

Financial Statements

Hope Center for Children

Years Ended September 30, 2014 and 2013

**Hope Center for Children
Financial Statements
Years Ended September 30, 2014 and 2013**

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MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Hope Center for Children
Spartanburg, South Carolina

We have audited the accompanying statements of financial statements of Hope Center for Children (a non-profit organization) which comprise the statements of financial position as of September 30, 2014 and 2013 and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' 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 from 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 auditors 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 entity'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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Center for Children as of September 30, 2014 and 2013 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.

A handwritten signature in cursive script that reads "Gosnell Menard Robinson Infante".

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

February 12, 2015

Hope Center for Children
Statements of Financial Position
For the Years Ended September 30, 2014 and 2013

Assets	2014	2013
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 211,659	\$ 102,626
Cash and cash equivalents - restricted	55,750	9,774
Accounts receivable	179,167	211,185
Grants receivable	166,480	196,226
Prepaid expenses	32,045	18,889
Total current assets	<u>645,101</u>	<u>538,700</u>
Fixed Assets		
Land	356,786	356,786
Buildings	3,231,908	3,231,908
Furniture and equipment	674,150	674,600
Less: accumulated depreciation	<u>(2,093,043)</u>	<u>(1,980,504)</u>
Net fixed assets	<u>2,169,801</u>	<u>2,282,790</u>
Other Assets		
Security deposit	<u>2,900</u>	<u>-</u>
Total other assets	<u>2,900</u>	<u>-</u>
Investments		
Spartanburg County Foundation Trust	<u>915,141</u>	<u>859,067</u>
Total assets	<u>\$ 3,732,943</u>	<u>\$ 3,680,557</u>

Hope Center for Children
Statements of Financial Position
For the Years Ended September 30, 2014 and 2013

Liabilities and Net Assets	<u>2014</u>	<u>2013</u>
Current Liabilities		
Accounts payable	\$ 32,303	\$ 3,202
Note payable, current portion	11,308	10,018
Deferred revenue	166,480	196,226
Payroll liabilities	-	2,153
Accrued expenses	40,967	16,204
Total current liabilities	<u>251,058</u>	<u>227,803</u>
Long Term Liabilities		
Note payable, less current portion	<u>85,800</u>	<u>97,046</u>
Total liabilities	<u>336,858</u>	<u>324,849</u>
Net Assets		
Unrestricted net assets available for operations	1,170,534	1,063,144
Property and equipment	<u>2,169,801</u>	<u>2,282,790</u>
Total unrestricted net assets	<u>3,340,335</u>	<u>3,345,934</u>
Temporarily restricted net assets	<u>55,750</u>	<u>9,774</u>
Total net assets	<u>3,396,085</u>	<u>3,355,708</u>
Total liabilities and net assets	<u>\$ 3,732,943</u>	<u>\$ 3,680,557</u>

Hope Center for Children
Statement of Activities
Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Residential			
Department of Social Services	\$ 830,015	\$ -	\$ 830,015
Contributions	262,700	5,000	267,700
Fundraising	103,771	-	103,771
United Way	128,447	-	128,447
Grants	3,878	42,550	46,428
Spartanburg County	63,075	24,350	87,425
Capital Gain	100	-	100
Gain on investments	24,711	-	24,711
VOCA	30,452	-	30,452
United States Department of Agriculture	29,500	-	29,500
Medicaid Family			-
Miscellaneous income			-
Empowering Families			
SAFY	335,142	-	335,142
Contributions	60,141	-	60,141
Fundraising	45,669	-	45,669
United Way	4,869	-	4,869
Grants	5,896	-	5,896
Gain on investments	12,337	-	12,337
Strengthening Families			
Grants	63,288	-	63,288
Contributions	46,729	-	46,729
Fundraising	44,832	-	44,832
Medicaid	1,531	-	1,531
United Way	12,435	-	12,435
Gain on investments	12,310	-	12,310
Miscellaneous income	4,500	-	4,500
Transitional Living			
TLP Grant	218,337	-	218,337
Gain on investments	12,331	-	12,331
Contributions	58,305	-	58,305
Fundraising	45,504	-	45,504
United Way	4,325	-	4,325
Grants	5,895	-	5,895
Net assets released from restriction	25,924	(25,924)	-
Total Support and Revenues	<u>2,496,949</u>	<u>45,976</u>	<u>2,542,925</u>
Expenses			
Program services - Residential	1,310,560	-	1,310,560
Program services - Strengthening Families	181,875	-	181,875
Program services - Empowering Families	374,958	-	374,958
Program services - Transitional Living	277,670	-	277,670
Management and general	357,485	-	357,485
Total expenses	<u>2,502,548</u>	<u>-</u>	<u>2,502,548</u>
Change in net assets	(5,599)	45,976	40,377
Net assets at beginning of year	<u>3,345,934</u>	<u>9,774</u>	<u>3,355,708</u>
Net assets at end of year	<u>\$ 3,340,335</u>	<u>\$ 55,750</u>	<u>\$ 3,396,085</u>

