

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

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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 & Clark, LLC

October 7, 2020

A CHILD'S HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 564,114	\$ 779,295
Restricted cash and cash equivalents	-	43,317
Donations receivable	34,629	23,583
Grants and contracts receivable	102,183	56,458
Restricted grants and contracts receivable	49,584	83,502
Investment in Community Foundation of Greater Greenville	168,753	161,850
Charitable remainder trust	198	198
Prepaid expenses	18,774	26,825
	<u>938,235</u>	<u>1,175,028</u>
Total Current Assets		
PROPERTY AND EQUIPMENT, Net	<u>3,922,281</u>	<u>3,965,088</u>
OTHER ASSETS:		
Restricted investments – Building Maintenance Reserve Fund	718,009	681,411
Restricted cash and cash equivalents – Capital Campaign	166,392	198,756
	<u>884,401</u>	<u>880,167</u>
Total Other Assets		
TOTAL ASSETS	<u>\$ 5,744,917</u>	<u>\$ 6,020,283</u>

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
LIABILITIES:		
Accounts payable	\$ 28,638	\$ 52,560
Deferred revenue	49,196	70,250
Accrued expenses	<u>98,055</u>	<u>85,095</u>
Total Liabilities (All Current)	<u>175,889</u>	<u>207,905</u>
NET ASSETS:		
Net assets without donor restrictions		
Undesignated, property and equipment, net	3,922,281	3,965,088
Undesignated, all other	335,482	463,024
Board Designated	<u>377,280</u>	<u>377,280</u>
Total Net Assets Without Donor Restrictions	4,635,043	4,805,392
Net assets with donor restrictions	<u>933,985</u>	<u>1,006,986</u>
Total Net Assets	<u>5,569,028</u>	<u>5,812,378</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 5,744,917</u></u>	 <u><u>\$ 6,020,283</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public Support:			
General contributions	\$ 258,883	\$ 618,792	\$ 877,675
In-kind contributions	38,725	-	38,725
Special events	560,260	-	560,260
United Way	172,092	8,000	180,092
	<u>1,029,960</u>	<u>626,792</u>	<u>1,656,752</u>
Total Public Support			
Revenue:			
Fees, contracts and grants from governmental agencies	1,147,030	-	1,147,030
Change in value of investments	1,655	29,047	30,702
Interest income	19,545	18,933	38,478
	<u>1,168,230</u>	<u>47,980</u>	<u>1,216,210</u>
Total Revenue			
Net assets released from restrictions	<u>747,773</u>	<u>(747,773)</u>	<u>-</u>
Total Public Support and Revenue			
	<u>2,945,963</u>	<u>(73,001)</u>	<u>2,872,962</u>
FUNCTIONAL EXPENSES:			
Direct program expenses	2,718,722	-	2,718,722
General and administrative expenses	184,672	-	184,672
Fundraising	212,918	-	212,918
	<u>3,116,312</u>	<u>-</u>	<u>3,116,312</u>
Total Functional Expenses			
CHANGES IN NET ASSETS	(170,349)	(73,001)	(243,350)
NET ASSETS, Beginning of year	<u>4,805,392</u>	<u>1,006,986</u>	<u>5,812,378</u>
NET ASSETS, End of year	<u>\$ 4,635,043</u>	<u>\$ 933,985</u>	<u>\$ 5,569,028</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>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
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>
FUNCTIONAL EXPENSES:			
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Direct Program Expenses	General and Administrative Expenses	Fundraising	Total Functional Expenses
Salaries	\$ 1,667,040	\$ 76,531	\$ 107,230	\$ 1,850,801
Mandatory benefits	146,291	12,378	8,217	166,886
Non-mandatory benefits	160,085	14,337	10,953	185,375
Total Personnel Expenses	1,973,416	103,246	126,400	2,203,062
Assistance to individuals	39,113	187	-	39,300
Contracted services	90,556	12,178	-	102,734
Depreciation	163,814	8,621	-	172,435
Dues, memberships and subscriptions	12,119	3,513	1,678	17,310
Education and training	24,332	308	1,020	25,660
Employee expenses	31,923	2,729	898	35,550
Fundraising	-	-	48,545	48,545
Insurance	29,998	4,245	-	34,243
Miscellaneous	9,915	8,763	7,233	25,911
Office expenses	325	4,648	490	5,463
Other supplies	11,268	2,199	274	13,741
Postage	-	2,322	15	2,337
Printing	223	375	2,259	2,857
Professional and consulting fees	57,663	6,809	14,680	79,152
Program meals	35,999	4,875	666	41,540
Program supplies	16,503	246	59	16,808
Rent	4,252	709	-	4,961
Repairs and maintenance	42,656	1,713	-	44,369
Taxes, licenses and fees	6,418	2,008	-	8,426
Technology	57,784	6,809	6,289	70,882
Telephone	13,233	2,770	100	16,103
Travel (client)	14,737	-	-	14,737
Travel (entertainment and staff appreciation)	37,996	378	2,312	40,686
Utilities	23,237	5,021	-	28,258
Vehicle fuel	21,242	-	-	21,242
	<u>\$ 2,718,722</u>	<u>\$ 184,672</u>	<u>\$ 212,918</u>	<u>\$ 3,116,312</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
Total Personnel Expenses	1,831,683	81,565	58,229	1,971,477
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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (243,350)	\$ (130,412)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	172,435	173,179
Investment income reinvested	(18,384)	(24,188)
Noncash investment fees	5,585	7,823
Realized and unrealized (gains) losses on investments	(30,702)	(39,105)
(Increase) decrease in:		
Donations receivable	(11,046)	(20,914)
Grants and contracts receivable	(11,807)	(5,118)
Pledges receivable – Capital Campaign	-	3,497
Pledges receivable – Capital Campaign – maintenance	-	320
Prepaid expenses	8,051	(16,440)
Increase (decrease) in:		
Accounts payable	(23,922)	(2,044)
Deferred revenue	(21,054)	35,250
Accrued expenses	12,960	11,005
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(161,234)</u>	<u>(7,147)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments in marketable securities	-	(632,726)
Purchases of property and equipment	<u>(129,628)</u>	<u>(5,445)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(129,628)</u>	<u>(638,171)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(290,862)	(645,318)

