# FLORENCE CRITTENTON PROGRAMS OF SOUTH CAROLINA CHARLESTON, SC 2013 AND 2012 FINANCIAL STATEMENTS

## FLORENCE CRITTENTON PROGRAMS

## **CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
2013 Statement of Functional Expenses	4
2012 Statement of Functional Expenses	5
Statements of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7-11

# KEITH M. VINCENT, CPA, CITP

#### INDEPENDENT AUDITOR'S REPORT

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

Leith M. VIX, CPA, CITP

I have audited the accompanying statements of financial position of the Florence Crittenton Programs of South Carolina (FCP) as of June 30, 2013 and 2012, 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, 2013 and 2012, 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.

Mt. Pleasant, SC

November 13, 2013

## FLORENCE CRITTENTON PROGRAMS OF SC, INC. STATEMENTS OF FINANCIAL POSITION JUNE 30, 2013 AND 2012

ASSETS	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 169,80	2 \$ 183,288
Cash and cash equivalents - restricted	-	2,727
Medicaid receivable	10,45	•
Other contract receivables	31,27	0 24,158
TOTAL CURRENT ASSETS	211,52	8 212,124
PROPERTY AND EQUIPMENT, net	724,40	7 473,526
TOTAL ASSETS	\$ 935,93	<u>\$ 685,650</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	•	4 \$ 16,687
Accrued Expenses	56	
Mortgage	<u>364,18</u>	
TOTAL LIABILITIES	370,08	8 387,290
NET ASSETS		
Unrestricted	565,84	7 295,633
Temporarily Restricted		2,727
TOTAL NET ASSETS	565,84	7 298,360
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 935,93</b>	5

# FLORENCE CRITTENTON PROGRAMS OF SC, INC. STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

		2013	2012
UNRESTRICTED SUPPORT AND REVENUE			
SC Dept. of Health and Human Services			
State Medicaid funds	\$	50,445	•
Social Services Block Grant		279,885	272,562
Total SC Dept. of Health and Human Services		330,330	323,756
Contracts - Other Government Agencies		93,847	158,854
United Way Agencies		172,318	134,822
Contributions and Private Grants		325,914	426,836
Interest and Dividends		706	1,640
Miscellaneous Revenue		1,619	1,983
TOTAL UNRESTRICTED SUPPORT AND REVENUE		924,734	1,047,891
Net Assets Released From Restrictions		262,727	164,528
TOTAL UNRESTRICTED SUPPORT, REVENUE			
AND RECLASSIFICATIONS		1,187,461	1,212,419
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EXPENSES			
Program Services		807,578	803,771
Supporting Services		•	•
Fundraising		45,931	41,512
General and Administrative		63,738	102,065
TOTAL EXPENSES		917,247	947,348
	_	011,211	
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	_	270,214	265,071
TEMPORARILY RESTRICTED NET ASSETS			
Contributions and Private Grants		260,000	160,000
Net Assets Released From Restrictions		(262,727)	(164,528)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	_	(2,727)	(4,528)
TOTAL INCREASE (DECREASE) IN NET ASSETS		267,487	260,543
NET ASSETS AT BEGINNING OF YEAR	_	298,360	37,817
NET ASSETS AT END OF YEAR	<u>\$</u>	565,847	\$ 298,360

## FLORENCE CRITTENTON PROGRAMS OF SC, INC. STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2013

		Program Services		Supportin Fund Raising	g Services General and Administrative	)	Total
PAYROLL AND PERSONNEL	-					•	<del></del>
Salaries	\$	456,664	\$	20,178	\$ 32,089	\$	508,931
Employee Benefits		37,058		421	4,632		42,111
Payroll Taxes		64,947		1,872	6,064		72,883
TOTAL PAYROLL AND PERSONNEL		558,669		22,471	42,785		623,925
OCCUPANCY							
Rents		46,690		-	-		46,690
Depreciation		18,688		-	2,548		21,236
Utilities		23,200		•	· -		23,200
Food and Beverage		33,949		-	•		33,949
Insurance		13,928		-	3,482		17,410
Supplies		8,490		-	7,929		16,419
Maintenance		20,274		-	2,764		23,038
Telephone		3,464			144		3,608
TOTAL OCCUPANCY		168,683		•	16,867		185,550
OTHER OPERATING EXPENSES							
Professional Services		23,698		515	1,546		25,759
Director's and Officer's Insurance		•		-	2,207		2,207
Transportation		13,375		-	•		13,375
Conferences & Meetings		3,539		-	-		3,539
Dues and Subscriptions		11,948		-	-		11,948
Postage and Shipping		1,532		-	•		1,532
Printing and Publications		3,177		-	-		3,177
Community Outreach & Development		-		22,945	-		22,945
Miscellaneous Expense		4,578		-	333		4,911
Interest Expense		18,379	_				18,379
TOTAL OTHER OPERATING EXPENSES		80,226	_	23,460	4,086	_	107,772
TOTAL EXPENSES	\$	807,578	\$	45,931	\$ 63,738	\$	917,247

