

Children's Trust of South Carolina, Inc.

Report on Financial Statements

For the year ended September 30, 2023

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, 2023, 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, 2023, 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 within one year after the date that the financial statements are issued or available to be issued.

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 January 24, 2024 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.



Charleston, South Carolina
January 24, 2024

***CHILDREN’S TRUST OF SOUTH CAROLINA, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS***

Understanding Children’s Trust

Children’s Trust 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, 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 is an eleemosynary corporation that 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. It is governed by a seventeen-member board of directors, whom the Governor appoints. The organization does business as 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 the Strengthening Families Program, Positive Parenting Program (Triple P), Parents as Teachers, Healthy Families America, and Nurse-Family Partnership. Children’s Trust also funds Child Abuse Prevention Month activities and concrete resources and service provision to family resource centers.
2. **Strategy and accountability.** Children’s Trust provides financial management and 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. To maximize and ensure its prevention investments, the organization also conducts research, studies and shares best practices from around the country, and provides data and insights for 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 with thought-leaders and policy makers for greater prevention investments.

Children’s Trust of South Carolina, Inc.

Management’s Discussion and Analysis

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4. **Training and partner capacity building.** Children’s Trust empowers local partners and stakeholders to build change, promote prevention practices, and grow family well-being in their communities. To accomplish this, the organization trains child-serving professionals, convenes coalitions and networks and promotes best practices and standards of quality.

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 items like 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;
- Prevent Child Abuse South Carolina is the South Carolina affiliate of Prevent Child Abuse America;
- KIDS COUNT is a program of the Annie E. Casey Foundation with Children’s Trust as the South Carolina affiliate;
- S.C. Family Support Network is a network of family resource centers and supporting partners that use national standards of quality of the National Family Support Network;
- South Carolina Adverse Childhood Experiences (ACEs) Initiative leads research and training on the prevalence and incidence of ACEs in South Carolina;
- 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, national organization for state Children’s Trust and Prevention Funds and national leader in the parent voice movement.

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, Parents as Teachers, and Nurse-Family Partnership. To ensure our funded partners have the skills they need to be successful, we provide robust professional development and technical assistance from PASOS, Help Me Grow, and the South Carolina Infant Mental Health Association.

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Specialized training sessions addressed performance measures, infant massage, advocacy, fire safety, and continuous quality improvement. Through funding from the state’s Preschool Development Birth Through Five grant, Children’s Trust partners with South Carolina Department of Social Services and South Carolina First Steps to provide a workforce incentive program through the Institute for the Advancement of Family Support Professionals *Career Compass*. This program incentivizes practitioners and professionals for the completion of coursework and successful passing of assessments pertaining to their early childhood career path.

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 report-backs.

The Positive Parenting Program, more commonly known as Triple P, offers an increasingly intense 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. Our work is focused on building Triple P services in Georgetown, Greenville, and Spartanburg Counties and includes funding, coaching, and training.

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. Additionally, Children’s Trust provides funding to Epworth Children’s Center, the state lead for Circles of Parents program, to provide training and technical support for Family Support Network members in implementing peer-led, support groups for families connected to centers’ services.

Key Highlights

Through its 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 1,420 households, including 1,256 index children, and administered 17,814 home visits.

The Strengthening Families Program (SFP) served 1,109 families and 1,918 children ages 6-11 with an additional 454 children impacted outside the target age range. We funded 23 organizations in 33 counties in a combination of 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. Children’s Trust received a Department of Justice Second Chance grant totaling \$742,000 to launch the Strengthening Families Program for incarcerated fathers and their children in the Manning Reentry/Work Release Center. Additional funding comes from an allocation through the state of South Carolina general fund and grants and contracts with S.C. Department of Health and Environmental Control and S.C. Department of Alcohol and Other Drug Abuse Services.

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Triple P served 930 caregivers impacting 1,617 children. Children’s Trust continued to focus on building a network of Triple P practitioners across South Carolina and hosted four networking opportunities with 60 practitioners attending. The first Triple P South Carolina Practitioner Summit was hosted in September 2023 with 47 practitioners representing 18 South Carolina counties.

