

FLORENCE CRITTENTON PROGRAMS
OF SOUTH CAROLINA
CHARLESTON, SC
2012 AND 2011 FINANCIAL STATEMENTS

FLORENCE CRITTENTON PROGRAMS

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KEITH M. VINCENT, CPA, CITP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Florence Crittenton Programs of South Carolina

I have audited the accompanying statements of financial position of the Florence Crittenton Programs of South Carolina (FCP) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of FCP's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florence Crittenton Programs of South Carolina as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

 Keith M. Vincent, CPA, CITP

Mt. Pleasant, SC
November 13, 2012

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 183,288	\$ 46,196
Cash and cash equivalents - restricted	2,727	7,255
Medicaid receivable	1,951	11,628
Other contract receivables	<u>24,158</u>	<u>29,063</u>
TOTAL CURRENT ASSETS	212,124	94,142
PROPERTY AND EQUIPMENT, net	<u>473,526</u>	<u>336,867</u>
TOTAL ASSETS	<u>\$ 685,650</u>	<u>\$ 431,009</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 16,687	\$ 980
Accrued Expenses	324	16,182
Mortgage	<u>370,279</u>	<u>376,030</u>
TOTAL LIABILITIES	387,290	393,192
NET ASSETS		
Unrestricted	295,633	30,562
Temporarily Restricted	<u>2,727</u>	<u>7,255</u>
TOTAL NET ASSETS	<u>298,360</u>	<u>37,817</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 685,650</u>	<u>\$ 431,009</u>

See accompanying notes to the financial statements

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED SUPPORT AND REVENUE		
SC Dept. of Health and Human Services		
State Medicaid funds	\$ 51,194	\$ 65,603
Social Services Block Grant	<u>272,562</u>	<u>253,561</u>
Total SC Dept. of Health and Human Services	323,756	319,164
Contracts - Other Government Agencies	158,854	190,380
United Way Agencies	134,822	136,034
Contributions and Private Grants	426,836	193,267
Interest and Dividends	1,640	615
Miscellaneous Revenue	<u>1,983</u>	<u>1,606</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>1,047,891</u>	<u>841,066</u>
Net Assets Released From Restrictions	<u>164,528</u>	<u>11,745</u>
TOTAL UNRESTRICTED SUPPORT, REVENUE AND RECLASSIFICATIONS	<u>1,212,419</u>	<u>852,811</u>
 EXPENSES		
Program Services	803,771	768,605
Supporting Services		
Fundraising	41,512	28,461
General and Administrative	<u>102,065</u>	<u>123,996</u>
TOTAL EXPENSES	<u>947,348</u>	<u>921,062</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>265,071</u>	<u>(68,251)</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions and Private Grants	160,000	19,000
Net Assets Released From Restrictions	<u>(164,528)</u>	<u>(11,745)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(4,528)</u>	<u>7,255</u>
 TOTAL INCREASE (DECREASE) IN NET ASSETS	260,543	(60,996)
 NET ASSETS AT BEGINNING OF YEAR	<u>37,817</u>	<u>98,813</u>
 NET ASSETS AT END OF YEAR	<u>\$ 298,360</u>	<u>\$ 37,817</u>

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Fund Raising</u>	<u>General and Administrative</u>	
PAYROLL AND PERSONNEL				
Salaries	\$ 421,036	\$ 11,265	\$ 63,835	\$ 496,136
Employee Benefits	45,662	519	5,708	51,889
Payroll Taxes	<u>58,293</u>	<u>2,133</u>	<u>10,663</u>	<u>71,089</u>
TOTAL PAYROLL AND PERSONNEL	524,991	13,917	80,206	619,114
OCCUPANCY				
Rents	59,641	-	-	59,641
Depreciation	21,290	-	2,903	24,193
Utilities	25,392	-	-	25,392
Food and Beverage	38,896	-	-	38,896
Insurance	14,364	-	3,591	17,955
Supplies	15,953	-	8,169	24,122
Maintenance	14,575	-	1,987	16,562
Telephone	<u>6,593</u>	<u>-</u>	<u>275</u>	<u>6,868</u>
TOTAL OCCUPANCY	196,704	-	16,925	213,629
OTHER OPERATING EXPENSES				
Professional Services	33,580	730	2,190	36,500
Director's and Officer's Insurance	-	-	2,207	2,207
Transportation	12,715	-	-	12,715
Conferences & Meetings	4,116	-	-	4,116
Dues and Subscriptions	2,326	-	-	2,326
Postage and Shipping	3,123	-	-	3,123
Printing and Publications	2,891	-	-	2,891
Community Outreach & Development	3,351	26,865	-	30,216
Miscellaneous Expense	1,252	-	537	1,789
Interest Expense	<u>18,722</u>	<u>-</u>	<u>-</u>	<u>18,722</u>
TOTAL OTHER OPERATING EXPENSES	82,076	27,595	4,934	114,605
TOTAL EXPENSES	<u>\$ 803,771</u>	<u>\$ 41,512</u>	<u>\$ 102,065</u>	<u>\$ 947,348</u>

