

Financial Statements
Hope Center for Children
Years Ended September 30, 2017 and 2016

**Hope Center for Children
Financial Statements
Years Ended September 30, 2017 and 2016**

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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, 2017 and 2016 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, 2017 and 2016 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

January 25, 2018

Hope Center for Children
Statements of Financial Position
September 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 233,355	\$ 244,574
Cash and cash equivalents - restricted	71,813	58,490
Accounts receivable	4,192	181,424
Grants receivable	199,318	131,678
Prepaid expenses	51,487	27,685
Total current assets	<u>560,165</u>	<u>643,851</u>
Fixed Assets		
Land	356,786	356,786
Buildings	3,311,359	3,220,041
Furniture and equipment	646,449	686,010
Less: accumulated depreciation	<u>(2,204,894)</u>	<u>(2,096,404)</u>
Net fixed assets	<u>2,109,700</u>	<u>2,166,433</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>1,273,208</u>	<u>1,068,940</u>
Total Assets	<u><u>\$ 3,944,273</u></u>	<u><u>\$ 3,880,424</u></u>

Hope Center for Children
Statements of Financial Position
September 30, 2017 and 2016

Liabilities and Net Assets	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts payable	\$ 26,991	\$ 23,110
Note payable, current portion	12,660	11,370
Payroll liabilities	106	117
Deferred revenue	39,539	68,885
Accrued expenses	42,765	34,372
Total current liabilities	<u>122,061</u>	<u>137,854</u>
Long Term Liabilities		
Note payable, less current portion	<u>52,633</u>	<u>64,506</u>
Total liabilities	<u>174,694</u>	<u>202,360</u>
Net Assets		
Unrestricted net assets available for operations	1,625,836	1,453,141
Property and equipment	<u>2,109,700</u>	<u>2,166,433</u>
Total unrestricted net assets	<u>3,735,536</u>	<u>3,619,574</u>
Temporarily restricted net assets	<u>34,043</u>	<u>58,490</u>
Total net assets	<u>3,769,579</u>	<u>3,678,064</u>
Total Liabilities and Net Assets	<u><u>\$ 3,944,273</u></u>	<u><u>\$ 3,880,424</u></u>

Hope Center for Children
Statement of Activities
Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Residential			
Department of Social Services	\$ 1,022,946	\$ -	\$ 1,022,946
Contributions	282,496	13,323	295,819
Fundraising	17,992	-	17,992
United Way	131,018	-	131,018
Grants	32,667	-	32,667
Spartanburg County	91,744	-	91,744
Investment Income	52,568	-	52,568
VOCA	180,018	-	180,018
Title 1 Grant	32,218	-	32,218
Capital Gain	1,700	-	1,700
Positive Parenting Program			
Grants	65,898	-	65,898
Capital Gain	850	-	850
Empowering Families			
SAFY	481,160	-	481,160
Contributions	129,191	-	129,191
United Way	3,250	-	3,250
Fundraising	8,996	-	8,996
Grants	2,026	-	2,026
Capital Gain	850	-	850
Investment Income	21,484	-	21,484
Strengthening Families			
Contributions	129,369	-	129,369
Fundraising	169,095	-	169,095
United Way	34,162	-	34,162
Grants	91,966	-	91,966
Capital Gain	850	-	850
Investment Income	21,493	-	21,493
Transitional Living			
TLP Grant	193,011	-	193,011
Investment Income	21,484	-	21,484
Contributions	147,418	-	147,418
United Way	13,750	-	13,750
Fundraising	51,211	-	51,211
Capital Gain	850	-	850
Grants	22,778	-	22,778
Net assets released from restriction	37,770	(37,770)	-
Total Support and Revenues	<u>3,494,279</u>	<u>(24,447)</u>	<u>3,469,832</u>
Expenses			
Program services - Residential	1,504,323	-	1,504,323
Program services - Positive Parenting Program	69,187	-	69,187
Program services - Strengthening Families	359,078	-	359,078
Program services - Empowering Families	571,861	-	571,861
Program services - Transitional Living	366,309	-	366,309
Management and General	507,561	-	507,561
Total expenses	<u>3,378,317</u>	<u>-</u>	<u>3,378,317</u>
Change in net assets	115,962	(24,447)	91,515
Net assets at beginning of year	<u>3,619,574</u>	<u>58,490</u>	<u>3,678,064</u>
Net assets at end of year	<u>\$ 3,735,536</u>	<u>\$ 34,043</u>	<u>\$ 3,769,579</u>