BlueCross BlueShield Foundation awarded a \$1.4 million grant to Children’s Trust to expand adolescent mental and physical health services by delivering Teen Triple P.

Children’s Trust awarded almost \$300,000 to four Family Resource Centers to expand services using the following models: Healthy Families America, Triple P, and Strengthening Families Program. The Family Support Network grew to 16 organizations, including family resource centers and supporting organizations.

Children’s Trust receives \$1 million in funding from the South Carolina General Fund: \$700,000 through the S.C. Department of Social Services and \$300,000 through the Office of Child Advocate.

Children’s Trust completed a partnership assessment with its funded program partners. A significant majority (92 percent) of respondents reported that the benefits of the partnership exceed the drawbacks and that Children’s Trust meets or exceeds their support needs 98 percent of the time. Specific benefits of participation included an enhanced ability to have a greater impact than the organization could have on its own (100 percent), an enhanced ability to contribute to the community (100 percent), and an enhanced ability to prevent child abuse and neglect (98 percent).

In partnership with the South Carolina Department of Education, Children’s Trust staff facilitated nine Adverse-Childhood Experiences Trainings-of-Trainers to staff in the education field, adding more than 150 Master Trainers to a list of over 300 across the state. During the year, these trainers facilitated in-person and virtual training sessions for more than 400 individuals in the field of education. These trainers join others from a variety of backgrounds, including social workers, health educators, and community members who strive to raise awareness and educate South Carolinians on how adversity early in life can affect the developing brain, how to build resilience and how to help children and families overcome adversity and thrive.

Children’s Trust also provided various trainings including, Promoting Protective Factors, Early Childhood Development, Middle Childhood Development, and Responding to Abuse and Neglect to staff of the S.C. Department of Social Services, S.C. Department of Health and Environmental Control, and various other community-based organizations across the state.

In partnership with the S.C. Department of Health and Human Services, Children’s Trust continues to support Community Connections, a free 24/7 online database of resources powered by Find Help that connects South Carolinians in need with available social and healthcare services across the state.

Children’s Trust received \$353,312 in restricted and unrestricted donations and a total value of \$22,694 in contributed nonfinancial assets. 27 volunteers provided 80 volunteer hours to the organization, in addition to the organization’s 14 members of the Board of Directors who served entirely voluntarily.

Children’s Trust of South Carolina, Inc.

Management’s Discussion and Analysis

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Children’s Trust leads the concerted effort for Child Abuse Prevention (CAP) Month in South Carolina. 140 partners received messaging materials and participated in Child Abuse Prevention Month awareness activities. Children’s Trust provided direct financial support to 25 organizations for their events and activities, reaching an estimated 3,400 parents and children. The campaign tools webpage had 1,643 pageviews with 459 downloads of materials with the toolkit being the most popular with 303 downloads. Gov. Henry McMaster held a press conference in his chambers at the statehouse reading the proclamation that declared “April as Child Abuse Prevention Month” in South Carolina. Multiple jurisdictions also issued proclamations including Greenville County, City of Greenville, Lexington County, Richland County, Columbia, Mt. Pleasant, Charleston, Clemson, Clinton, Aiken and Georgetown.

South Carolina was ranked No. 41 nationally in child and family well-being, according to the 2023 KIDS COUNT® Data Book, a 50-state report of recent household data developed by the Annie E. Casey Foundation analyzing the well-being of children and their families. 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 the Self Family Foundation, Leadership South Carolina, and the Bunnell Foundation. Triple P launched its first Practitioners Summit engaging Triple P professionals from across the state in networking and learning.

Dr. Ramkumar Jayagopalan, Beverly Hamilton and Christopher Hanson, Children’s Trust board members testified before the S.C. Joint Citizens and Legislative Committee on Children to advance and expand home visitation across South Carolina.

Sue Williams, CEO, testified before the Senate Family and Veteran Services sub-committee in support of a bill to establish a kinship guardianship assistance program in South Carolina. That bill, S.380, passed and was signed into law.