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,021,368</u>	<u>1,666,686</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 730,506</u>	<u>\$ 1,021,368</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 564,114	\$ 779,295
Restricted cash and cash equivalents	-	43,317
Restricted cash and cash equivalents – Capital Campaign	<u>166,392</u>	<u>198,756</u>
	<u>\$ 730,506</u>	<u>\$ 1,021,368</u>

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

A CHILD'S HAVEN, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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:

- Without donor restrictions – Net assets that are not subject to donor-imposed restrictions and that have not been designated by the Organization's Board of Directors.
- Without donor restrictions, Board designated – Board designated net assets consist of resources received from donors that are designated regarding future use by the Organization's Board of Directors.
- With donor restrictions – Net assets whose use by the Organization is limited by donor-imposed time and or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law.

All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The provisions of FASB ASC topic 958 require that contributions, including unconditional promises to give (pledges), be recognized as revenues in the period received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Expirations of net assets with donor restrictions (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.

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 2019 and 2018, 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.

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.

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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources. (See Note 11)

NOTE 2 – INVESTMENT IN COMMUNITY FOUNDATION OF GREATER GREENVILLE

The Community Foundation of Greater Greenville manages investment funds with a fair value of \$168,753 and \$161,850 at June 30, 2019 and 2018, 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 3 – FAIR VALUE OF INVESTMENTS

Fair values of investments measured on a recurring basis at June 30, 2019 and 2018 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, 2019:			
Assets:			
Investments:			
Mutual funds – Building			
Maintenance Reserve Fund	\$ 460,059	\$ 460,059	\$ -
Common stocks – Building			
Maintenance Reserve Fund	257,950	257,950	-
Community Foundation of Greater Greenville	168,753	-	168,753
Charitable remainder trust	198	-	198
	<u>886,960</u>	<u>718,009</u>	<u>168,951</u>
Total Assets	<u>\$ 886,960</u>	<u>\$ 718,009</u>	<u>\$ 168,951</u>
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	161,850	-	161,850
Charitable remainder trust	198	-	198
	<u>843,459</u>	<u>681,411</u>	<u>162,048</u>
Total Assets	<u>\$ 843,459</u>	<u>\$ 681,411</u>	<u>\$ 162,048</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.