Hope Center for Children
Statement of Activities
Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Residential			
Department of Social Services	\$ 600,910	\$ -	\$ 600,910
Contributions	183,595	93,540	277,135
Fundraising	54,631	46,105	100,736
United Way	89,974	-	89,974
Grants	65,741	-	65,741
Spartanburg County	46,800	-	46,800
Capital Gain	8,050	-	8,050
Gain on investments	50,168	-	50,168
VOCA	31,082	-	31,082
United States Department of Agriculture	21,832	-	21,832
Medicaid Family	5,420	-	5,420
Miscellaneous income	4,441	-	4,441
Empowering Families			
SAFY	480,669	-	480,669
Contributions	90,830	-	90,830
Fundraising	26,726	-	26,726
United Way	18,326	-	18,326
Grants	13,979	-	13,979
Gain on investments	20,220	-	20,220
Strengthening Families			
Grants	64,110	-	64,110
Contributions	75,419	-	75,419
Fundraising	43,581	-	43,581
Medicaid	40,784	-	40,784
United Way	13,242	-	13,242
Gain on investments	8,392	-	8,392
Miscellaneous income	2,581	-	2,581
Transitional Living			
TLP Grant	49,483	-	49,483
Gain on investments	12,347	-	12,347
Contributions	11,192	-	11,192
Fundraising	6,932	-	6,932
United Way	3,779	-	3,779
Grants	2,598	-	2,598
Net assets released from restriction	137,171	(137,171)	-
Total Support and Revenues	<u>2,285,005</u>	<u>2,474</u>	<u>2,287,479</u>
Expenses			
Program services - Residential	1,110,626	-	1,110,626
Program services - Empowering Families	512,317	-	512,317
Program services - Strengthening Families	230,853	-	230,853
Program services - Transitional Living	62,643	-	62,643
Management and general	225,084	-	225,084
Total expenses	<u>2,141,523</u>	<u>-</u>	<u>2,141,523</u>
Change in net assets	143,482	2,474	145,956
Addition of assets from merger	2,444,590	-	2,444,590
Net assets at beginning of year	<u>757,862</u>	<u>7,300</u>	<u>765,162</u>
Net assets at end of year	<u>\$ 3,345,934</u>	<u>\$ 9,774</u>	<u>\$ 3,355,708</u>

Hope Center for Children
Statement of Functional Expenses
Year Ended September 30, 2014

