CHILDREN'S ATTENTION HOME, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

CHILDREN'S ATTENTION HOME, INC.
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FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

BURKETT
BURKETT & BURKETT
Certified Public Accountants, P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2018 and 2017, and the related statements of activities, functional expenses 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.

Auditor's 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 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.

(Continued on the next page)

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Children's Attention Home, Inc. as of June 30, 2018 and 2017, 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 audits were 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 3, 2018, 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.

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BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, South Carolina
October 3, 2018

CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS	**2018**	**2017**
Current Assets		
Cash	$1,098,338	$ 734,591
Accounts Receivable, Net	155,187	115,686
Pledges Receivable, Net	200	13,050
Prepaid Expense	11,779	7,576
Other Current Assets	-	3,490
Total Current Assets	1,265,504	874,393
Long-term assets		
Property and Equipment, Net	2,009,174	1,983,571
Investment - Operating Reserve	448,788	420,783
Investment - Quasi-Endowed	1,050,011	984,980
Total Long-Term Assets	3,507,973	3,389,334
TOTAL ASSETS	$4,773,477	$4,263,727
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 13,488	$ 30,666
Credit Card	39,199	31,231
Accrued Payroll and Related Liabilities	103,224	105,832
Capital Lease - Current Portion	1,661	1,438
Total Current Liabilities	157,572	169,167
Long-term Liabilities		
Capital Lease	6,767	8,411
Total Long-term Liabilities	6,767	8,411
TOTAL LIABILITIES	164,339	177,578
Net Assets		
Unrestricted		
Non-Designated	3,045,174	2,613,943
Board Designated	1,498,799	1,405,763
Temporarily Restricted		
Donor-restricted Grants	65,165	66,443
Total Net Assets	4,609,138	4,086,149
TOTAL LIABILITIES AND NET ASSETS	$4,773,477	$4,263,727

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
UNRESTRICTED NET ASSETS		
Unrestricted revenues and gains		
Federal, state, and county financial assistance	$ 1,635,161	$ 1,384,475
General donor contributions	641,770	743,617
Special events and fundraisers	331,444	243,152
Investment earnings, net	90,376	116,595
Other	34,692	35,241
Gifts in kind	32,651	2,150
TOTAL UNRESTRICTED REVENUES AND GAINS	2,766,094	2,525,230
Net assets released from restrictions	212,263	278,387
TOTAL UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT	2,978,357	2,803,617
Expenses		
Program services	1,942,219	1,675,426
Supporting services	484,490	639,140
Fundraising expenses	27,382	21,454
TOTAL EXPENSES	2,454,090	2,336,020
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	524,267	467,597
TEMPORARILY RESTRICTED NET ASSETS		
General donor contributions	210,985	238,088
Net assets released from restrictions	(212,263)	(278,387)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(1,278)	(40,299)
INCREASE (DECREASE) IN NET ASSETS	522,989	427,298
NET ASSETS AT BEGINNING OF THE YEAR	4,086,149	3,658,851
NET ASSETS AT END OF THE YEAR	$ 4,609,138	$ 4,086,149

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Program Services		
Compensation		
Salaries and Wages	$ 1,175,309	$ 1,002,336
Employee Benefits - Health Insurance	79,585	88,884
Payroll Taxes	95,637	93,423
Workmen's Compensation Insurance	20,502	22,282
	1,371,034	1,206,925
Materials and Supplies		
Auto Expenses	18,709	15,786
Conferences and Training	8,863	7,458
Depreciation Expense	52,731	62,844
Minor Furnishings and Equipment	8,804	9,540
Miscellaneous	30,954	21,746
Occupancy	95,118	70,036
Office Expense	68,298	48,890
Professional Fees	46,965	34,724
Program Expenses	224,483	184,099
Travel and Meetings	16,261	13,379
	571,184	468,501
Total Program Service Expense	$ 1,942,219	$ 1,675,426

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Continued from Page 7:

