

Financial Statements

Ellen Hines Smith Girls' Home, Inc.

Years Ended September 30, 2012 and 2011

Ellen Hines Smith Girls' Home, Inc.

Financial Statements

Years Ended September 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ellen Hines Smith Girls' Home, Inc.
Spartanburg, South Carolina

We have audited the accompanying statements of financial position of Ellen Hines Smith Girls' Home, Inc. (a non-profit organization) as of September 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellen Hines Smith Girls' Home, Inc. at September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Gosnell Menard Robinson Infante CPA's, PA
Spartanburg, SC

November 25, 2012



Ellen Hines Smith Girls' Home, Inc.

Statements of Financial Position

September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 70,821	\$ 94,630
Accounts receivable	71,138	54,122
Prepaid expenses	19,883	16,827
	<u>161,842</u>	<u>165,579</u>
Total current assets	161,842	165,579
Fixed Assets		
Land	69,250	69,250
Buildings	372,553	372,553
Furniture and equipment	290,133	299,546
Less: accumulated depreciation	(605,308)	(604,728)
	<u>126,628</u>	<u>136,621</u>
Total Fixed Assets	126,628	136,621
	<u>\$ 288,470</u>	<u>\$ 302,200</u>
Total assets	\$ 288,470	\$ 302,200
	<u>\$ 288,470</u>	<u>\$ 302,200</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 10,695	\$ 8,064
Customer deposits	-	3,850
Due to Foundation	25,000	-
Payroll tax liabilities	8,348	-
Accrued expenses	29,494	16,854
	<u>73,537</u>	<u>28,768</u>
Total current liabilities/Total liabilities	73,537	28,768
Net Assets		
Unrestricted net assets, available for operations	81,005	117,711
Property and equipment	126,628	136,621
	<u>207,633</u>	<u>254,332</u>
Total unrestricted net assets	207,633	254,332
Temporarily restricted net assets	7,300	19,100
	<u>214,933</u>	<u>273,432</u>
Total net assets	214,933	273,432
Total liabilities and net assets	<u>\$ 288,470</u>	<u>\$ 302,200</u>
	<u>\$ 288,470</u>	<u>\$ 302,200</u>

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

Ellen Hines Smith Girls' Home, Inc.

Statement of Activities

Year Ended September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Residential			
Department of Social Services	\$ 266,706	\$ -	\$ 266,706
Spartanburg School District 7	19,825	-	19,825
United States Department of Agriculture	12,570	-	12,570
Spartanburg County	31,106	-	31,106
Grants	56,742	-	56,742
United Way	47,237	-	47,237
Contributions	56,196	7,300	63,496
In-Kind contributions	37,200	-	37,200
Fund raising	64,233	-	64,233
Interest	100	-	100
Miscellaneous income	5,494	-	5,494
Capital Gain	1,125	-	1,125
Empowering Families			
SAFY	263,405	-	263,405
Contributions	10,506	-	10,506
Strengthening Families			
Department of Social Services	17,223	-	17,223
Medicaid	58,354	-	58,354
Grants	3,000	-	3,000
Contributions	20,784	-	20,784
United Way	9,841	-	9,841
Fund raising	64,891	-	64,891
Total Support and Revenues	<u>1,046,538</u>	<u>7,300</u>	<u>1,053,838</u>
Expenses:			
Program services - Residential	472,295	-	472,295
Program services - Empowering Families	231,104	19,100	250,204
Program services - Strengthening Families	182,284	-	182,284
Management and general	183,449	-	183,449
Fund raising	24,105	-	24,105
Total expenses	<u>1,093,237</u>	<u>19,100</u>	<u>1,112,337</u>
Change in net assets	(46,699)	(11,800)	(58,499)
Net assets at beginning of year	<u>254,332</u>	<u>19,100</u>	<u>273,432</u>
Net assets at end of year	<u>\$ 207,633</u>	<u>\$ 7,300</u>	<u>\$ 214,933</u>

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

Ellen Hines Smith Girls' Home, Inc.