South Carolina parent leader Shelina Flarisee was selected to serve on the Alliance National Parent Partnership Council (ANPPC). The ANPPC is a group of parent leaders from across the nation who work to support and align the work of the Children’s Trust Fund Alliance by sharing parent perspectives and experiences. During National Parent Leadership Month, Children’s Trust spotlighted parents, including Tamia Anthony, Krystal Edwards and Amanda Ingle who shared their stories of resilience and success.

In response to the national initiative Thriving Families, Safer Children: A Commitment to Family Well-Being, Children’s Trust, in partnership with SC Department of Social Services, launched Thriving Families in Orangeburg and Newberry counties. Both counties galvanized community input and voice to address needs in their local areas. Key issues of focus will be food insecurity, public safety, safe and stable housing, mental health services and adolescent youth.

Children’s Trust released its comprehensive statewide Adolescent Needs Assessment to identify and prioritize services needed for South Carolina’s youth.

Chief Executive Officer Sue Williams is a peer reviewer for the state chapter rechartering process of Prevent Child Abuse America, bringing the best practices and innovations of peer states back to South Carolina. She participated in Ohio, Vermont and Connecticut reviews.

Alek Reaves, Family Engagement and Resource Manager, and Kayce Singletary, senior director of community impact and Bett Williams, chief communications officer, presented at the national Prevent Child Abuse America Conference.

Children’s Trust of South Carolina, Inc.

Management’s Discussion and Analysis

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Kayce Singletary, senior director of community impact, presented the results of the statewide Adolescent Needs Assessment at the 2023 Summer Institute hosted by Fact Forward.

Chief Operating Officer Joan Hoffman was re-elected to the Children’s Trust Fund Alliance Board of Directors. Chief Communications Officer Bett Williams serves as co-chair of the Alliance Communications Committee. Chief Financial Officer, Andrea Tucker serves as a member of the Alliance Audit Committee.

Chief Financial Officer, Andrea Tucker, was elected to the Together SC Board of Directors.

Strengthening Families Coordinators, Karen Dukes-Smith, Lillian Garcia and Coretta Jamison, presented an overview of the Strengthening Families Program and strategies to connect and refer families, at the 2023 S.C. 2Gen Community of Practice Summit hosted by Fact Forward.

Ameika Neely, Director of Human Resources, and Eric Bellamy, Chief Partner Engagement Officer, were selected to participate in Furman University’s Diversity Leaders Institute and graduated as Fellows in June 2023.

Andrea Tucker, Chief Financial Officer, was selected to attend, and completed the Fred R. Sheheen Non-Profit Leadership Institute at Francis Marion University.

Eric Bellamy presented strategies to support the home visiting and early childhood workforce at the National Association of State and Tribal Home Visiting Initiatives. He completed his three-year term as a board member of the organization.

Eric Bellamy and Alek Reaves, Family Engagement and Resource Manager, presented at the North Carolina Prevent Child Abuse Summit and the National Family Support Network annual conference on the strategies for building a family resource center network and building capacity in local communities. Bellamy also received the University of South Carolina Arnold School of Public Health “James E. Clyburn Health Equity, Community Leadership in Public Health Award,” in May 2023.

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.

Children’s Trust of South Carolina, Inc.***Management’s Discussion and Analysis******September 30, 2023***

Governmentwide Financial Statements

The governmentwide 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 is 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 discreetly 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, 2023**

Governmentwide Financial Analysis

The following net position and statement of activities schedules are useful for understanding the governmentwide or fund financial statements. As noted in the schedule, net position decreased by \$53,462 during fiscal year 2023, and in fiscal year 2022, net position decreased by \$586,918. The 2023 and 2022 changes in net assets included a \$96,525 decrease and a \$41,582 increase in restricted net assets, respectively. Current and other assets include investments of \$2,322,663, which are held with Charles Schwab in mutual funds, equities, and money market accounts.

