 206,001	\$ 350,533	\$ 556,534
In-kind contributions	26,517	-	26,517
Special events	344,249	-	344,249
United Way	210,648	-	210,648
Total Public Support	<u>787,415</u>	<u>350,533</u>	<u>1,137,948</u>
Revenue:			
Fees, contracts and grants from governmental agencies	1,004,904	-	1,004,904
Change in value of investments	11,947	-	11,947
Interest income	5,235	581	5,816
Total Revenue	<u>1,022,086</u>	<u>581</u>	<u>1,022,667</u>
Net assets released from restrictions	<u>512,452</u>	<u>(512,452)</u>	<u>-</u>
Total Public Support and Revenue	<u>2,321,953</u>	<u>(161,338)</u>	<u>2,160,615</u>
<b>FUNCTIONAL EXPENSES:</b>			
Direct program expenses	2,168,723	-	2,168,723
General and administrative expenses	109,101	-	109,101
Fundraising	137,197	-	137,197
Total Functional Expenses	<u>2,415,021</u>	<u>-</u>	<u>2,415,021</u>
<b>CHANGES IN NET ASSETS</b>	(93,068)	(161,338)	(254,406)
<b>NET ASSETS, Beginning of year</b>	<u>5,129,265</u>	<u>1,067,931</u>	<u>6,197,196</u>
<b>NET ASSETS, End of year</b>	<u>\$ 5,036,197</u>	<u>\$ 906,593</u>	<u>\$ 5,942,790</u>

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Public Support:			
General contributions	\$ 251,670	\$ 322,033	\$ 573,703
In-kind contributions	32,501	-	32,501
Special events	368,248	-	368,248
United Way	206,466	-	206,466
Total Public Support	<u>858,885</u>	<u>322,033</u>	<u>1,180,918</u>
Revenue:			
Fees, contracts and grants from governmental agencies	1,012,134	-	1,012,134
Change in value of investments	(6,675)	-	(6,675)
Interest income	5,257	601	5,858
Total Revenue	<u>1,010,716</u>	<u>601</u>	<u>1,011,317</u>
Net assets released from restrictions	<u>418,690</u>	<u>(418,690)</u>	<u>-</u>
Total Public Support and Revenue	<u>2,288,291</u>	<u>(96,056)</u>	<u>2,192,235</u>
<b>FUNCTIONAL EXPENSES:</b>			
Direct program expenses	2,012,414	-	2,012,414
General and administrative expenses	121,872	-	121,872
Fundraising	106,597	-	106,597
Total Functional Expenses	<u>2,240,883</u>	<u>-</u>	<u>2,240,883</u>
CHANGES IN NET ASSETS	47,408	(96,056)	(48,648)
NET ASSETS, Beginning of year	<u>5,081,857</u>	<u>1,163,987</u>	<u>6,245,844</u>
NET ASSETS, End of year	<u>\$ 5,129,265</u>	<u>\$ 1,067,931</u>	<u>\$ 6,197,196</u>

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, 2017

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	\$ 1,284,241	\$ 36,644	\$ 59,303	\$ 1,380,188
Mandatory benefits	85,787	2,521	3,966	92,274
Non-mandatory benefits	122,918	3,529	6,491	132,938
<b>Total Personnel Expenses</b>	<b>1,492,946</b>	<b>42,694</b>	<b>69,760</b>	<b>1,605,400</b>
Assistance to individuals	27,343	-	-	27,343
Contracted services	102,752	13,235	-	115,987
Depreciation	145,972	7,683	-	153,655
Dues, memberships and subscriptions	2,400	2,576	318	5,294
Education and training	19,898	492	949	21,339
Employee expenses	10,547	414	715	11,676
Fundraising	-	-	42,452	42,452
Insurance	28,609	3,149	-	31,758
Miscellaneous	621	1,718	5,335	7,874
Office expenses	1,459	6,637	247	8,343
Other supplies	16,961	7,208	206	24,375
Postage	24	2,253	1,072	3,349
Printing	885	915	-	1,800
Professional and consulting fees	41,766	5,852	10,000	57,618
Program meals	32,855	629	84	33,568
Program supplies	19,399	200	4	19,603
Rent	3,781	630	-	4,411
Repairs and maintenance	38,461	1,419	-	39,880
Taxes, licenses and fees	2,611	1,015	-	3,626
Technology	79,403	6,968	4,360	90,731
Telephone	14,684	1,104	559	16,347
Travel (client)	16,010	19	-	16,029
Travel (entertainment and staff appreciation)	26,502	602	936	28,040
Utilities	24,292	1,689	-	25,981
Vehicle fuel	18,542	-	-	18,542
	<b>\$ 2,168,723</b>	<b>\$ 109,101</b>	<b>\$ 137,197</b>	<b>\$ 2,415,021</b>

