CHILDREN'S ATTENTION HOME, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2020 and 2019, 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. 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 on the previous page present fairly, in all material respects, the financial position of Children's Attention Home, Inc. as of June 30, 2020 and 2019, 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.

Burkett Burkett & Burkett

Burkett, Burkett, & Burkett
Certified Public Accountants, P.A.
Rock Hill, South Carolina
October 21, 2020

CHILDREN'S ATTENTION HOME, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Current Assets		
Cash	$ 808,722	$ 983,155
Accounts Receivable, Net	201,758	279,669
Pledges Receivable, Net	4,000	14,000
Prepaid Expense	40,200	17,184
Other Current Assets	12,441	-
Total Current Assets	1,067,121	1,294,008
Long-term Assets		
Property and Equipment, Net	1,948,985	1,955,680
Beneficial Interest in Assets Held by FFTC - Non-Endowed	1,018,919	991,310
Beneficial Interest in Assets Held by FFTC - Quasi-Endowed	1,510,949	1,093,958
Total Long-Term Assets	4,478,853	4,040,948
TOTAL ASSETS	$ 5,545,974	$ 5,334,956
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 2,089	$ 14,226
Credit Card	21,602	44,055
Accrued Liabilities	60,252	52,818
Capital Lease - Current Portion	2,401	1,997
Total Current Liabilities	86,344	113,096
Long-term Liabilities		
Capital Lease	2,369	4,770
Total Long-term Liabilities	2,369	4,770
TOTAL LIABILITIES	88,713	117,866
Net Assets		
Without Donor Restrictions		
Non-Designated	2,902,987	3,050,175
Board Designated	2,529,868	2,085,268
With Donor Restrictions	24,406	81,647
Total Net Assets	5,457,261	5,217,090
TOTAL LIABILITIES AND NET ASSETS	$ 5,545,974	$ 5,334,956

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
REVENUES AND OTHER SUPPORT			
Federal, state, and county financial assistance	$ 429,502	$ -	$ 429,502
Contract services for SC Dept. of Social Services	974,459	-	974,459
Contributions - general	1,036,632	51,243	1,087,875
Contributions - special events and fundraisers	134,504	-	134,504
Contributions - in-kind	5,536	-	5,536
Other	20,310	-	20,310
Net assets released from restrictions	108,484	(108,484)	-
Total revenues and other support	2,709,427	(57,241)	2,652,186
EXPENSES			
Program services	1,954,897	-	1,954,897
Supporting services:			
Management and general	446,075	-	446,075
Fundraising	53,137	-	53,137
Total support services	499,212	-	499,212
Total expenses	2,454,109	-	2,454,109
Change in nets assets from operations	255,318	(57,241)	198,077
Nonoperating activities			
Return on beneficial interest in assets held by FFTC, net	42,094	-	42,094
Total nonoperating activities	42,094	-	42,094
Change in net assets	297,412	(57,241)	240,171
Net assets, beginning of year	5,135,443	81,647	5,217,090
Net assets, end of year	$ 5,432,855	$ 24,406	$ 5,457,261

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
REVENUES AND OTHER SUPPORT			
Federal, state, and county financial assistance	$ 537,149	$ -	$ 537,149
Contract services for SC Dept. of Social Services	1,125,575	-	1,125,575
Contributions - general	701,763	161,103	862,866
Contributions - special events and fundraisers	392,236	-	392,236
Contributions - donation in-kind	23,833	-	23,833
Other	35,205	-	35,205
Net assets released from restrictions	144,621	(144,621)	-
Total revenues and other support	2,960,382	16,482	2,976,864
EXPENSES			
Program services	1,954,382	-	1,954,382
Supporting services:			
Management and general	432,556	-	432,556
Fundraising	66,749	-	66,749
Total support services	499,305	-	499,305
Total expenses	2,453,687	-	2,453,687
Change in nets assets from operations	506,695	16,482	523,177
Nonoperating activities			
Return on beneficial interest in assets held by FFTC, net	84,775	-	84,775
Total nonoperating activities	84,775	-	84,775
Change in net assets	591,470	16,482	607,952
Net assets, beginning of year	4,543,973	65,165	4,609,138
Net assets, end of year	$ 5,135,443	$ 81,647	$ 5,217,090