	Program Services				Supporting Services	Total Expenses
	Residential	Strengthening Families	Empowering Families	Transitional Living	Management and Fund Raising	
Salaries	\$ 658,005	\$ 93,620	\$ 225,200	\$ 139,120	\$ 253,702	\$ 1,369,647
Insurance - group and workers comp	55,502	8,344	24,602	11,304	32,868	132,620
Retirement and payroll taxes	66,975	7,294	22,978	12,004	31,721	140,972
Total salaries and related expenses	780,482	109,258	272,780	162,428	318,291	1,643,239
Rent	26,821	11,844	12,769	20,211	1,980	73,625
Computers and software	7,642	1,497	917	1,758	345	12,159
Repairs and maintenance	38,107	4,428	4,879	6,169	2,859	56,442
Telephone	6,923	2,127	3,277	3,437	1,315	17,079
Utilities	56,096	3,113	3,459	5,888	1,785	70,341
Copier lease	3,610	986	2,344	1,548	896	9,384
Auto expenses	37,451	7,157	21,211	1,774	135	67,728
Insurance - general	18,960	5,035	6,431	5,819	4,329	40,574
Professional development & training	16,066	7,931	4,450	5,411	1,795	35,653
Professional fees	8,248	4,113	4,039	4,034	2,526	22,960
Contract services	284	30	142	20,977	-	21,433
Resident expense						
Family assistance	50	-	4,508	-	-	4,558
Household supplies	19,097	1,453	455	6,520	-	27,525
Food	58,230	2,216	1,300	5,358	-	67,104
Office supplies	4,899	1,954	2,456	2,025	1,094	12,428
Miscellaneous expenses	255	-	-	10	-	265
Academic education	29,293	46	46	88	-	29,473
Advertising	7,389	2,896	3,376	3,419	1,168	18,248
Postage	2,100	657	871	829	388	4,845
Fund raising	9,558	4,182	4,252	4,238	1,145	23,375
In-Kind expenses	109,874	155	155	1,761	-	111,945
Interest expense	4,418	-	-	-	-	4,418
Bank fees	5,535	2,583	3,915	1,426	1,299	14,758
Total expenses before depreciation	1,251,388	173,661	358,032	265,128	341,350	2,389,559
Depreciation expense	59,172	8,214	16,926	12,542	16,135	112,989
Total expenses	<u>\$ 1,310,560</u>	<u>\$ 181,875</u>	<u>\$ 374,958</u>	<u>\$ 277,670</u>	<u>\$ 357,485</u>	<u>\$ 2,502,548</u>

**Hope Center for Children
Statement of Functional Expenses
Year Ended September 30, 2013**

	Program Services				Supporting Services	Total Expenses
	Residential	Strengthening Families	Empowering Families	Transitional Living	Management and Fund Raising	
Salaries	\$ 589,702	\$ 125,666	\$ 298,166	\$ 43,433	\$ 87,995	\$ 1,144,962
Insurance - group and workers comp	62,027	15,207	35,387	2,635	7,905	123,161
Retirement and payroll taxes	59,855	12,755	30,264	4,409	8,938	116,221
Total salaries and related expenses	711,584	153,628	363,817	50,477	104,838	1,384,344
Rent	5,246	8,321	21,734	16	1,101	36,418
Computers and software	1,422	1,472	3,025	14	277	6,210
Repairs and maintenance	48,612	3,295	9,146	1,020	3,411	65,484
Telephone	8,001	1,644	4,275	319	1,190	15,429
Utilities	52,165	796	2,707	587	1,515	57,770
Copier lease	4,828	900	2,324	155	688	8,895
Auto expenses	18,856	11,918	26,892	61	118	57,845
Insurance - general	17,731	3,627	9,823	1,209	3,870	36,260
Professional development & training	16,935	14,549	6,219	954	1,938	40,595
Consultation fees	3,742	3,742	3,742	-	-	11,226
Professional fees	539	88	209	143	121	1,100
Contract services	28,359	1,210	4,268	-	-	33,837
Resident expense						
Family assistance	-	-	4,484	-	-	4,484
Household supplies	15,088	-	-	203	-	15,291
Food	49,136	-	-	507	-	49,643
Office supplies	4,903	1,042	3,252	172	906	10,275
Extracurricular	14,279	-	-	18	-	14,297
Miscellaneous expenses	348	89	249	-	-	686
Academic education	6,040	-	-	-	-	6,040
Advertising	6,975	2,504	6,742	493	864	17,578
Postage	2,887	542	1,632	86	445	5,592
Fund raising	19,576	8,903	5,200	1,403	2,412	37,494
In-Kind expenses	63,424	11,458	29,821	3,644	-	108,347
Interest expense	215	119	186	-	-	520
Bank fees	9,735	1,006	2,570	1,162	1,393	15,866
Total expenses before depreciation	1,110,626	230,853	512,317	62,643	125,087	2,041,526
Depreciation expense	52,368	7,270	14,980	11,100	14,280	99,997
Total expenses	<u>\$ 1,162,994</u>	<u>\$ 238,123</u>	<u>\$ 527,297</u>	<u>\$ 73,743</u>	<u>\$ 139,367</u>	<u>\$ 2,141,523</u>

