Florence Crittenton Programs of SC Inc.

Financial Statements

Year Ended June 30, 2016

Florence Crittenton Programs of SC Inc.

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LIGHTHEART | SANDERS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Florence Crittenton Programs of SC, Inc.

We have audited the accompanying financial statements of Florence Crittenton Programs of SC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets 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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 on the auditors' 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 Organization'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 the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florence Crittenton Programs of SC, Inc., as of June 30, 2016, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lightheart Sanders and Associates

Lightheart, Sanders and Associates
Certified Public Accountants

Madison, Mississippi
October 16, 2016

Florence Crittenton Programs of SC, Inc.
Statement of Financial Position
June 30, 2016

Assets

Current Assets		
Cash and cash equivalents - unrestricted	$	123,669
Medicaid receivable		7,551
Other contract receivables		42,267
Total Current Assets		173,487
Fixed Assets		
Land		12,500
Buildings		1,192,239
Vehicles		39,629
Furniture and equipment		74,669
Total Fixed Assets		1,319,037
Accumulated depreciation		(665,355)
Net Fixed Assets		653,682
Total Assets	$	827,169

See independent auditors' report and accompanying notes to the financial statements.

Florence Crittenton Programs of SC, Inc.
Statement of Financial Position
June 30, 2016

Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	12,958
Accrued liabilities		18,440
Current portion long-term debt		11,486
Total Current Liabilities		42,884
Long-Term Liabilities, Net of Current Portion		
Long-term debt		320,813
Total Long-Term Liabilities		320,813
Total Liabilities		363,697
Net Assets		
Unrestricted		463,472
Total of Net Assets		463,472
Total Liabilities and Net Assets	$	827,169

See independent auditors' report and accompanying notes to the financial statements.

Florence Crittenton Programs of SC, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2016

Unrestricted Support and Revenue		
SC Department of Health and Human Services		
State Medicaid Funds	$	40,734
Social Services Block Grant		286,244
Total SC Department of Health and Human Services		326,978
Contracts - Other Government Agencies		82,557
United Way Agencies		166,095
Contributions and Private Grants		416,109
Interest and Dividends		137
Miscellaneous		2,985
Total Unrestricted Support and Revenue		994,861
Total Unrestricted Support and Revenue		994,861
Expenses		
Program Services		950,680
Supporting Services		
Fundraising		75,693
General and Administrative		59,626
Total Expenses		1,085,999
Increase (Decrease) in Unrestricted Net Assets		(91,138)
Net Assets at Beginning of Year		554,610
Net Assets at End of Year	$	463,472

See independent auditors' report and accompanying notes to the financial statements.

Florence Crittenton Programs of SC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016

		Supporting Services		
	Program Services	Fund Raising	General and Administrative	Total
Payroll and Personnel				
Salaries	$ 588,349	$ 18,620	$ 27,929	$ 634,898
Employee Benefits	54,754	1,733	2,599	59,086
Payroll Taxes	48,643	1,424	1,424	51,491
Total Payroll and Personnel	691,746	21,777	31,952	745,475
Occupancy				
Rent Subsidies	34,164	-	-	34,164
Depreciation	37,473	-	5,110	42,583
Utilities	25,422	-	-	25,422
Food and Beverage	21,017	-	-	21,017
Insurance	19,031	-	2,115	21,146
Supplies	12,181	-	11,244	23,425
Maintenance	35,166	-	4,795	39,961
Telephone	4,394	-	183	4,577
Total Occupancy	188,848	-	23,447	212,295
Other Operating Expenses				
Professional Services	23,112	502	1,507	25,121
Director's and Officer's Insurance	-	-	2,207	2,207
Transportation	6,969	-	-	6,969
Conferences and Meetings	4,505	-	-	4,505
Dues and Subscriptions	9,284	-	-	9,284
Postage and Shipping	1,147	-	-	1,147
Printing and Publications	4,447	-	-	4,447
Community Outreach and Development	-	53,414	-	53,414
Miscellaneous Expense	6,822	-	513	7,335
Interest Expense	13,800	-	-	13,800
Total Other Operating Expenses	70,086	53,916	4,227	128,229
Total Expenses	$ 950,680	$ 75,693	$ 59,626	$ 1,085,999

Florence Crittenton Programs of SC, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash Flows from Operating Activities		
Increase (decrease) in net assets	$	(91,138)
Adjustments to reconcile loss to net cash used by operating activities:		
Depreciation		42,583
(Increase) decrease in:		
Medicaid receivable		(3,099)
Other contract receivables		(7,319)
(Decrease) increase in:		
Accounts payable		9,138
Accrued liabilities		18,314
Net Cash Provided (Used) By Operating Activities		(31,521)
Cash Flows from Investing Activities		
Acquisition of fixed assets		(1,625)
Net Cash Provided (Used) In Investing Activities		(1,625)
Cash Flows from Financing Activities		
Payments on debt		(13,278)
Net Cash Provided (Used) By Financing Activities		(13,278)
Net Decrease In Cash		(46,424)
Cash at Beginning of Year		170,093
Cash at End of Year	$	123,669

See independent auditors' report and accompanying notes to the financial statements.

