Children’s Trust of South Carolina, Inc.

Report on Financial Statements

For the year ended September 30, 2021
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**Single Audit**

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Independent Auditor’s Report

To the Members of the Boards of Directors
Children’s Trust of South Carolina, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements 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, 2021, 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.

Management’s Responsibility for the Financial Statements

Management of Children's Trust is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Trust as of September 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

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 Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Children's Trust's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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, 2022 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.

Elliott Davis, LLC

Columbia, South Carolina
January 24, 2022
CHILDREN’S TRUST OF SOUTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS

The discussion and analysis of Children’s Trust of South Carolina, Inc. (Children’s Trust) financial performance provides an overview of Children’s Trust financial activities for the fiscal year ended September 30, 2021. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of Children’s Trust financial activities.

Understanding Children’s Trust

Children’s Trust is the only statewide organization focused on preventing child abuse and neglect in South Carolina. We lead and support a network of community-based organizations which share our belief that all children should thrive, live in secure families and be surrounded by supportive communities. As an intermediary organization focused on prevention, we serve as the statewide advocate for issues critical to South Carolina’s children, provide resources and technical support to our prevention partners, and create and share messages about prevention. We also support and fund proven prevention programs, conduct high-quality data and trend analysis, offer training for professionals so they have the tools they need to help children and families in counties across the state.

We focus on six core areas to prevent child abuse and neglect.

1. Prevention Services: We provide funding and program support to local community organizations. We use established evidence-based program models that can be implemented with fidelity so that we can measure our effectiveness and better ensure results. We focus on two-generation strategies that work to build stronger families and keep children safe.

2. Research and Evaluation: We collect and study child, family, and community data so that we know how and where to target prevention efforts. Understanding child well-being trends is important because the insights gained enable us to focus on partnerships, policies, and programs which will lead to the greatest improvements. We also collect and study prevention program data so that we know what’s effective and what’s not. Understanding program data, including financial and process and outcome data, allows us to evaluate our prevention efforts to achieve our mission.

3. Communications and Development: We use various strategies and communication channels in a focused and measured approach to grow support in our efforts to prevent child abuse and neglect. We work to educate, advocate and solicit financial support for the work delivering on our mission, vision and strategic goals from current and potential donors, thought leaders, policymakers, child advocates, child-serving professionals, and families.

4. Education and Professional Development: We give child-serving professionals the tools they need to best work with families in preventing child abuse and neglect. We offer a diverse set of learning opportunities from statewide conferences to specialized sessions on focused curriculum.

5. Advocacy and Policy: Children’s Trust is an advocate for child well-being. We work to improve the lives of children by educating policymakers, thought leaders, and child advocates on issues that impact children and families.

6. Program Development and Partnership Convening: Prevention is the work of many, and we are more effective when we work collaboratively, bringing together best practices, expertise, data and resources. No single individual, organization or government agency working alone can address the well-being of families.
Together we focus on upstream solutions. We have many key partners at the local and state level and often serve as the convening agent.

Administration and Strategy: In addition to the six core areas above, we also incur operating costs associated with providing services in the prevention of child abuse and neglect that are not directly attributable to a specific program or function.

Programs and Initiatives
Children’s Trust serves as the:

1) the state lead for the South Carolina Home Visiting Consortium (SCHVC), which convenes all home visiting program and model leads along with several other early childhood, comprehensive systems service providers;

2) the state affiliate for Prevent Child Abuse South Carolina;

3) the state affiliate for KIDS COUNT; a program of the Annie E. Casey Foundation;

4) the state lead for the National Family Support Network and Family Resource Centers;

5) the lead for the state’s Adverse Childhood Experiences Initiative.

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 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.

We partnered with 16 local organizations to serve parents and their infants in 39 counties. To ensure our partners have the skills they need to be successful, we provide robust professional development, including network meetings, a leadership academy and performance measure workshops.

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 communications and parenting skills, and assist children with social skills, relationships, 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 for shared activities to finish. The skills are then reinforced through weekly home practice assignments.

Positive Parenting Program/Triple P offers practical strategies for parents to manage their child’s behavior. The Triple P system offers a suite of interventions of increasing intensity, ensuring flexibility to meet the needs of families and communities. 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. We’ve worked to scale Triple P services in Georgetown, Greenville, and Spartanburg counties. Our support may include funding, coaching, and training.
Key Highlights

Children’s Trust and its partners continued to deliver programming during the COVID-19 pandemic using innovative solutions, including virtual service delivery and online training.

Maternal, Infant Early Childhood Home Visiting program continued services following the onset of the COVID-19 pandemic. The 16 funded sites delivering home visiting models through the MIECHV grant, continued to do so either fully virtually or a combined option that included in-person visits for high-need or technology-challenged families. The home visiting program served 1,365 enrolled families/caregivers with 17,886 home visits completed across 39 of 46 counties in South Carolina.

The Strengthening Families Program sites continued engagement with their families by utilizing virtual solutions to provide family meals and celebrate family graduations. The Strengthening Families Program had 763 families and 1,116 children enrolled in 24 funded sites and 28 counties across the state. The completion rate for families enrolled in the program was 87 percent.

In seven years of administering the Strengthening Families Program (SFP) with local partners across the state, Children’s Trust has seen the program staged in a variety of settings – from community centers to schools to churches. However, a program first in South Carolina was completed with a cycle that took place in a correctional facility. With the S.C. Department of Corrections serving as the funded grantee, nine moms at the Leath Correctional Institution in Greenwood completed the 14-session program in coordination with their children participating virtually at home.