The accompanying notes are an integral part of these financial statements

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
Capital Gain	-	-	-
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
Capital Gain	-	-	-
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
Capital Gain	-	-	-
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
Capital Gain	-	-	-
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 Functional Expenses
Year Ended September 30, 2017

	Program Services					Supporting Services	Total Expenses
	Residential	Positive Parenting Program	Strengthening Families	Empowering Families	Transitional Living	Management and Fund Raising	
Salaries	\$ 873,411	\$ 39,724	\$ 175,479	\$ 358,037	\$ 179,992	\$ 403,062	\$ 2,029,705
Insurance - group and workers comp	62,651	144	25,071	30,255	16,589	37,323	172,033
Retirement and payroll taxes	83,175	2,961	16,103	32,879	16,086	37,358	188,562
Total salaries and related expenses	<u>1,019,237</u>	<u>42,829</u>	<u>216,653</u>	<u>421,171</u>	<u>212,667</u>	<u>477,743</u>	<u>2,390,300</u>
Rent	-	-	880	-	14,400	-	15,280
Computers and software	9,218	497	2,005	1,340	1,238	462	14,760
Repairs and maintenance	78,749	-	9,795	12,441	10,682	6,504	118,171
Telephone	13,470	-	4,088	7,005	5,004	2,466	32,033
Utilities	53,118	-	2,338	2,338	10,895	1,699	70,388
Auto expenses	20,196	111	5,406	41,383	5,853	146	73,095
Insurance - general	19,957	-	9,979	9,979	9,979	5,959	55,853
Professional development & training	26,538	2,161	13,855	9,881	12,645	3,281	68,361
Consultation fees	1,186	-	168	168	168	-	1,690
Professional fees	6,241	-	3,167	3,167	3,167	2,155	17,897
Resident expense							
Household supplies	28,407	-	108	48	988	-	29,551
Food	72,921	-	23	41	11,511	-	84,496
Medical	1,117	-	-	-	738	-	1,855
Office supplies	5,697	177	3,136	6,417	3,239	1,623	20,289
Miscellaneous expenses	5,129	228	1,716	-	-	-	7,073
Academic education	31,079	-	462	487	-	-	32,028
Advertising	6,685	-	3,320	3,320	3,403	1,144	17,872
Postage	2,432	-	1,202	1,202	1,292	533	6,661
Fund raising	-	-	29,304	-	6,967	1,869	38,140
In-Kind expenses	48,384	-	24,192	24,192	24,192	-	120,960
Interest expense	1,228	-	614	614	614	-	3,070
Bank fees	6,967	-	3,483	3,483	3,483	1,977	19,393
Total expenses before depreciation	<u>1,457,956</u>	<u>46,003</u>	<u>335,894</u>	<u>548,677</u>	<u>343,125</u>	<u>507,561</u>	<u>3,239,216</u>
Depreciation expense	46,367	23,184	23,184	23,184	23,184	-	139,101
Total expenses	<u>\$ 1,504,323</u>	<u>\$ 69,187</u>	<u>\$ 359,078</u>	<u>\$ 571,861</u>	<u>\$ 366,309</u>	<u>\$ 507,561</u>	<u>\$ 3,378,317</u>

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
	Strengthening		Empowering	Transitional	Management	
	Residential	Families	Families	Living	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
Statements of Cash Flows
Years Ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 91,515	\$ 341,741
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	139,101	115,811
Investment income	(96,371)	(59,010)
Capital (gain)/loss on disposal of equipment	(5,100)	8,469
(Increase)/decrease in accounts receivable	177,232	(57,376)
(Increase)/decrease in grants receivable	(67,640)	43,698
(Increase)/decrease in prepaid expenses	(23,802)	887
(Increase)/decrease in security deposits	-	-
Increase/(decrease) in accounts payable	3,881	(761)
Decrease in deferred revenue	(29,346)	(90,685)
Increase/(decrease) in payroll liabilities	(11)	117
Increase/(decrease) in accrued expenses	8,393	(431)
Net cash provided/(used) by operating activities	<u>197,852</u>	<u>302,460</u>
Cash flows from investing activities		
Building improvement (purchases)/disposals	(82,368)	-
Equipment (purchases)/disposals	-	(184,451)
Contributions to Spartanburg County Foundation General Fund	(107,897)	(125,122)
Proceeds from sale of fixed assets	5,100	29,640
Net cash provided/(used) by investing activities	<u>(185,165)</u>	<u>(279,933)</u>
Cash flows from financing activities		
Repayment of note payable	(10,583)	(10,840)
Net cash provided/(used) by financing activities	<u>(10,583)</u>	<u>(10,840)</u>
Net increase in cash	2,104	11,687
Cash at beginning of year	<u>303,064</u>	<u>291,377</u>
Cash at end of year	<u>\$ 305,168</u>	<u>\$ 303,064</u>