Supporting Services	2018	2017
Compensation		
Salaries	$ 331,498	$ 429,572
Employee Benefits - Health Insurance	22,447	38,093
Payroll Taxes	26,975	40,038
Workmen's Compensation Insurance	5,783	9,550
	386,702	517,253
Materials and Supplies		
Auto Expense	5,277	6,766
Depreciation	14,873	26,933
Minor Furnishings and Equipment	2,483	4,089
Miscellaneous	8,730	9,320
Occupancy	26,828	30,015
Office Expense	19,263	20,953
Professional Fees	13,246	14,882
Staff Training and Development	2,500	3,196
Travel and Meetings	4,586	5,734
	97,788	121,887
Total Supporting Services Expense	484,490	639,140
Fundraising		
Direct Fundraising Expense	27,382	21,454
Total Expenses	$ 2,454,090	$ 2,336,020

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	**2017**
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	$ 522,989	$ 427,298
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, net of gain on property and equipment disposals	67,604	89,777
In-kind contributions of property and equipment	(9,228)	-
Net investment earnings	(90,376)	(116,594)
(Increase) / Decrease in accounts receivable, net	(39,501)	244,675
(Increase) / Decrease in pledges receivable, net	12,850	(3,740)
(Increase) / Decrease in prepaid expense	(4,203)	11,303
(Increase) / Decrease in other assets	3,490	1,614
(Decrease) / Increase in accounts payable	(17,178)	(12,455)
(Decrease) / Increase in credit cards	4,101	(30,154)
(Decrease) / Increase in accrued payroll and related liabilities	(2,608)	45,092
Net cash provided (used) by operating activities	447,940	656,816
Cash Flows From Investing Activities:		
Contributions into quasi-endowed and non-endowed investments	(2,660)	(159,000)
Proceeds from sale of property and equipment	23,500	-
Payments for property and equipment	(103,612)	(65,317)
Net cash provided (used) by investing activities	(82,772)	(224,317)
Cash Flows From Financing Activities:		
Payments on Capital Lease	(1,421)	(637)
Net cash provided (used) by financing activities	(1,421)	(637)
Net increase / (decrease) in cash and cash equivalents	363,747	431,862
Cash Balance, Beginning of Year	734,591	302,729
Cash Balance, End of Year	$ 1,098,338	$ 734,591

Supplemental Information:

Interest paid on a capital lease in 2018 was $1,607.

Non-cash investing activities included $9,228 of donated security equipment; $2,151 of furniture on S/T credit; and $1,716 of computer equipment on S/T credit

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Children's Attention Home, Inc. (hereafter “the Home”) provides residential care and developmental services to the abused, abandoned, and neglected children that come into its care. Residential care is critical to meeting the children's emergency and basic needs including food, clothing, and shelter. Developmental services focuses on the individual needs of each child including physical and mental health, social development, educational support, cultural enrichment, independent living skills, and recreational opportunities. These two service areas work together to ensure that each child's needs are being met while giving them the support they need to heal, grow, and thrive. With residential capacity for 42 children, the Home provides services to approximately 120 children each year, ages birth to 21 years, and has served over 8,000 children since its establishment in 1970. The children served are from across the state of South Carolina and the greater metropolitan area of Charlotte, North Carolina.

Basis of Accounting

The Home prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

As required by accounting standards generally accepted in the United States, the Home is 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 accounting standards, the Home does not use fund accounting.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Basis of Allocating Expenses

The Home uses square footage to allocate expenses among program and supporting services. The only exception are for direct program costs which are expensed 100% to program expense. Square footage allocations for 2018 were revised to reflect certain changes over the prior year. In 2018, allocations were 78% for program and 22% for support. In 2017, allocations were 70% for program and 30% for support.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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 information 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 years 2015, 2016, and 2017 returns are open for examination by federal and state taxing authorities.