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, 2020 AND 2019

	2020	**2019**
Program Services		
Salaries and Wages	$ 1,264,743	$ 1,170,353
Employee Benefits - Health Insurance	105,415	99,868
Payroll Taxes	97,110	95,368
Workmen's Compensation Insurance	19,627	19,419
Auto Expenses	18,068	21,077
Conferences and Training	10,961	14,609
Depreciation Expense	69,555	73,022
Minor Furnishings and Equipment	782	25,975
Miscellaneous	33,068	30,455
Occupancy	81,065	92,584
Office Expense	72,438	73,304
Professional Fees	45,462	40,668
Other Program Expenses	133,306	187,999
Travel and Meetings	3,297	9,681
Total Program Services Expense	$ 1,954,897	$ 1,954,382

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, 2020 AND 2019

Continued from Page 8:

Supporting Services	**2020**	**2019**
Management and General		
Salaries	$ 309,713	$ 286,599
Employee Benefits - Health Insurance	25,814	24,456
Payroll Taxes	23,781	23,354
Workmen's Compensation Insurance	4,806	4,755
Auto Expense	4,425	5,161
Depreciation	17,033	17,882
Minor Furnishings and Equipment	191	6,360
Miscellaneous	8,098	7,458
Occupancy	19,851	22,672
Office Expense	17,739	17,951
Professional Fees	11,133	9,959
Staff Training and Development	2,684	3,578
Travel and Meetings	807	2,371
Total Management and General	446,075	432,556
Fundraising		
Salaries	23,652	21,887
Employee Benefits - Health Insurance	1,971	1,868
Payroll Taxes	1,816	1,783
Workmen's Compensation Insurance	367	363
Auto Expense	338	394
Depreciation	1,301	1,365
Minor Furnishings and Equipment	15	486
Miscellaneous	618	570
Occupancy	1,516	1,731
Office Expense	1,355	1,371
Professional Fees	850	761
Staff Training and Development	205	273
Travel and Meetings	62	181
Direct fundraising	19,071	33,716
Total Fundraising	53,137	66,749
Total Support Services	499,212	499,305
Total Expenses	$ 2,454,109	$ 2,453,687

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, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	$ 240,171	$ 607,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, net of gain on property and equipment disposals	87,894	92,275
Net earnings in beneficial interest in assets held by FFTC	(42,094)	(84,775)
(Increase) / Decrease in accounts receivable, net	77,911	(124,482)
(Increase) / Decrease in pledges receivable, net	10,000	(13,800)
(Increase) / Decrease in prepaid expense	(23,016)	(5,405)
(Increase) / Decrease in other current assets	(12,441)	-
(Decrease) / Increase in accounts payable	(12,137)	738
(Decrease) / Increase in credit cards	(22,453)	4,856
(Decrease) / Increase in accrued payroll and related liabilities	7,434	(50,406)
Net cash provided (used) by operating activities	311,269	426,953
Cash Flows From Investing Activities:		
Contributions to beneficial interest in assets held by FFTC	(402,505)	(501,695)
Proceeds from disposal of property and equipment	21,694	4,978
Payments for property and equipment acquisitions	(102,894)	(43,758)
Net cash provided (used) by investing activities	(483,705)	(540,475)
Cash Flows From Financing Activities:		
Payments on Capital Lease	(1,997)	(1,661)
Net cash provided (used) by financing activities	(1,997)	(1,661)
Net increase (decrease) in cash and cash equivalents	(174,433)	(115,183)
Cash Balance, Beginning of Year	983,155	1,098,338
Cash Balance, End of Year	$ 808,722	$ 983,155

Supplemental Information:

Interest paid on a capital lease in 2020 and 2019 was $1,123 and $1,455, respectively

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, neglected, and homeless children that come into its care. Residential care is critical to meeting the children's emergency and basic needs including food, clothing, shelter, and healthcare. Developmental services focus on the individual needs of each child including social development, educational support, cultural enrichment, independent living skills, and workforce preparedness. 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 140 children each year, ages birth to 21 years, and has served over 8,500 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's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Home is required to present information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions:

These are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Home. These net assets may be used at the discretion of the Home's management and the board of directors.