**Hope Center for Children
Statements of Cash Flows
Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 40,377	\$ 145,956
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	112,989	99,997
Investment income	(56,074)	(84,069)
Capital gain on sale of equipment	(100)	(8,050)
Increase/(decrease) in deferred revenue	(29,746)	196,226
(Increase)/decrease in prepaid expenses	(13,156)	994
Increase/(decrease) in accounts payable	29,101	(7,493)
Increase/(decrease) in payroll liabilities	(2,153)	(6,195)
Increase/(decrease) in accrued expenses	24,763	(13,290)
(Increase)/decrease in accounts receivable	32,018	(140,047)
(Increase)/decrease in grants receivable	29,746	(196,226)
Increase in security deposits	(2,900)	-
Net cash provided/(used) by operating activities	<u>164,865</u>	<u>(12,197)</u>
Cash flows from investing activities		
Increase in net other assets due to merger	-	11,580
Building improvement purchases	-	(53,741)
Equipment purchases	-	(6,897)
Contributions to Hope Center for Children Fund	-	(455)
Proceeds from sale of fixed assets	100	10,000
Scholarships paid from Hope Center for Children fund	-	11,225
Net cash provided/(used) by investing activities	<u>100</u>	<u>(28,288)</u>
Cash flows from financing activities		
Repayment to Spartanburg County Foundation fund	-	(25,000)
Increase/(Decrease) in note payable due to merger	-	114,254
Repayment of note payable	(9,956)	(7,190)
Net cash provided/(used) by financing activities	<u>(9,956)</u>	<u>82,064</u>
Net increase in cash	155,009	41,579
Cash at beginning of year	<u>112,400</u>	<u>70,821</u>
Cash at end of year	<u>\$ 267,409</u>	<u>\$ 112,400</u>
Noncash Items		
Increase of Hope Center for Children fund from Ellen Hines Smith Girls' Home Fund	\$ -	\$ 550,229
Increase of Hope Center for Children fund from Sylvia Stahley Legacy Fund	\$ -	\$ 210,539
Increase net fixed assets due to merger	\$ -	\$ 2,197,470

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2014 and 2013

Note A – Organization and Summary of Significant Accounting Policies

Merger

On January 1, 2013 the Ellen Hines Smith Girls Home and the Children Shelter of the Upstate merged to create the Hope Center for Children.

Organization

The Hope Center for Children (the Center) offers emergency shelter for children removed from their home due to abuse or neglect 24 hours a day, 365 days per year at the Faucette House. This “house” provides basic needs, gives love and support as the children heal, and helps to advocate for the best long-term environment.

The Anchor House provides around-the-clock care serving girls between 11 and 19 years old. The staff oversee activities designed to build skills necessary for meaningful and productive lives in the future.

The Transitional Living Program provides temporary shelter to youths between 16 and 21 years old who have no safe place to live as they move into adulthood. In addition, the program provides parenting skills designed to promote a strong mother-child bond.

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

Basis of Presentation

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

The Center 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 Center is required to present a statement of cash flows.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2014 and 2013

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

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 Center reports that support as unrestricted.

Property and Equipment

Property and equipment are currently defined by the Center 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 Center 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.

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 Center'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 Center for the years ended September 30, 2014 and 2013 was estimated at \$111,945 and \$108,347, respectively.

Cash and Cash Equivalents

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

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2014 and 2013

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

Revenue Concentration

The Center received approximately 33 percent and 28 percent of its operating revenue from the Department of Social Services for the years ended September 30, 2014 and 2013 respectively. The Center also received 13 percent and 22 percent of its operating revenue from the Specialized Alternatives for Families and Youth of South Carolina, Inc. (SAFY) for the years ended September 30, 2014 and 2013, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2014 and 2013 were \$18,248 and \$6,040, 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.

Tax-Exempt Status

The Center 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 Center 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 Center has adopted the application of ASC 740-10-25 for the fiscal years ended September 30, 2014 and 2013. The Center's accounting policy for evaluating uncertain tax positions is to recognize tax positions if they are probable of being ultimately realized. The Center 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.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2014 and 2013

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.

