

Financial Statements
Hope Center for Children
Years Ended September 30, 2016 and 2015

**Hope Center for Children
Financial Statements
Years Ended September 30, 2016 and 2015**

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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, 2016 and 2015 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, 2016 and 2015 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 black ink, reading "Gosnell Menard Robinson Infante". The signature is written in a cursive, flowing style.

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

February 11, 2017

Hope Center for Children
Statements of Financial Position
September 30, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 244,574	\$ 228,531
Cash and cash equivalents - restricted	58,490	62,846
Accounts receivable	181,424	124,048
Grants receivable	131,678	175,376
Prepaid expenses	27,685	28,572
Total current assets	<u>643,851</u>	<u>619,373</u>
Fixed Assets		
Land	356,786	356,786
Buildings	3,220,041	3,269,697
Furniture and equipment	686,010	680,375
Less: accumulated depreciation	<u>(2,096,404)</u>	<u>(2,170,956)</u>
Net fixed assets	<u>2,166,433</u>	<u>2,135,902</u>
Other Assets		
Security deposit	<u>1,200</u>	<u>1,200</u>
Total other assets	<u>1,200</u>	<u>1,200</u>
Investments		
Spartanburg County Foundation Trust	<u>1,068,940</u>	<u>884,808</u>
Total Assets	<u><u>\$ 3,880,424</u></u>	<u><u>\$ 3,641,283</u></u>

Hope Center for Children
Statements of Financial Position
September 30, 2016 and 2015

Liabilities and Net Assets	2016	2015
Current Liabilities		
Accounts payable	\$ 23,110	\$ 23,871
Note payable, current portion	11,370	12,002
Payroll liabilities	117	-
Deferred revenue	68,885	159,570
Accrued expenses	34,372	34,803
Total current liabilities	<u>137,854</u>	<u>230,246</u>
Long Term Liabilities		
Note payable, less current portion	<u>64,506</u>	<u>74,714</u>
Total liabilities	<u>202,360</u>	<u>304,960</u>
Net Assets		
Unrestricted net assets available for operations	1,453,141	1,137,575
Property and equipment	<u>2,166,433</u>	<u>2,135,902</u>
Total unrestricted net assets	<u>3,619,574</u>	<u>3,273,477</u>
Temporarily restricted net assets	<u>58,490</u>	<u>62,846</u>
Total net assets	<u>3,678,064</u>	<u>3,336,323</u>
Total Liabilities and Net Assets	<u><u>\$ 3,880,424</u></u>	<u><u>\$ 3,641,283</u></u>

Hope Center for Children
Statement of Activities
Year Ended September 30, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Residential			
Department of Social Services	\$ 1,034,632	\$ -	\$ 1,034,632
Contributions	258,967	720	259,687
Fundraising	23,804	-	23,804
United Way	128,346	-	128,346
Grants	51,940	-	51,940
Spartanburg County	13,106	-	13,106
Investment Income	36,922	-	36,922
VOCA	164,306	-	164,306
United States Department of Agriculture	13,929	-	13,929
Title 1 Grant	30,234	-	30,234
Empowering Families			
SAFY	396,320	-	396,320
Contributions	125,343	-	125,343
United Way	12,750	-	12,750
Fundraising	7,059	-	7,059
Grants	23,985	-	23,985
Investment Income	13,660	-	13,660
Strengthening Families			
Medicaid Family	-	-	-
Contributions	125,422	-	125,422
Fundraising	182,054	-	182,054
United Way	32,970	-	32,970
Grants	137,216	-	137,216
Investment Income	13,660	-	13,660
Transitional Living			
TLP Grant	216,595	-	216,595
Investment Income	13,660	-	13,660
Contributions	132,907	-	132,907
United Way	7,500	-	7,500
Fundraising	68,025	-	68,025
Grants	28,986	-	28,986
Net assets released from restriction	5,076	(5,076)	-
Total Support and Revenues	<u>3,299,374</u>	<u>(4,356)</u>	<u>3,295,018</u>
Expenses			
Program services - Residential	1,420,496	-	1,420,496
Program services - Strengthening Families	330,209	-	330,209
Program services - Empowering Families	471,397	-	471,397
Program services - Transitional Living	352,866	-	352,866
Management and General	378,309	-	378,309
Total expenses	<u>2,953,277</u>	<u>-</u>	<u>2,953,277</u>
Change in net assets	346,097	(4,356)	341,741
Net assets at beginning of year	<u>3,273,477</u>	<u>62,846</u>	<u>3,336,323</u>
Net assets at end of year	<u>\$ 3,619,574</u>	<u>\$ 58,490</u>	<u>\$ 3,678,064</u>