Assets and Liabilities (See notes of the financial statements)

	<u>2023</u>	<u>2022</u>
Current and other assets	\$9,494,030	\$9,256,012
Capital assets, less depreciation	-	2,967
Total assets	<u>9,494,030</u>	<u>9,258,979</u>
Current and other liabilities	3,594,844	3,253,424
Long-term liabilities	<u>376,849</u>	<u>429,756</u>
Total liabilities	3,971,693	3,683,180
Net position		
Invested in capital assets	-	2,967
Unrestricted	4,570,204	4,524,174
Restricted	<u>952,133</u>	<u>1,048,658</u>
Total net position	<u>\$5,522,337</u>	<u>\$5,575,799</u>

Children’s Trust of South Carolina, Inc.

Management’s Discussion and Analysis

September 30, 2023

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 \$1,165,811. Current and other liabilities in the prior fiscal year included unearned of \$661,613. 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.

	<u>2023</u>	<u>2022</u>
REVENUES		
Program revenues		
Program specific operating grants		
Federal	\$9,812,261	\$8,955,044
State	7,724,128	5,663,100
Local and foundations	1,413,721	1,957,396
Contributions		
General Public	353,312	277,423
Nonfinancial Assets	22,694	7,937
Program service		
Services and training	-	125,694
General revenues		
Other Revenues	39,759	7,457
Investment income (loss), net	307,411	(506,234)
TOTAL REVENUES	<u>\$19,673,286</u>	<u>\$16,487,817</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 9).

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 2023 of \$307,411.

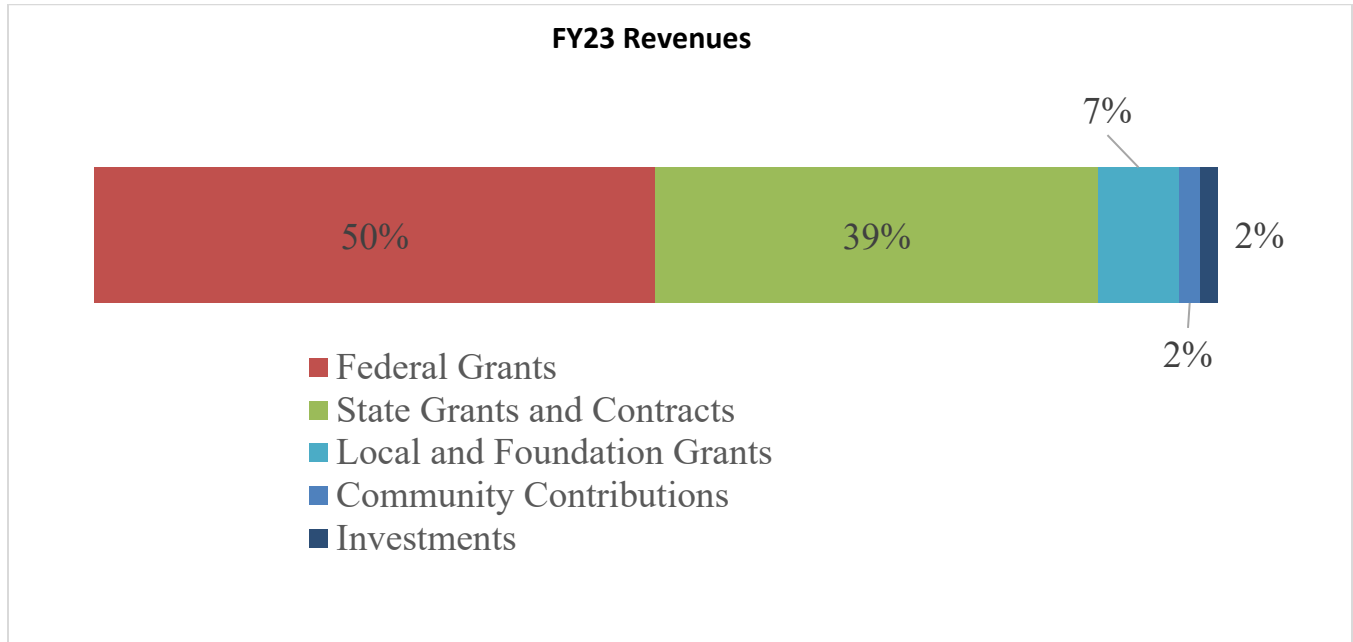
The organization’s community contributions experienced an increase from the prior year as the market continues to rebound. Children’s Trust continued to host in-person donor events to increase awareness to improve fundraising for the organization.

