Institute for Child Success, Inc.

Financial Statements

Year Ended December 31, 2020

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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 statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 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, 2020, and the results of its activities, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Greenville, South Carolina
August 16, 2021

Institute for Child Success, Inc.

Statement of Financial Position

December 31, 2020

ASSETS		
Cash	$	469,088
Grants and accounts receivable		369,850
Security deposits		1,790
TOTAL ASSETS	**$**	**840,728**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$	4,547
Accrued expenses		10,000
Note payable		150,000
Total liabilities		**164,547**
Net assets without donor restrictions		**676,181**
TOTAL LIABILITIES AND NET ASSETS	**$**	**840,728**

Institute for Child Success, Inc.
Statement of Activities
For the year ended December 31, 2020

REVENUES AND OTHER SUPPORT	
Private grants	$ 1,222,623
Contributions and other support	46,581
Payroll protection program forgiveness	152,429
Economic injury disaster loan forgiveness	10,000
Service contracts and fees	93,396
Other income	484
Total revenues and other support	**1,525,513**
EXPENSES	
Employee services	1,042,727
Policy and research contract services	250,115
Marketing, events, travel and training	53,048
Accounting, payroll and audit fees	47,455
Administration, office support and technology	45,761
Occupancy	30,553
Total expenses	**1,469,659**
CHANGE IN NET ASSETS	**55,854**
NET ASSETS, beginning of year	**620,327**
NET ASSETS, end of year	**$ 676,181**

Institute for Child Success, Inc.
Statement of Functional Expenses
For the year ended December 31, 2020

EXPENSE	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Employee services	$ 835,206	$ 159,912	$ 47,609	$ 1,042,727
Policy and research services	244,852	-	-	244,852
Grants to other organizations	2,250	-	-	2,250
Printing, graphics and mailings	3,013	143	76	3,232
Advertising and promotion	1,738	1,000	-	2,738
Travel	21,548	602	-	22,150
Events, conferences and meetings	24,467	3,474	-	27,941
Accounting, payroll and audit fees	-	47,455	-	47,455
Office support	3,117	3,201	421	6,739
Dues and subscriptions	2,293	3,649	-	5,942
Information technology	12,221	14,431	2,873	29,525
Insurance	-	3,421	-	3,421
Interest	-	134	-	134
Occupancy	14,131	14,513	1,909	30,553
TOTAL EXPENSES	**$ 1,164,836**	**$ 251,935**	**$ 52,888**	**$ 1,469,659**

Institute for Child Success, Inc.
Statement of Cash Flows
For the year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 55,854
Adjustments to reconcile change in net assets to net cash flows used by operating activities:	
Change in operating assets and liabilities:	
Grants and accounts receivable	(170,315)
Pledges receivable	26,278
Security deposits	500
Accounts payable	(34,719)
Accrued expenses	(100)
Net cash flows used by operating activities	**(122,502)**
CASH FLOWS FROM FINANCING ACTIVITIES:	
Line of credit repayment	(22,420)
Proceeds from note payable	150,000
Net cash flows provided by financing activities	**127,580**
NET CHANGE IN CASH	**5,078**
CASH, beginning of year	**464,010**
CASH, end of year	**$ 469,088**

Notes to Financial Statements

1. Organization

Headquartered in Greenville, South Carolina, the Institute for Child Success, Inc. (the “Organization”) is an independent, nonpartisan, nonprofit research and policy organization dedicated to the success of all young children.

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 (“US GAAP”) 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.

Revenue and Support With and Without Donor Restriction

Service contract and fee revenue is recognized over time as performance obligations are satisfied. Contributions received are recorded as support without donor restriction or with donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported on the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restriction.

Methods Used for Allocation of Expenses Among Program and Supporting Services

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. The statement of functional expenses reports the allocations of these expenses by functional classification. Labor and services are allocated based on an estimate of the percentage of time spent on program and supporting services for each employee. All other expenses are allocated based on management’s assertion of the percentage that each type of natural expense is consumed by program or supporting services.

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, 2020.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (the "FASB") has recently issued several Accounting Standards Updates ("ASUs"). A summary of the ASU most relevant to the Organization is as follows:

In February 2016, the FASB issued ASU 2016-02, "Leases". Under the new standard, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For statement of activities purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Organization January 1, 2022, and the Organization is currently evaluating the effect this ASU may have on its financial statements.

