

CHILDREN'S ATTENTION HOME, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016

THE CHILDREN'S ATTENTION HOME, INC.
TABLE OF CONTENTS
Year Ended June 30, 2016

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7-8
Statement of Cash Flows	9
Notes to Financial Statements	10
SUPPLEMENTARY DATA:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	19
Schedule of Expenditures of Federal Awards	21
Schedule of Findings and Questioned Cost	22

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INDEPENDENT AUDITOR'S REPORT

To the Board of Director's of
Children's Attention Home, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Attention Home, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and functional expenses, for the years then ended, the cash flow statement for the year ended June 30, 2016 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 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 Children's Attention Home, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.. The accompanying schedule of expenditures of federal awards ,as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of Children's Attention Home, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Attention Home, Inc.'s internal control over financial reporting and compliance.



BURKETT BURKETT & BURKETT
Certified Public Accountants
Rock Hill, South Carolina
October 31, 2016

THE CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
Current Assets		
Cash	\$ 152,729	\$ 197,716
Operating Reserve	150,000	150,000
Accounts Receivable	361,376	124,580
Pledges Receivable-net	8,295	7,190
Prepaid Expense	18,879	16,249
Other Current Assets	5,104	4,331
Total Current Assets	<u>696,383</u>	<u>500,066</u>
Long-term assets		
Property and Equipment, Net	2,037,668	2,091,091
Investment- Capital	770,434	509,303
Endowment	359,734	332,867
Total Long-Term Assets	<u>3,167,836</u>	<u>2,933,261</u>
TOTAL ASSETS	\$ 3,864,219	\$ 3,433,327

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 104,506	\$ 38,240
Accrued Payroll and Related Liabilities	60,740	73,532
Total Current Liabilities	<u>165,246</u>	<u>111,772</u>
TOTAL LIABILITIES	\$ 165,246	\$ 111,772
Net Assets:		
Unrestricted		
Operating	516,876	237,053
Invested in Fixed Assets	2,037,668	2,091,091
Board Designated - Operating	385,353	305,090
Board Designated - Capital Projects	385,081	354,213
Temporarily Restricted	14,261	1,241
Permanently Restricted	359,734	332,867
Total Net Assets	<u>3,698,973</u>	<u>3,321,555</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 3,864,219	\$ 3,433,327

The notes to the financial statements are an integral part of this exhibit.

THE CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Unrestricted Revenue:		
Support:		
State Department of Education - USDA	\$ 74,340	\$ 69,845
Gifts in kind	4,290	7,459
Clothing reimbursement	14,400	13,900
United Way	30,000	16,000
Contributions-Foundations, Business, Individuals, Etc.	817,383	866,722
Revenue:		
Department of Public Safety (DPS)	165,579	87,686
Department of Social Services (DSS)	1,333,373	1,140,184
Miscellaneous Revenues	2,196	2,465
Interest and investment earnings	102,901	17,317
Special Events/Fundraisers	208,498	212,840
Rents	24,000	24,000
Total Unrestricted Support and Revenue	<u>\$ 2,776,960</u>	<u>\$ 2,458,418</u>
Temporarily Restricted Support		
Restricted for general operations	<u>\$ 14,261</u>	<u>\$ 1,241</u>
Total Temporarily Restricted	<u>\$ 14,261</u>	<u>\$ 1,241</u>
 Total Revenue and Support	 <u><u>\$ 2,791,221</u></u>	 <u><u>\$ 2,459,659</u></u>
Functional Expenses:		
Program services	\$ 1,736,526	\$ 1,907,281
Supporting services	649,007	410,154
Fundraising expenses	22,775	6,093
Total Functional Expenses	<u>\$ 2,408,308</u>	<u>\$ 2,323,528</u>
Other Income (Loss)	<u>\$ (5,495)</u>	<u>\$ (7,280)</u>
Increase (Decrease) in Net Assets	\$ 377,418	\$ 128,851
Net Assets at Beginning of Year	<u>3,321,555</u>	<u>3,192,704</u>
Net Assets at End of Year	<u><u>\$ 3,698,973</u></u>	<u><u>\$ 3,321,555</u></u>

The notes to the financial statements are an integral part of this exhibit.

THE CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

Program Services:	2016	2015
Compensation:		
Salaries and Wages	\$ 986,490	\$ 1,148,493
Employee Benefits - Health Insurance	85,343	121,569
Payroll Taxes	95,369	112,741
Workmen's Compensation Insurance	20,408	34,452
	<u>\$ 1,187,610</u>	<u>\$ 1,417,255</u>
Materials and Supplies		
Conferences and Training	1,696	\$ 26,410
Auto Expenses	16,949	22,664
Depreciation Expense	61,852	58,492
Professional Fees	49,351	11,682
Office Expense	52,261	47,120
Travel and Meetings	3,869	3,479
Miscellaneous	107,989	39,337
Janitorial - Household	-	18,813
Occupancy	85,394	91,474
Program Expenses	169,555	170,555
	<u>548,916</u>	<u>490,026</u>
Total Program Service Expense	<u>\$ 1,736,526</u>	<u>\$ 1,907,281</u>

The notes to the financial statements are an integral part of this exhibit.

