INSTITUTE FOR CHILD SUCCESS, INC.

Financial Statements

December 31, 2013 and 2012
(with Independent
Auditors' Report thereon)

INSTSTUTE FOR CHILD SUCCESS, INC.

December 31, 2013 and 2012

Table of Contents

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report

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

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, 2013 and 2012, 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 the Institute for Child Success, Inc. as of December 31, 2013 and 2012, 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

July 11, 2014

11 Brendan Way, Suite 200, Greenville, SC 29615 | T 864.288.5544 | F 864.458.8519 | dhgllp.com

INSTITUTE FOR CHILD SUCCESS, INC.

Statements of Financial Position

December 31, 2013 and 2012

		2013		2012
Assets				
Cash and cash equivalents	$	190,726	$	70,273
Grants receivable		45,964		-
Prepaid expenses		864		706
Receivable from affiliate		-		62,595
Total assets	$	237,554	$	133,574
Liabilities and Net Assets				
Accounts payable	$	5,023	$	-
Due to affiliate		76,212		-
Total liabilities		81,235		-
Net assets:				
Unrestricted		155,242		119,824
Temporarily restricted		1,077		13,750
Total net assets		156,319		133,574
Total liabilities and net assets	$	237,554	$	133,574

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, 2013 and 2012

	2013			2012		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Revenues and other support:						
Private grants	$ 453,485	$ 110,950	$ 564,435	$ 58,039	$ 115,000	$ 173,039
Other contributions	48,967	-	48,967	19,489	-	19,489
Other income	961	-	961	-	-	-
Service contract revenue	76,023	-	76,023	58,000	-	58,000
Total revenues and other support	579,436	110,950	690,386	135,528	115,000	250,528
Net assets released from restriction	123,623	(123,623)	-	165,750	(165,750)	-
Total revenues and other support net of assets released from restriction	703,059	(12,673)	690,386	301,278	(50,750)	250,528
Expenses:						
Salaries and services	429,117	-	429,117	277,574	-	277,574
Employee benefits	54,425	-	54,425	26,416	-	26,416
Payroll taxes	17,155	-	17,155	12,985	-	12,985
Study, consultant, audit and professional fees	21,565	-	21,565	12,982	-	12,982
IT costs and software user fees	10,842	-	10,842	2,977	-	2,977
Supplies	980	-	980	933	-	933
Telephone	1,340	-	1,340	740	-	740
Rent	1,929	-	1,929	581	-	581
Postage	715	-	715	863	-	863
Recruiting	2,697	-	2,697	15,454	-	15,454
Printing and promotional materials	22,675	-	22,675	44,090	-	44,090
Travel - local	47,456	-	47,456	13,124	-	13,124
Events and meetings	48,309	-	48,309	26,207	-	26,207
Insurance	830	-	830	724	-	724
Dues	625	-	625	1,210	-	1,210
Miscellaneous	6,981	-	6,981	2,987	-	2,987
Total expenses	667,641	-	667,641	439,847	-	439,847
Change in net assets	35,418	(12,673)	22,745	(138,569)	(50,750)	(189,319)
Net assets, beginning of year	119,824	13,750	133,574	258,393	64,500	322,893
Net assets, end of year	$ 155,242	$ 1,077	$ 156,319	$ 119,824	$ 13,750	$ 133,574

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, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 22,745	$ (189,319)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Grants receivable	(45,964)	-
Prepaid expenses	(158)	(106)
Receivable from affiliate	62,595	259,698
Accounts payable	5,023	-
Due to affiliate	76,212	-
Net cash provided by operating activities:	120,453	70,273
Net increase in cash and cash equivalents	120,453	70,273
Cash and cash equivalents, beginning of year	70,273	-
Cash and cash equivalents, end of year	$ 190,726	$ 70,273

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

(1) Mission

The mission of the 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 in the Statement of Activities as net assets released from restriction.

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, 2013. Fiscal years ending on or after December 31, 2010 remain subject to examination by federal and state tax authorities.

(3) Temporarily Restricted Net Assets

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

	2013	2012
Rural Counties Gap Analysis	1,077	-
ICS Strategic Plan Evaluation	-	13,750
	$ 1,077	$ 13,750

(4) Related Party Transactions

The United Way of Greenville County, Inc. ("United Way") collects receipts and makes payments on behalf of the Organization. At December 31, 2013 and 2012, the United Way owes $- and $62,595, respectively, to the Organization related to cash receipts that they are holding for the Organization. At December 31, 2013 and 2012, the Organization owes $76,212 and $-, respectively, to United Way related to unreimbursed expenses paid by United Way on behalf of 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 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 July 11, 2014, which is the date the financial statements were available to be issued.