Note C – Investment held at Spartanburg County Foundation

Hope Center for Children Fund

The Spartanburg Children’s Shelter, Inc. previously reported the Sylvia Stahley Legacy Fund in the organization’s financial statements. The merger caused this fund to be moved to the Hope Center for Children’s investment assets.

Ellen Hines Smith Girls’ Home fund was reported in the financial statements of The Spartanburg County Foundation as a special trust fund, therefore it was reported as a contingent asset in the financial statements of Ellen Hines Smith Girls’ Home.

On June 17, 2013 an amendment and restatement of agreement(s) was executed between Hope Center for Children and The Spartanburg County Foundation. This agreement combined the Sylvia Stahley Legacy Fund (originally dated February 23, 1996) reported by Children’s Shelter, Inc. and the Ellen Hines Smith Girls’ Home fund (originally dated August 27, 1985) reported by The Spartanburg County Foundation. This new agreement created the Hope Center for Children Fund currently reported as an investment asset.

A confirmation of the Fund balances were received from the Foundation for the fiscal years ended September 30, 2014 and 2013.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2014 and 2013

Note D – Contingent Assets

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 Center 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, 2014 and 2013, which included the following financial data related to the Fund:

STATEMENT OF FINANCIAL POSITION		
	September 30, 2014	September 30, 2013
Assets		
Investments	\$ 38,701	\$ 36,834
Net Assets		
Unrestricted	\$ 38,701	\$ 36,834
STATEMENT OF ACTIVITIES		
	September 30, 2014	September 30, 2013
Revenues		
Investment income	\$ 639	\$ 533
Net gain/(loss) in investment	2,000	3,422
Total revenues	2,639	3,955
Expenses		
Scholarships	-	-
Fees	772	702
Total Expenses	772	702
Increase in net assets	1,867	3,253
Net assets, beginning of year	36,834	33,581
Net assets, end of year	\$ 38,701	\$ 36,834

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2014 and 2013

Note E – Cash and Cash Equivalents

The Center maintains its cash balances at one bank 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, 2014 the Center had a cash balance with a financial institution in excess of the federally insured limit by \$14,688. As of September 30, 2013 the Center had no cash balance with financial institutions in excess of federally insured limits.

Note F – Accounts Receivable

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

	<u>2014</u>	<u>2013</u>
Accounts receivable as of September 30,		
State and local grants	\$ 58,099	\$ 205,785
Contributions by individuals	<u>121,068</u>	<u>5,400</u>
Total accounts receivable	<u>\$ 179,167</u>	<u>\$ 211,185</u>

Note G – Tax-Sheltered Annuity Plan

Full-time employees may participate through payroll deduction in tax deferred retirement accounts through Edward Jones (employer matched Simple IRA). After one continuous year of employment, the Center will match an employee's contributions up to 3% of annual gross salary. Employer contributions for the years end September 30, 2014 and 2013 were \$8,381 and \$8,993, respectively.

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Note H – Lease Commitment

The Center leases two copiers under 5 year operating leases from IKON Financial Services. The term of the leases started on February 6, 2012, and expires February 6, 2017. Total lease expense for the years ended September 30, 2014 and 2013 were \$2,542, respectively.

Future minimum lease payments are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2015	2,542
2016	2,542
2017	<u>847</u>
Total minimum lease payments	<u><u>\$ 5,931</u></u>

Note I – Subsequent Events

Subsequent events have been evaluated through February 12, 2015 which is the date the financial statements were available to be issued.

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Note J - Fair Value Measurements

The Organization's investments are reported at fair value using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under GAAP are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market

Year	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Spartanburg County Foundation Trusts - September 30, 2014	\$ 915,141	\$ 915,141	\$ -
Spartanburg County Foundation Trusts - September 30, 2013	\$ 859,067	\$ 859,067	\$ -

Investment income is reported on cash flow statement net of investment fees, grants, and contributions. The investment fees charged for the investment account for years ending September 30, 2014 and 2013 were \$9,063 and \$3,016, respectively. The amounts transferred from the account for operating purposes for the years ended September 30, 2014 and 2013 were \$0 and \$11,225, respectively.