Children’s Trust of South Carolina, Inc.

Management’s Discussion and Analysis

September 30, 2023

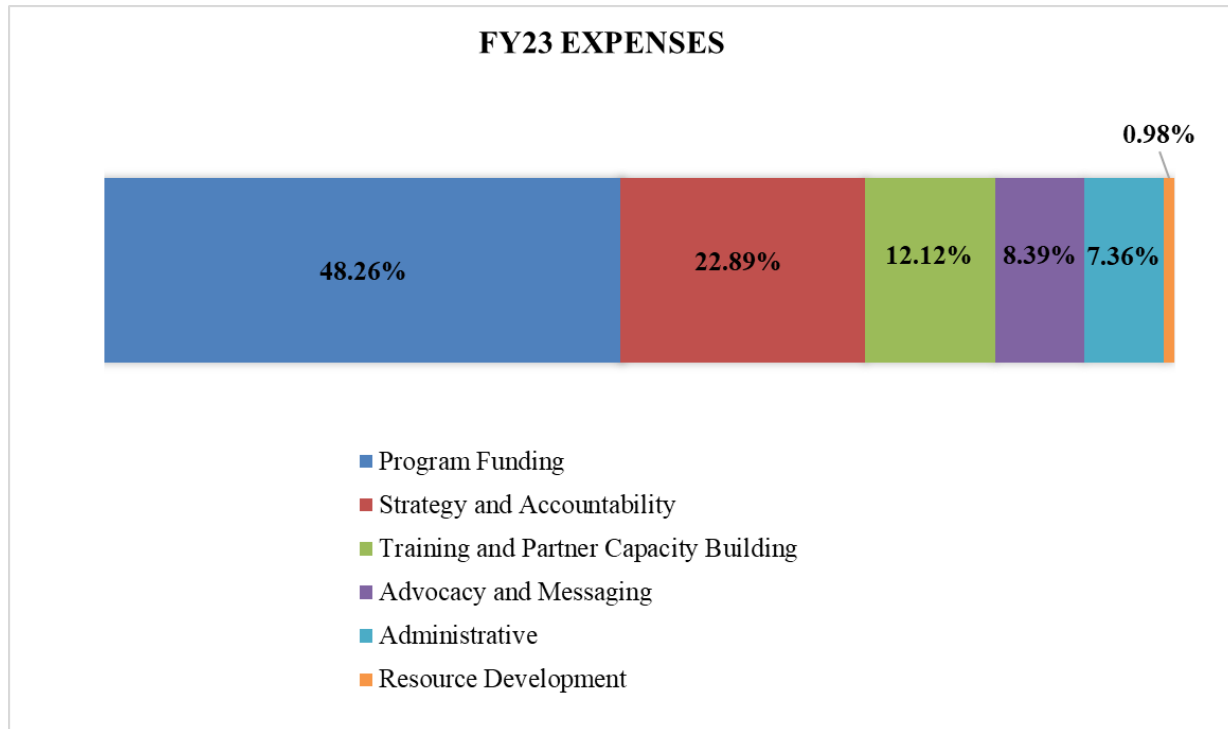
Most training, events and programmatic work returned to in-person settings during the fiscal year. In addition, Children’s Trust was able to begin executing on work funded with American Rescue Plan funding. These factors led to an increase in grant revenues, however some of the organization’s sub-recipients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



During fiscal year 2023, Children’s Trust reorganized its expense classifications to represent the organization’s current work and strategies. As such, 2023 and 2022 expenses have been presented separately.

EXPENSES	<u>2023</u>
Program Funding	\$ 9,520,158
Strategy and Accountability	4,515,554
Training and Partner Capacity Building	2,390,300
Advocacy and Messaging	1,655,149
Administrative	1,451,831
Resource Development	193,756
TOTAL EXPENSES	<u>\$ 19,726,748</u>

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Management’s Discussion and Analysis
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EXPENSES	<u>2022</u>
Prevention Services	\$ 11,625,310
Communications and Development	869,236
Education and Professional Development	1,058,944
Research and Evaluation	1,214,547
Advocacy and Policy	132,266
Program Development and Partnership Convening	727,091
Administration & Strategy	<u>1,447,341</u>
TOTAL EXPENSES	<u><u>\$ 17,074,735</u></u>

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.