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, 2016

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	\$ 1,231,247	\$ 40,803	\$ 56,856	\$ 1,328,906
Mandatory benefits	80,426	3,022	3,727	87,175
Non-mandatory benefits	121,294	4,558	5,622	131,474
	<u>1,432,967</u>	<u>48,383</u>	<u>66,205</u>	<u>1,547,555</u>
Total Personnel Expenses				
Assistance to individuals	34,017	-	-	34,017
Contracted services	85,556	9,552	-	95,108
Depreciation	135,723	7,143	-	142,866
Dues, memberships and subscriptions	3,960	2,079	310	6,349
Education and training	33,470	108	2,611	36,189
Employee expenses	8,190	683	877	9,750
Fundraising	-	1,222	23,134	24,356
Insurance	27,613	4,145	-	31,758
Miscellaneous	265	4,746	121	5,132
Office expenses	1,109	4,545	184	5,838
Other supplies	5,720	5,962	104	11,786
Postage	-	1,960	1,294	3,254
Printing	61	329	5,593	5,983
Professional and consulting fees	37,639	3,483	490	41,612
Program meals	39,061	63	-	39,124
Program supplies	10,197	2,992	-	13,189
Rent	6,586	613	-	7,199
Repairs and maintenance	25,442	11,181	-	36,623
Taxes, licenses and fees	3,180	4,053	-	7,233
Technology	49,019	5,622	4,391	59,032
Telephone	10,540	794	-	11,334
Travel (client)	10,687	-	-	10,687
Travel (entertainment and staff appreciation)	16,177	682	1,283	18,142
Utilities	22,026	1,532	-	23,558
Vehicle fuel	13,209	-	-	13,209
	<u>\$ 2,012,414</u>	<u>\$ 121,872</u>	<u>\$ 106,597</u>	<u>\$ 2,240,883</u>

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

A CHILD'S HAVEN, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (254,406)	\$ (48,648)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	153,655	142,866
Investment income reinvested	(3,617)	(3,704)
Noncash investment fees	1,850	1,644
Realized and unrealized (gains) losses on investments	(11,947)	6,675
(Increase) decrease in:		
Donations receivable	7,050	2,050
Grants and contracts receivable	43,112	(16,152)
Pledges receivable – Capital Campaign	136,834	47,409
Pledges receivable – Capital Campaign – maintenance	2,791	4,091
Prepaid expenses	(1,087)	9,644
Increase (decrease) in:		
Accounts payable	17,443	20,561
Deferred revenue	35,000	-
Accrued expenses	14,072	16,373
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>140,750</u>	<u>182,809</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	<u>(126,829)</u>	<u>(92,248)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(126,829)</u>	<u>(92,248)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	13,921	90,561

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

A CHILD'S HAVEN, INC.

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

---

	<u>2017</u>	<u>2016</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,652,765</u>	<u>1,562,204</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,666,686</u>	<u>\$ 1,652,765</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 820,131	\$ 847,471
Restricted cash and cash equivalents	32,450	6,507
Restricted cash and cash equivalents – Capital Campaign	<u>814,105</u>	<u>798,787</u>
	<u>\$ 1,666,686</u>	<u>\$ 1,652,765</u>

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

A CHILD'S HAVEN, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

---

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, 2017 and 2016.

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.

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 \$31,475 at June 30, 2017 and 2016, 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 and Changes in Net Assets 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:

Building and improvements	15 – 39 years
Furniture and equipment	3 – 7 years
Vehicles	5 years

Contributed Services: During 2017 and 2016, 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 nonprofit 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.

Reclassification: Certain amounts in the prior year have been reclassified to conform to the current year presentation.

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, 2017 are:

	<u>Capital Campaign</u>	<u>Capital Campaign – Maintenance</u>	<u>Total</u>
Pledged	\$ 4,838,633	\$ 645,303	\$ 5,483,936
Less: Cash received	<u>4,797,064</u>	<u>641,496</u>	<u>5,438,560</u>
Pledges receivable	41,569	3,807	45,376
Less: Discount to net present value	9,711	373	10,084
Less: Allowance for doubtful accounts	<u>28,361</u>	<u>3,114</u>	<u>31,475</u>
Pledges Receivable, Net	<u>\$ 3,497</u>	<u>\$ 320</u>	<u>\$ 3,817</u>
Due in less than one year	\$ 1,958	\$ 320	\$ 2,278
Due in one to five years	<u>1,539</u>	<u>-</u>	<u>1,539</u>
	<u>\$ 3,497</u>	<u>\$ 320</u>	<u>\$ 3,817</u>



NOTE 2 – PLEDGES RECEIVABLE — CAPITAL CAMPAIGN (CONTINUED)

Unconditional promises to give at June 30, 2016 were:

	<u>Capital Campaign</u>	<u>Capital Campaign – Maintenance</u>	<u>Total</u>
Pledged	\$ 4,838,633	\$ 645,303	\$ 5,483,936
Less: Cash received	<u>4,657,645</u>	<u>641,290</u>	<u>5,298,935</u>
Pledges receivable	180,988	4,013	185,001
Less: Discount to net present value	9,711	373	10,084
Less: Allowance for doubtful accounts	<u>30,946</u>	<u>529</u>	<u>31,475</u>
Pledges Receivable, Net	<u>\$ 140,331</u>	<u>\$ 3,111</u>	<u>\$ 143,442</u>
Due in less than one year	\$ 120,331	\$ 3,111	\$ 123,442
Due in one to five years	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 140,331</u>	<u>\$ 3,111</u>	<u>\$ 143,442</u>

A discount rate of 3.25% was used for the years ended June 30, 2017 and 2016.