Net Assets with donor restrictions:

These are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Home or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

Functional Expenses

The Home uses square footage method to allocate its natural expenses among programs, management and general, and fundraising functions. Exceptions include direct program costs which are expensed 100% to program expense. The *other program expenses* line in the statement of activities includes items for the children such as food, clothing, recreation, and other supplies for educational, medical, hygiene, and household purposes. In 2020 and 2019, allocations were 79.14% for program services; 19.38% for management and general; and 1.48% for fundraising.

Measurement of Operations
The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Home's ongoing primary program service. Nonoperating activities are limited to resources that generate return from investments on the Home's endowments and other activities considered to be of a more unusual or nonrecurring nature.

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 2017, 2018, and 2019 returns are open for examination by federal and state taxing authorities.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 [DSS hereafter] and (2) grants from the 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 daily cost reimbursement rate. 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 the daily service has been performed for each child placed with the Home. The Home invoices DSS semi-monthly with 10-day payment terms.

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.

Contributed Services

During the years ended June 30, 2020 and 2019, 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 4,740 and 5,644 volunteer hours for the years ended June 30, 2020 and 2019, 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Annual Fundraising Event, 'Heart of the Home' - 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.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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.

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	5-39 Years
Land Improvements	5-15 Years
Furniture and Equipment	5-10 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.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Assets Held by FFTC

The Home has entered into three separate designated fund agreements for its board-designated endowments with the Foundation for the Carolinas ("FFTC" hereafter). Contributions by the Home are pooled by FFTC. 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 contributions by the Home are board-designated endowments.

These pooled funds 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 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)

Accounting Pronouncement Adopted

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. Management implemented the new standard. Before implementing, management's analysis of the new standard concluded that no significant changes were necessary to conform with the new standard. Management deems its residential care services that are being provided to children placed with the Home to be a single, daily service performance for each child [See Note A - Program Service and Support Revenue]. Management has elected to disaggregate this revenue source separate from its other federal, state, and local financial assistance on the statement of activity.

NOTE B – LIQUIDITY AND AVAILABILITY

The following represents the Home's financial assets at June 30, 2020:

Financial Assets at year end:		
Cash and cash equivalents	$	808,722
Accounts receivable, net		201,758
Pledges and private grants receivable, net		4,000
Beneficial interest in assets held by FFTC – Non-endowed		1,018,919
Total Financial Assets		2,033,399
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(24,406)
Financial assets available to meet general expenditures over the next twelve months	$	2,008,993

The Home's goal is to maintain financial assets to meet three months of operating expenses (approximately $600,000). The three months of operating expenses are maintained in two separate checking accounts to limit exposure. The primary checking account maintains a balance of approximately $300,000 and is used to cover recurring expenses. The secondary checking account maintains a balance of no less than $300,000 to ensure easy access to cash which can be used to cover recurring or one-time expenses, as necessary.

In addition to financial assets available to meet general expenditures, the Home operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Home's cash and shows positive cash generated by operations for fiscal years 2020 and 2019.

NOTE B – LIQUIDITY AND AVAILABILITY (Continued)

As part of its liquidity plan, excess cash at fiscal year-end is transferred to a Board-Designated Operating Reserve Fund. The target minimum of the Operating Reserve Fund is equal to three months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. Funds invested through the Operating Reserve Fund can be liquidated and available as cash in less than thirty (30) days. This Operating Reserve Fund is disclosed above as the Non-endowed Investment.