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

	Program Services		Supportin Fund Raising	Ge	vices neral and ninistrative		<u>Total</u>
PAYROLL AND PERSONNEL							
Salaries	\$ 421,036	\$	11,265	\$	63,835	\$	496,136
Employee Benefits	45,662		519		5,708		51,889
Payroil Taxes	 58,293		2,133		10,663		71,089
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	 6,593		-		275		6,868
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	 18,722						18,722
TOTAL OTHER OPERATING EXPENSES	82,076	_	27,595		4,934	_	114,605
TOTAL EXPENSES	\$ 803,771	<u>\$</u>	41,512	\$	102,065	\$_	947,348

## FLORENCE CRITTENTON PROGRAMS OF SC, INC. STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	2012
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 267,487	\$ 260,543
Adjustments to reconcile net assets to net cash		
provided (used) by operating activities:		
Depreciation	21,236	24,193
Changes in operating assets and liabilities		
Medicaid receivable	(8,505)	9,677
Grants receivable	(7,112)	4,905
Accounts payable and accrued expenses	(11,105)	(151)
Net cash provided (used) by operating activities	262,001	299,167
INVESTING ACTIVITIES		
Purchase of property and equipment	(265,506)	(160,852)
Net cash used for investing activities	(265,506)	(160,852)
FINANCING ACTIVITIES		
Payments on mortgage payable and line of credit	(6,097)	(5,751)
Net cash used for financing activities	(6,097)	(5,751)
Net increase (decrease) in cash and cash equivalents	(9,602)	132,564
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	186,015	53,451
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 176,413	\$ 186,015
SUPPLEMENTAL INFORMATION:	•	
Cash paid for interest	<u>\$ 18,379</u>	<b>\$</b> 18,722

#### 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, 2013 or 2012.

#### 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, 2013 or June 30, 2012.

#### 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.

#### 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.

#### NOTE 3. TEMPORARILY RESTRICTED NET ASETS

Assets in the amount of \$2,727 that were temporarily restricted as of June 30, 2012 were released from restrictions during the year ended June 30, 2013. Donations in the amount of \$260,000 were received for the renovation of Florence Crittenton's housing and office facilities. A total of \$262,727 was spent for the intended purposes and there are no restricted net assets as of June 30, 2013.

#### **NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2013 and 2010:

	<u>2013</u>	<u>2012</u>
Land (non-depreciable)	\$ 12,500	\$ 12,500
Renovations in progress	-	157,273
Vehicles	1,000	-
Buildings and improvements	1,025,357	621,160
Office furniture and equipment	<u>239,396</u>	<u>239,396</u>
Total Property and Equipment	1,278,253	1,030,329
Less: Accumulated Depreciation	<u>(553,846)</u>	(556,803)
Property and Equipment, net	<u>\$ 724,407</u>	<u>\$ 473,526</u>

#### **NOTE 5. 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, 2013 was \$46,690 and for the year ended June 30, 2012 was \$59,641.

#### NOTE 6. 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 4.00%, amortized over 20 years, with interest and principal payments due each month. The remaining mortgage balance is due on November 15, 2018.

At June 30, 2013, future minimum mortgage payments are as follows:

June 30, 2014	\$ 15,483
June 30, 2015	\$ 26,542
June 30, 2016	\$ 26,542
June 30, 2017	\$ 26,542
June 30, 2018	\$ 26,542
November 15, 2018	\$ 305.037

#### NOTE 7. 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 28% and 27% of total annual income for the years ended June 30, 2013 and 2012, 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 8. SUBSEQUENT EVENTS

Management is responsible for evaluating events subsequent to June 30, 2013. Management has evaluated all subsequent events through November 13, 2013 which is the date of the Independent Auditor's Report.

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