

FLORENCE CRITTENTON PROGRAMS
OF SOUTH CAROLINA
CHARLESTON, SC
2015 AND 2014 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, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon 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 the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.



Mt. Pleasant, SC
October 31, 2015

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 170,093	\$ 210,960
Medicaid receivable	4,452	3,572
Other contract receivables	<u>34,948</u>	<u>29,692</u>
TOTAL CURRENT ASSETS	209,493	244,224
 PROPERTY AND EQUIPMENT, net	 <u>694,640</u>	 <u>692,310</u>
 TOTAL ASSETS	 <u>\$ 904,133</u>	 <u>\$ 936,534</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 3,820	\$ 9,609
Accrued Expenses	126	116
Mortgage	<u>345,578</u>	<u>358,790</u>
TOTAL LIABILITIES	349,524	368,515
 NET ASSETS		
Unrestricted	554,609	568,019
Temporarily Restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>554,609</u>	<u>568,019</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 904,133</u>	 <u>\$ 936,534</u>

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED SUPPORT AND REVENUE		
SC Dept. of Health and Human Services		
State Medicaid funds	\$ 44,295	\$ 42,129
Social Services Block Grant	<u>313,129</u>	<u>259,120</u>
Total SC Dept. of Health and Human Services	357,424	301,249
Contracts - Other Government Agencies	116,051	125,294
United Way Agencies	157,753	172,116
Contributions and Private Grants	398,140	463,866
Interest and Dividends	231	1,571
Miscellaneous Revenue	<u>3,411</u>	<u>2,622</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	1,033,010	1,066,718
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>
TOTAL UNRESTRICTED SUPPORT, REVENUE AND RECLASSIFICATIONS	<u>1,033,010</u>	<u>1,066,718</u>
 EXPENSES		
Program Services	925,544	926,690
Supporting Services		
Fundraising	64,318	77,191
General and Administrative	<u>56,557</u>	<u>58,208</u>
TOTAL EXPENSES	<u>1,046,419</u>	<u>1,062,088</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(13,409)</u>	<u>4,630</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions and Private Grants	-	-
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
 TOTAL INCREASE (DECREASE) IN NET ASSETS	(13,409)	4,630
 NET ASSETS AT BEGINNING OF YEAR	<u>568,019</u>	<u>563,389</u>
 NET ASSETS AT END OF YEAR	<u>\$ 554,609</u>	<u>\$ 568,019</u>

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Supporting Services Fund Raising</u>	<u>General and Administrative</u>	<u>Total</u>
PAYROLL AND PERSONNEL				
Salaries	\$ 595,954	\$ 17,531	\$ 26,297	\$ 639,782
Employee Benefits	32,127	945	1,419	34,490
Payroll Taxes	27,200	1,341	2,012	30,553
TOTAL PAYROLL AND PERSONNEL	655,280	19,818	29,727	704,825
OCCUPANCY				
Rents	56,765	-	-	56,765
Depreciation	33,720	-	4,598	38,318
Utilities	24,903	-	-	24,903
Food and Beverage	23,524	-	-	23,524
Insurance	16,140	-	4,035	20,175
Supplies	11,131	-	10,275	21,406
Maintenance	26,669	-	3,637	30,306
Telephone	4,308	-	180	4,488
TOTAL OCCUPANCY	197,160	-	22,725	219,885
OTHER OPERATING EXPENSES				
Professional Services	23,486	510	1,532	25,528
Director's and Officer's Insurance	-	-	2,207	2,207
Transportation	10,487	-	-	10,487
Conferences & Meetings	5,336	-	-	5,336
Dues and Subscriptions	9,326	-	-	9,326
Postage and Shipping	1,177	-	-	1,177
Printing and Publications	4,116	-	-	4,116
Community Outreach & Development	-	43,990	-	43,990
Miscellaneous Expense	4,862	-	366	5,228
Interest Expense	14,314	-	-	14,314
TOTAL OTHER OPERATING EXPENSES	73,104	44,500	4,105	121,709
TOTAL EXPENSES	\$ 925,544	\$ 64,318	\$ 56,557	\$ 1,046,419