THE CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

Continued:

Supporting Services:	2016	2015
Compensation		
Salaries	\$ 422,782	\$ 239,883
Employee Benefits - Health Insurance	36,576	25,392
Payroll Taxes	40,873	23,547
Workmen's Compensation Insurance	8,746	7,196
	<u>\$ 508,977</u>	<u>\$ 296,018</u>
Professional Fees	21,150	18,960
Occupancy	36,598	26,918
Travel and Meetings	1,658	727
Staff Training and Development	-	5,516
Business Expenses	727	-
Janitorial - Household	-	7,697
Office Expense	22,398	16,740
Depreciation	26,508	25,068
Auto Expense	7,264	2,518
Miscellaneous	46,502	16,085
	<u>162,805</u>	<u>120,229</u>
Total Supporting Services Expense	<u>\$ 671,782</u>	<u>\$ 416,247</u>
Total Expenses	<u>\$ 2,408,308</u>	<u>\$ 2,323,528</u>

The notes to the financial statements are an integral part of this exhibit.

THE CHILDREN'S ATTENTION HOME, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

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Cash Flows from Operating Activities:	
Increase (Decrease) in Net Assets	\$ 377,418
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	88,360
(Increase) / Decrease in accounts receivable	(236,796)
(Increase) / Decrease in pledges receivable	(1,105)
(Increase)/Decrease in prepaid insurance	(2,630)
(Increase)/Decrease in other assets	(773)
(Decrease) / Increase in accounts payable	66,266
(Decrease) / Increase in accrued expenses	(12,792)
Net cash provided by operating activities	<u>277,948</u>
 Cash Flows From Investing Activities:	
Cash reinvested in long-term assets	(261,131)
Cash reinvested in short term operating reserve	(27,881)
Purchase of fixed assets	(35,423)
Gain/(loss) on disposal of fixed assets	1,500
Net cash used by investing activities	<u>(322,935)</u>
Net increase/(decrease) in cash and cash equivalents	(44,987)
 Cash Balance, Beginning of Year	<u>347,716</u>
 Cash Balance, End of Year	<u><u>\$ 302,729</u></u>

The notes to the financial statements are an integral part of this exhibit.

THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:

As a refuge for the rescued, the Children's Attention Home provides children with a place to call home and opportunities to succeed in life, while empowering them to shape their own futures and improve the world around them. The majority of referrals come through the Department of Social Services, and children may remain in the Children's Attention Home's care as long as needed. Up to 42 children can receive services at once. Emergency placement from city/county police departments may be accepted. The Department of Mental Health may refer a child in an effort to prevent foster care placement. These infrequent placements typically last no longer than five days. The Home is supported primarily through service contracts with the South Carolina Department of Social Services, the South Carolina Department of Health and Human Services, and by donor contributions. Approximately 56% and 53% of the Home's support for the years ended June 30, 2016 and June 30, 2015 respectively came from federal and state funding sources. The total dollar amount is contingent on federal and state allocations for services provided and may be changed due to changes in federal and state funding programs.

Grant revenues are recorded as they are earned, according to the provisions of the grant. Grant expenses are recognized when incurred for a grant related obligation.

The Children's Attention Home, Inc. provides services under fixed cost contracts for the South Carolina Department of Social Services and for the South Carolina Department of Health and Human Services. Under the arrangements, the Home contracts to provide certain services at a prescribed cost reimbursement, the Home would be expected to absorb the additional cost of providing the quantity of services contracted. Likewise, if the Home performs the services more efficiently than contracted for, the excess is available for future operating cost.

Contributed Services

During the year ended June 30, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Home, but these services do not meet the criteria for recognition as contributed services. The Home received more than 9,978 volunteer hours for the year ended June 30, 2016.

THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued):

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Home that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets.

Annual Fund Raising Event, 'Heart of the Home' - Unconditional promises to give are not restricted. Requests are for unrestricted pledges and donations which allow Children's Attention Home to cover general operation expenses. Unconditional promises to give due in more than one year are reflected at their estimated present value less discount. The pledges are reviewed quarterly to determine the probable collection. Any deemed uncollectible are written off to bad pledges.

Amounts due in:	2016
Less than one year	<u>\$ 8,295</u>

There were no long term pledges at June 30, 2016.