With the return to in-person formats, Children’s Trust was also able to host in-person gatherings for many of its network partners such as the S.C. Family Support Network and Triple P South Carolina Network for the first time.

Children’s Trust of South Carolina, Inc.***Management’s Discussion and Analysis******September 30, 2023***

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, 2023

Assets

Current assets

Cash and cash equivalents	\$ 1,825,394
Investments	2,294,322
Receivables:	
Grants – federal	1,939,491
Grants – related party	2,821,556
Contributions	56,696
Prepaid items	81,179
Total current assets	<u>9,018,638</u>

Non-current assets

Intangible right-of-use lease asset, net	312,695
Subscription asset, net	162,697
Total non-current assets	<u>475,392</u>
Total assets	<u>\$ 9,494,030</u>

Liabilities

Current liabilities

Accounts payable	\$ 1,540,135
Accrued liabilities	181,898
Due to related parties	477,480
Unearned revenue	1,165,811
Lease liability	170,088
Subscription liability	59,432
Due to outside agencies	-
Total current liabilities	<u>3,594,844</u>

Noncurrent liabilities

Lease liability	169,933
Subscription liability	113,234
Accrued compensated absences	93,682
Total noncurrent liabilities	<u>376,849</u>
Total liabilities	<u>3,971,693</u>

Net Position

Restricted	952,133
Unrestricted	4,570,204
Total net position	<u>\$ 5,522,337</u>

See Notes to the Financial Statements

Children's Trust of South Carolina, Inc.

Statement of Activities

For the year ended September 30, 2023

Revenues

Program revenues:

Program specific operating grants:

Federal	\$ 9,812,261
State	7,724,128
Local and foundations	1,413,721

Contributions:

General public	353,312
Nonfinancial assets	22,694

General revenues:

Interest income and other revenue	39,759
Investment income, net	307,411
Total revenues	<u>19,673,286</u>

Operating expenses

Current operating

Program funding	9,520,158
Strategy and accountability	4,515,554
Training and partner capacity building	2,390,300
Advocacy and messaging	1,655,149
Administrative	1,451,831
Resource development	193,756
Total operating expenses	<u>19,726,748</u>
Change in net position	(53,462)

Net position, beginning of year

5,575,799

Net position, end of year

\$ 5,522,337

See Notes to the Financial Statements

Children's Trust of South Carolina, Inc.

Balance Sheet - General Fund

As of September 30, 2023

Assets

Cash and cash equivalents	\$ 1,825,394
Investments	2,294,322
Receivables:	
Grants – federal	1,939,491
Grants – related party	2,821,556
Contributions	56,696
Prepaid items	81,179
Total assets	<u>\$ 9,018,638</u>

Liabilities

Accounts payable	\$ 1,540,135
Accrued liabilities	181,898
Due to related parties	477,480
Unearned revenue	1,165,811
Total liabilities	<u>3,365,324</u>

Fund balances

Nonspendable	81,179
Restricted	952,133
Unassigned	4,620,002
Total fund balances	<u>5,653,314</u>
Total liabilities and fund balances	<u>\$ 9,018,638</u>

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

Total Fund Balance of the General Fund \$ 5,653,314

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	312,695
Subscription asset, net of amortization, is not a current financial resource and is not included in the General Fund	162,697
Some liabilities are not due and payable in the current period and therefore are not reported in the General Fund:	
Lease liability	(340,021)
Subscription liability	(172,666)
Accrued compensated absences	(93,682)
Total net position	<u>\$ 5,522,337</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, 2023

Revenues

Program revenues	
Program specific operating grants:	
Federal	\$ 9,812,261
State	7,724,128
Local and foundations	1,413,721
Contributions:	
General public	353,312
Nonfinancial assets	22,694
General revenues:	
Interest income and other revenue	39,759
Investment income, net	307,411
Total revenues	<u>19,673,286</u>

