

# Institute for Child Success, Inc.

Financial Statements as of and for the  
Years Ended December 31, 2014 and 2013,  
and Independent Auditors' Report

**INSTITUTE FOR CHILD SUCCESS, INC.**

December 31, 2014 and 2013

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the Institute for Child Success, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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*

Greenville, South Carolina  
July 27, 2015

**INSTITUTE FOR CHILD SUCCESS, INC.**

Statements of Financial Position

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>		
Cash	\$ 371,939	\$ 190,726
Grants receivable	103,482	45,964
Prepaid expenses	1,587	864
Total assets	<u>\$ 477,008</u>	<u>\$ 237,554</u>
<b><u>Liabilities and Net Assets</u></b>		
Accounts payable	\$ 18,084	\$ 5,023
Due to affiliate	77,217	76,212
Total liabilities	<u>95,301</u>	<u>81,235</u>
Net assets:		
Unrestricted	267,624	155,242
Temporarily restricted	114,083	1,077
Total net assets	<u>381,707</u>	<u>156,319</u>
Total liabilities and net assets	<u>\$ 477,008</u>	<u>\$ 237,554</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, 2014 and 2013

	<u>2014</u>			<u>2013</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:						
Private grants	\$ 817,068	\$ 201,300	\$ 1,018,368	\$ 453,485	\$ 110,950	\$ 564,435
Other contributions	112,109	-	112,109	48,967	-	48,967
Other income	644	-	644	961	-	961
Service contract revenue	129,096	-	129,096	76,023	-	76,023
Total revenues and other support	1,058,917	201,300	1,260,217	579,436	110,950	690,386
Net assets released from restriction	88,294	(88,294)	-	123,623	(123,623)	-
Total revenues and other support net of assets released from restriction	1,147,211	113,006	1,260,217	703,059	(12,673)	690,386
Expenses:						
Salaries and services	536,157	-	536,157	429,117	-	429,117
Employee benefits	68,734	-	68,734	54,425	-	54,425
Payroll taxes	33,332	-	33,332	17,155	-	17,155
Study, consultant, audit and professional fees	57,098	-	57,098	21,565	-	21,565
IT costs and software user fees	23,147	-	23,147	10,842	-	10,842
Supplies	8,927	-	8,927	980	-	980
Telephone	2,424	-	2,424	1,340	-	1,340
Rent	21,332	-	21,332	1,929	-	1,929
Postage	826	-	826	715	-	715
Recruiting	1,512	-	1,512	2,697	-	2,697
Printing and promotional materials	19,228	-	19,228	22,675	-	22,675
Travel - local	94,902	-	94,902	47,456	-	47,456
Events and meetings	119,870	-	119,870	48,309	-	48,309
Insurance	1,908	-	1,908	830	-	830
Dues	2,357	-	2,357	625	-	625
Miscellaneous	43,075	-	43,075	6,981	-	6,981
Total expenses	1,034,829	-	1,034,829	667,641	-	667,641
Change in net assets	112,382	113,006	225,388	35,418	(12,673)	22,745
Net assets, beginning of year	155,242	1,077	156,319	119,824	13,750	133,574
Net assets, end of year	<u>\$ 267,624</u>	<u>\$ 114,083</u>	<u>\$ 381,707</u>	<u>\$ 155,242</u>	<u>\$ 1,077</u>	<u>\$ 156,319</u>

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, 2014 and 2013

	<u><b>2014</b></u>	<u><b>2013</b></u>
Cash flows from operating activities:		
Change in net assets	\$ 225,388	\$ 22,745
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Grants receivable	(57,518)	(45,964)
Prepaid expenses	(723)	(158)
Receivable from affiliate	-	62,595
Accounts payable	13,061	5,023
Due to affiliate	1,005	76,212
Net cash provided by operating activities:	<u>181,213</u>	<u>120,453</u>
Net increase in cash	181,213	120,453
Cash, beginning of year	<u>190,726</u>	<u>70,273</u>
Cash, end of year	<u><u>\$ 371,939</u></u>	<u><u>\$ 190,726</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, 2014 and 2013

(1) **Mission**

The Institute for Child Success, Inc. (the “Organization”) is a research and policy organization that fosters public and private partnerships to align and improve resources for the success of young children in South Carolina and beyond.

(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 and assumptions.

**Cash** – 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 restricted net assets. 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 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, 2014. Fiscal years ending on or after December 31, 2011 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:

	<u>2014</u>	<u>2013</u>
Rural Counties Gap Analysis	\$ -	\$ 1,077
Capacity Building	107,382	-
Innovation & Technology Initiative	6,701	-
	<u>\$ 114,083</u>	<u>\$ 1,077</u>

(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, 2014 and 2013, the Organization owes \$77,217 and \$76,212, respectively, to United Way related to unreimbursed expenses paid by United Way on behalf of the Organization. It is anticipated that the Organization will continue to receive back office support from 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 27, 2015, which is the date the financial statements were available to be issued.