Accounts Receivable Valuation

Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an off-setting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Accounts receivable consists of the amounts described in Note B and are considered by management to be fully collectible.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued):

Compensated Absences

Employees of the Home are entitled to annual leave, depending on the length of service. The Home has recognized the cost of compensated absences at June 30, 2016 to be \$34,818.

Property and Equipment

Purchased property and equipment is capitalized at cost. Donation of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Home reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Home reclassifies temporarily restricted net assets at that time. Property and equipment are depreciated using the straight-line and accelerated methods over the estimated useful life of the related assets. Repairs and maintenance are charged to expense as incurred. Until fully operational, buildings and related development costs for new group housing are capitalized and shown separately under constructions in progress. Estimated useful lives of the assets generally are as follows:

Buildings and Improvements	20 Years
Furniture and Equipments	7 Years
Vehicles	5 Years

Financial Statement Presentation

As required by FASB Accounting Standards Codification 958, "Not for Profit Entities", the Organization 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. As permitted by the statement, the Home does not use fund accounting.

Contributions

As required by FASB Accounting Standards Codification 958, "Not for Profit Entities". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash, Cash Equivalents and Concentration of Credit Risk

For purposes of the statement of cash flows, the Home considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Home maintains its cash on deposits accounts, which at times exceed the federally insured limits of \$250,000. The Home has not experienced any losses in such accounts. The Home did not exceed the NCUA insurance level in any of its bank accounts at June 30, 2016.

Income Taxes

The Children's Attention Home is a not-for-profit organization exempt from Federal income tax under section 501(c) (3) of the United States Internal Revenue Code as a charitable organization.

The Children's Attention Home income tax returns are subject to review and examination by federal and state authorities. The Children's Attention Home is not aware of any activities that would jeopardize its tax-exempt status. The fiscal year 2013, 2014, and 2015 returns are open for examination by federal and state taxing authorities.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable at the year ended June 30, 2016, consisted of the following:

DSS	\$ 266,558
DPS	69,135
US Dep Education	4,307
Pledges	8,295
Other	<u>21,376</u>
	<u>\$369,671</u>

**THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE C –PROPERTY AND EQUIPMENT:

Property and equipment at the year ended June 30, 2016, consisted of the following:

Land and Land Improvements	\$ 481,573
Building and Improvements	2,102,813
Office Equipment	98,008
Furniture and Fixtures	83,141
Vehicles	186,892
Playground Equipment	42,708
Construction in Progress	<u>5,557</u>
	\$3,000,692
Less Accumulated Depreciation	<u>(963,024)</u>
Total Fixed Assets	<u>\$2,037,668</u>

NOTE E – RESTRICTIONS ON NET ASSETS

Substantially all of the restrictions/board designations on net assets at June 30, 2016 were related to funds established for Capital Projects, Endowment, Programs and Operating Reserves. Capital Project funds are board designated for expansion and improvements to existing facilities and long lived assets. Endowment assets are permanently restricted with earnings and residuals used for long term sustainment of the operation. Program funds are temporarily restricted, generally by the grantor or donor, for use within one year for specific programs. Operating reserves were established at the Board of Directors direction which designates the use of funds in the event of operating deficits. Restricted net assets at June 30, 2016 are made up of permanently restricted net assets of \$359,734 and are held in the Legacy Fund and temporarily restricted net assets of grantor restricted funds of \$14,261. Board designated net assets, which are unrestricted in nature totaled \$784,695 which consists of investment for capital of \$385,081, operating reserve of \$385,353.

THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE F – RELATED PARTY TRANSACTIONS

In 2003, the Board of Directors of Children's Attention Home, Inc. adopted a resolution that provides for the establishment of a separate nonprofit entity, Palmetto School at the Children's Attention Home, a Charter School. Abused, abandoned, and/or neglected children in the Children's Attention Home, Inc.'s care as well as children residing in local homeless and/or women's shelters are eligible to attend the charter school. The accounts and transactions of the "Charter School" are not included in the accompanying financial statements.

Children's Attention Home has signed a lease agreement with the Palmetto School for monthly rent payments of \$2,000. These rents will be used in general operations expenses of the Children's Attention Home. Rents received in 2016 were \$24,000.

NOTE G - SUBSEQUENT EVENTS

The Children's Attention Home has considered subsequent events through October 31, 2016 the date of the issuance, in preparing the financial statements and notes hereto.

NOTE H - INVESTMENTS

Children's Attention Home has established a long-term investment strategy. Funds are invested with the Foundation for the Carolinas. These funds are to be used for capital expenditures, operations and permanently restricted legacy contributions. The legacy fund is permanently restricted from any disbursements of principal balance however the earnings on the account may be used for general operations. The Capital Fund is temporarily restricted to capital maintenance and repair of long term assets and expansion of the Children Attention Home campus including land purchase, development and construction of additional children's residential care facilities. The operations fund is not restricted but instead a rainy day fund for the future operations of the home.