See accompanying notes to the financial statements

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Supporting Services</u>		
		<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total</u>
PAYROLL AND PERSONNEL				
Salaries	\$ 399,079	\$ 14,956	\$ 84,753	\$ 498,788
Employee Benefits	47,434	539	5,929	53,902
Payroll Taxes	54,152	1,981	9,906	66,039
TOTAL PAYROLL AND PERSONNEL	<u>500,665</u>	<u>17,476</u>	<u>100,588</u>	<u>618,729</u>
OCCUPANCY				
Rents	68,417	-	-	68,417
Depreciation	18,843	-	2,570	21,413
Utilities	27,344	-	-	27,344
Food and Beverage	30,726	-	-	30,726
Insurance	14,331	-	3,583	17,914
Supplies	5,624	-	9,997	15,621
Maintenance	12,013	-	1,638	13,651
Telephone	5,478	-	228	5,706
TOTAL OCCUPANCY	<u>182,776</u>	<u>-</u>	<u>18,016</u>	<u>200,792</u>
OTHER OPERATING EXPENSES				
Professional Services	44,423	966	2,897	48,286
Director's and Officer's Insurance	-	-	2,207	2,207
Transportation	9,680	-	-	9,680
Conferences & Meetings	3,427	-	-	3,427
Dues and Subscriptions	1,374	-	-	1,374
Postage and Shipping	3,732	-	-	3,732
Printing and Publications	1,066	-	-	1,066
Community Outreach & Development	1,182	10,019	-	11,201
Miscellaneous Expense	671	-	288	959
Interest Expense	19,609	-	-	19,609
TOTAL OTHER OPERATING EXPENSES	<u>85,164</u>	<u>10,985</u>	<u>5,392</u>	<u>101,541</u>
TOTAL EXPENSES	<u>\$ 768,605</u>	<u>\$ 28,461</u>	<u>\$ 123,996</u>	<u>\$ 921,062</u>

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 260,543	\$ (60,996)
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation	24,193	21,413
Changes in operating assets and liabilities		
Medicaid receivable	9,677	7,960
Grants receivable	4,905	36,236
Accounts payable and accrued expenses	<u>(151)</u>	<u>(29,851)</u>
Net cash provided (used) by operating activities	299,167	(25,238)
INVESTING ACTIVITIES		
Purchase of property and equipment	(160,852)	-
Sale of property and equipment	<u>-</u>	<u>-</u>
Net cash used for investing activities	(160,852)	-
FINANCING ACTIVITIES		
Payments on mortgage payable and line of credit	<u>(5,751)</u>	<u>(3,676)</u>
Net cash used for financing activities	(5,751)	(3,676)
Net increase (decrease) in cash and cash equivalents	132,564	(28,914)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>53,451</u>	<u>82,365</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 186,015</u>	<u>\$ 53,451</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 18,722</u>	<u>\$ 19,609</u>

**FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2009**

NOTE 1. ORGANIZATION AND BUSINESS

FLORENCE CRITTENTON PROGRAMS OF SC, INC., (herein after “Florence Crittenton”) is a nonprofit agency organized in 1923 and operates Residential and Family Development programs for the purpose of protecting and promoting the welfare of single parents and their children in South Carolina. Florence Crittenton’s programs are primarily supported by federal and state government contracts and grants, and by public support.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles and reflect all significant receivables, payables and other liabilities of Florence Crittenton.

Financial statement presentation is in accordance with Accounting Standards Codification (ASC) **Topic 958, *Not-for-Profit Entities***, which requires not-for-profit organizations to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Florence Crittenton did not have any permanently restricted net assets at June 30, 2012 or 2011.

b. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits with financial institutions and all highly liquid investments with an initial maturity of three months or less.

c. Investments

Investments include mutual funds carried at their fair market values based upon quoted market prices. Realized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment returns are included in unrestricted operating income. At year end, Florence Crittenton held no investments.

d. Accounts Receivable

Accounts receivable include Medicaid, Social Services Block Grant and other government contracts or funding receivables. An allowance for uncollected claims has not been provided because management has already written off any uncollectible accounts based on their estimates and past experience.

e. Pledges Receivable

Pledges receivable include varying amounts pledged over one to five years. There were no pledge receivables at the year ended June 30, 2012 or June 30, 2011.