Program and Support Revenue

The Home has one primary program, namely the Residential Care Program. Residential Care Program revenues are generated primarily through (1) a service contract with the South Carolina Department of Social Services and (2) grants from the South Carolina Department of Public Safety, South Carolina Office of the Attorney General and South Carolina Department of Education. 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. The Home provides services under fixed cost contracts for the South Carolina Department of Social 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. Revenue is recognized once services have been performed.

The Home receives support from its many local private donors. It also receives grants from many regional and local foundations and businesses. 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. General contributions are recognized upon receipt. As required by accounting standards generally accepted in the United States, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributed Services

During the years ended June 30, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements were not material and have 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 7,120 and 8,112 volunteer hours for the years ended June 30, 2018 and 2017 respectively.

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 the 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.

During 2018 the Home changed its donation policy to no longer include pledges on its fundraising cards but rather amounts that are to be drafted regularly from financial institutions or applied to a credit card. Outside of this fundraising event, there were minimal pledges during the year and management expects any future promises to be fulfilled within its fiscal year on a going forward basis based on its revised policy to move away from pledges at fundraising events.

Cash and Cash Equivalents

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.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Pledges Receivable Valuation

Trade accounts receivable and pledge 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. Pledges receivable consists of the amounts described in Note C and are considered by management to be fully collectible.

Property and Equipment

Purchased property and equipment is capitalized at cost. Items that cost less than $1,000 are expensed as incurred. 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 construction in progress. Estimated useful lives of the assets generally are as follows:

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

Donations 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.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Home maintains master investment accounts for its board-designated endowments. Funds are invested with the Foundation for the Carolinas ("FFTC" hereafter) through pooling investments. The pooling of endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. Interest, realized and unrealized gains and losses from securities, and investment fees in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts being pooled with FFTC, as adjusted for additions to or deductions from those accounts. Currently all investments are board-designated endowments.

These investments have been designated by the board and are to be used for general operations, capital expenditures, and the Home's legacy. The Operating Fund is considered a rainy day fund for the future general operations of the Home. The Capital Campaign Fund is to be used for capital expenditures, significant maintenance and repair of long term assets, and the expansion of the Home's campus including land purchase and construction of additional children's residential care facilities. The Legacy Fund is to ascertain that the Home always has a future operation. Since each of these investment funds is a board designated endowment being fully distributable to the Home, they are considered unrestricted for net asset purposes.

The primary investment objective of the Operating and Capital Campaign Funds is to meet the annual operational or emergency needs of the Home. These assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending. The primary investment objective of the Legacy Fund is to achieve an annualized total return (net of fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses, thus at a minimum, maintaining the purchasing power of the Legacy Fund.

Concerning the Home's spending policy, the distribution rate for the Operating Fund and the Capital Campaign Fund is based upon annual spending and cash flow requirements. The maximum allowable spending amount for both funds shall be set by the Board and shall be calculated based on the previous three year average annual cash flow needs and liquidity requirements. The distribution rate for the Legacy Fund is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. The maximum allowable spending amount for the Legacy Fund shall be set by the Board and shall be calculated based on the previous three year average of the Legacy Fund portfolio's market value. The formula shall be applied to the average daily balance over the prior three years ending each fiscal year.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In August 2016, the FASB amended the Not-for-Profit Entities Topic of the Accounting Standards Codification to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments will be effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the effect that implementation of the new standard will have on the Agency's financial statements.

In May 2014, the FASB added Topic 606, "Revenue from Contracts with Customers" to establish principles to report useful information about the nature, amount, timing and uncertainty of revenue from contracts with customers. This standard will be effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the effect that implementation of the new standard will have on the Agency's financial statements.

In February 2016, the FASB amended the Leases Topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the effect that implementation of the new standard will have on the Agency's financial statements.