Children's Attention Home has a $100,000 line of credit in the form of a corporate credit card as well as a $75,000 revolving line of credit available to meet cash flow needs, if necessary.

NOTE C - ACCOUNTS RECEIVABLE, NET

Accounts Receivable, Net at June 30, 2020 and 2019 consisted of the following:

Customer	2020	2019
SC Dept. of Social Services	$ 36,082	$ 47,787
SC Office of Attorney General	161,879	216,988
SC Dept. of Education	3,797	5,596
Other	-	9,298
Total Accounts Receivable	201,758	279,669
Allowance for Doubtful Accounts	(-)	(-)
Total Accounts Receivable, Net	$ 201,758	$ 279,669

NOTE D – PLEDGES RECEIVABLE, NET

Below is a summary of Pledges Receivable, Net at June 30, 2020 and 2019:

	2020	2019
Due in less than year	$ 5,000	$ 15,000
Due in 1 to 5 years	-	-
Total Pledges Receivable	5,000	15,000
Allowance for Doubtful Pledges	(1,000)	(1,000)
Total Pledges Receivable, Net	$ 4,000	$ 14,000

NOTE E –PROPERTY AND EQUIPMENT

Property and equipment for the years ended June 30, 2020 and 2019 consisted of the following:

Classification	2020	2019
Land and Land Improvements	$ 481,584	$ 481,584
Building and Improvements	2,242,811	2,204,813
Operational Equipment	110,539	110,539
Furniture and Fixtures	17,201	17,201
Vehicles	222,675	187,644
Playground Equipment	31,799	31,799
Total Cost	3,106,609	3,033,580
Accumulated Depreciation	(1,157,624)	(1,077,900)
Total Property and Equipment, Net	$ 1,948,985	$ 1,955,680

Depreciation expense for the years ended June 30, 2020 and 2019 was $87,894 and $92,275 including net gains (losses) on fixed asset disposals of $15,974 and $3,396, respectively.

Included in Vehicles is $62,583 carrying value for vans that were purchased with government grant funds. The Home retains title at the point of acquisition and has recognized the federal assistance revenue at that time. However, if the vehicles are disposed of for any reason within five years of acquisition date, the state agency must authorize any use of proceeds from the disposal or authorize any trade-ins.

NOTE F – BENEFICAL INTEREST IN ASSETS HELD BY FFTC

As of June 30, 2020, and 2019 beneficial interest held in assets by FFTC were stated at fair value and were pooled as follows:

Foundation for the Carolinas Investment Pool	2020	2019
Income & Growth	$ 2,093,816	$ 1,648,434
Active L/T Growth	436,052	436,834
	$ 2,529,868	$ 2,085,268

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 (20%), international equity (15%), emerging markets (5%), and fixed income (60%).

NOTE F – BENEFICAL INTEREST IN ASSETS HELD BY FFTC (Continued)

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 (36.5%), international equity (25.5%), emerging markets (8%), real assets [commodities] (5%), and fixed income (25%).

NOTE G – FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

The Home uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Home has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Home has no Level 1 nor Level 3 inputs.

Determination of Fair Value

The Home bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Home's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis at June 30, 2020 and 2019:

Assets	2020 Significant other Inputs: Level 2	2019 Significant other Inputs: Level 2
Beneficial interest in assets held by FFTC	$ 2,529,868	$ 2,085,268
Total	$ 2,529,868	$ 2,085,268

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

Description	2020	2019
Earnings	$ 60,795	$ 99,796
Administrative Fees	(18,700)	(15,021)
Net Earnings	$ 42,095	$ 84,775

NOTE H – ENDOWMENT FUNDS

Board-designated Endowments

As of June 30, 2020, and 2019, the Board of Directors have designated $2,529,868 and $2,085,268 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: Beneficial Interest in Assets Held by FFTC."