Statement of Activities

Year Ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Residential			
Department of Social Services	\$ 473,510	\$ -	\$ 473,510
Department of Juvenile Justice	19,025	-	19,025
Spartanburg School District 7	19,649	-	19,649
United States Department of Agriculture	19,841	-	19,841
Spartanburg County	31,500	-	31,500
Grants	119,209	-	119,209
United Way	42,717	-	42,717
Contributions	54,132	19,100	73,232
In-Kind contributions	68,300	-	68,300
Fund raising	66,524	-	66,524
Interest	505	-	505
Strengthening Families			
Medicaid	36,708	-	36,708
Grants	26,466	-	26,466
Total Support and Revenues	<u>978,086</u>	<u>19,100</u>	<u>997,186</u>
Expenses:			
Program services - Residential	775,244	-	775,244
Program services - Strengthening Families	35,160	28,394	63,554
Management and general	150,681	-	150,681
Fund raising	21,158	-	21,158
Total expenses	<u>982,243</u>	<u>28,394</u>	<u>1,010,637</u>
Change in net assets	(4,157)	(9,294)	(13,451)
Net assets at beginning of year	<u>258,489</u>	<u>28,394</u>	<u>286,883</u>
Net assets at end of year	<u>\$ 254,332</u>	<u>\$ 19,100</u>	<u>\$ 273,432</u>

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

Ellen Hines Smith Girls' Home, Inc.

Statement of Functional Expenses - Unrestricted

Year Ended September 30, 2012

	Program Services			Supporting Services		Total Expenses
	Residential	Empowering Families	Strengthening Families	Management and General	Fund Raising	
Salaries	\$ 197,873	\$ 134,716	\$ 101,754	\$ 136,748	\$ -	\$ 571,091
Insurance - group and workers comp	28,657	16,607	16,739	19,521	-	81,524
Payroll taxes	24,149	16,441	12,419	16,689	-	69,698
Retirement	6,321	-	-	1,990	-	8,311
Total salaries and related expenses	257,000	167,764	130,912	174,948	-	730,624
Rent	-	12,824	10,200	4,331	-	27,355
Repairs & maintenance	28,357	11,192	2,531	-	-	42,080
Telephone	5,067	4,447	2,287	-	-	11,801
Utilities	19,615	1,009	564	3,642	-	24,830
Copier lease	1,125	979	701	528	-	3,333
Auto expenses	5,156	13,521	6,421	-	-	25,098
Insurance - general	15,126	-	-	-	-	15,126
Professional development & training	16,010	2,590	2,409	-	-	21,009
Consultation fees	18,967	2,000	1,100	-	-	22,067
Professional fees	2,298	1,532	1,277	-	-	5,107
Contract services	7,370	5,833	20,427	-	-	33,630
Resident expense						
Family Assistance	-	964	-	-	-	964
Household supplies	34,593	105	86	-	-	34,784
Food	22,941	-	29	-	-	22,970
Office supplies	3,059	3,636	1,225	-	-	7,920
Extracurricular	6,199	-	-	-	-	6,199
Miscellaneous expenses	490	-	-	-	-	490
Academic education	5,110	-	-	-	-	5,110
Advertising	2,281	2,123	1,662	-	-	6,066
Postage	1,836	558	431	-	-	2,825
Fund raising	-	-	-	-	24,105	24,105
Bank fees	1,701	27	22	-	-	1,750
Total expenses before depreciation	454,301	231,104	182,284	183,449	24,105	1,075,243
Depreciation expense	17,994	-	-	-	-	17,994
Total expenses	\$ 472,295	\$ 231,104	\$ 182,284	\$ 183,449	\$ 24,105	\$ 1,093,237

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

Ellen Hines Smith Girls' Home, Inc.