NOTE 3 – FAIR VALUE OF INVESTMENTS (CONTINUED)

- 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 2 investments at June 30, 2019 and 2018.

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>2019</u>	<u>2018</u>
Beginning balance	\$ 162,048	\$ 155,263
Investment interest income	7,330	5,112
Investment fees	(2,082)	(2,000)
Change in value of investments	<u>1,655</u>	<u>3,673</u>
	<u>\$ 168,951</u>	<u>\$ 162,048</u>
	<u>2019</u>	<u>2018</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	<u>\$ 1,655</u>	<u>\$ 3,673</u>

NOTE 4 – 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 \$718,009 and \$681,411 at June 30, 2019 and 2018, respectively. Investments also include restricted cash and cash equivalents of \$25,152 and \$17,282 at June 30, 2019 and 2018, respectively. During the year ended June 30, 2019, the Board of Directors approved the Building Maintenance Reserve Fund Spending Policy, effective July 1, 2019, which allows for annual distributions of \$10,000 to be used for building maintenance annual expenditures. Annual distributions in excess of \$10,000, if deemed necessary, are allowed with approval from the Board of Directors. During the year ended June 30, 2019, no distribution was made from the Building Maintenance Reserve Fund to pay for building related maintenance, either recurring or non-recurring.

NOTE 5 – PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land	\$ 60,000	\$ 60,000
Building and improvements	4,098,873	4,038,158
Furniture and equipment	279,297	353,258
Vehicles	<u>418,247</u>	<u>396,391</u>
	4,856,417	4,847,807
Less: Accumulated depreciation	<u>934,136</u>	<u>882,719</u>
	<u><u>\$ 3,922,281</u></u>	<u><u>\$ 3,965,088</u></u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$172,435 and \$173,179, 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, 2019 and 2018, balances in excess of FDIC coverage limit totaled \$292,353 and \$430,320, respectively.

NOTE 7 – MATCHING FUNDING PROVIDED BY UNITED WAY

The Organization was provided matching funds of \$104,550 and \$115,050 for the years ended June 30, 2019 and 2018 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 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions as of June 30, 2019 and 2018 consisted of the following support transferred out of temporarily restricted funds for payment by unrestricted funds:

	<u>2019</u>	<u>2018</u>
Accreditation	\$ -	\$ 19,166
Building Dedication	-	731
Burgis Charities Grant	15,000	-
Restricted for capital expenditures	60,715	1,200
South Carolina Childrens' Trust Fund	275,756	227,419
Commission on Accreditation of Rehabilitation Facilities (CARF) support	7,000	-
Community Foundation Grant	-	10,000
Classroom supplies	5,834	7,144
Duke Endowment Grant	250,000	-
Family emergency and assistance	58	563
Fall for Greenville Grant	-	5,000
Food	246	3,504
Field trips	-	3,454
Jolley Foundation Grant for new server	11,645	-
Music and exercise	6,235	7,350
Therapeutic Intervention Grant – Margaret Linder Southern Endowment Fund	10,000	10,000
Incredible Years Curricula Grant – 3M	10,284	-
Infant center – Lillian Darby Grant	7,124	14,182
Program nurse – Jolley Foundation Grant	9,996	9,996
ScanSource Parenting Grant	20,000	22,210
Symmes Foundation Grant	25,000	-
Pinwheel Literacy Grant	-	377
Quality Improvement Grant – Hollingsworth Funds	24,880	27,620
Training	-	11,567
United Way Continuous Learning Grant	3,000	-
United Way Grant for new server	5,000	-
	<u>\$ 747,773</u>	<u>\$ 381,483</u>

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

The following classifications reflect the nature of net assets with donor restrictions for the years ended June 30, 2019 and 2018, respectively.