Changes in endowment net assets as of June 30, 2020 and 2019 are as follows:

2020

	Without Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of the year	$ 2,085,268	$ 2,085,268
Contributions	402,505	402,505
Net investment earnings	42,095	42,095
Reclassifications	-	-
Endowment net assets, end of year	$ 2,529,868	$ 2,529,868

2019

	Without Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of the year	$ 1,498,799	$ 1,498,799
Contributions	501,694	501,694
Net investment earnings	84,775	84,775
Reclassifications	-	-
Endowment net assets, end of year	$ 2,085,268	$ 2,085,268

NOTE I – CONCENTRATION IN CREDIT RISK

The Home maintains its cash and cash equivalent balance in one financial institution. At June 30, 2020 and 2019 the Home's cash and cash equivalents exceeded the federally insured limits by $578,232 and $739,602 respectively.

For the years ending June 30, 2020 and 2019, the Home's governmental contracts and grants accounts receivable included the following concentrations of the Home's total accounts receivable:

	2020		2019	
State Agency	Amount	Percentage of Total A/R	Amount	Percentage of Total A/R
South Carolina's Dept. of Social Services	$ 36,082	17 %	$ 47,787	16 %
South Carolina's Office of Attorney General	161,879	79	214,147	73
Total	$ 197,961	96 %	$ 261,934	89 %

Amounts for the years ending June 30, 2020 and 2019 above, were fully collected after each year end.

NOTE J – CONCENTRATION IN GOV'T CONTRACTS AND GRANTS REVENUE

For the years ending June 30, 2020 and 2019, the Home's governmental contract and grant revenues included the following concentrations of the Home's total revenues:

	2020		2019	
State Agency	Amount	Percentage of Total Operating Revenue	Amount	Percentage of Total Operating Revenue
South Carolina's Dept. of Social Services	$ 974,459	37 %	$ 1,125,575	38 %
South Carolina's Office of Attorney General	326,674	12	401,766	13
Total	$ 1,301,133	49 %	$ 1,527,341	51 %

NOTE K – OPERATING LEASES

Lessor

The Home rents space to a local charter school and renewed its annual lease agreement on July 1, 2019 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 2020 and 2019 were $18,900 and $25,200, respectively.

The Home renewed its lease on July 1, 2020 for another one-year term and expects to receive $21,000 over the term.

Lessee

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 2020 and 2019 respectively. Future rental payments for July 11, 2020 to July 10, 2021 total $475.

NOTE L – 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 $3,995. Interest charged to expense in 2020 and 2019 was $1,260 and $1,429, respectively.

In 2019, 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

The maturity of this obligation is as follows:

Year	Amount
2021	$ 2,401
2022	2,369
Total Due	$ 4,770

NOTE M – LINES OF CREDIT

The Home holds two lines of credit with the same financial institution that retains its operating deposit account. The first is for use of a corporate credit card. 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, 2020, were 7.24% and 23.99%, 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 2020 and 2019 related to the line of credit based on it paying down its open balances in full on a monthly basis. The outstanding balances on the line of credit at June 30, 2020 and 2019, were $20,842 and $43,867, respectively.

The second line is a $75,000 revolver to be used for any necessary operational working capital the Home may need for time. The line has a floating interest rate and accrues interest on any outstanding principal balance at a floating rate equal to the lender's prime rate plus 2% (the "Indexed Rate"). Interest is computed on an actual/360 simple interest basis. The line is available until September 5, 2021, the line's maturity date. The line is secured by all inventory, all receivables, contract rights, chattel paper, general intangibles, other rights to payment of every kind, and all equipment. The outstanding balance due at June 30, 2020 and 2019, was $0 and $0, respectively. No interest was paid during 2020 and 2019 as the line was not utilized.

NOTE N – 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, 2020 and 2019 in the amounts of $46,816 and $48,061 respectively.

NOTE O – 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 P - RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. The impact of COVID-19 continues to evolve rapidly, and the Home is not able at this time to estimate its full impact on its financial statements.

NOTE Q - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 21, 2020, which is the date the financial statements were available to be issued.