CHILDREN'S ATTENTION HOME, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

TABLE OF CONTENTS

Page

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 statement of financial position as of June 30, 2021, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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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, 2021, 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
November 16, 2021

CHILDREN'S ATTENTION HOME, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS		
Current assets		
Cash	$	1,432,851
Accounts receivable, net		117,632
Pledges receivable, net		14,000
Prepaid expense		41,130
Total current assets		1,605,613
Long-term assets		
Property and equipment, net		1,922,269
Beneficial interest in assets held by FFTC - non-endowed		1,190,954
Beneficial interest in assets held by FFTC - quasi-endowed		1,812,844
Total long-term assets		4,926,067
TOTAL ASSETS	$	6,531,680
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$	11,921
Credit cards		27,875
Accrued liabilities		17,682
Capital lease - current portion		2,369
Total current liabilities		59,847
Long-term liabilities		
Paycheck protection program loan		339,952
Total long-term liabilities		339,952
TOTAL LIABILITIES		399,799
Net assets		
Without donor restrictions		
Non-designated		3,020,906
Board designated		3,003,798
With donor restrictions		107,177
Total net assets		6,131,881
TOTAL LIABILITIES AND NET ASSETS	$	6,531,680

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
REVENUES AND OTHER SUPPORT			
Federal, state, and county financial assistance	$ 392,601	$ -	$ 392,601
Contract services	855,126	-	855,126
Contributions - general	810,445	176,454	986,899
Contributions - special events and fundraisers	235,703	-	235,703
Contributions - in-kind	26,803	-	26,803
Other	21,285	-	21,285
Net assets released from restrictions	93,683	(93,683)	-
Total revenues and other support	2,435,646	82,771	2,518,417
EXPENSES			
Program services	1,687,389	-	1,687,389
Supporting services:			
Management and general	406,741	-	406,741
Fundraising	216,629	-	216,629
Total support services	623,370	-	623,370
Total expenses	2,310,759	-	2,310,759
Change in net assets from operations	124,887	82,771	207,658
Non-operating activities			
Return on beneficial interest in assets held by FFTC, net	466,962	-	466,962
Total non-operating activities	466,962	-	466,962
Change in net assets	591,849	82,771	674,620
Net assets, beginning of year	5,432,855	24,406	5,457,261
Net assets, end of year	$6,024,704	$ 107,177	$6,131,881

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Support Services		
	Foster Care	Crossroads	Total	Management & General	Fundraising	Total
Advertising	$ -	$ -	$ -	$ 4,350	$ -	$ 4,350
Amortization and depreciation	84,675	6,895	91,570	19,835	4,230	115,635
Auto expenses	19,544	1,592	21,136	2,348	-	23,484
Conferences, conventions, meetings	-	-	-	1,002	-	1,002
Direct program and event expenses	84,706	7,217	91,923	-	51,243	143,166
Information technology	7,909	640	8,549	5,800	665	15,014
Insurance - other	11,214	913	12,127	2,577	560	15,264
Interest	-	-	-	955	-	955
Minor furnishings and equipment	22	2	24	-	-	24
Miscellaneous	-	-	-	46	-	46
Occupancy	81,096	6,522	87,618	14,813	2,527	104,958
Office	30,982	2,524	33,506	35,758	4,080	73,344
Personnel - salaries and wages	1,016,677	82,790	1,099,467	244,158	126,127	1,469,752
Personnel - payroll taxes	78,506	6,393	84,899	18,850	9,737	113,486
Personnel - employee benefits	102,940	8,382	111,322	24,717	12,768	148,807
Personnel - other	29,780	2,465	32,245	9,250	3,384	44,879
Professional fees	12,024	979	13,003	22,282	1,308	36,593
Total expenses	$1,560,075	$ 127,314	$1,687,389	$ 406,741	$ 216,629	$2,310,759

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

CHILDREN'S ATTENTION HOME, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities	
Increase in net assets	$ 674,620
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation, net of loss on property and equipment disposals	115,635
In-kind contributions of property and equipment	(14,860)
Net earnings in beneficial interest in assets held by FFTC	(466,962)
(Increase) / Decrease in accounts receivable, net	84,126
(Increase) / Decrease in pledges receivable, net	(10,000)
(Increase) / Decrease in prepaid expense	(930)
(Increase) / Decrease in other current assets	12,441
(Decrease) / Increase in accounts payable	9,832
(Decrease) / Increase in credit cards	6,273
(Decrease) / Increase in accrued payroll and related liabilities	(42,570)
Net cash provided by operating activities	367,605
Cash flows from investing activities	
Contributions to beneficial interest in assets held by FFTC	(6,968)
Payments for property and equipment acquisitions	(74,059)
Net cash used by investing activities	(81,027)
Cash flows from financing activities	
Proceeds from paycheck protection program	339,952
Payments on capital lease	(2,401)
Net cash provided by financing activities	337,551
Net increase in cash and cash equivalents	624,129
Cash balance, beginning of year	808,722
Cash balance, end of year	$1,432,851