Statement of Functional Expenses - Unrestricted

Year Ended September 30, 2011

	Program Services		Supporting Services		Total Expenses
	Residential	Strengthening Families	Management and General	Fund Raising	
Salaries	\$ 347,191	\$ 11,245	\$ 115,812	\$ -	\$ 474,248
Insurance - group and workers comp	53,157	3,816	17,057	-	74,030
Payroll taxes	31,412	3,565	10,472	-	45,449
Retirement	5,233	-	1,567	-	6,800
Total salaries and related expenses	436,993	18,626	144,908	-	600,527
Rent	4,908	-	4,352	-	9,260
Repairs & maintenance	39,283	-	-	-	39,283
Telephone	10,018	561	-	-	10,579
Utilities	29,128	-	721	-	29,849
Copier lease	2,480	-	700	-	3,180
Auto expenses	9,357	12,813	-	-	22,170
Insurance - general	15,188	-	-	-	15,188
Professional development & training	14,777	477	-	-	15,254
Consultation fees	25,208	-	-	-	25,208
Professional fees	5,100	-	-	-	5,100
Contract services	24,813	2,338	-	-	27,151
Resident expense					
Household supplies	80,176	-	-	-	80,176
Food	32,731	-	-	-	32,731
Office supplies	5,328	298	-	-	5,626
Extracurricular	11,301	-	-	-	11,301
Miscellaneous expenses	962	47	-	-	1,009
Academic education	6,975	-	-	-	6,975
Advertising	-	-	-	10,898	10,898
Postage	2,804	-	-	-	2,804
Fund raising	-	-	-	10,260	10,260
Bank fees	1,915	-	-	-	1,915
Total expenses before depreciation	759,445	35,160	150,681	21,158	966,444
Depreciation expense	15,799	-	-	-	15,799
Total expenses	<u>\$ 775,244</u>	<u>\$ 35,160</u>	<u>\$ 150,681</u>	<u>\$ 21,158</u>	<u>\$ 982,243</u>

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

Ellen Hines Smith Girls' Home, Inc.

Statement of Functional Expenses – Temporarily Restricted

Year Ended September 30, 2012

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Residential</u>	<u>Empowering Families</u>	<u>Strengthening Families</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Expenses</u>
Expenses include expenditures from restricted funds, classified as follows						
Salaries	<u>\$ -</u>	<u>\$ 19,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,100</u>
Total restricted expenses	<u><u>\$ -</u></u>	<u><u>\$ 19,100</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,100</u></u>

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

Ellen Hines Smith Girls' Home, Inc.

Statement of Functional Expenses – Temporarily Restricted

Year Ended September 30, 2011

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Residential</u>	<u>Strengthening Families</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Expenses include expenditures from restricted funds, classified as follows					
Salaries	<u>\$ -</u>	<u>\$ 28,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,394</u>
Total restricted expenses	<u><u>\$ -</u></u>	<u><u>\$ 28,394</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,394</u></u>

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

Ellen Hines Smith Girls' Home, Inc.

Statements of Cash Flows

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ (58,499)	\$ (13,451)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,993	15,799
(Increase)/Decrease in Accounts receivable	(17,016)	14,018
(Increase)/Decrease in Prepaid expenses	(3,056)	(8,996)
Increase/(Decrease) in Accounts payable	2,631	3,418
Increase/(Decrease) in Customer deposits	(3,850)	3,850
Increase/(Decrease) in Payroll tax liabilities	8,348	-
Increase/(Decrease) in Accrued expenses	12,640	(27,349)
Net cash provided/(used) by operating activities	<u>(40,809)</u>	<u>(12,711)</u>
Cash flows from investing activities		
Purchase of property & equipment	<u>(8,000)</u>	<u>(52,128)</u>
Net cash used by investing activities	<u>(8,000)</u>	<u>(52,128)</u>
Cash flows from financing activities		
Cash received from Spartanburg County Foundation	<u>25,000</u>	<u>-</u>
Net cash used by investing activities	<u>25,000</u>	<u>-</u>
Net increase/(decrease) in cash	(23,809)	(64,839)
Cash at beginning of year	<u>94,630</u>	<u>159,469</u>
Cash at end of year	<u>\$ 70,821</u>	<u>\$ 94,630</u>

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

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note A – Organization and Summary of Significant Accounting Policies

Organization

The Ellen Hines Smith Girls' Home (the Home) offers around-the-clock care in a home-like environment for girls who are victims of abuse and neglect. Girls are given shelter and safety and taught sustainable skills for their futures.

The Home also provides a Family Strengthening Program and Empowering Families Program to prevent child abuse and neglect, with the objective of building stable, healthy families.

Basis of Accounting

The financial statements of the Home are kept on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Home has adopted FASB ASC 958-205 *Not-For-Profit Presentation of Financial Statements*.

The Home is required 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. In addition the Home is required to present a statement of cash flows.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same period in which the contribution is received, the Home reports that support as unrestricted.

Property and Equipment

Property and equipment are defined by the Home as assets with an initial, individual cost greater than or equal to \$5,000 and with an estimated useful life in excess of one year.