NOTE B - ACCOUNTS RECEIVABLE, NET

Accounts Receivable, Net at June 30, 2018 and 2017 consisted of the following:

Customer	2018	2017
SC Dept. of Social Services	$ 55,668	$ 34,855
SC Office of Attorney General	91,367	76,350
SC Dept. of Education	5,945	3,790
Other	3,222	1,706
Total Accounts Receivable	156,202	116,701
Allowance for Doubtful Accounts	(1,015)	(1,015)
Total Accounts Receivable, Net	$ 155,187	$ 115,686

NOTE C – PLEDGES RECEIVABLE, NET

Below is a summary of Pledges Receivable, Net at June 30, 2018 and 2017:

	2018	2017
Due in less than year	$ 200	$ 12,150
Due in 1 to 5 years	-	900
Total Pledges Receivable	200	13,050
Allowance for Doubtful Pledges	(-)	(-)
Total Pledges Receivable, Net	$ 200	$ 13,050

NOTE D –PROPERTY AND EQUIPMENT

Property and equipment for the years ended June 30, 2018 and 2017 consisted of the following:

Classification	2018	2017
Land and Land Improvements	$ 481,584	$ 481,584
Building and Improvements	2,170,396	2,157,115
Operational Equipment	101,198	99,028
Furniture and Fixtures	17,201	15,050
Vehicles	201,933	186,892
Playground Equipment	38,582	38,582
Total Cost	3,010,893	2,978,251
Accumulated Depreciation	(1,001,719)	(994,680)
Total Property and Equipment, Net	$ 2,009,174	$ 1,983,571

Depreciation expense for the years ended June 30, 2018 and 2017 was $67,604 and $89,777 including gains / (losses) on fixed asset disposals of $20,224 and $(7,509), respectively.

NOTE E - INVESTMENTS

As of June 30, 2018, and 2017 investment funds were stated at fair market value and were invested as follows:

Foundation of the Carolinas Investment Pool	2018	2017
Income & Growth	$ 1,073,866	$ 1,010,364
Active L/T Growth	424,933	395,399
	$ 1,498,799	$ 1,405,763

NOTE E – INVESTMENTS (Continued)

The Income and Growth Pool is less focused on capital appreciation and more on dividend and interest income generation. It follows a balanced income approach utilizing fixed income securities and dividend-paying equity stocks, which can include non-U.S. stocks. Target allocations include US equity (30%), international equity (7%), emerging markets (3%), and fixed income (60%).

The Active L/T Growth Pool seeks long-term capital appreciation without exposure to hedge funds or private equity. It focuses on investing with a moderate to long-term horizon and offers broad domestic, international and emerging market exposure via large cap and small cap securities with a modest allocation to global fixed income. Target allocations include US equity (40%), international equity (12%), emerging markets (8%), real assets [commodities] (5%), and fixed income (35%).

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. Below are schedules demonstrating the values by level at June 30, 2018 and 2017:

2018

Assets	Total	Quoted Prices: Level 1	Significant other Inputs: Level 2	Significant Non-observable Inputs: Level 3
Trading Securities	$ 1,498,799	$ 1,498,799	-	-
Total	$ 1,498,799	$ 1,498,799	-	-

2017

Assets	Total	Quoted Prices: Level 1	Significant other Inputs: Level 2	Significant Non-observable Inputs: Level 3
Trading Securities	$ 1,405,763	$ 1,405,763	-	-
Total	$ 1,405,763	$ 1,405,763	-	-

NOTE E – INVESTMENTS (Continued)

Investment earnings are reported net of all earnings, including but not limited to the amounts of interest, dividends, and realized or unrealized gains or losses less any investment fees. Below is a schedule of net investment earnings at June 30:

Description	2018	2017
Investment Earnings	$ 102,066	$ 127,781
Investment Fees	(11,690)	(11,186)
Net Investment Earnings	$ 90,376	$ 116,595

NOTE F – ENDOWMENT FUNDS

Board-designated Endowments

As of June 30, 2018 and 2017, the Board of Directors have designated $1,498,799 and $1,405,763 respectively to support the Home’s (1) continued operations; (2) capital projects; and (3) preservation for an indefinite future in the community. For further information concerning investment restrictions, investment objectives, and spending policy to the three areas above, refer to “Note A – Significant Accounting Policies: Investments.”