Supplemental information:

Interest paid on a capital lease in 2021 was $725

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, 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):

Functional Expenses

The Home uses various methods to allocate its natural expenses among programs, management and general, and fundraising functions when certain costs cannot be directly coded to a natural expense. Items coded to the *Direct Program and Event Expenses* line in the statement of functional expenses do not always involve allocations and are most often the result of directly coding certain program and fundraising event costs. For example, program costs for the children's food, clothing, recreation, and other supplies for educational, medical, hygiene purposes as well as fundraising event costs for entertainment, rentals, prizes, and catering are included in this line. When a cost is shared across the two programs, the allocation is based on the occupancy rate of children served.

The following lines in the statement of functional expenses include the following allocation methods when direct coding to a natural expense is not feasible:

Expense	Method
Amortization and Depreciation	Square Footage
Auto & Travel	Gov't De Minimis [90% program / 10% general & admin]
Information Technology	Square Footage
Insurance - Other	Square Footage
Occupancy	Square Footage
Office	Square Footage
Personnel	Time and Effort
Professional Fees	Time and Effort

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.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 returns for 2018, 2019, and 2020 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 [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 year ended June 30, 2021, 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, however, these services do not meet the criteria for recognition as contributed services. The Home received more than 569 volunteer hours for the years ended June 30, 2021.

NOTE A - 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 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.

The Home has two primary fundraising events each year. Requests at the events are for unrestricted pledges, sponsorships, and general 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.

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and Equipment (Continued)

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.

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.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Assets Held by FFTC (Continued)

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.

Recently Issued Accounting Pronouncements

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, 2021. Management is currently evaluating the effect that implementation of the new standard will have on the Home's financial statements.

In September 2020, the FASB issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The Update is expected to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit (NFP) organizations, including transparency on how those assets are used and how they are valued. The amendments will be effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the effect that implementation of the new standard will have on the Home's financial statements.

NOTE B – LIQUIDITY AND AVAILABILITY

The following represents the Home's financial assets on June 30, 2021:

Financial Assets at year end:		
Cash and cash equivalents	$	1,432,851
Accounts receivable, net		117,632
Pledges and private grants receivable, net		14,000
Beneficial interest in assets held by FFTC – Non-endowed		1,190,954
Total Financial Assets		2,755,437
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(107,177)
Financial assets available to meet general expenditures over the next twelve months	$	2,648,260

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 year 2021.

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 on June 30, 2021 consisted of the following:

Customer	2021
SC Dept. of Social Services	$ 37,829
SC Office of Attorney General	71,475
Other	8,328
Total Accounts Receivable	117,632
Allowance for Doubtful Accounts	(-)
Total Accounts Receivable, Net	$ 117,632

NOTE D – PLEDGES RECEIVABLE, NET

Below is a summary of Pledges Receivable, Net on June 30, 2021:

	2021
Due in less than year	$ 15,000
Due in 1 to 5 years	-
Total Pledges Receivable	15,000
Allowance for Doubtful Pledges	(1,000)
Total Pledges Receivable, Net	$ 14,000

NOTE E –PROPERTY AND EQUIPMENT

Property and equipment for the years ended June 30, 2021, consisted of the following:

Classification	2021
Land and Land Improvements	$ 481,584
Building and Improvements	2,268,318
Operational Equipment	97,410
Furniture and Fixtures	24,833
Vehicles	222,675
Playground Equipment	31,799
Total Cost	3,126,619
Accumulated Depreciation	(1,204,350)
Total Property and Equipment, Net	$ 1,922,269

Depreciation expense for the years ended June 30, 2021, was $115,635 including net losses on fixed asset disposals of $380.

NOTE E –PROPERTY AND EQUIPMENT (Continued)

Included in property and equipment is $64,507 carrying value for vehicles and operational equipment 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 or equipment is 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 – BENEFICIAL INTEREST IN ASSETS HELD BY FFTC

As of June 30, 2021, beneficial interest held in assets by FFTC were stated at fair value and were pooled as follows:

Foundation for the Carolinas Investment Pool	2021
Income & Growth	$ 2,439,579
Active L/T Growth	564,219
	$ 3,003,798

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%).

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 (37%), international equity (25%), emerging markets (8%), liquid real assets (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:

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

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.