See accompanying notes to the financial statements

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Program Services</u>	<u>Supporting Services</u> <u>Fund</u> <u>Raising</u>	<u>General and Administrative</u>	<u>Total</u>
PAYROLL AND PERSONNEL				
Salaries	\$ 545,517	\$ 17,048	\$ 25,571	\$ 588,136
Employee Benefits	39,276	1,227	1,841	42,344
Payroll Taxes	30,813	1,304	1,956	34,073
TOTAL PAYROLL AND PERSONNEL	615,605	19,579	29,369	664,553
OCCUPANCY				
Rents	76,745	-	-	76,745
Depreciation	31,119	-	4,243	35,362
Utilities	24,547	-	-	24,547
Food and Beverage	27,713	-	-	27,713
Insurance	15,163	-	3,792	18,955
Supplies	12,301	-	11,355	23,656
Maintenance	35,606	-	4,855	40,461
Telephone	4,831	-	201	5,032
TOTAL OCCUPANCY	228,025	-	24,446	252,471
OTHER OPERATING EXPENSES				
Professional Services	24,776	539	1,616	26,930
Director's and Officer's Insurance	-	-	2,207	2,207
Transportation	11,008	-	-	11,008
Conferences & Meetings	6,243	-	-	6,243
Dues and Subscriptions	11,344	-	-	11,344
Postage and Shipping	2,136	-	-	2,136
Printing and Publications	3,982	-	-	3,982
Community Outreach & Development	-	57,073	-	57,073
Miscellaneous Expense	7,569	-	570	8,139
Interest Expense	16,002	-	-	16,002
TOTAL OTHER OPERATING EXPENSES	83,060	57,612	4,393	145,064
TOTAL EXPENSES	\$ 926,690	\$ 77,191	\$ 58,208	\$ 1,062,088

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (13,409)	\$ 4,630
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation	38,318	35,362
Changes in operating assets and liabilities		
Medicaid receivable	(880)	6,884
Grants receivable	(5,256)	(880)
Accounts payable and accrued expenses	<u>(5,779)</u>	<u>3,819</u>
Net cash provided (used) by operating activities	12,994	49,815
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(40,649)</u>	<u>(3,265)</u>
Net cash used for investing activities	(40,649)	(3,265)
FINANCING ACTIVITIES		
Payments on mortgage payable and line of credit	<u>(13,212)</u>	<u>(5,392)</u>
Net cash used for financing activities	(13,212)	(5,392)
Net increase (decrease) in cash and cash equivalents	(40,867)	41,158
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>210,960</u>	<u>169,802</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 170,093</u>	<u>\$ 210,960</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 14,314</u>	<u>\$ 16,002</u>

See accompanying notes to the financial statements

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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, 2015 or 2014.

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, 2015 or June 30, 2014.

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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, 2015 AND 2014

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, 2015 AND 2014

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

There are no restricted net assets as of June 30, 2015.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land (non-depreciable)	\$ 12,500	\$ 12,500
Vehicles	39,629	5,677
Buildings and improvements	1,192,239	1,192,239
Office furniture and equipment	<u>73,044</u>	<u>71,102</u>
Total Property and Equipment	1,317,412	1,281,518
Less: Accumulated Depreciation	<u>(622,772)</u>	<u>(589,208)</u>
Property and Equipment, net	<u>\$ 694,640</u>	<u>\$ 692,310</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, 2015 was \$76,745 and for the year ended June 30, 2014 was \$56,765.

NOTE 6. MORTGAGE PAYABLE

Florence Crittenton secured a mortgage on December 2, 2014. 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 30 years, with interest and principal payments due each month. The remaining mortgage balance is due on December 2, 2018.

At June 30, 2015, future minimum mortgage payments are as follows:

June 30, 2016	\$ 26,676
June 30, 2017	\$ 26,676
June 30, 2018	\$ 26,676
December 2, 2018	\$ 265,550

FLORENCE CRITTENTON PROGRAMS OF SC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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 35% and 28% of total annual income for the years ended June 30, 2015 and 2014, 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, 2015. Management has evaluated all subsequent events through October 31, 2015 which is the date of the Independent Auditor's Report.

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