

Financial Statements

Ellen Hines Smith Girls' Home, Inc.

Year Ended September 30, 2010

Ellen Hines Smith Girls' Home, Inc.

Financial Statements

Year Ended September 30, 2010

Contents

Independent Auditors' Report.....	1
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Functional Expenses	4-5
Statement of Cash Flows	6
Notes to Financial Statements.....	7 - 13

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ellen Hines Smith Girls' Home, Inc.
Spartanburg, South Carolina

We have audited the accompanying statement of financial position of Ellen Hines Smith Girls' Home, Inc. (a non-profit organization) as of September 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellen Hines Smith Girls' Home, Inc. at September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Gosnell Menard Robinson Infante CPA's, PA
Spartanburg, SC

February 4, 2011



Ellen Hines Smith Girls' Home, Inc.

Statement of Financial Position

September 30, 2010

Assets

Current Assets:

Cash and cash equivalents		\$ 159,469
Accounts receivable		68,140
Prepaid expenses		<u>7,831</u>
Total current assets		235,440

Fixed Assets

Land	\$ 69,250	
Buildings	367,972	
Furniture and equipment	251,999	
Less: accumulated depreciation	<u>(588,929)</u>	<u>100,292</u>

Total assets \$ 335,732

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 4,646
Accrued expenses	<u>44,203</u>

Total current liabilities/Total liabilities 48,849

Net Assets

Unrestricted net assets, available for operations	158,197
Investment in property and equipment	<u>100,292</u>

Total unrestricted net assets 258,489

Temporarily restricted net assets	<u>28,394</u>
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Total net assets 286,883

Total liabilities and net assets \$ 335,732

The accompanying notes are and integral part of these financial statements.

Ellen Hines Smith Girls' Home, Inc.

Statement of Activities

Year Ended September 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenues, and Gains			
Department of Social Services	\$ 471,369	\$ -	\$ 471,369
Department of Juvenile Justice	20,015	-	20,015
Spartanburg School District 7	28,569	-	28,569
United States Department of Agriculture	17,451	-	17,451
Spartanburg County	34,125	-	34,125
Grants	51,626	40,000	91,626
United Way	38,440	-	38,440
Contributions	38,396	-	38,396
In-Kind Contributions	53,054	-	53,054
Fundraising Revenues	27,644	-	27,644
Interest Income	921	-	921
Total Support, Revenues, and Gains	<u>781,610</u>	<u>40,000</u>	<u>821,610</u>
Expenses and losses:			
Program services	718,495	11,606	730,101
Management and general	113,139	-	113,139
Fundraising	14,603	-	14,603
Total expenses and losses	<u>846,237</u>	<u>11,606</u>	<u>857,843</u>
Change in net assets	(64,627)	28,394	(36,233)
Net assets at beginning of year	<u>323,116</u>	<u>-</u>	<u>323,116</u>
Net Assets at end of year	<u>\$ 258,489</u>	<u>\$ 28,394</u>	<u>\$ 286,883</u>

The accompanying notes are and integral part of these financial statements.

Ellen Hines Smith Girls' Home, Inc.

Statement of Functional Expenses - Unrestricted

Year Ended September 30, 2010

		Supporting Services		
	Program Services	Management and General	Fund Raising	Total Expenses
Salaries	\$ 330,391	\$ 87,143	\$ -	\$ 417,534
Insurance - Group and Workers Comp	52,608	13,714	-	66,322
Payroll Taxes	24,668	6,553	-	31,221
Retirement	6,123	1,569	-	7,692
Total salaries and related expenses	413,790	108,979	-	522,769
Rent	5,354	3,145	-	8,499
Repairs & maintenance	39,253	-	-	39,253
Telephone	8,735	-	-	8,735
Utilities	29,436	506	-	29,942
Copier lease	2,887	509	-	3,396
Auto expenses	6,012	-	-	6,012
Insurance - General	7,886	-	-	7,886
Professional development & training	21,560	-	-	21,560
Consultation fees	25,000	-	-	25,000
Professional fees	6,550	-	-	6,550
Resident Expense				
Medical	266	-	-	266
Household supplies	61,671	-	-	61,671
Food	33,555	-	-	33,555
Office Supplies	9,610	-	-	9,610
Extracurricular	10,014	-	-	10,014
Miscellaneous expenses	2,312	-	-	2,312
Academic education	9,096	-	-	9,096
Advertising	-	-	3,702	3,702
Postage	795	-	1,310	2,105
Fundraising	-	-	9,591	9,591
Bank fees	864	-	-	864
Total expenses before depreciation	694,646	113,139	14,603	822,388
Depreciation expense	23,849	-	-	23,849
Total expenses	\$ 718,495	\$ 113,139	\$ 14,603	\$ 846,237

The accompanying notes are and integral part of these financial statements.

Ellen Hines Smith Girls' Home, Inc.

Statement of Functional Expenses – Temporarily Restricted

Year Ended September 30, 2010

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Expenses include expenditures from restricted funds, classified as follows				
Salaries	\$ 9,649	-	\$ -	\$ 9,649
Payroll taxes	903	-	-	903
Insurance - Group & WC	904	-	-	904
Telephone	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
Total restricted expenses	<u>\$ 11,606</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 11,606</u>

The accompanying notes are and integral part of these financial statements.

Ellen Hines Smith Girls' Home, Inc.

Statement of Cash Flows

Year Ended September 30, 2010

Cash flows from operating activities

Change in net assets	\$ (36,233)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	23,849
(Increase)/Decrease in Accounts receivable	(10,910)
(Increase)/Decrease in Prepaid expenses	(255)
Increase/(Decrease) in Accounts payable	(6,741)
Increase/(Decrease) in Accrued expenses	<u>35,090</u>
Net cash provided by operating activities	<u>4,800</u>
Net increase in Cash	4,800
Cash at beginning of year	<u>154,669</u>
Cash at end of year	<u><u>\$ 159,469</u></u>

The accompanying notes are and integral part of these financial statements.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note A – Organization and Summary of Significant Accounting Policies

Organization

The Ellen Hines Smith Girls' Home offers around-the-clock care in a home-like environment for girls who are victims of abuse and neglect.

Girls are given shelter and safety and taught sustainable skills for their futures.

Basis of Accounting

The financial statements of the Home are kept on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Ellen Hines Smith Girls' Home, Inc. has adopted FASB ASC 958-205 *Not-For-Profit Presentation of Financial Statements*.

The Home is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition the Home is required to present a statement of cash flows.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same period in which the contribution is received, the Home reports that support as unrestricted.

Property and Equipment

Property and equipment are defined by the Home as assets with an initial, individual cost greater than or equal to \$5,000 and with an estimated useful life in excess of one year.

The Home follows the practice of capitalizing expenditures for furniture and equipment; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful life of the assets.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note A – Organization and Summary of Significant Accounting Policies (Continued)

Contributed Items

Contributed items are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Services

A substantial number of volunteers donated significant amounts of their time to the Home's program services. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

In-Kind Donations

In-kind donations received by the Home for the year ended September 30, 2010 are estimated at \$53,054.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Home considers all highly liquid debt instruments purchases with maturity of three months or less from date of purchase to be cash equivalents.

Revenue Concentration

The Home received approximately 56 percent of its operating revenue from the Department of Social Services.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2010 was \$3,702.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note A – Organization and Summary of Significant Accounting Policies (Continued)

Tax-Exempt Status

Ellen Hines Smith Girls' Home, Inc. is a not-for profit corporation that is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code.

FASB ASC 740-10-25 requires that the Home recognize the financial statement effects of a tax position based on a 'more-likely-than-not' threshold for positions taken or expected to be taken in a tax return. FASB has deferred the effective date under FASB ASC 740-10-65 for nonpublic entities that are not consolidated entities of a public entity that applies U.S. GAAP and have not already issued a complete set of U.S. GAAP annual financial statements fully adopting these requirements. The Home has elected to defer the application of ASC 740-10-25 for the fiscal year ended September 30, 2010 and will be required to adopt this guidance for the fiscal year ended September 30, 2011. The Home's accounting policy for evaluating uncertain tax positions is to recognize tax positions if they are probable of being ultimately realized. The Home does not believe there are any unrecognized tax benefits or liabilities that should be recorded.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of terms and relative short maturity of financial instruments. The carrying values, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted market values.

Note B – Functional Allocation of Expense

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note C – Contingent Assets

Ellen Hines Smith Girls' Home Fund

In August 1985, a trust agreement between Ellen Hines Smith Girls' Home, Inc. (the Sponsor) and the Spartanburg County Foundation (the Foundation) was established. The Foundation created a special trust fund, the Ellen Hines Smith Girls' Home Fund (the Fund). The terms of the agreement are...

“The Fund shall be held, managed, administered, applied and disbursed as a special trust under the general powers and duties of the Foundation. The principal and net income of the Fund shall be devoted to the use and assistance of the Sponsor for the purpose of maintaining the Ellen Hines Smith Girls' Home, Inc. until such time as such charitable use, in the judgment of the majority of the Board of Trustees of the Foundation, shall become unnecessary, undesirable, impracticable, or no longer adapted to the needs of the community, in which event it shall be devoted to the general purposes of the Foundation. Awards from the Fund will be made by the Foundation upon recommendation of an Awards Committee of the Foundation. The trustees of the Foundation will appoint an Awards Committee consisting of five members for such terms as the trustees of the Foundation shall designate. Appointments to the Awards committee will be made by the trustees of the Foundation on nomination by the Sponsor, ‘assuming certain time restrictions in nominating members are met’.”

“All awards and benefits from the Fund shall be of such eleemosynary character and so related to the Spartanburg community as to fall within the purposes of the Foundation.”

A confirmation of the Fund balance was received from the Foundation for the fiscal year ended September 30, 2010, which included the following financial data related to the Fund:

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note C – Contingent Assets (Continued)

BALANCE SHEET	
	SEPTEMBER 30, 2010
ASSETS	
INVESTMENTS	<u>\$ 528,153</u>
FUND BALANCE	
FUND BALANCE	<u>\$ 528,153</u>
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES	
	YEAR ENDED SEPTEMBER 30, 2010
REVENUES	
INVESTMENT INCOME	\$ 8,355
NET GAIN/(LOSS) ON INVESTMENT	<u>39,842</u>
TOTAL REVENUES	<u>\$ 48,197</u>
EXPENSES	
FEES	<u>\$ 4,967</u>
TOTAL EXPENSES	<u>4,967</u>
EXCESS REVENUES OVER/(UNDER) EXPENSES	43,230
FUND BALANCE, BEGINNING OF YEAR	<u>484,923</u>
FUND BALANCE, END OF YEAR	<u>\$ 528,153</u>

Ellen Hines Smith Girls' Home Scholarship Fund

In August of 1998, a special trust fund was created by agreement between the Spartanburg County Foundation and the Girls' Home to remember the endless endeavors of Ellen Hines Smith. An annual award of scholarship is to be made to a deserving resident or former resident of the Home who desires to pursue any level of further education.

A confirmation of the Fund balance was received from the Foundation for the fiscal year ended September 30, 2010, which included the following financial data related to the Fund:

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note C – Contingent Assets (Continued)

BALANCE SHEET	
	SEPTEMBER 30, 2010
ASSETS	
INVESTMENTS	\$ 33,835
FUND BALANCE	
FUND BALANCE	\$ 33,835
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES	
	YEAR ENDED SEPTEMBER 30, 2010
REVENUES	
INVESTMENT INCOME	\$ 536
NET GAIN/(LOSS) ON INVESTMENT	2,559
TOTAL REVENUES	\$ 3,095
EXPENSES	
FEES	\$ 479
TOTAL EXPENSES	479
EXCESS REVENUES OVER/(UNDER) EXPENSES	2,616
FUND BALANCE, BEGINNING OF YEAR	31,219
FUND BALANCE, END OF YEAR	\$ 33,835

Note D – Cash and Cash Equivalents

The Home maintains its cash balances at two banks in South Carolina. Cash accounts at the banks are insured by the Federal Deposit Insurance Corporation for up to \$250,000. As of September 30, 2010, the Home had no cash balance with financial institutions in excess of federally insured limits.

Ellen Hines Smith Girls' Home, Inc.

Notes to Financial Statements

Year Ended September 30, 2010

Note E – Accounts Receivable

Accounts receivable consist of the amounts described below and are considered by management to be fully collectable except for specific items determined to be uncollectable.

Accounts receivable as of September 30, 2010	
State and local grants	\$ 66,179
Contributions by individuals	<u>1,961</u>
Total accounts receivable	<u><u>\$ 68,140</u></u>

Note F – Tax-Sheltered Annuity Plan

Full-time employees may participate through payroll deduction in tax deferred retirement accounts through Edward Jones of Spartanburg, South Carolina (employer matched Simple IRA), and Merrill Lynch of Spartanburg, South Carolina (employer matched ROTH IRA). After one continuous year of employment, the Home will match an employee's contributions up to 3% of annual gross salary. After three years of continuous employment, the Home will match up to 5% of the employee's annual gross salary. Employer contributions for the year ended September 30, 2010, are \$7,692.

Note G – Lease Commitment

The Home leases a copier under a 5 year operating lease. The term of the lease started on March 8, 2007, and expires March 8, 2012. Total lease expense for the year ended September 30, 2010 was \$3,396.

Future minimum lease payments are as follows:

<u>Year ending</u> <u>September 30</u>	<u>Amount</u>
2011	\$ 2,186
2012	<u>547</u>
Total minimum lease payments	<u><u>\$ 2,733</u></u>

Note H – Subsequent Events

Subsequent events have been evaluated through February 3, 2011, which is the date the financial statements were available to be issued.