

**A CHILD'S HAVEN, INC.**  
**GREENVILLE, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017, 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, 2018 and 2017, 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 & Clinebarger, LLC*

March 6, 2019

A CHILD'S HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

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ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 779,295	\$ 820,131
Restricted cash and cash equivalents	43,317	32,450
Donations receivable	23,583	2,669
Grants and contracts receivable	139,960	134,842
Pledges receivable – Capital Campaign, current portion, net	-	1,958
Pledges receivable – Capital Campaign – maintenance, current portion, net	-	320
Investment in Community Foundation of Greater Greenville	161,850	155,065
Charitable remainder trust	198	198
Prepaid expenses	26,825	10,385
	<u>1,175,028</u>	<u>1,158,018</u>
Total Current Assets		
<b>PROPERTY AND EQUIPMENT, Net</b>	<u>3,965,088</u>	<u>4,132,822</u>
<b>OTHER ASSETS:</b>		
Pledges receivable – Capital Campaign, less current portion, net	-	1,539
Restricted investments – Building Maintenance Reserve Fund	681,411	-
Restricted cash and cash equivalents – Capital Campaign	198,756	814,105
	<u>880,167</u>	<u>815,644</u>
Total Other Assets		
<b>TOTAL ASSETS</b>	<u>\$ 6,020,283</u>	<u>\$ 6,106,484</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
LIABILITIES:		
Accounts payable	\$ 52,560	\$ 54,604
Deferred revenue	70,250	35,000
Accrued expenses	<u>85,095</u>	<u>74,090</u>
Total Liabilities (All Current)	<u>207,905</u>	<u>163,694</u>
NET ASSETS:		
Unrestricted		
Unreserved	4,428,112	4,658,917
Board Designated Operating Reserve	<u>377,280</u>	<u>377,280</u>
Total Unrestricted Net Assets	4,805,392	5,036,197
Temporarily restricted	<u>1,006,986</u>	<u>906,593</u>
Total Net Assets	<u>5,812,378</u>	<u>5,942,790</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,020,283</u>	 <u>\$ 6,106,484</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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Public Support:			
General contributions	\$ 276,745	\$ 427,302	\$ 704,047
In-kind contributions	41,061	-	41,061
Special events	536,601	-	536,601
United Way	182,110	-	182,110
	<u>1,036,517</u>	<u>427,302</u>	<u>1,463,819</u>
Total Public Support			
Revenue:			
Fees, contracts and grants from governmental agencies	1,227,553	-	1,227,553
Change in value of investments	3,672	35,433	39,105
Interest income	11,040	19,141	30,181
	<u>1,242,265</u>	<u>54,574</u>	<u>1,296,839</u>
Total Revenue			
Net assets released from restrictions	<u>381,483</u>	<u>(381,483)</u>	<u>-</u>
Total Public Support and Revenue	<u>2,660,265</u>	<u>100,393</u>	<u>2,760,658</u>
<b>FUNCTIONAL EXPENSES:</b>			
Direct program expenses	2,590,871	-	2,590,871
General and administrative expenses	161,226	-	161,226
Fundraising	138,973	-	138,973
	<u>2,891,070</u>	<u>-</u>	<u>2,891,070</u>
Total Functional Expenses			
CHANGES IN NET ASSETS	(230,805)	100,393	(130,412)
NET ASSETS, Beginning of year	<u>5,036,197</u>	<u>906,593</u>	<u>5,942,790</u>
NET ASSETS, End of year	<u>\$ 4,805,392</u>	<u>\$ 1,006,986</u>	<u>\$ 5,812,378</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
	<u>787,415</u>	<u>350,533</u>	<u>1,137,948</u>
Total Public Support			
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
	<u>1,022,086</u>	<u>581</u>	<u>1,022,667</u>
Total Revenue			
Net assets released from restrictions	512,452	(512,452)	-
	<u>2,321,953</u>	<u>(161,338)</u>	<u>2,160,615</u>
Total Public Support and Revenue			
<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
	<u>2,415,021</u>	<u>-</u>	<u>2,415,021</u>
Total Functional Expenses			
CHANGES IN NET ASSETS	(93,068)	(161,338)	(254,406)
NET ASSETS, Beginning of year	<u>5,129,265</u>	<u>1,067,931</u>	<u>6,197,196</u>
NET ASSETS, End of year	<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 FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	\$ 1,567,895	\$ 68,465	\$ 51,840	\$ 1,688,200
Mandatory benefits	137,838	5,451	3,800	147,089
Non-mandatory benefits	125,950	7,649	2,589	136,188
<b>Total Personnel Expenses</b>	<b>1,831,683</b>	<b>81,565</b>	<b>58,229</b>	<b>1,971,477</b>
Assistance to individuals	41,678	-	-	41,678
Contracted services	141,490	13,916	-	155,406
Depreciation	164,520	8,659	-	173,179
Dues, memberships and subscriptions	3,785	4,782	972	9,539
Education and training	25,534	605	3,967	30,106
Employee expenses	27,778	1,097	901	29,776
Fundraising	-	-	49,324	49,324
Insurance	30,516	3,282	-	33,798
Miscellaneous	859	10,322	10,941	22,122
Office expenses	1,017	7,341	330	8,688
Other supplies	14,452	5,073	776	20,301
Postage	-	870	2,275	3,145
Printing	-	654	1,884	2,538
Professional and consulting fees	42,289	4,731	1,300	48,320
Program meals	34,099	2,799	576	37,474
Program supplies	17,438	90	54	17,582
Rent	4,097	683	-	4,780
Repairs and maintenance	44,381	2,217	-	46,598
Taxes, licenses and fees	9,336	3,007	-	12,343
Technology	61,594	6,045	4,597	72,236
Telephone	15,209	1,177	408	16,794
Travel (client)	16,363	-	-	16,363
Travel (entertainment and staff appreciation)	18,074	541	2,439	21,054
Utilities	25,470	1,770	-	27,240
Vehicle fuel	19,209	-	-	19,209
	<u>\$ 2,590,871</u>	<u>\$ 161,226</u>	<u>\$ 138,973</u>	<u>\$ 2,891,070</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	5,535	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
	<u>\$ 2,168,723</u>	<u>\$ 109,101</u>	<u>\$ 137,197</u>	<u>\$ 2,415,021</u>