Changes in endowment net assets as of June 30, 2018 and 2017 are as follows:

	2018	
	Unrestricted	Total Endowment Net Assets
Endowment net assets, beginning of the year	$ 1,405,763	$ 1,405,763
Contributions	2,660	2,660
Net investment earnings	90,376	90,376
Reclassifications	-	-
Endowment net assets, end of year	$ 1,498,799	$ 1,498,799

NOTE F – ENDOWMENT FUNDS (Continued)

Board-designated Endowments (continued)

2017

	Unrestricted	Total Endowment Net Assets
Endowment net assets, beginning of the year	$ 1,130,168	$ 1,130,168
Contributions	159,000	159,000
Net investment earnings	116,595	116,595
Reclassifications	-	-
Endowment net assets, end of year	$ 1,405,763	$ 1,405,763

NOTE G – 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.

The Home rents space to the Charter School and renewed its annual lease agreement on July 1, 2017 for another term of one year at $2,100 per month. These rent revenues were used for general operational expenses of the Children's Attention Home. Rents received in 2018 and 2017 were $25,200 and $25,200, respectively.

The Home renewed its lease on July 1, 2018 for another one year term and expects to receive $25,200 over the term.

NOTE H – CONCENTRATION IN CREDIT RISK

The Home maintains its cash and cash equivalent balance in one financial institution. At June 30, 2018 and 2017 the Home's cash and cash equivalents exceeded the federally insured limits by $852,789 and $495,768 respectively.

Also, at June 30, 2018, Accounts Receivable from the South Carolina's Office of Attorney General and Department of Social Services were $91,367 or 59% and $55,668 or 36% of accounts receivable, respectively. Subsequent to year end, all amounts were collected.

NOTE I – CONCENTRATION IN GOV'T CONTRACT AND GRANT REVENUES

For the years ending June 30, 2018 and 2017, the Home's governmental contract and grant revenues included the following concentrations of the Home's total revenues:

	2018		2017	
State Agency	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue
South Carolina's Dept. of Social Services	$ 1,126,990	37 %	$ 1,060,916	38 %
South Carolina's Office of Attorney General and Department of Public Safety	405,140	13	251,378	9
Total	$ 1,532,130	50 %	$ 1,312,294	47 %

NOTE J – OPERATING LEASES

The Home entered into an operating lease with Pitney Bowes on March 21, 2013 for postage processing equipment. The lease's term is for 51 months and includes quarterly base payments in the amount of $111 plus applicable taxes. The lease expired during 2017, but the Home renewed the lease for another 51 months at the same rates on July 11, 2017. Payments totaling $475 and $475 were made in 2018 and 2017 respectively.

NOTE K – CAPITAL LEASES

The Home entered into a leasing arrangement for copying equipment with Toshiba Financial Services during 2017. Based on the lease's structure, it qualifies as a capital lease under generally accepted accounting principles in the United States. The equipment's fair market value at lease inception was $10,486 and is being depreciated over the lease's term for this cost in the Operational Equipment classification. The lease is collateralized with the equipment and has a carrying value of $7,990.

In 2018, the lease terms were revised by the vendor and include the following:

- An incremental borrowing rate that approximates 18.58%
- 50 monthly installments
- Monthly installment is $257.51

NOTE K – CAPITAL LEASES (Continued)

The maturity of this obligation is as follows:

Year	Amount
2019	$ 1,661
2020	1,997
2021	2,401
2022	2,369
Total Due	$ 8,428

NOTE L – LINE OF CREDIT

The Home holds a line of credit, namely by use of a corporate credit card, with the same financial institution that retains its operating deposit account. The total amount of credit available on a revolving basis is $100,000. The annual interest rates for purchases and cash advances at June 30, 2018, were 8.99% and 25.74% respectively. Finance charges are only applied at the determined interest rates when purchases and cash advances' open balances are not paid in full by the due date. The Home did not incur any finance charges in 2018 and 2017 related to the line of credit based on its paying down its open balances in full on a monthly basis. The outstanding balances on the line of credit at June 30, 2018 and 2017, were $38,356 and $31,046 respectively.