Operating expenditures

Program funding	9,520,158
Strategy and accountability	4,515,554
Training and partner capacity building	2,390,300
Advocacy and messaging	1,655,149
Administrative	1,426,769
Resource development	193,756
Total operating expenditures	<u>19,701,686</u>
Excess of expenditures over revenues	(28,400)
Net change in fund balance	(28,400)

Fund balance, beginning of year	<u>5,681,714</u>
Fund balance, end of year	<u>\$ 5,653,314</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	\$ (28,400)
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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	(8,707)
Subscription assets	(20,300)
Compensated absences	3,945
Net change in net position	<u>\$ (53,462)</u>

See Notes to the Financial Statements

Children’s Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

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 of South Carolina, Inc. 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 s/he appointed to a position.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

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, 2023

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, 2023.

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) and website costs.

Capital assets:

As of September 30, 2023, 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 6).

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

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 leases (See Note 7).

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 transaction are recognized as restricted revenue.

Compensated absences:

Employees are allowed to carryover a maximum of ten personal days off (PTO) during fiscal year 2023. 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, 2023

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.

New accounting pronouncements:

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement (1) defines a subscription-based information technology arrangement ("SBITA"); (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Children's Trust adopted this standard effective October 1, 2022. Adoption of GASB 96 resulted in the recording of additional subscription assets and liabilities related to the Organization's SBITAs of \$216,929 and \$216,929, respectively, at October 1, 2022 (See Note 7).

Children’s Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 1. Summary of Significant Accounting Policies, Continued

Subsequent events:

Children’s Trust has evaluated events and transactions after September 30, 2023 through January 24, 2024, the date which the financial statements were available to be issued.

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, 2023:

Deposits held by financial institutions	\$ 1,797,053
Cash portion of investments	<u>28,341</u>
	<u>\$ 1,825,394</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, 2023, Children’s Trust had \$1,677,737 of deposits 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).

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 2. Deposits and Investments, Continued

Fair value of investments, continued:

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.

The following table sets forth by level, within the fair value hierarchy, Children's Trust's assets at fair value as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic equity funds	\$ 1,169,562	\$ -	\$ -	\$ 1,169,562
Domestic fixed income		45,000		45,000
Corporate bond funds	-	223,608	-	223,608
International equity funds	<u>856,152</u>	<u>-</u>	<u>-</u>	<u>856,152</u>
	<u>\$ 2,025,714</u>	<u>\$ 268,608</u>	<u>\$ -</u>	<u>\$ 2,294,322</u>

Investment income consisted of the following for the year ended September 30, 2023:

Interest and dividends earned	\$ 54,738
Realized losses on investments	(1,051)
Change in unrealized gains	266,762
Investment fees	<u>(13,038)</u>
Total investment income	<u>\$ 307,411</u>

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

Note 3. Receivables

Receivables at September 30, 2023 were as follows:

Grants - federal	\$ 1,939,491
Grants - related party	2,821,556
Contributions	<u>56,696</u>
Total receivables	<u>\$ 4,817,743</u>

Management expects that all receivables will be collected.

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 4. Capital Assets, Net and Intangible Assets, Net

Capital assets, net, for Children's Trust as of September 30, 2023 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	(326,291)
Total intangible lease asset, net	<u>\$ 312,695</u>
Subscription-Based I.T. Arrangement Asset	\$ 216,929
Total intangible subscription asset at historical cost	216,929
Accumulated depreciation	(54,232)
Total intangible subscription asset, net	<u>\$ 162,697</u>

Depreciation and amortization expenses for the equipment and furnishings, lease asset, and SBITA are \$2,967, \$163,145, and \$54,232, respectively.

Note 5. Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023 includes accrued annual leave, a long-term lease (See Note 6), and a Long-term I.T. subscription (See Note 7). Long-term liability activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Annual leave	\$ 89,736	\$ 300,414	\$ (296,468)	\$ 93,682
Lease liability	\$ 494,987	\$ -	\$ (154,966)	\$ 340,021
I.T. subscription liability	\$ -	\$ 216,929	\$ (44,263)	\$ 172,666

Note 6. 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.