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Fixed Assets and Depreciation

Florence Crittenton capitalizes all expenditures for property and equipment that exceed \$1,500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from 5 to 39 years.

g. Income Taxes

Florence Crittenton is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition Florence Crittenton qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

h. Promises to Give and Contributions

Contributions are recognized when donors make a promise to give to Florence Crittenton that is, in substance, unconditional. Pledges for multiple years are recorded as temporarily restricted until the year in which the pledge comes due. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted.

i. Donated Services

ASC Topic 958, *Not-for-Profit Entities*, requires donated services to be reported as contributions if the services either: 1) create or enhance non-financial assets, or 2) require specialized skills, are performed by people with those skills, and would otherwise be purchased. No amounts have been reflected in the financial statements for donated services. Florence Crittenton generally pays for services requiring specific expertise.

j. Revenue Recognition

In accordance with **ASC Topic 958, *Not-for-Profit Entities***, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Florence Crittenton reports contributions as restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restriction. Florence Crittenton reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. It is Florence Crittenton's policy to record restricted contributions received and released in the same year as unrestricted support.

**FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2009**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value as of the date of donation. Such donations are recorded as increases in unrestricted net assets unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Florence Crittenton reports expiration of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. Florence Crittenton reclassifies temporarily restricted net assets to unrestricted net assets at that time.

l. Advertising

Advertising typically consists of direct mailings to past contributors, local schools, churches and community organizations. Advertising costs are expensed as incurred.

m. Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Identifiable expenses are charged directly to programs. Expenses related to more than one function are allocated among programs and supporting services based upon periodic estimates made by management.

n. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2009**

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Assets in the amount of \$7,255 that were temporarily restricted as of June 30, 2011 were released from restrictions during the year ended June 30, 2012. Donations in the amount of \$160,000 were received for the renovation of Florence Crittenton's housing and office facilities. A total of \$157,273 was spent for the intended purposes and \$2,727 remains restricted as of June 30, 2012.

NOTE 4. RETIREMENT SAVINGS PLAN

In January of 1999, Florence Crittenton adopted a 403(b) tax-deferred annuity plan. Full time employees hired prior to December 2008 could begin contributing to the retirement plan immediately upon being hired. After December 2008, employees were not eligible to participate in the plan. For eligible employees who completed one year of service, the employer contributed 4% of eligible employees' compensation. During the first half of the fiscal year ended June 30, 2009, Florence Crittenton also matched 50% of each dollar contributed by eligible employees up to 3%. There were no contributions made in the years ended June 30, 2012 and 2011.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2012 and 2010:

	<u>2012</u>	<u>2011</u>
Land (non-depreciable)	\$ 12,500	\$ 12,500
Renovations in progress	157,273	0
Buildings and improvements	621,160	621,160
Office furniture and equipment	<u>239,396</u>	<u>235,817</u>
Total Property and Equipment	1,030,329	869,477
Less: Accumulated Depreciation	<u>(556,803)</u>	<u>(532,610)</u>
Property and Equipment, net	<u>\$ 473,526</u>	<u>\$ 336,867</u>

NOTE 6. OPERATING LEASES

Florence Crittenton leases space for its Family Development program on a month to month basis. Rent expense for the year ended June 30, 2012 was \$59,641 and for the year ended June 30, 2011 was \$68,417.

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2009

NOTE 7. MORTGAGE PAYABLE

Florence Crittenton converted its line of credit to a conventional mortgage in October 2010. The mortgage is secured by the building which houses its offices and its residential clients. The mortgage carries an interest rate of 5.00%, amortized over 30 years, with interest and principal payments due each month. The remaining mortgage balance is due on October 2, 2013.

At June 30, 2012, future minimum mortgage payments are as follows:

June 30, 2013	\$ 6,116
June 30, 2014	\$ 364,096

NOTE 8. CONENTRATIONS OF CREDIT RISK

Florence Crittenton is party to two contracts with the SC Department of Health and Human Services whereby they receive third party reimbursements from Medicaid and a Social Services Block Grant. Combined, these sources of federal funding comprise over 27% and 37% of total annual income for the years ended June 30, 2012 and 2011, respectively. Florence Crittenton also relies upon funding from Trident United Way and other TUW agencies throughout the state. Changes in these sources of funding would significantly effect the Florence Crittenton's operations.

NOTE 9. SUBSEQUENT EVENTS

Management is responsible for evaluating events subsequent to June 30, 2012. Management has evaluated all subsequent events through November 13, 2012 which is the date of the Independent Auditor's Report.

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