Assets measured at fair value on a recurring basis on June 30, 2021:

Assets	2021 Significant other Inputs: Level 2
Beneficial interest in assets held by FFTC	$ 3,003,798
Total	$ 3,003,798

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

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 on June 30:

Description	2021
Earnings	$ 488,285
Administrative Fees	(21,323)
Net Earnings	$ 466,962

NOTE H – ENDOWMENT FUNDS

Board-designated Endowments

As of June 30, 2021, the Board of Directors has designated $3,003,798 to support the Home's (1) continued operations; (2) capital projects; and (3) preservation for an indefinite future in the community. Spendable amounts for capital projects and the Home's preservation equated to $146,289 and $106,205, respectively. 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, 2021, are as follows:

	2021	
	Without Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of the year	$ 2,529,868	$ 2,529,868
Contributions	6,968	6,968
Net investment earnings	466,962	466,962
Endowment net assets, end of year	$ 3,003,798	$ 3,003,798

NOTE I – CONCENTRATION IN CREDIT RISK

The Home maintains its cash and cash equivalent balance in one financial institution. On June 30, 2021, the Home's cash and cash equivalents exceeded the federally insured limits by $1,184,636.

For the years ending June 30, 2021, the Home's governmental contracts and grants accounts receivable included the following concentrations of the Home's total accounts receivable:

	2021	
State Agency	Amount	Percentage of Total A/R
South Carolina's Dept. of Social Services	$ 37,829	29 %
South Carolina's Office of Attorney General	71,521	54
Total	$ 109,350	93 %

Amounts for the year ending June 30, 2021, were fully collected subsequent to year end.

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

For the years ending June 30, 2021, the Home's governmental contract and grant revenues included the following concentrations of the Home's total revenues:

	2021	
State Agency	Amount	Percentage of Total Operating Revenue
South Carolina's Dept. of Social Services	$ 814,324	32 %
South Carolina's Office of Attorney General	267,338	11
Total	$ 1,081,662	43 %

NOTE K – OPERATING LEASES

Lessor

The Home rents space to a local charter school and renewed its annual lease agreement on July 1, 2020 for another term of one year at $1,750 per month. The rent revenue is used for general operational expenses of the Children's Attention Home. Rents received in 2021 were $21,000.

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 $1,997. Interest charged to expense in 2021 was $689.

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
2022	$ 2,369
Total Due	$ 2,369

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 on June 30, 2021, 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 2021 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 on June 30, 2021, were $27,834.

NOTE M – LINES OF CREDIT (Continued)

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, 2021, was $-0-. No interest was paid during 2021 as the line was not utilized.

NOTE N - PAYCHECK PROTECTION PROGRAM TERM NOTE

On March 17, 2021, the Home entered into a promissory note with Wells Fargo Bank, evidencing an unsecured loan with a principal amount of $339,952 pursuant to the Paycheck Protection Program (the "PPP Term Note") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Term Note is guaranteed by the United States Small Business Administration [SBA hereafter].

The PPP Term Note matures two years from the disbursement date. On June 10, 2020, the Treasury and SBA clarified its payment deferral guidance that payments for PPP loans are deferred for at least 10 months after the end of the loan forgiveness cover period, which is either 24 weeks or 8 weeks after the loan disbursement date. Furthermore, if a loan forgiveness application is submitted within 10 months after the end of the loan forgiveness cover period, payments will be further deferred until such loan forgiveness is processed by the SBA. Interest will accrue beginning at the date of disbursement at a fixed annual rate of 1.000%. The outstanding principal balance may be prepaid by the HOME at any time prior to maturity with no prepayment penalties.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The PPP Term Note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (collectively, "Qualifying Expenses"), pursuant to the terms and limitations of the PPP. The HOME believes that it used all of the proceeds from the PPP Term Note for Qualifying Expenses.

Upon receipt of the loan proceeds, the Home elected to classify the entire principal balance of the PPP Term Note as debt on the Statement of Financial Position, pursuant to FASB ASC Topic 470, *Debt*. As of the date of issuance of the financial statements, the Home has not applied for forgiveness.

NOTE O – COMPENSATED ABSENCES

In May 2020 the Home's management made a change to its policy related to compensated absences. The change was implemented effective July 1, 2020. The Home previously allowed for pay out to an employee for accumulated personal time off if an employee were to terminate employment. The policy no longer allows for such provision. To compensate for the conversion, the Home allowed employees to retain their accumulated personal time off by transferring it to a new category for future sick leave.

NOTE P – 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. The Home provides a maximum annual match of $500. The Home contributed $8,515 in 2021.

NOTE Q - 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, and the Home is not able at this time to estimate its full impact on its financial statements.

NOTE R - SUBSEQUENT EVENTS

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