NOTE 3 – INVESTMENT IN COMMUNITY FOUNDATION OF GREATER GREENVILLE

The Community Foundation of Greater Greenville manages investment funds with a fair value of \$155,065 and \$141,549 at June 30, 2017 and 2016, 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, 2017 and 2016 were as follows:

<u>Description</u>	<u>Assets (Liabilities)</u>	
	<u>Fair Value</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2017:</u>		
<u>ASSETS:</u>		
Investments:		
Community Foundation of Greater Greenville Charitable remainder trust	\$ 155,065	\$ 155,065
	<u>198</u>	<u>198</u>
Total Assets	<u><u>\$ 155,263</u></u>	<u><u>\$ 155,263</u></u>
<u>June 30, 2016:</u>		
<u>ASSETS:</u>		
Investments:		
Community Foundation of Greater Greenville Charitable remainder trust	\$ 141,549	\$ 141,549
	<u>198</u>	<u>198</u>
Total Assets	<u><u>\$ 141,747</u></u>	<u><u>\$ 141,747</u></u>

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, 2017 and 2016.

#### 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:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 141,747	\$ 146,362
Investment interest income	3,419	3,704
Investment fees	(1,850)	(1,644)
Change in value of investments	<u>11,947</u>	<u>(6,675)</u>
	<u>\$ 155,263</u>	<u>\$ 141,747</u>
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, 2017 and 2016	<u>\$ 11,947</u>	<u>\$ (6,675)</u>

#### NOTE 5 – PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Land	\$ 60,000	\$ 60,000
Building and improvements	4,038,158	4,030,896
Furniture and equipment	347,813	327,760
Vehicles	<u>396,391</u>	<u>296,877</u>
	4,842,362	4,715,533
Less: Accumulated depreciation	<u>709,540</u>	<u>555,885</u>
	<u>\$ 4,132,822</u>	<u>\$ 4,159,648</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$153,655 and \$142,866, 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, 2017 and 2016, the balances in excess of FDIC coverage limit totaled \$694,549 and \$673,322, respectively.

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, 2017 and 2016, approximately 66% and 86%, respectively, of the Organization's pledges receivable was due from two donors.

#### NOTE 7 – CREDIT LINE

At June 30, 2016, the Organization had a \$700,000 credit line with a local bank with an interest rate of 3.25%. The credit line was secured by real property with a net book value of \$4,070,141. At June 30, 2016, the entire balance was available to the Organization. The credit line matured in November 2016 and was not renewed.

#### NOTE 8 – MATCHING FUNDING PROVIDED BY UNITED WAY

The Organization was provided matching funds of \$ 126,500 and \$140,000 for the years ended June 30, 2017 and 2016 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 United Way public support 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 revenue is represented as United Way public support.

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions as of June 30, 2017 and 2016 consisted of the following support transferred out of temporarily restricted funds for payment by unrestricted funds:

	<u>2017</u>	<u>2016</u>
Accreditation	\$ 21,976	\$ 28,116
Building Dedication	1,104	-
Capital Campaign	126,864	71,083
Childrens' Trust Fund	286,562	247,152
Classroom supplies	2,495	3,115
Food	1,000	2,500
Field trips	3,940	4,257
Music and exercise	6,668	12,158
Nurse	6,664	10,000
Parenting	21,558	20,000
Pinwheel Literacy Grant	281	377
Print materials for new building	-	2,253
Strategic planning	14,333	2,667
Technical	9,772	4,568
Training	<u>9,235</u>	<u>10,444</u>
	<u>\$ 512,452</u>	<u>\$ 418,690</u>

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

The following classifications reflect the nature of restrictions on temporarily restricted net assets for the years ended June 30, 2017 and 2016, respectively.

	<u>2017</u>	<u>2016</u>
Accreditation	\$ 19,166	\$ 41,142
Building Dedication	731	1,835
Capital Campaign	170,062	296,926
Capital Campaign – maintenance	645,303	645,303
Classroom supplies	544	819
Community Foundation Grant	10,000	-
Field trips	3,399	7,206
Food program	-	1,000
Music and exercise	14,085	2,953
New classroom	10,000	10,000
New infant center	21,306	21,306
Pinwheel Literacy Grant	-	377
Program Nurse	3,336	-
Scansource Parenting Grant	-	20,000
Strategic planning	-	14,333
Technical	-	2,103
Training	8,661	-
Transportation	-	2,628
	<u>\$ 906,593</u>	<u>\$ 1,067,931</u>

NOTE 11 – PERSONNEL EXPENSES

During November 2015, the Organization entered into an agreement with a Professional Employer Organization (PEO) to provide payroll processing services for employees of the Organization. The Organization transfers funds to the PEO to cover wages and other employment related taxes. At June 30, 2017 and 2016, amounts paid to the PEO were \$1,455,122 and \$704,575, respectively.

NOTE 12 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through December 21, 2017 which is the date that the accompanying financial statements were available to be issued.