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (130,412)	\$ (254,406)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	173,179	153,655
Investment income reinvested	(24,188)	(3,617)
Noncash investment fees	7,823	1,850
Realized and unrealized (gains) losses on investments	(39,105)	(11,947)
(Increase) decrease in:		
Donations receivable	(20,914)	7,050
Grants and contracts receivable	(5,118)	43,112
Pledges receivable – Capital Campaign	3,497	136,834
Pledges receivable – Capital Campaign – maintenance	320	2,791
Prepaid expenses	(16,440)	(1,087)
Increase (decrease) in:		
Accounts payable	(2,044)	17,443
Deferred revenue	35,250	35,000
Accrued expenses	11,005	14,072
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(7,147)</u>	<u>140,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments in marketable securities	(632,726)	-
Purchases of property and equipment	<u>(5,445)</u>	<u>(126,829)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(638,171)</u>	<u>(126,829)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(645,318)	13,921

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, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,666,686</u>	<u>1,652,765</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,021,368</u>	<u>\$ 1,666,686</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 779,295	\$ 820,131
Restricted cash and cash equivalents	43,317	32,450
Restricted cash and cash equivalents – Capital Campaign	<u>198,756</u>	<u>814,105</u>
	<u>\$ 1,021,368</u>	<u>\$ 1,666,686</u>

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

A CHILD'S HAVEN, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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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, 2018 and 2017.

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* include cash on 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 \$0 and \$31,475 at June 30, 2018 and 2017, respectively, was necessary. No pledges receivable were outstanding at June 30, 2018.

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 \$2,500 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 2018 and 2017, 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

The Organization moved into a 25,000 square foot treatment facility in October 2014 funded by a capital campaign initiated during 2008. Several donors had unconditional pledge balances that were scheduled to be paid over several years after completion. During the year ended June 30, 2018, all unconditional promises to give were received or applied to the allowance for doubtful accounts. Accordingly, there are no capital campaign pledge receivable balances included in the accompanying June 30, 2018 Statement of Financial Position. At June 30, 2017, the Organization's capital campaign receivable balance was \$3,817, of which \$2,278 (\$1,958 capital campaign and \$320 capital campaign maintenance) was classified as current portion, and \$1,539 was classified as non-current.

## NOTE 3 – INVESTMENT IN COMMUNITY FOUNDATION OF GREATER GREENVILLE

The Community Foundation of Greater Greenville manages investment funds with a fair value of \$161,850 and \$155,065 at June 30, 2018 and 2017, respectively, that are for the general unrestricted use of the Organization. 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 investments measured on a recurring basis at June 30, 2018 and 2017 were as follows:

Description	Assets (Liabilities)		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
June 30, 2018:			
Assets:			
Investments:			
Mutual funds - Building Maintenance Reserve Fund	\$ 354,594	\$ 354,594	\$ -
Common stocks - Building Maintenance Reserve Fund	326,817	326,817	-
Community Foundation of Greater Greenville Charitable remainder trust	161,850 198	- -	161,850 198
Total Assets	<u>\$ 843,459</u>	<u>\$ 681,411</u>	<u>\$ 162,048</u>
June 30, 2017:			
Assets:			
Investments:			
Community Foundation of Greater Greenville Charitable remainder trust	\$ 155,065 198	\$ - -	\$ 155,065 198
Total Assets	<u>\$ 155,263</u>	<u>\$ -</u>	<u>\$ 155,263</u>

The valuation techniques for the investments presented above were determined as follows:

- Level 1 fair values for investments were determined by reference to quoted market prices in active markets.
- 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.

NOTE 4 – FAIR VALUE OF INVESTMENTS (CONTINUED)

The Organization had no Level 2 investments at June 30, 2018 and no Level 1 or Level 2 investments at June 30, 2017.