The accompanying notes are an integral part of these financial statements

Hope Center for Children
Statement of Activities
Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Residential			
Department of Social Services	\$ 889,022	\$ -	\$ 889,022
Contributions	182,065	42,846	224,911
Fundraising	46,770	-	46,770
United Way	139,959	-	139,959
Grants	34,029	20,000	54,029
Spartanburg County	52,425	-	52,425
Capital Gain	3,500	-	3,500
Investment Loss	(12,038)	-	(12,038)
VOCA	25,286	-	25,286
United States Department of Agriculture	28,822	-	28,822
Title I Grant	37,688	-	37,688
Empowering Families			
SAFY	377,328	-	377,328
Contributions	98,328	-	98,328
Fundraising	601	-	601
Grants	18,805	-	18,805
Investment Loss	(6,001)	-	(6,001)
Strengthening Families			
Medicaid Family	14,529	-	14,529
Contributions	94,515	-	94,515
Fundraising	165,951	-	165,951
United Way	24,934	-	24,934
Grants	104,728	-	104,728
Investment Loss	(6,001)	-	(6,001)
Transitional Living			
TLP Grant	197,530	-	197,530
Investment Loss	(6,001)	-	(6,001)
Contributions	90,168	-	90,168
Fundraising	25,464	-	25,464
Grants	20,424	-	20,424
Net assets released from restriction	55,750	(55,750)	-
Total Support and Revenues	2,698,580	7,096	2,705,676
Expenses			
Program services - Residential	1,399,570	-	1,399,570
Program services - Strengthening Families	280,503	-	280,503
Program services - Empowering Families	430,013	-	430,013
Program services - Transitional Living	302,288	-	302,288
Management and general	353,064	-	353,064
Total expenses	2,765,438	-	2,765,438
Change in net assets	(66,858)	7,096	(59,762)
Net assets at beginning of year	3,340,335	55,750	3,396,085
Net assets at end of year	\$ 3,273,477	\$ 62,846	\$ 3,336,323

The accompanying notes are an integral part of these financial statements

Hope Center for Children
Statement of Functional Expenses
Year Ended September 30, 2016

	Program Services			Supporting Services	Total Expenses	
	Residential	Strengthening Families	Empowering Families	Transitional Living		Management and Fund Raising
Salaries	\$ 756,568	\$ 184,937	\$ 292,114	\$ 185,050	\$ 298,279	\$ 1,716,948
Insurance - group and workers comp	61,523	16,904	26,737	15,912	25,750	146,826
Retirement and payroll taxes	75,561	17,529	30,792	17,503	29,499	170,884
Total salaries and related expenses	893,652	219,370	349,643	218,465	353,528	2,034,658
Rent	-	1,040	-	14,700	-	15,740
Computers and software	11,528	935	2,612	1,398	776	17,249
Repairs and maintenance	43,374	7,608	9,340	7,834	3,738	71,894
Telephone	11,518	3,592	5,202	5,282	2,135	27,729
Utilities	54,085	2,811	2,811	11,468	1,706	72,881
Copier lease	5,493	1,669	3,529	1,668	1,031	13,390
Auto expenses	22,532	7,406	31,038	3,985	129	65,090
Insurance - general	19,218	9,609	9,609	9,609	5,739	53,784
Professional development & training	23,768	9,267	9,669	11,046	2,711	56,461
Consultation fees	175	-	-	-	-	175
Professional fees	6,195	3,041	3,041	3,041	1,915	17,233
Contract services	9,799	4,900	4,900	4,900	-	24,499
Resident expense					-	
Family assistance	-	-	2,093	57	-	2,150
Household supplies	47,314	374	742	5,222	-	53,652
Food	59,260	87	40	11,109	-	70,496
Office supplies	6,894	2,934	4,181	2,868	-	16,877
Miscellaneous expenses	418	131	45	45	-	639
Academic education	35,044	93	12	672	-	35,821
Advertising	6,872	3,497	3,382	3,392	1,173	18,316
Postage	2,103	1,181	1,035	1,152	476	5,947
Fund raising	-	22,191	-	6,480	1,478	30,149
In-Kind expenses	104,015	-	-	-	-	104,015
Interest expense	3,173	-	-	-	-	3,173
Bank fees	4,354	3,617	3,617	3,617	1,774	16,979
Total expenses before depreciation	1,370,784	305,353	446,541	328,010	378,309	2,828,997
Depreciation expense	46,325	23,162	23,162	23,162	-	115,811
Loss on abandonment	3,387	1,694	1,694	1,694	-	8,469
Total expenses	<u>\$ 1,420,496</u>	<u>\$ 330,209</u>	<u>\$ 471,397</u>	<u>\$ 352,866</u>	<u>\$ 378,309</u>	<u>\$ 2,953,277</u>