The Home follows the practice of capitalizing expenditures for furniture and equipment; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful life of the assets.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note A – Organization and Summary of Significant Accounting Policies (Continued)

Contributed Items

Contributed items are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Services

A substantial number of volunteers donated significant amounts of their time to the Home's program services. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

In-Kind Donations

In-kind donations received by the Home for the years ended September 30, 2012 and 2011 were estimated at \$37,200 and \$68,300 respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Home considers all highly liquid debt instruments purchases with maturity of three months or less from date of purchase to be cash equivalents.

Revenue Concentration

The Home received approximately 26 percent and 48 percent of its operating revenue from the Department of Social Services for the years ended September 30, 2012 and 2011 respectively. The Home also received 25 percent of its operating revenue from the Specialized Alternatives for Families and Youth of South Carolina, Inc. (SAFY) for the year ended September 30, 2012.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2012 and 2011 were \$6,066 and \$10,898 respectively.

Use of Estimates

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

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note A – Organization and Summary of Significant Accounting Policies (Continued)

Tax-Exempt Status

The Home is a not-for-profit corporation that is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code.

FASB ASC 740-10-25 requires that the Home recognize the financial statement effects of a tax position based on a 'more-likely-than-not' threshold for positions taken or expected to be taken in a tax return. The Home has adopted the application of ASC 740-10-25 for the fiscal year ended September 30, 2012. The Home's accounting policy for evaluating uncertain tax positions is to recognize tax positions if they are probable of being ultimately realized. The Home does not believe there are any unrecognized tax benefits or liabilities that should be recorded.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of terms and relative short maturity of financial instruments. The carrying values, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted market values.

Note B – Functional Allocation of Expense

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note C – Contingent Assets

Ellen Hines Smith Girls' Home Fund

In August 1985, a trust agreement between the Home (the Sponsor) and the Spartanburg County Foundation (the Foundation) was established. The Foundation created a special trust fund, the Ellen Hines Smith Girls' Home Fund (the Fund). The terms of the agreement are...

“The Fund shall be held, managed, administered, applied and disbursed as a special trust under the general powers and duties of the Foundation. The principal and net income of the Fund shall be devoted to the use and assistance of the Sponsor for the purpose of maintaining the Home until such time as such charitable use, in the judgment of the majority of the Board of Trustees of the Foundation, shall become unnecessary, undesirable, impracticable, or no longer adapted to the needs of the community, in which event it shall be devoted to the general purposes of the Foundation. Awards from the Fund will be made by the Foundation upon recommendation of an Awards Committee of the Foundation. The trustees of the Foundation will appoint an Awards Committee consisting of five members for such terms as the trustees of the Foundation shall designate. Appointments to the Awards committee will be made by the trustees of the Foundation on nomination by the Sponsor, ‘assuming certain time restrictions in nominating members are met’.”

“All awards and benefits from the Fund shall be of such eleemosynary character and so related to the Spartanburg community as to fall within the purposes of the Foundation.”

The Home received \$30,000 from the Fund during the fiscal year ended September 30, 2012, in which \$25,000 was reported as an amount due to the Foundation. The Home used the \$25,000 for cash flow purposes and intended to return this amount to the Fund. A payment of \$25,000 was made to the Fund in October, 2012 to pay off this loan.

A confirmation of the Fund balance was received from the Foundation for the fiscal years ended September 30, 2012 and 2011, which included the following financial data related to the Fund:

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note C – Contingent Assets (Continued)

STATEMENT OF FINANCIAL POSITION

	September 30 2012	September 30 2011
Assets		
Investments	\$ 550,229	\$ 514,549
Net Assets		
Unrestricted	\$ 550,229	\$ 514,549

STATEMENT OF ACTIVITIES

	Year Ended September 30 2012	Year Ended September 30 2011
Revenues		
Investment income	\$ 6,757	\$ 7,308
Net gain/(loss) on investment	64,442	(15,215)
Total revenues/(losses)	\$ 71,199	\$ (7,907)
Expenses		
Grants	\$ 30,000	\$ -
Fees	5,519	5,697
Total expenses	35,519	5,697
Increase/(Decrease) in net assets	35,680	(13,604)
Net assets, beginning of year	514,549	528,153
Net assets, end of year	\$ 550,229	\$ 514,549

Ellen Hines Smith Girls' Home Scholarship Fund

In August of 1998, a special trust fund was created by agreement between the Spartanburg County Foundation and the Girls' Home to remember the endless endeavors of Ellen Hines Smith. An annual award of scholarship is to be made to a deserving resident or former resident of the Home who desires to pursue any level of further education.