Children’s Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 6. Lease Obligations, Continued

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 \$326,291, the net book value of which is \$312,695 as of September 30, 2023. For the fiscal year ended September 30, 2023, Children’s Trust reported amortization expense of \$163,145 and interest expense of \$26,025 related to lease payments made during the year.

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, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,088	\$ 15,787	\$ 185,875
2025	<u>169,933</u>	<u>5,140</u>	<u>175,073</u>
	<u>\$ 340,021</u>	<u>\$ 20,927</u>	<u>\$ 360,948</u>

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.

Children’s Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 7. 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.

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 \$54,232, the net book value of which is \$162,697 as of September 30, 2023. For the fiscal year ended September 30, 2023, Children’s Trust reported amortization expense of \$54,232 and interest expense of \$10,332 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 its 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, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	59,432	10,360	69,792
2025	63,725	6,794	70,519
2026	49,509	2,970	52,479
	<u>\$ 172,666</u>	<u>\$ 20,124</u>	<u>\$ 192,790</u>

Children's Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 7. Subscription-Based Information Technology Arrangements (SBITAs), Continued

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.

Note 8. 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, \$421,360 of which was paid to the South Carolina Public Employee Benefit Authority (SC PEBA) during the fiscal year.

Note 9. Related Party Transactions

During the year ended September 30, 2023, Children's Trust received payments from state agencies in the amount of \$7,724,128, of which \$2,821,556 was receivable at September 30, 2023. 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 \$53,375 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 \$3,883,968 for prevention and evaluation related services to include MUSC - \$1,122,321; Lee County First Steps - \$604,939; University of South Carolina - \$538,878; Spartanburg County First Steps - \$532,364; SC Office of Rural Health - \$443,286; Greenville County First Steps - \$289,026; York County First Steps - \$135,408; and payments to various other entities totaling \$217,745.

In addition to the payments for health insurance noted in Note 8, Children's Trust made additional payments to various other State entities totaling \$321,096 to include a SC Deferred Compensation payment for \$299,796 and payments to various other entities for \$21,300.

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 \$13,000 for the year ended September 30, 2023.

Children’s Trust of South Carolina, Inc.

Notes to the Financial Statements

September 30, 2023

Note 10. 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, 2023, these grants constituted 89% of revenues, with the balance of funds coming from foundation grants, program services, community contributions and investment earnings.

Note 11. 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 12. 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, 2023, Children’s Trust contributed \$113,630 to the Plan.

Note 13. Contributions of Nonfinancial Assets

Nonfinancial contributions represent the value of donated goods at fair market value. For the year ended September 30, 2023, Children’s Trust received nonfinancial assets valued at \$22,694.



**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, 2023, 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 January 24, 2024.

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.

Elliott Davis, LLC

Charleston, South Carolina
January 24, 2024



**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over
Compliance in Accordance with 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, 2023. 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, 2023.

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 style with a large, sweeping initial "E".

Charleston, South Carolina
January 24, 2024

Children's Trust of South Carolina, Inc.**Schedule of Expenditures of Federal Awards****For the year ended September 30, 2023**

<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, 2001SCBCAP, 2102SCBCAP	\$ 171,014	\$ 1,088,742
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	X10MC43608, X11MC41916, X11MC45255	6,938,655	8,649,553
Pass-through programs from:				
South Carolina Department of Health and Environmental Control				
Injury Prevention and Control Research and State and Community	93.136	1NU17CE925021-01	478,894	606,989
Comprehensive Community Approaches to Preventing Substance Use	93.421	6 NU380T000306-04-01	28,023	71,926
		Total U.S. Department of Health and Human Services	<u>7,616,586</u>	<u>10,417,210</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	12,182	73,966
		Total U.S. Department of Justice	<u>12,182</u>	<u>73,966</u>
		Total Expenditures of Federal Awards	<u>\$ 7,628,768</u>	<u>\$ 10,491,176</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, 2023**

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, 2023. 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 minimus 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, 2023**

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
93.590	Community Based Child Abuse Prevention

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