The accompanying notes are an integral part of these financial statements

Hope Center for Children
Statement of Functional Expenses
Year Ended September 30, 2015

	Program Services			Supporting Services	Total Expenses	
	Residential	Strengthening Families	Empowering Families	Transitional Living		Management and Fund Raising
Salaries	\$ 719,010	\$ 147,084	\$ 272,427	\$ 158,934	\$ 270,408	\$ 1,567,863
Insurance - group and workers comp	69,728	17,967	26,906	17,363	29,242	161,206
Retirement and payroll taxes	75,928	14,090	28,782	15,231	28,055	162,086
Total salaries and related expenses	864,666	179,141	328,115	191,528	327,705	1,891,155
Rent	-	440	-	14,400	-	14,840
Computers and software	9,734	2,488	3,279	2,381	631	18,513
Repairs and maintenance	59,067	7,087	6,973	7,493	4,423	85,043
Telephone	7,712	3,280	4,630	5,055	1,726	22,403
Utilities	56,892	1,981	1,981	10,522	1,714	73,090
Copier lease	5,029	1,436	4,435	1,436	1,029	13,365
Auto expenses	31,204	10,204	19,843	3,861	130	65,242
Insurance - general	19,232	6,795	6,795	6,795	4,734	44,351
Professional development & training	21,105	8,374	6,669	8,114	2,232	46,494
Professional fees	5,222	2,492	2,492	2,492	1,569	14,267
Contract services	446	223	223	223	-	1,115
Resident expense						
Family assistance	-	150	5,801	113	-	6,064
Household supplies	38,699	414	844	1,611	-	41,568
Food	67,908	100	109	9,500	-	77,617
Office supplies	5,796	3,227	3,263	2,611	1,295	16,192
Miscellaneous expenses	8,673	1,644	2,614	1,358	-	14,289
Academic education	33,120	-	-	829	-	33,949
Advertising	8,945	4,867	4,302	4,302	1,534	23,950
Postage	2,484	1,242	1,239	1,245	540	6,750
Fund raising	5,815	18,496	-	-	1,253	25,564
In-Kind expenses	90,441	-	-	-	-	90,441
Interest expense	3,983	-	-	-	-	3,983
Bank fees	6,206	3,031	3,015	3,028	1,475	16,755
Total expenses before depreciation	1,356,098	258,767	408,277	280,552	353,064	2,656,758
Depreciation expense	43,472	21,736	21,736	21,736	-	108,680
Total expenses	\$ 1,399,570	\$ 280,503	\$ 430,013	\$ 302,288	\$ 353,064	\$ 2,765,438

The accompanying notes are an integral part of these financial statements

**Hope Center for Children
Statements of Cash Flows
Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 341,741	\$ (59,762)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	115,811	108,680
Investment income	(59,010)	30,333
Capital (gain)/loss on disposal of equipment	8,469	(3,500)
(Increase)/decrease in accounts receivable	(57,376)	55,119
(Increase)/decrease in grants receivable	43,698	(8,896)
(Increase)/decrease in prepaid expenses	887	3,473
(Increase)/decrease in security deposits	-	1,700
Increase/(decrease) in accounts payable	(761)	(8,432)
Increase/(decrease) in deferred revenue	(90,685)	(6,910)
Increase/(decrease) in payroll liabilities	117	-
Increase/(decrease) in accrued expenses	(431)	(6,164)
Net cash provided/(used) by operating activities	<u>302,460</u>	<u>105,641</u>
Cash flows from investing activities		
Building improvement (purchases)/disposals	-	(37,789)
Equipment purchases	(184,451)	(36,992)
Contributions to Spartanburg County Foundation General Fund	(125,122)	-
Proceeds from sale of fixed assets	29,640	3,500
Net cash provided/(used) by investing activities	<u>(279,933)</u>	<u>(71,281)</u>
Cash flows from financing activities		
Repayment of note payable	(10,840)	(10,392)
Net cash provided/(used) by financing activities	<u>(10,840)</u>	<u>(10,392)</u>
Net increase in cash	11,687	23,968
Cash at beginning of year	291,377	267,409
Cash at end of year	<u>\$ 303,064</u>	<u>\$ 291,377</u>