A confirmation of the Fund balance was received from the Foundation for the fiscal years ended September 30, 2012 and 2011, which included the following financial data related to the Fund:

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note C – Contingent Assets (Continued)

STATEMENT OF FINANCIAL POSITION

	September 30 2012	September 30 2011
Assets		
Investments	\$ 33,581	\$ 30,824
Net Assets		
Unrestricted	\$ 33,581	\$ 30,824

STATEMENT OF ACTIVITIES

	Year Ended September 30 2012	Year Ended September 30 2011
Revenues		
Investment income	\$ 406	\$ 465
Net gain/(loss) in investment	3,890	(795)
Total revenues	\$ 4,296	\$ (330)
Expenses		
Scholarships	\$ 875	\$ 2,000
Fees	664	681
Total Expenses	1,539	2,681
Increase/(Decrease) in net assets	2,757	(3,011)
Net assets, beginning of year	30,824	33,835
Net assets, end of year	\$ 33,581	\$ 30,824

Note D – Cash and Cash Equivalents

The Home maintains its cash balances at two banks in South Carolina. Cash accounts at the banks are insured by the Federal Deposit Insurance Corporation for up to \$250,000. As of September 30, 2012 and 2011, the Home had no cash balance with financial institutions in excess of federally insured limits.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note E – Accounts Receivable

Accounts receivable consist of the amounts described below and are considered by management to be fully collectable except for specific items determined to be uncollectable.

Accounts receivable as of September 30,	2012	2011
State and local grants	\$ 75,686	\$ 51,627
Contributions by individuals	550	2,495
Total accounts receivable	<u>\$ 76,236</u>	<u>\$ 54,122</u>

Note F – Tax-Sheltered Annuity Plan

Full-time employees may participate through payroll deduction in tax deferred retirement accounts through Edward Jones of Spartanburg, South Carolina (employer matched Simple IRA), and Merrill Lynch of Spartanburg, South Carolina (employer matched ROTH IRA). After one continuous year of employment, the Home will match an employee's contributions up to 3% of annual gross salary. After three years of continuous employment, the Home will match up to 5% of the employee's annual gross salary. Employer contributions for the years ended September 30, 2012 and 2011 are \$8,311 and \$6,800 respectively.

Note G – Lease Commitment

The Home leases two copiers under a 5 year operating lease from IKON Financial Services. The term of the leases started on February 6, 2012, and expires February 6, 2017. Total lease expense for the year ended September 30, 2012 and 2011 was \$3,333 and \$3,180 respectively.

Future minimum lease payments are as follows:

<u>Year ending</u> <u>September 30</u>	<u>Amount</u>
2013	\$ 2,542
2014	2,542
2015	2,542
2016	2,542
2017	847
Total minimum lease payments	<u>\$ 11,015</u>

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Years Ended September 30, 2012 and 2011

Note H – Subsequent Events

Subsequent events have been evaluated through December 20, 2012 which is the date the financial statements were available to be issued.

The Home closed their former banking accounts (both checking and payroll) and switched to BB&T.

A new \$50,000 credit line was opened in October 2012 for cash flow purposes. There was no balance owed as of December 20, 2012.

The Home is in the process of amending their payroll taxes reports for prior years per an agreement with the South Carolina Department of Revenue. This process has not yet been finalized as of December 20, 2012, but an estimate of the tax liability due has been accrued.

The Home is in the process of a merger with Children Shelter of the Upstate, Inc.

Note I – Change to Program Services

The Organization has offered residential care for girls since 1974, and introduced the Strengthening Families program during 2010. The Strengthening Families program serves children of all ages, both girls and boys. The Organization further expanded its support to families in January 2012 by adding the Empowering Families program. The Organization is a subcontractor for this service, with Specialized Alternatives for Families and Youth of South Carolina, Inc. (SAFY) contracting directly with the SC Department of Social Services to implement the program in the Upstate of South Carolina. As a subcontractor, the Organization implements the program in Cherokee and Spartanburg Counties. The primary goal of the Empowering Families program is to reduce the risk of child abuse and neglect by providing assessment and case management services for families that SC DSS has identified as low to moderate risk.