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2017 and 2016

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.

Income Taxes

The Hope Center for Children is a nonprofit South Carolina corporation. The organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business taxable income. For the years ended September 30, 2016 and 2017, no provision for unrelated business tax is required. The organization believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. The organization is not a private foundation.

The organization's Returns of Organization Exempt from Income Tax for the years ended September 30, 2017, 2016, 2015, and 2014 are subject to examination by the Internal Revenue Service, generally three to four years after the returns were filed.

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.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2017 and 2016

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

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.

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.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2017 and 2016

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

In-Kind Donations

In-kind donations received by the Center for the years ended September 30, 2017 and 2016 were estimated at \$120,961 and \$104,015, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue Concentration

The Center received approximately 29 and 31 percent of its operating revenue from the Department of Social Services for the years ended September 30, 2017 and 2016 respectively. The Center also received 14 percent and 12 percent of its operating revenue from the Specialized Alternatives for Families and Youth of South Carolina, Inc. (SAFY) for the years ended September 30, 2017 and 2016, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2017 and 2016 were \$17,872 and \$18,316, 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.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2017 and 2016

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

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.

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, 2017 and 2016.

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2017 and 2016

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, 2017 and 2016, which included the following financial data related to the Fund:

STATEMENT OF FINANCIAL POSITION		
	September 30, 2017	September 30, 2016
Assets		
Investments	\$ 62,426	\$ 58,522
Net Assets		
Unrestricted	\$ 62,426	\$ 58,522
STATEMENT OF ACTIVITIES		
	September 30, 2017	September 30, 2016
Revenues		
Contributions	\$ 5,500	\$ 20,000
Investment income	933	685
Net gain/(loss) in investment	4,667	2,710
Total revenues	11,100	23,395
Expenses		
Scholarships	6,000	1,000
Fees	1,196	902
Total Expenses	7,196	1,902
Increase in net assets	3,904	21,493
Net assets, beginning of year	58,522	37,029
Net assets, end of year	\$ 62,426	\$ 58,522

Hope Center for Children
Notes to Financial Statements
Years Ended September 30, 2017 and 2016

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, 2017 the Center had a cash balance with a financial institution not in excess of the federally insured limit. 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.

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.

	2017	2016
Accounts receivable as of September 30,		
State and local grants	\$ 199,318	\$ 179,924
Contributions by individuals / businesses	4,192	1,500
Total accounts receivable	<u>\$ 203,510</u>	<u>\$ 181,424</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, 2017 and 2016 were \$10,884 and \$11,082, respectively.

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Note H – Long-Term Debt

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

	2017	2016
Note payable to Bank of North Carolina, due in monthly installments of \$1,268.69 including interest at a rate of 4.25% as of September 30, 2017	\$ 65,293	\$ 75,876
Less current portion	12,660	11,370
	\$ 52,633	\$ 64,506

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

Years ending September 30:	
2018	\$ 12,660
2019	13,216
2020	13,797
2121	14,404
2022 and later	11,216
	\$ 65,293

Cash payments for interest totaled \$3,070 and \$3,173 for the years ended September 30, 2017 and 2016, respectively.

Note I – Subsequent Events

Subsequent events have been evaluated through January 25, 2018 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, 2017	\$ 1,273,208	\$ 485,323	\$ 787,885
Spartanburg County Foundation Trusts - September 30, 2016	\$ 1,068,940	\$ 408,120	\$ 660,820

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, 2017 and 2016 were \$11,049 and \$9,294, respectively.