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2016 and 2015

Note A – Organization and Summary of Significant Accounting Policies

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, 2016 and 2015

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, 2016 and 2015 were estimated at \$94,282 and \$90,441, 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, 2016 and 2015

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

Revenue Concentration

The Center received approximately 31 and 33 percent of its operating revenue from the Department of Social Services for the years ended September 30, 2016 and 2015 respectively. The Center also received 12 percent and 14 percent of its operating revenue from the Specialized Alternatives for Families and Youth of South Carolina, Inc. (SAFY) for the years ended September 30, 2016 and 2015, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2016 and 2015 were \$18,316 and \$23,950, 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, 2016 and 2015. 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, 2016 and 2015

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.

A confirmation of the Fund balances was received from the Foundation for the fiscal years ended September 30, 2016 and 2015.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2016 and 2015

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, 2016 and 2015, which included the following financial data related to the Fund:

STATEMENT OF FINANCIAL POSITION		
	September 30, 2016	September 30, 2015
Assets		
Investments	\$ 58,522	\$ 37,029
Net Assets		
Unrestricted	\$ 58,522	\$ 37,029
STATEMENT OF ACTIVITIES		
	September 30, 2016	September 30, 2015
Revenues		
Contributions	\$ 20,000	\$ 2,900
Investment income	685	676
Net gain/(loss) in investment	2,710	(1,935)
Total revenues	23,395	1,641
Expenses		
Scholarships	1,000	1,000
Grants	-	1,500
Fees	902	813
Total Expenses	1,902	3,313
Increase in net assets	21,493	(1,672)
Net assets, beginning of year	37,029	38,701
Net assets, end of year	\$ 58,522	\$ 37,029

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2016 and 2015

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, 2016 the Center had a cash balance with a financial institution in excess of the federally insured limit by \$108,775. As of September 30, 2015 the Center had a cash balance with a financial institution in excess of the federally insured limit by \$46,688.

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.

	2016	2015
Accounts receivable as of September 30,		
State and local grants	\$ 179,924	\$ 118,501
Contributions by individuals	1,500	5,547
Total accounts receivable	\$ 181,424	\$ 124,048

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, 2016 and 2015 were \$11,082 and \$9,429, respectively.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2016 and 2015

Note H – Long-Term Debt

The Center's long-term debt consists of the following:

	2016	2015
Note payable to Bank of North Carolina, due in monthly installments of \$1,197.90 including interest at a rate of 4.25%	\$ 75,876	\$ 86,716
Less current portion	11,370	12,002
	\$ 64,506	\$ 74,714

Future scheduled maturities of long-term debt are as follows:

Years ending September 30:	
2017	\$ 11,370
2018	11,863
2019	12,377
2020	12,913
2021 and later	27,353
	\$ 75,876

Cash payments for interest totaled \$3,970 and \$3,535 for the years ended September 30, 2015 and 2016, respectively.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2016 and 2015

Note I – 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, 2016 and 2015 were \$2,542, respectively.

Future minimum lease payments are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2017	<u>847</u>
Total minimum lease payments	<u><u>\$ 847</u></u>

Note I – Subsequent Events

Subsequent events have been evaluated through February 11, 2017 which is the date the financial statements were available to be issued.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2016 and 2015

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, 2016	\$ 1,068,940	\$ 408,120	\$ 660,820
Spartanburg County Foundation Trusts - September 30, 2015	\$ 884,808	\$ 373,276	\$ 511,532

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, 2016 and 2015 were \$9,294 and \$9,373, respectively.