

INSTITUTE FOR CHILD SUCCESS, INC.

Financial Statements

December 31, 2012 and 2011  
(with Independent  
Auditors' Report thereon)

**INSTSTUTE FOR CHILD SUCCESS, INC.**

December 31, 2012 and 2011

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## **Independent Auditors' Report**

Board of Directors  
Institute for Child Success, Inc.  
Greenville, South Carolina

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Institute for Child Success, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities 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 audits. We conducted our audits 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 auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 Institute for Child Success, Inc. as of December 31, 2012 and 2011, and the results of its activities, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Dixon Hughes Goodman LLP*

June 18, 2013

**INSTITUTE FOR CHILD SUCCESS, INC.**

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 70,273	\$ -
Prepaid expenses	706	600
Receivable from affiliate	<u>62,595</u>	<u>322,293</u>
Total assets	<u>\$ 133,574</u>	<u>\$ 322,893</u>
<b><u>Net Assets</u></b>		
Unrestricted	\$ 119,824	\$ 258,393
Temporarily restricted	<u>13,750</u>	<u>64,500</u>
Total net assets	<u>\$ 133,574</u>	<u>\$ 322,893</u>

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

**INSTITUTE FOR CHILD SUCCESS, INC.**  
 Statements of Activities  
 For the Years Ended December 31, 2012 and 2011

	<b>2012</b>			<b>2011</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenues and other support:						
Private grants	58,039	\$ 115,000	\$ 173,039	\$ 5,875	\$ 119,125	\$ 125,000
Other contributions	19,489	-	19,489	-	650	650
Service contract revenue	58,000	-	58,000	-	50,000	50,000
Total revenues and other support	135,528	115,000	250,528	5,875	169,775	175,650
Net assets released from restriction	165,750	(165,750)	-	166,525	(166,525)	-
Total revenues and other support net of assets released from restriction	301,278	(50,750)	250,528	172,400	3,250	175,650
Expenses:						
Salaries and contract services	277,574	-	277,574	189,581	-	189,581
Employee benefits	26,416	-	26,416	30,812	-	30,812
Payroll taxes	12,985	-	12,985	13,034	-	13,034
Study, consultant, audit and professional fees	12,982	-	12,982	37,605	-	37,605
IT costs and software user fees	2,977	-	2,977	202	-	202
Supplies	933	-	933	266	-	266
Telephone	740	-	740	1,191	-	1,191
Rent	581	-	581	-	-	-
Postage	863	-	863	45	-	45
Recruiting	15,454	-	15,454	-	-	-
Printing and promotional materials	44,090	-	44,090	9,279	-	9,279
Travel - local	13,124	-	13,124	688	-	688
Events and meetings	26,207	-	26,207	8,755	-	8,755
Insurance	724	-	724	720	-	720
Dues	1,210	-	1,210	-	-	-
Miscellaneous	2,987	-	2,987	183	-	183
Total expenses	439,847	-	439,847	292,361	-	292,361
Change in net assets before transfer from affiliate	(138,569)	(50,750)	(189,319)	(119,961)	3,250	(116,711)
Transfer from affiliate	-	-	-	378,354	61,250	439,604
Change in net assets	(138,569)	(50,750)	(189,319)	258,393	64,500	322,893
Net assets, beginning of year	258,393	64,500	322,893	-	-	-
Net assets, end of year	\$ 119,824	\$ 13,750	\$ 133,574	\$ 258,393	\$ 64,500	\$ 322,893

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

**INSTITUTE FOR CHILD SUCCESS, INC.**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2012 and 2011

	<u><b>2012</b></u>	<u><b>2011</b></u>
Cash flows from operating activities:		
Change in net assets	\$ (189,319)	\$ 322,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets:		
Prepaid expenses	(106)	(600)
Receivable from affiliate	259,698	(322,293)
Net cash provided by operating activities:	<u>70,273</u>	<u>-</u>
Net increase in cash and cash equivalents	70,273	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 70,273</u></u>	<u><u>\$ -</u></u>

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

## INSTITUTE FOR CHILD SUCCESS, INC.

Notes to the Financial Statements

December 31, 2012 and 2011

(1) **Mission**

The mission of Institute for Child Success, Inc. (the “Organization”) is to lead public and private partnerships to coordinate, enhance and improve resources for the success of all children through research, advocacy and integration.

(2) **Summary of Significant Accounting Policies**

**Accounting Basis** – The accompanying financial statements have been prepared on the accrual basis.

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

**Cash and Cash Equivalents** – The Organization maintains bank accounts at financial institutions covered by the Federal Deposit Insurance Corporation (“FDIC”). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit. It is management's opinion that these financial institutions are financially sound and that the Organization is not exposed to any significant credit risk related to cash.

**Restricted and Unrestricted Revenue and Support** – The Organization reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets. Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statement of Activities as net assets released from restrictions.

**Income Taxes** – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2012. Fiscal years ending on or after December 31, 2010 remain subject to examination by federal and state tax authorities.

**Reclassification** – Certain amounts in the fiscal year 2011 financial statements have been reclassified to conform to the fiscal year 2012 presentation.

(3) **Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31 are available for the following specific program services:

	<b><u>2012</u></b>	<b><u>2011</u></b>
Kids Drive Our Future Message	\$ -	\$ 3,250
ICS Strategic Plan Evaluation	13,750	61,250
	<u>\$ 13,750</u>	<u>\$ 64,500</u>

(4) **Related Party Transactions**

The United Way of Greenville County, Inc. (“United Way”) processes receipts and payments on behalf of the Organization. As of the years ended December 31, 2012 and 2011, the United Way owes \$62,595 and \$322,293, respectively, to the Organization related to cash receipts that they are holding for the Organization. It is anticipated that the Organization will have significant future transactions with the United Way.

The Organization has a significant economic dependence on the continued support from United Way. An adverse change in United Way’s willingness to support the operations of the Organization could result in a reduction in the Organization’s ability to continue as a going concern.

(5) **Subsequent Events**

Subsequent events have been evaluated through June 18, 2013, which is the date the financial statements were available to be issued.