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 155,263	\$ 141,747
Investment interest income	5,112	3,419
Investment fees	(2,000)	(1,850)
Change in value of investments	<u>3,673</u>	<u>11,947</u>
	<u>\$ 162,048</u>	<u>\$ 155,263</u>
	<u>2018</u>	<u>2017</u>
Total gains (losses) included in changes in net assets attributable to the change in unrealized gains or losses relating to investments		

NOTE 5 – RESTRICTED INVESTMENTS IN BUILDING MAINTENANCE RESERVE FUND

At the completion of the Capital Campaign, a total of \$650,008 was raised and applied to the maintenance fund, the income from which will be used for the ongoing maintenance of the building and grounds. In July 2017, these funds were transferred to a local wealth management firm, who manages these investments funds which had a fair value of \$681,411 at June 30, 2018. The Organization is working on approving a final version of the maintenance fund spending policy. During the year ended June 30, 2018, no distribution was made from the maintenance fund to pay for building or ground related maintenance, either recurring or non-recurring.

## NOTE 6 – PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Land	\$ 60,000	\$ 60,000
Building and improvements	4,038,158	4,038,158
Furniture and equipment	353,258	347,813
Vehicles	<u>396,391</u>	<u>396,391</u>
	4,847,807	4,842,362
Less: Accumulated depreciation	<u>882,719</u>	<u>709,540</u>
	<u>\$ 3,965,088</u>	<u>\$ 4,132,822</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$173,179 and \$153,655, respectively.

## NOTE 7 – 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, 2018 and 2017, the balances in excess of FDIC coverage limit totaled \$430,320 and \$694,549, respectively.

## NOTE 8 – MATCHING FUNDING PROVIDED BY UNITED WAY

The Organization was provided matching funds of \$ 115,050 and \$126,500 for the years ended June 30, 2018 and 2017 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, 2018 and 2017 consisted of the following support transferred out of temporarily restricted funds for payment by unrestricted funds:

	<u>2018</u>	<u>2017</u>
Accreditation	\$ 19,166	\$ 21,976
Building Dedication	731	1,104
Restricted for capital expenditures	1,200	126,864
South Carolina Childrens' Trust Fund	227,419	286,562
Community Foundation Grant	10,000	-
Classroom supplies	7,144	2,495
Family emergency and assistance	563	-
Fall for Greenville Grant	5,000	-
Food	3,504	1,000
Field trips	3,454	3,940
Music and exercise	7,350	6,668
Therapeutic Intervention Grant - Margaret Linder		
Southern Endowment Fund	10,000	-
Infant center - Lillian Darby Grant	14,182	-
Program nurse - Jolley Foundation Grant	9,996	6,664
ScanSource Parenting Grant	22,210	21,558
Pinwheel Literacy Grant	377	281
Quality Improvement Grant - Hollingsworth Funds	27,620	-
Strategic planning	-	14,333
Technical	-	9,772
Training	11,567	9,235
	<u>\$ 381,483</u>	<u>\$ 512,452</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, 2018 and 2017, respectively.

	2018	2017
Accreditation	\$ -	\$ 19,166
Building Dedication	-	731
Bus - Symmes Foundation Grant	25,000	-
Bus - Burgiss Charities Grant	15,000	-
Restricted for capital expenditures	194,582	170,062
Building Maintenance Reserve Fund	698,693	645,303
Commission on Accreditation of Rehabilitation Facilities (CARF) support	7,000	-
Classroom supplies	6,134	544
Therapeutic Intervention Grant - Margaret Linder Southern Endowment Fund	10,000	-
Community Foundation Grant	-	10,000
Family emergency and assistance	665	-
Field trips	-	3,399
Food program	246	-
Music and exercise	3,235	14,085
Therapeutic Intervention Grant - Margaret Linder Southern Endowment Fund	-	10,000
Infant center - Lillian Darby Grant	7,124	21,306
Pinwheel Literacy Grant	377	-
Program nurse - Jolley Foundation Grant	13,340	3,336
Quality Improvement Grant - Hollingsworth Funds	24,880	-
Training	526	8,661
Volunteer	184	-
	<u>\$ 1,006,986</u>	<u>\$ 906,593</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. Effective January 1, 2018, the Organization ended the agreement with the PEO. During the years ended June 30, 2018 and 2017, amounts paid to the PEO were \$821,905 and \$1,455,122, respectively, which was subsequently paid to employees and applicable taxing authorities.

## NOTE 12 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through March 6, 2019 which is the date that the accompanying financial statements were available to be issued.

On August 8, 2018, the Organization adopted a 401(k) plan where employees who are the age 21 or older and will complete 1,000 hours of service during the year are eligible. Under the plan, employees can defer up to 100% of compensation up to allowable IRS limits. In addition, the Organization may, in its sole discretion, make a matching contribution and/or profit sharing contribution on the employees' behalf in an amount determined by the Organization.

Except as noted in the preceding paragraph, no additional subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.