3. Related Party Transactions

United Way of Greenville County, Inc. ("United Way") and Prisma Health ("Prisma") were Members of the Organization through February 18, 2020. On February 19, 2020, the Organization amended its Bylaws to eliminate articles related to Members and Meetings of Members. The Bylaws were also amended to acknowledge its two initial Members, United Way of Greenville County and Children's Hospital of Prisma Health System, as Founding Organizations.

Pass-through United Way donor pledges receivable totaled $26,278 at December 31, 2019. During the period ended February 18, 2020, the Organization collected pledges of $1,804.

During the period ended February 18, 2020, the Organization recognized and received $30,000 in contributions from United Way.

Subsequent to February 18, 2020, the Organization collected $17,331 from Prisma and affiliated entities for receivables outstanding at December 31, 2019.

4. Line of Credit

The Organization maintains a revolving line of credit in the amount of $200,000 which is secured by grants and accounts receivable. Outstanding borrowings under the line of credit bear interest at a variable rate equal to the Bank's prime rate plus .25%, with interest computed at a minimum rate of five (5) percent per annum. Interest is payable monthly. The line of credit expires on July 15, 2021. Outstanding borrowings under the line of credit of $22,420 at December 31, 2019 were repaid in January 2020. There were no outstanding borrowings under the line of credit at December 31, 2020.

5. Note Payable

The Organization received $150,000 under a US Small Business Administration Economic Injury Disaster Loan ("EIDL") to be used as working capital to alleviate economic hardship caused by the COVID-19 Pandemic. The loan is secured by substantially all assets of the Organization and bears interest at 2.75% annually. Principal and interest monthly payments of $641 commence on August 25, 2021.

Future principal payment requirements are as follows:

2021	$	1,493
2022		3,654
2023		3,756
2024		3,860
2025		3,968
Thereafter		133,269
Total	$	**150,000**

The Organization received a $10,000 advance when it initially applied for the EIDL. In accordance with subsequent U.S. Coronavirus Aid, Relief, and Economic Security ("CARES") Act legislation, the advance does not have to be repaid in any form. Therefore, the advance was recognized as federal grant revenue.

6. Payroll Protection Program

In April 2020, the Organization received $152,429 under a US Small Business Administration Paycheck Protection Program ("PPP") Forgivable Loan which was used to fund payroll, rent and other eligible expenses occurring during the COVID-19 Pandemic. A forgiveness calculation was prepared and submitted to the Organization's lender indicating that the full amount of the loan qualified for forgiveness. Therefore, the Organization recorded proceeds of the forgivable loan as grant revenue in 2020. Additionally, the loan was officially forgiven in March 2021.

7. Employee Benefit Plan

The Organization's employees are offered a defined contribution retirement plan (the "Plan") in which the Organization's employees 21 years of age or older are eligible to participate upon commencement of employment. The Organization has elected to match employee contributions to the Plan, up to a maximum equal to five percent of each employee's eligible compensation. The Organization contributed $31,625 to the Plan during the year ended December 31, 2020.

8. Liquidity and Availability of Resources

The Organization has $838,938 of financial assets available within one year of December 31, 2020. None of the financial assets are subject to donor or other contractual restrictions to make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a goal to maintain cash on hand to meet ninety days of normal operating and program expenses, or approximately $373,000, for 2020. As of December 31, 2020, the Organization has achieved this goal.

The Organization's financial assets due within one year of the statement of financial position date at December 31, 2020 available for operating and program expenses are as follows:

Cash	$	469,088
Grant and accounts receivable		369,850
Total	$	**838,938**

9. Commitments

Policy and research contract services and other professional fees paid by the Organization represent contractual relationships with third parties to flexibly augment both programmatic and operational capacity of the Organization. Ongoing periodic financial commitments from those relationships can generally be adjusted or terminated with 14 to 60 days' notice, varying by contract.

The Organization's office lease agreement provides for monthly rent of $1,600 per month, plus common area maintenance charges. The lease term expires on September 30, 2021, after which the lease may continue on a month-to-month basis. Rent and maintenance expenses under this agreement were $24,438 in 2020, included in occupancy expense on the statement of activities.

10. Contingency

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of this economic uncertainty.

11. Subsequent Events

In March 2021 the Organization received $152,429 under a second US Small Business Administration PPP Forgivable Loan. The Organization anticipates the Loan will be officially forgiven in 2021, at which time Federal Grant revenue will be recognized.

In June 2021 the Organization entered into a new office lease which provides for rent of $1,700 per month, plus common area maintenance charges. The lease term commences on October 1, 2021 and ends on September 30, 2023, after which the lease may continue on a month-to-month basis.

Subsequent events have been evaluated through August 16, 2021, which is the date the financial statements were available to be issued.