	2019	2018
Bus – Symmes Foundation Grant	\$ -	\$ 25,000
Bus – Burgiss Charities Grant	-	15,000
Restricted for capital expenditures	112,498	194,582
Building Maintenance Reserve Fund	743,142	698,693
Capital Campaign Building Expansion	25,000	-
Commission on Accreditation of Rehabilitation Facilities (CARF) support	-	7,000
Classroom supplies	300	6,134
Cliffs Resident Outreach Grant for security system upgrade	25,000	-
Therapeutic Intervention Grant – Margaret Linder Southern Endowment Fund	-	10,000
Family emergency and assistance	364	665
Food program	1,725	246
Music and exercise	-	3,235
Incredible Years Curricula Grant – 3M	5,801	-
Infant center – Lillian Darby Grant	-	7,124
Pinwheel Literacy Grant	377	377
Program nurse – Healthy Greenville Grant	6,250	-
Program nurse – Jolley Foundation Grant	3,344	13,340
Quality Improvement Grant – Hollingsworth Funds	-	24,880
The Gilreath Foundation HR Manager Grant	10,000	-
Training	-	526
Volunteer	184	184
	<u>\$ 933,985</u>	<u>\$ 1,006,986</u>

NOTE 10 – 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 year ended June 30, 2018, amounts paid to the PEO totaled \$821,905, which was subsequently paid to employees and applicable taxing authorities.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, respectively, are comprised of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 186,834	\$ 402,015
Donations receivable	34,629	23,583
Grants and contracts receivable	151,767	139,960
Investments	<u>168,951</u>	<u>162,048</u>
	<u>\$ 542,181</u>	<u>\$ 727,606</u>

The cash amounts above do not include for the year ended June 30, 2019 and 2018 a \$377,280 and \$377,280, respectively, of Board designated operating reserves which are available for use with Board approval.

NOTE 12 – RETIREMENT PLAN

On July 1, 2018, the Organization adopted a 401(k) plan where all employees who are the age of 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. During the year ended June 30, 2019, the Organization made a matching contribution equal to the lesser of the employee's deferred contribution or 3% of compensation. Total matching contributions for the year ended June 30, 2019 was \$20,520.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events which provide evidence about conditions that existed after the Statements of Net Position date require disclosure in the accompanying notes.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency due to a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase of exposure globally.

During 2020, there have been various mandates and requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact A Child's Haven's operations. Although it is not possible to reliably estimate the length of severity of this outbreak and hence its financial impact, the outbreak could result in uncertainties that could affect revenues and profits and could result in other material adverse effects for A Child's Haven.

NOTE 13 – SUBSEQUENT EVENTS (CONTINUED)

During the first several weeks after the pandemic was declared, the Organization altered their employee work schedules to maintain the same level of employment but also to adhere to proper social distancing standards. The Organization has noted a significant decrease in revenue.

While the Organization considers this disruption to be temporary, prolonged workforce disruptions will lead to a delayed receipt in funding by the Organization and will continue to negatively impact revenue in fiscal year 2020 and the Organization's overall liquidity.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to provide relief to taxpayers affected by the COVID-19 pandemic. The CARES Act provides opportunities for certain businesses to receive emergency grants and loans to pay qualifying expenses.

In May 2020, A Child's Haven was granted a loan of \$384,400 pursuant to the Payroll Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. A Child's Haven intends to use the entire loan amount for qualifying expenses. The loan matures in April 2022 and bears interest at a rate of 1% per annum, payable monthly commencing in December 2020.

The full impact of the COVID-19 outbreak continues to evolve as the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on A Child's Haven financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, and workforce.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, A Child's Haven is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2020.

Management has evaluated subsequent events through October 7, 2020, the date which the financial statements were available to be issued, and concluded no additional subsequent have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.