THE CHILDREN'S ATTENTION HOME, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE H – INVESTMENTS (continued)

As of June 30, 2016 investment funds were stated at fair market value and were invested as follows:

Money market funds – Vanguard-Wellesley Fund	<u>\$ 1,130,168</u>
Totals	<u>\$ 1,130,168</u>

Assets are measured at fair value on a recurring basis using quoted prices in active markets for identical assets or liabilities which is a Level 1. The amount of interest and dividends were \$102,901 and \$-4,035 are attributed to the change in unrealized gains or losses and There were no capital gain distributions.

Assets	Total 6/30/16	Quoted Prices: Level 1	Significant other Inputs: Level 2	Significant Non- observable Inputs: Level 3
Trading Securities	\$1,130,168	\$1,130,168	-	-
Available for Sale	-	-	-	-
Derivatives	-	-	-	-
Total	\$1,130,168	\$1,130,168	-	-

The Funds are invested in Investment Pools. Which means funds from many individual investors that are aggregated for the purposes of investment, as in the case of a mutual or pension fund. Investors in pooled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management.

The money market funds and corporate bonds as of June 30, 2016 were rated as follows:

Money market funds – unrated	<u>\$ 1,130,168</u>
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

The Board of Directors of
The Children's Attention Home, Inc.
Rock Hill, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Children's Attention Home, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and functional expenses for the years then ended, the cash flow statement for the year ended June 30, 2016 and the related notes to the financial statements, and have issued our report thereon dated October 31, 2016

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Children's Attention Home, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Children's Attention Home, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Children's Attention Home, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Children's Attention Home, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Certified Public Accountants, P.A.

Rock Hill, South Carolina
October 31, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

The Board of Directors of
The Children's Attention Home, Inc.
Rock Hill, South Carolina

Report on Compliance for Each Major Federal Program

We have audited The Children's Attention Home, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Children's Attention Home's major federal programs for the year ended June 30, 2016. The Children's Attention Home's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Children's Attention Home, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (Uniform Guidance) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Children's Attention Home's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Children's Attention Home, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Children's Attention Home, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of The Children's Attention Home, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Children's Attention Home, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Children's Attention Home's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Burkett Burkett & Burkett
Certified Public Accountants, P.A.
Rock Hill, South Carolina
October 31, 2016

**CHILDREN'S ATTENTION HOME
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2016**

<u>DESCRIPTION</u>	<u>CFDA #</u>	<u>PASS-THROUGH ENTITY IDENTIFYING #</u>	<u>EXPENDITURES</u>
U.S. Department of Justice (DOJ)			
Passed-through South Carolina Department of Public Safety			
Office of Justice Programs (VOCA)			
Children's Services Coordinator - Morris Cottage	16.575	1V15116	42,190
Children's Services Coordinator - Porterfield Cottage	16.575	1V15115	60,885
Children's Services Coordinator - Freeman-Norris Cottage	16.575	1V15092	32,638
			\$ <u>135,713</u>
U.S. Department of Justice (DOJ)			
Passed-through South Carolina Department of Public Safety			
Office of Justice Programs (VOCA)			
Vehicle for Child Victim Transport		1V14107	29,866
			\$ <u>29,866</u>
U.S. Department of Agriculture (USDA)			
Passed-through South Carolina Department of Education			
National School Breakfast Program	10.553		28,984
National School Lunch Program	10.555		39,709
National Afterschool Snack Program	10.550		5,646
			\$ <u>74,339</u>
U.S. Department of Health and Human Services			
Passed-through South Carolina Department of Social Services			
Temporary Assistance for Needy Families (TANF)	93.558		1,333,373
			<u>1,333,373</u>
TOTAL FEDERAL ASSISTANCE			\$ <u>1,573,291</u>

See Notes to Schedule of Expenditures of Federal Awards which are an integral part of this schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CHILDREN'S ATTENTION HOME, INC.
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE OF THE AUDITOR'S RESULTS:

1. The independent auditor's report on the financial statements expressed an unmodified opinion.
2. There were no reportable deficiencies in internal control over financial reporting disclosed in the audit of the financial statements.
3. The audit disclosed no material noncompliance matters in relation to the financial statements.
4. There were no reportable deficiencies in internal control over compliance applicable to major programs.
5. The report on compliance for major programs expressed an unmodified opinion.
6. The audit disclosed no audit findings.
7. The major programs of The Children's Attention Home, Inc. included in the audit were:
 - a. Temporary Assistance for Needy Families (TANF)
 - b. Office of Justice Programs (VOCA)
 - c. USDA- National Food Programs
8. The dollar threshold for Type A programs for The Children's Attention Home, Inc., was \$750,000.
9. The Children's Attention Home, Inc. did qualify as a low-risk auditee.

FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE