

Children's Trust of South Carolina, Inc.

Report on Financial Statements

For the year ended September 30, 2024

Children’s Trust of South Carolina, Inc.

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Independent Auditor's Report

Board of Directors
Children's Trust of South Carolina, Inc.

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Children's Trust of South Carolina, Inc. ("Children's Trust"), a component unit of the State of South Carolina, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Children's Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Children's Trust as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Children's Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2025 on our consideration of Children's Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children's Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Trust's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina
February 4, 2025

Children's Trust of South Carolina, Inc.

Management's Discussion and Analysis

September 30, 2024

Understanding Children's Trust

Children's Trust (the "Organization") is the only statewide organization focused on preventing child abuse and neglect in South Carolina. It leads and supports a network of community-based organizations, which share the belief that all children should thrive, live in secure families, and be surrounded by supportive communities.

As an intermediary organization focused on prevention, Children's Trust is the statewide advocate for issues critical to South Carolina's children. It provides resources and technical support to our prevention partners and creates and shares messages about prevention. It also supports and funds proven prevention programs, conducts high-quality data and trend analysis, and offers training for professionals so they have the tools they need to help children and families across the state.

The Organization was established in 1984 by the South Carolina General Assembly (Title 63, Chapter 11, Article 9) as the South Carolina Children's Trust Fund. It awards grants to private nonprofit organizations and qualified state agencies to fund a broad range of innovative child abuse and neglect prevention programs to meet the critical needs of South Carolina's children. The Organization is governed by a seventeen-member board of directors, whom the Governor appoints. It does business as the Children's Trust of South Carolina.

Following the powers and duties established by statute, the Organization works externally in four core service areas:

1. **Program funding.** Children's Trust financially supports community-based organizations to deliver proven prevention programs. These programs are evidence-based, employ two-generation strategies serving parents and their children, and are rooted in the protective factors framework. Children's Trust funds Healthy Families America, Nurse-Family Partnership, Parents as Teachers, Positive Parenting Program (Triple P), and Strengthening Families Program. Children's Trust also funds Child Abuse Prevention Month activities, as well as concrete resources and general operating support to family resource centers.
2. **Strategy and accountability.** Children's Trust provides financial management, oversight, and programmatic technical assistance to its funded partners, working closely with them to guarantee that program models are implemented with fidelity, measured for effectiveness, and delivered with intended results. The Organization conducts research, studies and shares best practices nationwide to maximize and ensure its prevention investments. It provides data and insights into child maltreatment and well-being in South Carolina.
3. **Advocacy and messaging.** Children's Trust uses various strategies and communication channels to grow support and awareness for the work of preventing child abuse and neglect and building family well-being. Messaging educates families and child-serving professionals on prevention strategies and advocates for more significant prevention investments with decision-makers and policy leaders.
4. **Training and partner capacity building.** Children's Trust trains child-serving professionals, convenes coalitions and networks, and promotes best practices and standards of quality. It empowers local partners and stakeholders to build change, promote prevention practices, and grow family well-being in their communities.

Understanding Children's Trust, Continued

The Organization also incurs expenses associated with providing those core services:

5. **Resource development.** Children's Trust works to provide the resources that will meet the need for proven prevention and family-strengthening programs. This includes building public and private investments through fundraising, grant writing and contract negotiations.
6. **Administration.** These organizational oversight expenses are not directly attributable to a specific program or function and include office space, human resources, and technology expenses.

Programs and Initiatives

Children's Trust serves as the state leader for the following:

- South Carolina Home Visiting Consortium convenes all home visiting programs, model leaders and several early childhood, comprehensive systems service providers;
- Association of State and Tribal Home Visiting Initiatives supports members in the effective implementation and improvement of home visiting programs at the national level;
- KIDS COUNT is a program of the Annie E. Casey Foundation with Children's Trust as the South Carolina affiliate;
- South Carolina Family Support Network is a network of state family resource centers and supporting partners that work to incorporate quality improvement and best practices into their work;
- Statewide Parent Advisory Council (Statewide PAC) has volunteer parents and caregivers who use their diverse experiences with child welfare and family support systems to provide input on prevention programs and services;
- South Carolina Adverse Childhood Experiences (ACEs) Initiative leads research and training on the prevalence and incidence of ACEs in South Carolina;
- Prevent Child Abuse South Carolina is the South Carolina affiliate of Prevent Child Abuse America;
- Triple P South Carolina Network provides professional development and networking opportunities to individuals delivering Triple P services throughout South Carolina; and
- Children's Trust Fund Alliance is the national organization for state Children's Trust and Prevention Funds and is a leader in the parent voice efforts.

Programs and Initiatives, Continued

Maternal, Infant and Early Childhood Home Visiting (MIECHV) is a federal grant administered by Children's Trust in South Carolina to coordinate the federal investment and delivery of voluntary home visiting services. Home visiting models improve health, development, and early learning; promote the prevention of child abuse and neglect; and provide support services for children and families. Children's Trust funds three evidence-based home visiting program models: Healthy Families America, Nurse-Family Partnership and Parents as Teachers. To ensure skilled delivery of programs, we provide robust professional development and technical assistance from Help Me Grow, the South Carolina Infant Mental Health Association, and other state and national service providers. Specialized training sessions addressed performance measures, public awareness, home visitor safety, fatherhood engagement and continuous quality improvement. Through funding from the state's Preschool Development Birth Through Five grant, Children's Trust partners with the South Carolina Department of Social Services and South Carolina First Steps to provide a workforce support program through the Institute for the Advancement of Family Support Professionals *Career Compass*. Since the inception of the program, approximately 250 home visitors and early childhood interventionists engaged with the system, with more than 150 completing the pre-assessment. More than 25 have achieved full accreditation.

The Strengthening Families Program (SFP) is an evidence-based program that works with families with children ages 6 to 11 to develop positive discipline practices, stay resilient in tough times, reduce conflict, improve communication and parenting skills, and assist children with social skills and school performance. Participants complete a 14-session weekly program. The sessions, which typically begin with a family meal and last 2.5 hours, include parents and children meeting separately to work with group leaders before coming together to finish with a shared activity. The skills are reinforced through weekly home practice assignments and facilitator follow-up.

The Positive Parenting Program, Triple P, offers a suite of interventions, ensuring flexibility to meet the needs of families and communities and working to help parents better manage their child's behavior. Triple P is designed to normalize the concept of seeking parenting support, give caregivers the confidence and skills to be self-sufficient and manage problems independently, and provide communities with population-level early interventions to prevent child maltreatment. Children's Trust provides funding, coaching, training, and connection to our Triple P South Carolina Network. This year, Children's Trust expanded to include Triple P Online, a series of learning modules addressing various parenting topics to help parents gain confidence and parenting skills. Caregivers in South Carolina can access this self-paced curriculum at no charge.

Family Resource Centers are community-based places where families can access support services and information such as parenting classes, job training, mental health and family counseling, childcare, job training and more. Family resource centers can be found in various settings, including schools, hospitals, churches, community centers, and other organizations. Children's Trust leads the S.C. Family Support Network to build the capacity of family-serving organizations by promoting best practices, quality standards, capacity building, peer learning, and programming initiatives. Network members receive funding to deliver programs, peer mentoring, and concrete supports for families.

Children's Trust of South Carolina, Inc.

Management's Discussion and Analysis

September 30, 2024

Key Highlights

With funding from the federal Maternal, Infant and Early Childhood Home Visiting and American Rescue Plan Act grants, Children's Trust awarded more than \$7.3 million to 15 local implementing agencies to provide home visiting services with the Healthy Families America, Parent as Teachers, and/or Nurse-Family Partnership models. These agencies served 1,541 families, including 1,346 children, and administered 18,885 home visits. This funding supports 88 positions across the states and serves families in 40 of 46 counties.

The Strengthening Families Program (SFP) served 793 families and impacted 1,852 children. We funded 23 organizations in 30 counties in rural, urban, and suburban areas. A partnership with the S.C. Department of Social Services and the Duke Endowment funds a significant portion of SFP programming. Additional SFP funding comes from an allocation through the state of South Carolina general fund, grants, and contracts with the S.C. Department of Public Health, formerly S.C. Department of Health and Environmental Control, and the Department of Justice Second Chance grant.

Through its partnerships with the Duke Endowment, BlueCross BlueShield Foundation and Community-Based Child Abuse Prevention, Children's Trust increased the capacity and support for the state's Triple P practitioners by awarding \$798,852 to 17 organizations. These organizations served 2,100 caregivers, impacting 2,774 children. With support from the S.C. Department of Social Services, Children's Trust expanded Triple P service delivery to parents of teens and provided access to Triple P Online, making the online learning modules available for all South Carolina residents and especially for families in rural and/or underserved counties. Through Triple P Online, an additional 402 caregivers were served. Children's Trust continued building a network of Triple P practitioners across South Carolina, which grew to 105 practitioners from 51 organizations.

Children's Trust awarded \$741,960 to five family resource centers to expand services using the following primary prevention models: Healthy Families America, Triple P, and Strengthening Families Program. Children's Trust also invested \$203,000 across 11 family resource centers for general operating expenses.

Children's Trust conducted its annual partnership assessment. With a response rate of 93 percent, 92 percent said Children's Trust meets their needs "frequently" or "almost always." Measuring the benefits of participation, 94 percent report that Children's Trust enhances their ability to have a more significant impact than could be achieved on their own. One hundred percent of those who responded to the survey were satisfied as partners of Children's Trust.

Children's Trust partnered with the S.C. Department of Social Services to provide financial and technical support to two Thriving Families counties, Orangeburg and Newberry. Family Solutions in Orangeburg opened a family resource center with this support. In Newberry, the Building Thriving Communities Foundation is laying the groundwork for launching a family resource center to serve the community.

Children's Trust hosted its statewide Hope Conference. With 512 attendees, the conference was well-attended, featuring 26 sessions and 57 speakers. Participants across South Carolina participated in workshops, networking and discussions on child abuse prevention, family support and organizational practices. Participants agreed that the conference provided new or strengthened knowledge (96 percent positive response) and enhanced their ability to connect with resources and peers.

Children's Trust of South Carolina, Inc.

Management's Discussion and Analysis

September 30, 2024

Key Highlights, Continued

Children's Trust leads the concerted effort for Child Abuse Prevention (CAP) Month in South Carolina. One hundred seventy organizations, including each of the S.C. Department of Social Services county offices, received messaging materials and participated in Child Abuse Prevention Month awareness activities. Children's Trust provided direct financial support to 34 organizations for their events and activities, reaching an estimated 5,000 individuals. The campaign tools webpage had 3,976 pageviews with 280 downloads of the toolkit. Multiple jurisdictions also issued proclamations. Governor McMaster declared April as Child Abuse Prevention Month.

During Child Abuse Prevention Month, Children's Trust celebrated its 40th anniversary at the State House with a Senate Resolution. Governor David Beasley, who was one of the sponsors of the original founding legislation and a Nobel Peace Prize winner, attended the resolution's reading and was recognized from the Senate Floor.

South Carolina ranked 40th nationally in child and family well-being, according to the 2024 KIDS COUNT® Data Book. Public relations efforts gained interviews and news stories that reached a statewide audience. Children's Trust staff presented KIDS COUNT data to several entities, including Leadership South Carolina and the state Child Fatality Committee.

Children's Trust enhanced its prevention messaging and relaunched its parent resource website at scParents.org. The promotional campaign theme is "You've Got This," and Children's Trust is using social media, digital advertising and event marketing to promote it. Users are encouraged to use the website to find local services (powered by findhelp), browse parenting topics in 10 subject areas, explore parenting programs and join the conversation by sharing questions and parenting successes. The most common searches in findhelp were housing assistance, parenting education, food pantries and mental health.

Children's Trust launched its Parents Advisory Council. Twelve individuals were selected, representing a broad range of geographies and demographics.

The General Assembly allocated \$500,000 to Children's Trust of South Carolina for voluntary home visiting.

As a legislative priority, Children's Trust advocates that all children in South Carolina should receive free breakfast and lunch. As a positive step, the General Assembly passed a proviso moving all children currently receiving reduced-price school meals to the free meal category.

Children's Trust received \$306,781 in restricted and unrestricted donations and \$46,530 in contributed nonfinancial assets. 197 volunteers provided 558.80 volunteer hours to the organization, including the organization's 14 members of the Board of Directors who served entirely voluntarily.

Children's Trust convened state and national partners for a policy planning session with representatives of Senator Tim Scott.

Children's Trust received \$37,356 in contributions from state taxpayers as one of the organizations included in the Tax Check-Off form.

Children's Trust continued its strong relationship with the Beta Zeta chapter of the Kappa Delta sorority at the University of South Carolina. The organization donated \$70,739.

Children's Trust of South Carolina, Inc.
Management's Discussion and Analysis
September 30, 2024

Understanding Children's Trust Financial Statements

Children's Trust was established as an eleemosynary organization by the State of South Carolina and reports all assets and liabilities using the accrual basis of accounting, much like a private business entity. In accordance with accounting principles generally accepted in the United States of America, this report consists of a series of financial statements, along with explanatory notes to the financial statements.

The most important relationship demonstrated within Children's Trust financial statements is the requirement that Children's Trust resources are used to stimulate a broad range of innovative child abuse and neglect prevention programs to meet the needs of South Carolina's children and keep them free from abuse and neglect.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to Children's Trust basic financial statements. Children's Trust basic financial statements consist of three components – government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Children's Trust finances, in a manner similar to a private-sector business. All activities of Children's Trust are presented in these statements as there are no component units that would be presented separately.

The statement of net position presents information on all of Children's Trust assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial stability of Children's Trust. The statement of activities presents information showing revenues and expenses during the year and how Children's Trust's net position changed during the most recent fiscal year as a result of the net of revenues and expenses.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. As a component unit of the State of South Carolina (the "State"), Children's Trust is a legally separate organization that is presented as a discretely presented organization in the State's Annual Comprehensive Financial Report ("ACFR").

Children's Trust uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, like other state and quasi-state agencies. Children's Trust is financially accountable to the State. The fund financial statements are provided to show Children's Trust financial accountability to the State and for inclusion in the State's Annual Comprehensive Financial Report.

Children's Trust of South Carolina, Inc.
Management's Discussion and Analysis
September 30, 2024

Government-wide Financial Analysis

The following net position and statement of activities schedules are useful for understanding the government-wide or fund financial statements. As noted in the schedule, net position increased by \$22,607 during fiscal year 2024, and in fiscal year 2023, net position decreased by \$53,462. The 2024 and 2023 changes in net assets included a \$458,242 decrease and a \$96,525 decrease in restricted net assets, respectively. Current and other assets include investments of \$4,222,928, which are held with Charles Schwab in mutual funds, exchange-traded funds, and U.S. Treasury bonds.

Assets and Liabilities (see notes to the financial statements):

	<u>2024</u>	<u>2023</u>
Current and other assets	\$11,442,676	\$9,494,030
Capital assets, less depreciation	-	-
Total assets	<u>11,442,676</u>	<u>9,494,030</u>
Current and other liabilities	5,739,511	3,594,844
Long-term liabilities	158,221	376,849
Total liabilities	<u>5,897,732</u>	<u>3,971,693</u>
Net position:		
Invested in capital assets	-	-
Unrestricted	5,051,053	4,570,204
Restricted	493,891	952,133
Total net position	<u>\$5,544,944</u>	<u>\$5,522,337</u>

Children's Trust's capital assets include the purchase of a server during fiscal year 2018 for \$11,292 and audio conference equipment purchased in fiscal year 2016 for \$21,359. A server purchased in 2012 for \$7,694 and a phone system purchased in fiscal year 2011 for \$10,477 are fully depreciated. The total accumulated depreciation is \$50,822 for a current value of \$0. All capital assets are depreciated over a seven-year period.

In the current fiscal year, unearned revenue is \$2,855,495. Current and other liabilities in the prior fiscal year included unearned revenue of \$1,165,811. Unearned revenue arises when funds are received in advance on an exchange transaction and are not recognized as revenue before revenue recognition criteria have been met.

Children's Trust of South Carolina, Inc.
Management's Discussion and Analysis
September 30, 2024

Government-wide Financial Analysis, Continued

	2024	2023
Revenues		
Program revenues		
Program specific operating grants		
Federal	\$11,650,192	\$9,812,261
State	7,943,923	7,724,128
Local and foundations	744,576	1,413,721
Contributions		
General public	306,781	353,312
Nonfinancial assets	46,530	22,694
General revenues		
Other revenues	98,521	39,759
Investment income, net	640,492	307,411
Total revenues	<u>\$21,431,015</u>	<u>\$19,673,286</u>

Funds received from the State include an allocation from the State and from various contracts with state agencies as outlined in the related parties note in the financial statements (see Note 8).

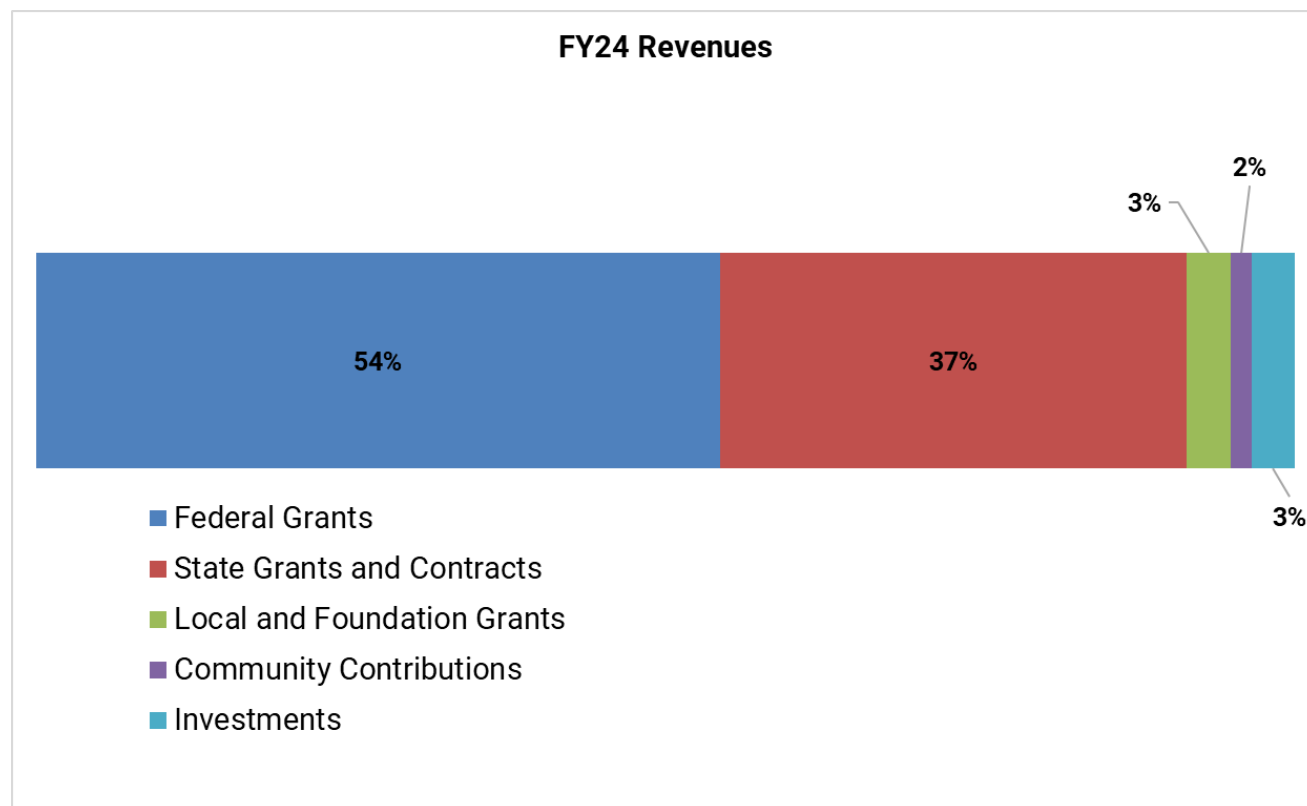
Children's Trust's investment portfolio improved from the post pandemic economic impacts on the market in the prior year, resulting in a net increase during 2024 of \$640,492.

The Organization's community contributions experienced an increase from the prior year as the market continues to rebound. Children's Trust continued to host in-person donor events to increase awareness to improve fundraising for the Organization.

Most training, events and programmatic work returned to in-person settings during the fiscal year. In addition, Children's Trust was able to begin executing on work funded with American Rescue Plan funding. These factors led to an increase in grant revenues, however some of the organization's sub-recipients were still recovering from the pandemic impacts of decreased staffing and funding, causing Children's Trust grant revenue to be slightly lower than expected.

Children's Trust of South Carolina, Inc.
Management's Discussion and Analysis
September 30, 2024

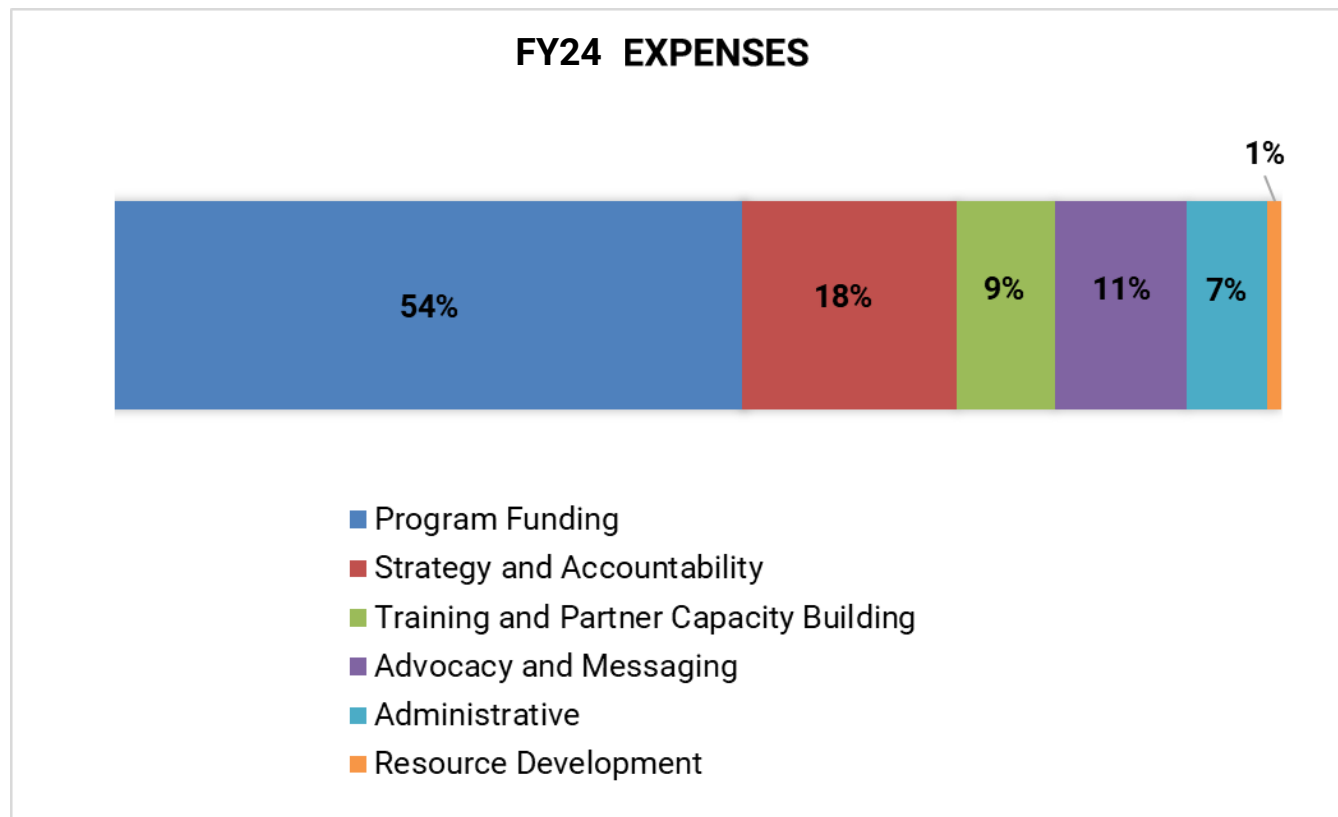
Government-wide Financial Analysis, Continued



As discussed above, Children's Trust resumed much of its in-person meetings, trainings, and other sponsored programmatic work. This created an overall increase in costs for the organization's programmatic work. In addition, a number of the organization's administrative and governance activities returned to in-person formats, which created a slight increase in the related costs.

	<u>2024</u>	<u>2023</u>
Expenses		
Program funding	\$ 11,500,844	\$ 9,520,158
Strategy and accountability	3,940,572	4,515,554
Training and partner capacity building	1,812,710	2,390,300
Advocacy and messaging	2,405,870	1,655,149
Administrative	1,496,615	1,451,831
Resource development	251,797	193,756
Total expenses	<u><u>\$ 21,408,408</u></u>	<u><u>\$ 19,726,748</u></u>

Government-wide Financial Analysis, Continued



Contacting Children's Trust Financial Management

This financial report is designed to provide a general overview of Children's Trust financial activity for all those interested in Children's Trust operations. Children's Trust also prepares an annual report that is available for viewing and download on the website at scchildren.org. Address questions concerning any of the information provided in this report or requests for additional financial information, to the Chief Financial Officer, Children's Trust of South Carolina, Inc. 1330 Lady Street, Suite 310, Columbia SC 29201 or visit the website at <http://scchildren.org>.

Children's Trust of South Carolina, Inc.

Statement of Net Position

As of September 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 1,423,565
Investments	4,222,928
Receivables:	
Grants – federal	3,682,784
Grants – related party	1,807,581
Contributions	18,109
Prepaid items	29,694
Total current assets	<u>11,184,661</u>

Non-current assets

Intangible right-of-use lease asset, net	149,550
Subscription asset, net	108,465
Total non-current assets	<u>258,015</u>
Total assets	<u>\$ 11,442,676</u>

Liabilities

Current liabilities

Accounts payable	\$ 1,828,333
Accrued liabilities	184,567
Due to related parties	637,457
Unearned revenue	2,855,495
Lease liability	169,933
Subscription liability	63,726
Total current liabilities	<u>5,739,511</u>

Noncurrent liabilities

Subscription liability	49,508
Accrued compensated absences	108,713
Total noncurrent liabilities	<u>158,221</u>
Total liabilities	<u>5,897,732</u>

Net position

Restricted	493,891
Unrestricted	5,051,053
Total net position	<u>\$ 5,544,944</u>

See Notes to the Financial Statements

Children's Trust of South Carolina, Inc.

Statement of Activities

For the year ended September 30, 2024

Revenues

Program revenues:

Program specific operating grants:

Federal	\$ 11,650,192
State	7,943,923
Local and foundations	744,576

Contributions:

General public	306,781
Nonfinancial assets	46,530

General revenues:

Interest income and other revenue	98,521
Investment income, net	640,492
Total revenues	<u>21,431,015</u>

Operating expenses

Current operating

Program funding	11,500,844
Strategy and accountability	3,940,572
Training and partner capacity building	1,812,710
Advocacy and messaging	2,405,870
Administrative	1,496,615
Resource development	251,797
Total operating expenses	<u>21,408,408</u>
Change in net position	22,607

Net position, beginning of year

5,522,337

Net position, end of year

\$ 5,544,944

See Notes to the Financial Statements

Children's Trust of South Carolina, Inc.

Balance Sheet - General Fund

As of September 30, 2024

Assets

Cash and cash equivalents	\$ 1,423,565
Investments	4,222,928
Receivables:	
Grants – federal	3,682,784
Grants – related party	1,807,581
Contributions	18,109
Prepaid items	29,694
Total assets	<u>\$ 11,184,661</u>

Liabilities

Accounts payable	\$ 1,828,333
Accrued liabilities	184,567
Due to related parties	637,457
Unearned revenue	2,855,495
Total liabilities	<u>5,505,852</u>

Fund balances

Nonspendable	29,694
Restricted	493,891
Unassigned	5,155,224
Total fund balances	<u>5,678,809</u>
Total liabilities and fund balances	<u>\$ 11,184,661</u>

Reconciliation of the Balance Sheet of the General Fund
to the Statement of Net Position

Total Fund Balance of the General Fund	\$ 5,678,809
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Amounts reported in the Statement of Net Position are different because:

Intangible right-of-use lease asset, net of amortization, is not a current financial resource and is not included in the General Fund	149,550
Subscription asset, net of amortization, is not a current financial resource and is not included in the General Fund	108,465
Some liabilities are not due and payable in the current period and therefore are not reported in the General Fund:	
Lease liability	(169,933)
Subscription liability	(113,234)
Accrued compensated absences	(108,713)
Total net position	<u>\$ 5,544,944</u>

See Notes to the Financial Statements

Children's Trust of South Carolina, Inc.

Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund

For the year ended September 30, 2024

Program specific operating grants:	
Federal	\$ 11,650,192
State	7,943,923
Local and foundations	744,576
Contributions:	
General public	306,781
Nonfinancial assets	46,530
General revenues:	
Interest income and other revenue	98,521
Investment income, net	640,492
Total revenues	<u>21,431,015</u>

Operating expenditures

Program funding	11,500,844
Strategy and accountability	3,940,572
Training and partner capacity building	1,812,710
Advocacy and messaging	2,405,870
Administrative	1,493,727
Resource development	251,797
Total operating expenditures	<u>21,405,520</u>
Excess of expenditures over revenues	25,495
Net change in fund balance	25,495

Fund balance, beginning of year	<u>5,653,314</u>
Fund balance, end of year	<u><u>\$ 5,678,809</u></u>

Reconciliation of the Statement of Revenues, Expenditures and
and Changes in Fund Balance of the General Fund to the Statement of Activities

Net change in fund balance	\$ 25,495
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Some expenses recorded in the Statement of Activities do not require the
use of current financial resources and, therefore, are not reported
as expenditures in the General Fund.

Leases	7,750
Subscription assets	4,393
Compensated absences	(15,031)
Net change in net position	<u><u>\$ 22,607</u></u>

See Notes to the Financial Statements

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 1. Summary of Significant Accounting Policies

Reporting entity:

Children's Trust of South Carolina, Inc. ("Children's Trust"), is authorized by Article 17, Chapter 7, Title 20, as amended, of the South Carolina Code of Laws. Children's Trust's purpose is to provide resources to award grants and provide technical assistance to private not-for-profit organizations and qualified state agencies to stimulate a broad range of innovative child abuse and neglect prevention programs. State law provides that Children's Trust's Board of Directors will, among other things, assess service needs and gaps, solicit proposals to address identified service needs, and establish criteria for awarding grants. Under contract to various state agencies, Children's Trust also provides information and training to parents and service providers about children's health and development and the detection and prevention of child maltreatment.

Children's Trust was incorporated on September 25, 1984 as a not-for-profit organization and has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

State law authorizes Children's Trust to receive gifts and bequests and also establishes Children's Trust as a recipient of contributions made by South Carolina taxpayers by means of a check off on their annual individual income tax returns. The South Carolina individual income tax return form includes a blank which allows taxpayers to specify a contribution to Children's Trust for the purpose of supporting programs and services that strengthen families and promote a safe and stable environment for South Carolina's children. Additional funding for Children's Trust comes from government grants and contracts, private foundations, and contributions from individuals and businesses.

Children's Trust is governed by 17 board members appointed by the Governor. Ten members serve at large and seven represent each of the State's congressional districts.

The financial reporting entity, as defined by Government Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and all of its component units. Component units are legally separate organizations for which a primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Children's Trust has no component units. However, Children's Trust is presented in the State of South Carolina Annual Comprehensive Financial Report as a discretely presented component unit. Generally, all State departments, agencies, and colleges are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although Children's Trust operates autonomously, the Governor appoints the board members, and the State is able to impose its will on Children's Trust because the Governor has the authority to remove from office any person they appointed to a position.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Basis of presentation:

Financial statements for governments such as Children's Trust are presented from two perspectives, the government-wide perspective and the fund perspective.

Government-wide financial statements (i.e., a Statement of Net Position and a Statement of Activities) report information on all activities of Children's Trust using the economic resources measurement focus and the accrual basis of accounting. Under this perspective, net position is calculated based on information on all Children's Trust assets and liabilities, including any property and equipment and long-term debt. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

A Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses, including depreciation of property and equipment, are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items which do not meet the definition of program revenues are reported as general revenues.

Children's Trust is a single program government and reports only one governmental fund, the general fund, which accounts for all financial resources of the government. Fund financial statements are provided for governmental funds which are groupings of accounts used to control resources that have been segregated for specific activities or objectives. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. An explanation of differences between the financial statements prepared using the government-wide perspective and the fund perspective accompanies the financial statements.

Budget:

Children's Trust prepares an annual budget for planning purposes to help control costs and by using the budget as an internal spending plan to achieve goals and objectives. The Board adopts a budget annually but is not legally required to do so.

Deposits and investments:

Cash and cash equivalents are considered as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Receivables:

All receivables are shown net of an allowance for any that are uncollectible. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. 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 the applicable receivable. Management has deemed that a valuation allowance is not necessary as of September 30, 2024.

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The largest portion of prepaid items consists of one month's health insurance premium paid to South Carolina Public Employee Benefit Authority (SC PEBA).

Capital assets:

As of September 30, 2024, there are four capital assets included and reported in the applicable government-wide financial statements, which are fully depreciated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are completed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Property and equipment are depreciated using the straight-line method over their estimated useful lives which are 7 years.

Leases:

Children's Trust is a lessee for noncancellable leases of buildings and equipment. Children's Trust recognizes a lease liability and an intangible right-of-use lease asset in the government-wide financial statements. Children's Trust recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, Children's Trust initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Children's Trust determines the discount rate it uses to discount the expected lease payments to present value and the lease term. The lease term includes the noncancellable period of the lease. Children's Trust uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, Children's Trust generally uses its estimated borrowing rate as the discount rate for leases (See Note 5).

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Leases, continued:

Children's Trust monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription-Based Information Technology Arrangements (SBITAs):

Children's Trust has Subscription-Based Information Technology Arrangements for software. Subscription liabilities are measured at the present value of expected subscription payments over the subscription term. An intangible subscription asset is recorded to offset the subscription liability. The intangible asset is recorded at the inception of the subscription agreement in an amount equal to the initial recording of the subscription liability plus any payments associated with the contract made to the vendor at the commencement of the subscription term and capitalizable implementation costs less any vendor incentives received. The intangible subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT asset.

Key estimates and judgments related to SBITAs include how Children's Trust determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The subscription term includes the noncancellable period of the subscription arrangement. Children's Trust uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, Children's Trust generally uses its estimated borrowing rate as the discount rate for SBITAs (See Note 6).

Unearned revenue:

Unearned revenue arises when funds are received in advance on an exchange transaction and are not recognized as revenue before revenue recognition criteria have been met. Grant funds received in advance on a non-exchange, conditional transaction are recognized as unearned revenue. Grant funds received in advance on a non-exchange, unconditional transaction are recognized as restricted revenue.

Compensated absences:

Employees are allowed to carryover a maximum of ten personal days off (PTO) during fiscal year 2024. All PTO is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The amount of such a liability cannot be determined at this time although the Children's Trust expects such amounts, if any to be immaterial.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Fund equity:

Children's Trust reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines five classifications of governmental fund balances: non-spendable, restricted, committed, assigned, and unassigned. Where applicable, these classifications are presented on the face of the general fund balance sheet. Children's Trust's highest level of decision-making authority is the Board of Directors. Children's Trust has reported a portion of fund balance as non-spendable and restricted, and the reasons are enumerated below.

The non-spendable portion of fund balance represents prepaid expenditures made in the current fiscal year for the subsequent fiscal year. Children's Trust applies restricted resources when expenditure is incurred for the purposes for which both restricted and unrestricted fund balances are available. The restricted fund balance represents revenues which are subject to donor-imposed restrictions whose use is restricted by time and or purpose and requires Children's Trust to use or expend the gift as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such amounts are reclassified to the unrestricted fund balance.

Income taxes:

Children's Trust is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Children's Trust has adopted the provisions of the Income Taxes topic of the FASB Accounting Standards Codification. This topic clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. Children's Trust's returns are subject to review and examination by federal authorities. Children's Trust is not aware of any activities that would jeopardize its tax-exempt status. Children's Trust files Form 990 in the U.S. federal jurisdiction.

Use of 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.

Subsequent events:

Children's Trust has evaluated events and transactions after September 30, 2024 through February 4, 2025, the date which the financial statements were available to be issued.

Children's Trust of South Carolina, Inc.
Notes to the Financial Statements
September 30, 2024

Note 2. Deposits and Investments

For cash and cash equivalents, the fair values are equal to the bank balances, which approximate the carrying amount. The cash and cash equivalents reported consist of the following as of September 30, 2024:

Deposits held by financial institutions	\$ 1,180,510
Cash portion of investments	<u>243,055</u>
	<u>\$ 1,423,565</u>

Concentration of credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits through Federal Deposit Insurance Corporation (FDIC) insurance or some other means. Children's Trust has no policy restricting the concentration of deposits in a single financial institution. As of September 30, 2024, Children's Trust had \$807,029 of deposits held by financial institutions in excess of FDIC insurance coverage.

Fair value of investments:

Children's Trust categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect Children's Trust's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1: Valuations based on quoted prices for investments in active markets that Children's Trust has the ability to access at the measurement date.
- Level 2: Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3: Valuations based on significant unobservable inputs (including Children's Trust's own assumptions and judgement in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 2. Deposits and Investments, Continued

Fair value of investments, continued:

The following table sets forth by level, within the fair value hierarchy, Children's Trust's assets at fair value as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,302,090	\$ -	\$ -	\$ 2,302,090
Exchange traded funds	433,723	-	-	433,723
U.S. Treasury bonds	-	1,487,115	-	1,487,115
	<u>\$ 2,735,813</u>	<u>\$ 1,487,115</u>	<u>\$ -</u>	<u>\$ 4,222,928</u>

Investment income, net, consisted of the following for the year ended September 30, 2024:

Interest and dividends earned	\$ 73,931
Realized gains on investments	2,348
Change in unrealized gains	579,105
Investment fees	(14,892)
Total investment income, net	<u>\$ 640,492</u>

Investment income is used to offset external investment expenses and not internal expenses directly related to investment management activities.

Note 3. Capital Assets, Net and Intangible Assets, Net

Capital assets, net, for Children's Trust as of September 30, 2024 was as follows:

Equipment and furnishings	\$ 50,822
Total capital assets at historical cost	50,822
Accumulated depreciation	(50,822)
Total capital assets, net	<u>\$ -</u>
Lease Asset (1330 Lady St.)	\$ 638,986
Total intangible lease asset at historical cost	638,986
Accumulated Amortization	(489,436)
Total intangible lease asset, net	<u>\$ 149,550</u>
Subscription-Based I.T. Arrangement Asset	\$ 216,929
Total intangible subscription asset at historical cost	216,929
Accumulated depreciation	(108,464)
Total intangible subscription asset, net	<u>\$ 108,465</u>

Amortization expenses for the lease asset and the SBITA are \$163,145, and \$54,232, respectively. The equipment and furnishings were fully depreciated at the end of the prior year, thus no depreciation expense was recorded for the year ended September 30, 2024.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 4. Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2024 includes accrued annual leave, a long-term lease (See Note 5), and a Long-term I.T. subscription (See Note 6). Long-term liability activity for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Annual leave	\$ 93,682	\$ 345,934	\$ (330,903)	\$ 108,713
Lease liability	\$ 340,021	\$ -	\$ (170,088)	\$ 169,933
I.T. subscription liability	\$ 172,666	\$ -	\$ (59,432)	\$ 113,234

Note 5. Lease Obligations

Children's Trust, as a lessee, recognizes a lease asset and lease liability at the commencement of the lease term, with certain exceptions for short-term leases and leases that transfer ownership of the underlying asset. As lessee, the right-of-use asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease liability is measured at the present value of the lease payments expected to be made during the lease term.

For the purpose of GASB No. 87 implementation, Children's Trust's leases have been categorized as follows:

1. Included
2. Excluded - Short-term
3. Excluded - Cancellable

Included leases:

In accordance with GASB No. 87, Children's Trust recognizes a lease asset and lease liability for leases that are categorized as "Included." For these leases, Children's Trust is reporting Lessee assets of \$638,986, net of accumulated amortization in the amount of \$489,436, the net book value of which is \$149,550 as of September 30, 2024. For the fiscal year ended September 30, 2024, Children's Trust reported amortization expense of \$163,145 and interest expense of \$14,976 related to lease payments made during the year.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 5. Lease Obligations, Continued

Included leases, continued:

The GASB No. 87 Included Leases are summarized as follows:

Office space:

In September 2015, Children's Trust entered into a 123-month lease agreement as lessee for the use of office space at 1330 Lady Street Suite 310 Columbia, SC. Children's Trust is required to make monthly lease payments which escalate every 12 months. Children's Trust has estimated its borrowing rate to be 6% to determine the present value of its total lease payments.

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of September 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 169,933	\$ 5,140	\$ 175,073

Excluded – short-term leases:

In accordance with GASB No. 87, Children's Trust does not recognize a lease right of use asset and a deferred outflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Excluded – cancelable leases:

In accordance with GASB No. 87, the Children's Trust does not recognize a lease right of use asset and a deferred outflow of resources for leases that are cancelable by either party. Cancelable leases are certain leases in which both the lessee and the lessor have the option to terminate the lease without permission from the other party.

Note 6. Subscription-Based Information Technology Arrangements (SBITAs)

Children's Trust recognizes a subscription liability measured at the present value of expected subscription payments over the subscription term. An intangible subscription asset is recorded to offset the subscription liability. The intangible asset is recorded at the inception of the subscription agreement in an amount equal to the initial recording of the subscription liability plus any payments associated with the contract made to the vendor at the commencement of the subscription term and capitalizable implementation costs less any vendor incentives received.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 6. Subscription-Based Information Technology Arrangements (SBITAs), Continued

For the purpose of GASB No. 96 implementation, Children's Trust's SBITAs have been categorized as follows:

1. Included
2. Excluded – Short-term

Included SBITAs:

In accordance with GASB No. 96, Children's Trust recognizes an intangible subscription asset and subscription liability for SBITAs that are categorized as "Included". For these SBITAs, Children's Trust is reporting intangible subscription assets of \$216,929, net of accumulated amortization in the amount of \$108,464, the net book value of which is \$108,465 as of September 30, 2024. For the fiscal year ended September 30, 2024, Children's Trust reported amortization expense of \$54,232 and interest expense of \$10,360 related to subscription payments made during the year.

The GASB No. 96 Included SBITAs are summarized as follows:

Blackbaud Inc:

In October 2020, Children's Trust entered into a 36-month subscription agreement with Blackbaud Inc. for use of it's accounting, fundraising, and grants management software. Before the end of the 36 month subscription, Children's Trust signed an additional 40 month agreement. Children's Trust is required to make annual payments. Children's Trust has estimated its borrowing rate to be 6% to determine the present value of its total lease payments.

The following is a schedule of the future subscription payments and the net present value of the subscription payments as of September 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 63,726	\$ 6,794	\$ 70,519
2026	49,508	2,970	52,479
	<u>\$ 113,234</u>	<u>\$ 9,764</u>	<u>\$ 122,998</u>

Excluded – short-term SBITAs:

In accordance with GASB No. 96, Children's Trust does not recognize an intangible subscription asset and a subscription liability for short-term SBITA. Short-term SBITAs are certain SBITAs that have a maximum subscription term of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 7. Risk Management

Children's Trust is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job-related illnesses and accidents. Children's Trust pays premiums to a private insurance carrier for workman's compensation insurance and for property and casualty coverage, and for errors and omissions. The insurance carrier promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

Children's Trust also provides health, life, accident, dental, and other medical benefits to employees who are enrolled in a commercial health insurance plan, \$476,276 of which was paid to the South Carolina Public Employee Benefit Authority (SC PEBA) during the fiscal year.

Note 8. Related Party Transactions

During the year ended September 30, 2024, Children's Trust received payments from state agencies in the amount of \$7,943,923, of which \$1,807,581 was receivable at September 30, 2024. The South Carolina Treasurer's Office transferred \$700,000 to Children's Trust for the Strengthening Families Program and \$200,000 for the Community Based Child Abuse Prevention Program as the organization's allocation in the State's budget for prevention services throughout the State. The South Carolina Department of Revenue collected \$37,356 through its tax check off program for Children's Trust (See Note 1).

Children's Trust payments to state agency sub-recipients and contracts totaled \$4,382,679 for prevention and evaluation related services to include Medical University of South Carolina - \$1,432,480; Lee County First Steps - \$586,764; University of South Carolina - \$394,734; Spartanburg County First Steps - \$775,098; SC Office of Rural Health - \$512,896; Greenville County First Steps - \$167,111; York County First Steps - \$130,076; Department of Health and Human Services - \$184,608; and payments to various other entities totaling \$198,912.

In addition to the payments for health insurance noted in Note 7, Children's Trust made additional payments to various other State entities totaling \$360,929 to include a SC Deferred Compensation payment for \$335,443 and payments to various other entities for \$25,485.

One of the members of Children's Trust's Board of Directors is also the owner of the investment management company used by Children's Trust. Investment management fees paid to the company were approximately \$15,000 for the year ended September 30, 2024.

Note 9. Economic Dependence

Children's Trust's programs are funded by annual grants and contracts with various federal and state agencies. For the year ended September 30, 2024, these grants constituted 90% of revenues, with the balance of funds coming from foundation grants, program services, community contributions and investment earnings.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2024

Note 10. Contingent Liabilities

Amounts received or receivable from federal and state agencies are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute liabilities. The amount, if any, of reimbursable expenditures which may be disallowed by the grantor cannot be determined at this time although Children's Trust expects such amounts, if any, to be immaterial.

Note 11. Deferred Compensation Plan

Children's Trust participates in the State of South Carolina 457 Deferred Compensation Plan and Trust (the "Plan"). The Plan is administered by the South Carolina Public Employee Benefit Authority. The Plan permits employers to make contributions to the Plan on behalf of each employee who is a participant at an amount to be determined by the employer. During the year ended September 30, 2024, Children's Trust contributed \$122,673 to the Plan.

Note 12. Contributions of Nonfinancial Assets

Nonfinancial contributions represent the value of donated goods at fair market value. For the year ended September 30, 2024, Children's Trust received nonfinancial assets valued at \$46,530.



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Directors
Children's Trust of South Carolina, Inc.
Columbia, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Children's Trust of South Carolina, Inc. ("Children's Trust") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Children's Trust's basic financial statements, and have issued our report thereon dated February 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Children's Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Children's Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children's Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina
February 4, 2025



**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance**

Board of Directors
Children's Trust of South Carolina, Inc.
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Children's Trust of South Carolina, Inc.'s ("Children's Trust") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Children's Trust's major federal programs for the year ended September 30, 2024. Children's Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Children's Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Children's Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Children's Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Children's Trust's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Children's Trust's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Children's Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Children's Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Children's Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Children's Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina
February 4, 2025

Children's Trust of South Carolina, Inc.**Schedule of Expenditures of Federal Awards****For the year ended September 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services				
Community Based Child Abuse Prevention	93.590	2101SCBCC6, 2202SCBCAP	\$ 798,852	\$ 2,363,003
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	X10MC50328, X11MC45255	7,355,228	9,290,988
Pass-through programs from:				
South Carolina Department of Health and Environmental Control				
Injury Prevention and Control Research and State and Community	93.136	NU17CE010206	437,807	569,787
Total U.S. Department of Health and Human Services			<u>8,591,887</u>	<u>12,223,778</u>
U.S Department of Justice				
Second Chance Act Addressing the Needs of Incarcerated Parents and Their Minor Children	16.812	15PJDP-22-GG-03103- SCAX	38,310	89,392
Total U.S. Department of Justice			<u>38,310</u>	<u>89,392</u>
Total Expenditures of Federal Awards			<u>\$ 8,630,197</u>	<u>\$ 12,313,170</u>

See Notes to Schedule of Expenditures of Federal Awards

Children's Trust of South Carolina, Inc.

Notes to the Schedule of Expenditures of Federal Awards

September 30, 2024

Note A. Basis of Presentation

The schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Children's Trust of South Carolina, Inc. ("Children's Trust") under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Children's Trust, it is not intended to and does not present the financial position or changes in net position of Children's Trust.

Note B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A to the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C. Indirect Cost Rate

Children's Trust did not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance but rather uses a negotiated indirect cost rate of 27.3%.

Children's Trust of South Carolina, Inc.
Schedule of Findings and Questioned Costs
September 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditors' report issued on compliance for major federal awards programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.870	Maternal, Infant, and Early Childhood Home Visiting Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

Section II. Financial Statement Findings None reported

Section III. Federal Awards Findings None reported