Note 1 - Nature of Organization

Florence Crittenton Programs of SC, Inc. (the "Organization") 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. The Organization's programs are primarily supported by federal and state government contracts and grants, and by public support.

Note 2 – Significant Accounting Policies

Significant Accounting Policies – The significant accounting policies are presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting principles conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Management estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents – The statement of cash flows is prepared using the indirect method. The Organization considers all cash on hand and in banks, and all highly liquid investments with maturities of three months or less to be cash equivalents.

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.

Property and equipment – Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 27.5 years. Maintenance, repairs, minor renewals and betterments, which do not extend the useful life of property are charged to expense as incurred. Major renewals and betterments are capitalized. For assets sold or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period. Depreciation was $42,583 for the year ended June 30, 2016.

Note 2 – Significant Accounting Policies (continued)

Net Assets – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - net assets that are not subject to donor or grantor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets - net assets that are subject to donor or grantor imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time. There were no temporarily restricted net assets as of June 30, 2016.

Permanently Restricted Net Assets – net assets that the donor or grantor has stipulated that the principal must be maintained permanently by the Organization. The earnings may or may not be designated for specific purposes. There were no permanently restricted net assets as of June 30, 2016.

Donated Services – Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 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. The Organization generally pays for services requiring specific expertise.

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, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Revenue recognition – In accordance with FASB ASC 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. The Organization 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 and changes in net assets as net assets released from restrictions. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. It is the Organization's policy to record restricted contributions received and released in the same year as unrestricted support.

Note 2 – Significant Accounting Policies (continued)

Advertising – Advertising typically consists of direct mailings to past contributors, local schools, churches and community organizations. Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2016 was $4,447.

Expense Allocations – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and the statement 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.

Income Taxes – The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization 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).

The Organization believes that is has support for any tax position taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

With few exceptions, the Organization is no longer subject to U.S. federal information return examinations by tax authorities for years before 2013.

Note 3- Concentrations

The Organization 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 33% of total annual income for the year ended June 30, 2016. The Organization also relies upon funding from Trident United Way (TUW) and other TUW agencies throughout the state. Changes in these sources of funding would significantly effect the Organization’s operations.

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash accounts in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation to $250,000. At June 30, 2016 cash balances in excess of insured limits totaled $0.

Note 4 – **Long-term Debt**

The Organization secured a mortgage on December 2, 2013. 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 5 years, with interest and principal payments due each month. A single “balloon payment” of the entire unpaid balance of principal and interest will be due on December 2, 2018. An amendment was made on February 2, 2016 to extend the maturity date to February 2, 2023 with the same interest rate. A single “balloon payment” of the entire unpaid balance of principal and interest will be due on the amended maturity date.

Note 4 – Long-term Debt (continued)

At June 30, 2016, future minimum mortgage payments are as follows:

Initiation Date	Maturity Date	Terms	Interest Rate	Payment	Security	
2/2/2016	2/2/2023	84	4.00%	$ 2,049	Building	$ 332,299
						332,299

	Balance
Current Portion	$ 11,486
Non-Current Portion	320,813
	$ 332,299

Maturities are as follows:

2017	$ 11,486
2018	11,954
2019	12,441
2020	12,948
2021	13,475
Thereafter	269,995
	$ 332,299

Note 5 – Leases

The Organization leases space for its Family Development clients on a month to month basis. Rent expense for the year ended June 30, 2016 was $34,164.

Note 6 – Line of Credit

The Organization has a line of credit from South State Bank with a limit of $50,000. Any outstanding balance bears interest at a rate of 4.50% (prime plus one percent) and requires regular monthly payments of all accrued unpaid interest due. The maturity date of the line of credit is May 12, 2017. Total outstanding balance for the year ended June 30, 2016 was $0.

Note 7 - Supplemental Disclosures of Cash Information

Cash paid for interest for the year ended June 30, 2016 was $13,800.

Note 8 – Subsequent Events

The Organization evaluated all events or transactions that occurred after June 30, 2016 through October 16, 2016 the date these financials statements were available for issue. During this period, the Organization did not have any material recognizable subsequent events.