NOTE M – COMPENSATED ABSENCES

Depending on the length of service, employees can accrue up to 320 hours of paid leave. The Home has accrued liabilities for compensated absences at June 30, 2018 and 2017 in the amounts of $42,027 and $43,899 respectively.

NOTE N – RETIREMENT PLANS

The Home participates in the South Carolina Deferred Compensation Program that provides employees with a supplemental retirement savings strategy through the program's 401(k) and 457(b) plans. Plan enrollment is open to all full-time employees. Traditional plan contributions are made on a pre-tax basis while Roth plan contributions are made on an after-tax basis. Plan contributions are made exclusively by employees through payroll deduction.

NOTE O - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 3, 2018, which is the date the financials statements were available to be issued.

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BURKETT & BURKETT
Certified Public Accountants, P.A.

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*

To the Board of Directors of
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 Children's Attention Home, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Children's Attention Home, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of 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

(Continued on the next page)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 3, 2018

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Burkett & Burkett
Certified Public Accountants, P.A.

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

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

Report on Compliance for Each Major Federal Program

We have audited 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 Children's Attention Home, Inc.'s major federal programs for the year ended June 30, 2018. Children's Attention Home, Inc.'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 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 Children's Attention Home, Inc.'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 Children's Attention Home, Inc.'s compliance. (Continued on the next page)

Opinion on Each Major Federal Program

In our opinion, Children's Attention Home, Inc. complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Children's Attention Home, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered 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 Children's Attention Home, Inc.'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.

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BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, South Carolina
October 3, 2018

CHILDREN'S ATTENTION HOME, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

DESCRIPTION	CFDA #	PASS-THROUGH ENTITY IDENTIFYING #	FEDERAL EXPENDITURES
U.S. Department of Justice (DOJ)			
Passed-through South Carolina's Department of Public Safety and Office of the Attorney General, respectively			
Crime Victim Assistance - Children's Services Program	16.575	1V15206	$ 80,959
Crime Victim Assistance - Children's Services Program	16.575	1V16105	324,181
			405,140
U.S. Department of Agriculture (USDA)			
Passed-through South Carolina Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Unknown	29,456
National School Lunch Program	10.555	Unknown	43,323
			72,779
U.S. Department of Health and Human Services			
Passed-through South Carolina Department of Social Services			
Temporary Assistance for Needy Families	93.558	4400003854	1,126,990
			1,126,990
TOTAL FEDERAL EXPENDITURES			$ 1,604,909

The notes to the schedule of expenditures of federal awards are an integral part of this exhibit

CHILDREN'S ATTENTION HOME, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Children's Attention Home, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Children's Attention Home, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Children's Attention Home, Inc.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C—INDIRECT COST RATE

Children's Attention Home, Inc. has elected to use the 10% De Minimis indirect cost rate as allowed under the Uniform Guidance.

CHILDREN'S ATTENTION HOME, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY OF THE AUDITOR'S RESULTS:

1. The independent auditor's report on the financial statements expressed an unmodified opinion.

2. No significant deficiencies nor material weaknesses in internal control over financial reporting were reported in the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the Children's Attention Home, Inc., which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. No significant deficiencies nor material weaknesses in internal control over compliance applicable to major programs were reported.

5. The report on compliance for major programs expressed an unmodified opinion.

6. The audit disclosed no audit findings.

7. The program(s) for Children's Attention Home, Inc. tested as major program(s) were:

   a. Crime Victim Assistance – Children's Services Program CFDA# 16.575

8. The dollar threshold used to distinguish between type A and type B programs for Children's Attention Home, Inc., was $750,000.

9. Children's Attention Home, Inc. was determined to be a low-risk auditee.

FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE