

COMPASS OF CAROLINA, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

POPE, SMITH, BROWN & KING, P.A.

Certified Public Accountants

COMPASS OF CAROLINA, INC.
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For the Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Compass of Carolina, Inc.
Greenville, South Carolina**

We have audited the accompanying financial statements of Compass of Carolina, Inc. (a nonprofit "Agency"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 of 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.

Independent Auditor's Report, Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass of Carolina, Inc. as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The statements of program expenses on pages 17 - 18 are presented for the purpose of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Pope, Smith, Braun + King PA

Certified Public Accountants

**Greenville, South Carolina
May 2, 2018**

COMPASS OF CAROLINA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 293,122	\$ 254,350
Client escrowed funds	851,127	1,219,466
Grants and contracts receivable		
State	32,709	46,373
Miscellaneous receivables	4,935	6,348
Prepaid expenses	<u>4,298</u>	<u>17,738</u>
TOTAL CURRENT ASSETS	<u>1,186,191</u>	<u>1,544,275</u>
PROPERTY AND EQUIPMENT, NET	<u>19,351</u>	<u>12,998</u>
WEBSITE DEVELOPMENT COSTS, NET	<u>11,087</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,216,629</u></u>	<u><u>\$ 1,557,273</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses and sundry payables	\$ 4,379	\$ 13,658
Escrowed client deposits	<u>851,127</u>	<u>1,219,466</u>
TOTAL CURRENT LIABILITIES	<u>855,506</u>	<u>1,233,124</u>
NET ASSETS		
Unrestricted net assets	288,415	193,426
Temporarily restricted net assets	<u>72,708</u>	<u>130,723</u>
TOTAL NET ASSETS	<u>361,123</u>	<u>324,149</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,216,629</u></u>	<u><u>\$ 1,557,273</u></u>

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND OTHER REVENUE		
Contributions	\$ 15,962	\$ 23,640
Contributions - in kind	7,865	-
Fundraising	52,552	40,600
United Way allocations	189,623	219,781
Financial counseling fees	140,140	128,642
Counseling program fees	82,966	84,221
Violence prevention program fees	118,748	116,367
Interest income	416	326
Miscellaneous income	<u>262</u>	<u>65</u>
TOTAL SUPPORT AND REVENUE	<u>608,534</u>	<u>613,642</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>271,623</u>	<u>240,242</u>
TOTAL REVENUE, OTHER SUPPORT, AND NET ASSETS RELEASED FROM RESTRICTIONS	<u>880,157</u>	<u>853,884</u>
EXPENSES		
PROGRAM SERVICES		
Counseling	150,181	143,439
Financial counseling	143,650	137,427
Violence prevention	<u>374,472</u>	<u>350,314</u>
Total Program Services	668,303	631,180
SUPPORTING SERVICES		
Management and general	85,838	61,529
Fundraising and grants management	<u>31,027</u>	<u>22,753</u>
Total Supporting Services	116,865	84,282
TOTAL EXPENSES	<u>785,168</u>	<u>715,462</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>\$ 94,989</u>	<u>\$ 138,422</u>

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
STATEMENTS OF ACTIVITIES, CONTINUED
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
TEMPORARILY RESTRICTED NET ASSETS		
Government grants	\$ 127,108	\$ 97,697
Private grants	86,500	95,000
Temporarily restricted net assets released from restrictions	<u>(271,623)</u>	<u>(240,242)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(58,015)</u>	<u>(47,545)</u>
CHANGE IN NET ASSETS	36,974	90,877
NET ASSETS AT BEGINNING OF YEAR	<u>324,149</u>	<u>233,272</u>
NET ASSETS AT END OF YEAR	<u>\$ 361,123</u>	<u>\$ 324,149</u>

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Counseling	Financial Counseling	Violence Prevention	Total	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES							
Payroll							
Salaries	\$ 83,912	\$ 84,285	\$ 225,181	\$ 393,378	\$ 30,967	\$ 15,892	\$ 46,859
Employee benefits	18,984	14,251	35,096	68,331	17,732	-	17,732
Payroll taxes	5,793	5,441	16,276	27,510	4,312	1,184	5,496
	108,689	103,977	276,553	489,219	53,011	17,076	70,087
Other							
Professional fees	-	-	-	-	10,050	-	10,050
Office supplies	1,060	868	3,236	5,164	768	-	768
Other supplies	485	293	1,537	2,315	392	-	392
Telephone	4,792	3,195	8,122	16,109	-	-	-
Postage and shipping	450	7,200	906	8,556	480	-	480
Occupancy	22,707	15,129	42,819	80,655	-	-	-
Equipment rent and maintenance	4,442	3,270	7,404	15,116	1,129	-	1,129
Printing and publications	282	2,748	14,130	17,160	423	-	423
Travel	283	257	3,980	4,520	458	-	458
Conferences and meetings	750	-	3,480	4,230	1,583	-	1,583
Membership dues	1,070	738	108	1,916	788	-	788
Fundraising	-	-	-	-	-	13,951	13,951
General & liability insurance	2,987	1,992	4,979	9,958	8,240	-	8,240
Other expenses	525	2,588	3,480	6,593	6,728	-	6,728
Depreciation	1,659	1,395	3,738	6,792	-	-	-
Amortization	-	-	-	-	1,788	-	1,788
	41,492	39,673	97,919	179,084	32,827	13,951	46,778
	\$ 150,181	\$ 143,650	\$ 374,472	\$ 668,303	\$ 85,838	\$ 31,027	\$ 116,865

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Counseling	Financial Counseling	Violence Prevention	Total	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES							
Payroll							
Salaries	\$ 81,723	\$ 73,131	\$ 207,041	\$ 361,895	\$ 29,250	\$ 14,725	\$ 43,975
Employee benefits	17,288	15,576	44,395	77,259	8,487	-	8,487
Payroll taxes	6,088	5,448	15,425	26,961	3,384	1,097	4,481
	105,099	94,155	266,861	466,115	41,121	15,822	56,943
Other							
Professional fees	-	-	-	-	8,000	-	8,000
Office supplies	558	1,436	3,502	5,496	1,521	-	1,521
Other supplies	1,079	-	-	1,079	108	-	108
Telephone	4,055	3,046	7,615	14,716	55	-	55
Postage and shipping	475	7,600	950	9,025	449	-	449
Occupancy	19,079	16,062	42,991	78,132	37	-	37
Equipment rent and maintenance	5,408	4,325	9,013	18,746	50	-	50
Printing and publications	587	3,893	5,497	9,977	911	-	911
Travel	262	304	1,967	2,533	312	-	312
Conferences and meetings	610	-	132	742	793	-	793
Membership dues	968	763	434	2,165	695	-	695
Fundraising	-	-	-	-	-	6,931	6,931
General & liability insurance	3,758	2,992	6,263	13,013	6,918	-	6,918
Other expenses	327	1,865	2,448	4,640	544	-	544
Interest	-	-	-	-	15	-	15
Depreciation	1,174	986	2,641	4,801	-	-	-
	38,340	43,272	83,453	165,065	20,408	6,931	27,339
	<u>\$ 143,439</u>	<u>\$ 137,427</u>	<u>\$ 350,314</u>	<u>\$ 631,180</u>	<u>\$ 61,529</u>	<u>\$ 22,753</u>	<u>\$ 84,282</u>

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 36,974	\$ 90,877
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,580	4,801
Changes in operating assets and liabilities:		
(Increase) decrease in grants and contracts receivable	13,664	16,621
(Increase) decrease in other receivables	1,413	(1,883)
(Increase) decrease in prepaid expenses	13,440	(10,775)
Increase (decrease) in accrued expenses and sundry payables	<u>(9,279)</u>	<u>(1,360)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>64,792</u>	<u>98,281</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for website development	(12,875)	-
Purchase of equipment	<u>(13,145)</u>	<u>(4,270)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(26,020)</u>	<u>(4,270)</u>
NET INCREASE IN CASH	38,772	94,011
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>254,350</u>	<u>160,339</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 293,122</u>	<u>\$ 254,350</u>

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Compass of Carolina, Inc. (the "Agency") is a United Way supported agency that provides social services to residents of Greenville County. The major services that the Agency provides are marriage and family counseling, domestic violence programs, and representative payee services.

The Agency is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been reflected in the Agency's financial statements.

Basis of Accounting

The financial statements of Compass of Carolina, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and accordingly reflect all significant receivables, payables, and other liabilities. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Contributions

The Agency elected to adopt FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (formerly Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*). In accordance with ASC 958, the Agency contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor 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. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as temporarily restricted net assets released from restrictions.

In-Kind Support

The Agency records various types of in-kind support including materials and professional services. Contributed professional services are recognized if the services received are provided by individuals possessing specialized skills, and these services would typically need to be purchased if not provided by donation. Contributions of intangible assets are recognized at fair market value when received. The amounts reflected on the accompanying financial statements as in-kind support are offset by like amounts included in expenses. The contributed materials and services were used in all programs that provide direct support to children. The Agency also receives donated materials and services that are used as auction items in fundraising events. The Agency received \$7,865 and \$- in donated materials and professional services for the years ended December 31, 2017 and 2016.

Additionally the Agency receives a significant amount of contributed services which do not meet the two recognition criteria described above and, accordingly, are not reflected in the accompanying financial statements.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Statement Presentation

The Agency elected to adopt FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations). Under ASC 958, the Agency 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 Agency is required to present a statement of cash flows. Since there are no permanently restricted assets at December 31, 2017 and 2016, this class is not presented.

Unrestricted net assets - Net assets consist of resources available for the various programs and administration of the Agency which have not been restricted by a donor or other outside party. Unrestricted, undesignated net assets are available for the various programs and administration of the Agency.

Temporarily restricted net assets - Net assets consist of donor restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are recognized as revenue when received and such unexpended amounts are reported as temporarily restricted net assets at year end.

When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "temporarily restricted net assets released from restrictions."

Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Permanently restricted net assets - Permanently restricted net assets consist of donor contributions which are required to be held in perpetuity and income from the assets held is available for either operations or specific purposes, in accordance with donor stipulations.

As of December 31, 2017 and 2016, there were no permanently restricted net assets.

Client Escrowed Funds

Client escrowed funds represent cash held in trust for the clients of the Agency's representative payee program.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchasing of property and equipment, payment of long-term debt, or endowment. There were no restricted cash or cash equivalents as of December 31, 2017 and 2016.

Grants and Contracts Receivable

Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. All are from recurring sources. Based on prior experience with these entities, management has concluded that realized losses on balances outstanding at year-end will be immaterial.

Property and Equipment

The Agency capitalizes all expenditures in excess of \$500 for property and equipment at cost. Office furniture and equipment are stated at cost. Donated furniture and equipment are recorded at the estimated fair value at the date of receipt, which is then treated as cost. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long the donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed on the straight-line method based on the estimated useful lives:

Equipment	5 years
Furniture and fixtures	7-10 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred.

Functional Allocation of Expenses

The costs of providing the Agency's various programs and support services have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Tax Status

The Agency is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no income taxes are provided for in the financial statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Management of the Agency considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Agency's status as a not-for-profit entity. Management believes the Agency met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore, no provision for income taxes has been provided in these financial statements.

Uncertain Tax Positions

The Agency has adopted *FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes*. The Agency will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Agency continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Agency's evaluations on December 31, 2017 revealed no uncertain tax positions that would have a material impact on the financial statements. The December 31, 2014 through December 31, 2017 tax years remain subject to examination by tax authorities. The Agency does not believe that any reasonably possible changes will occur within the next twelve months that would have a material impact on the financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016, consisted of:

Description	Depreciable Life-Years	<u>2017</u>	<u>2016</u>
Equipment	5	\$ 172,467	\$ 159,322
Furniture	7	<u>14,241</u>	<u>14,241</u>
		186,708	173,563
Less accumulated depreciation		<u>167,357</u>	<u>160,565</u>
		<u><u>\$ 19,351</u></u>	<u><u>\$ 12,998</u></u>

Depreciation expense for the year ended December 31, 2017 and 2016 was \$6,792 and \$4,801, respectively.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 3 - WEBSITE DEVELOPMENT

During 2017, the Agency completed development of a new website. The capitalized costs of the new website development totaled approximately \$12,875. Website development costs are amortized over three years. In July 2017, the new website was put into service. The amortization expense for the years ended December 31, 2017 and 2016, was \$1,788 and \$-, respectively.

Amortization expense for the years subsequent to December 31, 2017 is as follows:

2018	\$	4,292
2019		4,292
2020		<u>2,503</u>
	\$	<u><u>11,087</u></u>

NOTE 4 - LEASE OBLIGATIONS

The Agency leases its office space and facilities to conduct counseling sessions under various operating leases. Rental expense, including common area maintenance (CAM) charges, was \$80,655 and \$78,169 for the years ended December 31, 2017 and 2016, respectively.

The future base minimum payments under these leases, not including CAM charges at December 31, 2017, are as follows:

2018	\$	53,839
2019		53,839
2020		<u>57,006</u>
	\$	<u><u>164,684</u></u>

The Agency also leases office equipment under various operating leases. Future minimum lease payments required under operating leases that have initial or non-cancelable terms in excess of one year as of December 31, 2017 are:

2018	\$	8,361
2019		6,477
2020		6,477
2021		<u>4,787</u>
	\$	<u><u>26,102</u></u>

The lease expense for equipment leases was \$11,313 and \$8,482 for the years ended December 31, 2017 and 2016, respectively.

NOTE 5 - RETIREMENT PLAN

Employees are presently covered under a defined contribution retirement plan that is administered by the State of South Carolina. Under this plan, the employees are not required to make any contributions. The Agency contributes to the plan on the employee's behalf after one year of service. Agency contributions were \$1,171 and \$906 for the years ended December 31, 2017 and 2016, respectively.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 6 - ECONOMIC DEPENDENCY

The Agency derives a substantial amount of its revenue through grants with government agencies and the United Way of Greenville County. If either a significant reduction in the level of this support, or a change in the method of administration of domestic violence treatment were to occur, it would have an effect on the Agency's programs and services and could prevent the Agency from continuing existence in its present form.

Grants require the fulfillment of certain conditions set forth in the grant agreement. Failure to fulfill or comply with the conditions could result in the return of funds to the grantor. Although this is a possibility, the Board considers the possibility remote, since by accepting the grants it has accommodated the objectives of the Agency to the provisions of the grants.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Unrestricted Net Assets: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Undesignated: Undesignated net assets are used for the general operations of the Organization.

Designated: Designated net assets are set aside by the Organization to be used for a specific program. There were no designated net assets at December 31, 2017.

Temporarily Restricted Net Assets: Temporarily restricted net assets include those net assets whose use by the Organization has been donor restricted by specific time or purpose limitations. Temporarily restricted net assets consist of the following at December 31, 2017:

Description	<u>2017</u>	<u>2016</u>
Private Grants - Child and Adolescent Services	\$ 71,250	\$ 100,345
Private Grants - FVIP	1,458	10,769
Private Grants - Technology	<u>-</u>	<u>19,609</u>
	<u><u>\$ 72,708</u></u>	<u><u>\$ 130,723</u></u>

The Agency receives private grants from corporations and organizations. The grants will occasionally cover more than one period and have been prorated accordingly to the period specified by the grant. The grants received are classified as temporarily restricted net assets and are reclassified profitably to unrestricted net assets as the grant period expires.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses or by the occurrence of other events, which satisfied the restricted purposes.

Description	<u>2017</u>	<u>2016</u>
Child and Adolescent Services	\$ 113,096	\$ 128,904
FVIP	138,918	105,947
Technology	<u>19,609</u>	<u>5,391</u>
	<u>\$ 271,623</u>	<u>\$ 240,242</u>

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Agency maintains cash balances at several financial institutions located in Greenville, South Carolina. These deposits are insured by the FDIC up to \$250,000 for substantially all depository accounts. At times, certain balances held within these accounts may not be fully guaranteed by the FDIC. The uninsured portion of cash and cash equivalents are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Agency. At December 31, 2017 and 2016, the Agency's uninsured cash balance totaled \$41,500 and \$2,000, respectively.

NOTE 10 - SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through May 2, 2018, the date on which the financial statements were available to be issued. The Agency is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.

NOTE 11 - CONTRIBUTED MATERIAL AND SERVICES

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. For the years ended December 31, 2017 and 2016, the Organization received donations in the form of professional fees, office equipment, and fundraising donated items and services. The value of these donations amount to \$7,865 and \$- for the years ended December 31, 2017 and 2016, respectively.

NOTE 12 - COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they were not considered material to the financial statements. The Organization's policy is to recognize these costs when actually paid.

NOTE 13 - RECLASSIFICATIONS

Certain 2016 amounts have been reclassified to conform with the presentation in 2017.

COMPASS OF CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For the Years Ended December 31, 2017 and 2016

NOTE 14 - ISSUED ACCOUNTING PRONOUNCEMENTS

During 2016, the FASB issued ASU 2016-02, *Leases* (Subtopic 842). The ASU states that companies will have to recognize lease assets and lease liabilities on the balance sheet. The ASU requires that companies disclose key information about leasing agreements. This standard is effective for private companies with annual reporting periods beginning after December 15, 2019, and early adoption is permitted. Management is currently evaluating the impact of this standard on its financial position, results of operations, and cash flows.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. This standard is effective for nonprofit entities with annual periods beginning after December 31, 2017.

Management has evaluated the impact of other standards that have been issued or proposed by the FASB and the standards are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

SUPPLEMENTARY INFORMATION

COMPASS OF CAROLINA, INC.
STATEMENT OF PROGRAM EXPENSES
For the Year Ended December 31, 2017

	<u>Counseling</u>	<u>Rep Payee</u>	<u>VIOLENCE PREVENTION</u>		
			<u>FVIP</u>	<u>Second Chance</u>	<u>Total</u>
Salaries	\$ 83,912	\$ 84,285	\$ 135,155	\$ 90,026	\$ 225,181
Payroll taxes	5,793	5,441	10,006	6,270	16,276
Employee benefits	18,984	14,251	26,172	8,924	35,096
Office supplies	1,060	868	2,176	1,060	3,236
Other supplies	485	293	1,537	-	1,537
Telephone	4,792	3,195	7,323	799	8,122
Postage & shipping	450	7,200	456	450	906
Occupancy	22,707	15,129	35,162	7,657	42,819
Equipment rent & maintenance	4,442	3,270	6,664	740	7,404
Printing	282	2,748	14,287	(157)	14,130
Travel	283	257	1,597	2,383	3,980
Meetings & conventions	750	-	2,937	543	3,480
Dues	1,070	738	97	11	108
Insurance	2,987	1,992	4,481	498	4,979
Depreciation	1,659	1,395	3,259	479	3,738
Other expenses	525	2,588	1,523	1,957	3,480
	<u>\$ 150,181</u>	<u>\$ 143,650</u>	<u>\$ 252,832</u>	<u>\$ 121,640</u>	<u>\$ 374,472</u>

See accompanying notes and independent auditors' report.

COMPASS OF CAROLINA, INC.
STATEMENT OF PROGRAM EXPENSES
For the Year Ended December 31, 2016

	<u>Counseling</u>	<u>Rep Payee</u>	<u>VIOLENCE PREVENTION</u>		
			<u>FVIP</u>	<u>Second Chance</u>	<u>Total</u>
Salaries	\$ 81,723	\$ 73,131	\$ 148,224	\$ 58,817	\$ 207,041
Payroll taxes	6,088	5,448	11,043	4,382	15,425
Employee benefits	17,288	15,576	31,684	12,711	44,395
Office supplies	558	1,436	3,090	412	3,502
Other supplies	1,079	-	-	-	-
Telephone	4,055	3,046	6,854	761	7,615
Postage & shipping	475	7,600	475	475	950
Occupancy	19,079	16,062	37,478	5,513	42,991
Equipment rent & maintenance	5,408	4,325	8,112	901	9,013
Printing	587	3,893	4,942	555	5,497
Travel	262	304	1,043	924	1,967
Meetings & conventions	610	-	25	107	132
Dues	968	763	412	22	434
Insurance	3,758	2,992	5,637	626	6,263
Depreciation	1,174	986	2,303	338	2,641
Other expenses	327	1,865	1,136	1,312	2,448
	<u>\$ 143,439</u>	<u>\$ 137,427</u>	<u>\$ 262,458</u>	<u>\$ 87,856</u>	<u>\$ 350,314</u>

See accompanying notes and independent auditors' report.