Positive Parenting Program (Triple P) expanded service delivery in Greenville and Georgetown Counties. It served 1,025 parents and caregivers, and 99 percent of participants report that they would recommend Triple P to other parents. There are now 140 practitioners trained in Triple P across all levels and variants for those two counties.

Children’s Trust completed a partnerships assessment with its funded partners in home visiting, Strengthening Families Program and Triple P. A significant majority (78 percent) of respondents reported that Children’s Trust meets their needs for partner support. Partners also reported that they prioritize adhering to contract processes, data collection and continuous quality improvement practices.

As a core component of delivering on its mission, Children’s Trust trains child-serving professionals across the state. From model-specific sessions to broad-based knowledge, 8,278 professionals took advantage of 174 learning opportunities.

Children’s Trust led training on Adverse Childhood Experiences (ACEs) across the state with 135 training events reaching 6,284 participants. The organization also provided contracted training for the S. C. Department of Social Services for early and middle childhood development as well as how to keep children safe in 19 training events reaching more than 300 participants.

Children’s Trust received $230,235 in restricted and unrestricted donations. There were 8 volunteers providing 39 volunteer hours to the organization, in addition to the organization’s 12 members of the Board of Directors who served in a fully voluntary capacity.

114 partners received messaging materials and participated in Child Abuse Prevention Month awareness activities. There were 314 downloads of the messaging toolkits and graphic files.

Children’s Trust facilitated three Empower Action Model coalitions in Richland, Marlboro and Oconee Counties. 42 organizations participated in these community-wide prevention efforts. In parallel work, the local organizations convened parent advisory councils to ensure parent voices are represented in planning
and decision making.

Children’s Trust held its biennial statewide prevention conference in a virtual environment for the first time. The conference had 492 registrants and an 88 percent attendance rate. In a post-conference survey, respondents (86 percent) agreed that the conference helped to strengthen their ability to contribute to building resilient families and thriving communities.

South Carolina ranks No. 41 nationally in child and family well-being, according to the 2021 KIDS COUNT® Data Book, a 50-state report of recent household data developed by the Annie E. Casey Foundation analyzing how families have fared between the Great Recession and the COVID-19 pandemic. Education, poverty and the high cost of housing are ongoing challenges that have led to little improvement for South Carolina in the annual index of well-being measures.

Because of Children’s Trust’s national leadership in prevention innovations, South Carolina continued its work as one of four jurisdictions across the nation to participate in Thriving Families, Safer Children: A National Commitment to Well-Being. This statewide effort is working to transform South Carolina’s child welfare system away from post-abuse treatment and services to community-based proactive prevention programs and building holistic family well-being.

Children’s Trust updated the 2010 South Carolina’s needs assessment for home visiting, a prevention service delivery strategy that decreases risk factors and increases protective factors for children at risk for child abuse and neglect. The study concluded that there is a need for greater coordination among home visiting and early childhood efforts, including the development of statewide strategies for the work of home visiting for the next ten years. It also called for additional resources to ensure equitable and adequate services are available for families in every county in the state. This will also require strengthening the home visiting infrastructure in South Carolina.

Children’s Trust launched a new parent-focused website, scParent.org, featuring a Find Help search bar that helps connect families to local free and reduced-cost social service programs in their community. Parents and caregivers simply enter their ZIP code into the search bar to return an array of free and reduced-cost assistance in their communities, including parenting services, food, housing, financial and legal help, and health services.

Children’s Trust launched an updated version of its home visiting website for its partners across South Carolina at schomevisiting.org. Designed in coordination with the Home Visiting Consortium, this site supports home visiting professionals and the work of home visiting across the state. The update expands on the earlier site by adding additional links to professional development opportunities, expanded information on the consortium, and data and research.

Children’s Trust CEO Sue Williams was named the recipient of the James Hmurovich Award at the 2021 Prevent Child Abuse America Virtual Conference. The award is given to an executive director of a Prevent Child Abuse America state chapter for leadership in the prevention of child abuse and neglect. The award reflected Williams’ contributions to evidence-based prevention efforts in collaboration with local organizations in communities across the state and PCAA chapters across the U.S. Children’s Trust is the PCA state chapter for South Carolina.

Stephen Leicht, the former chair of the Children’s Trust board of directors, was presented the Yezbak Award for his service to the organization. The award, which is named for former board chair David Yezbak, highlights Leicht’s commitment to the prevention of child abuse and neglect in South Carolina.
Children’s Trust published a research brief, “Positive Childhood Experiences in South Carolina (PDF),” that details how protective factors and positive experiences can help children overcome adversity and become more resilient. This research brief explains how promoting resilience in children, families, and communities through health care, educational, and social service systems can help counteract childhood trauma.

Children’s Trust released a research brief in conjunction with the University of South Carolina’s Social Media Insights Lab that examined the role a social networking service can play in the discussion of a public health issue such as childhood adversity. This research study – “Who is Talking about Adverse Childhood Experiences? Evidence from Twitter to Inform Health Promotion (PDF)” – explores how information about Adverse Childhood Experiences is commonly being used, shared and discussed on the microblogging site Twitter.

**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.

**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 activity 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 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 Comprehensive Annual Financial Report.

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 Comprehensive Annual Financial Report.
Governmentwide 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 $953,671 during the fiscal year 2021, and in fiscal year 2020, net position increased by $596,018. The 2021 and 2020 changes in net assets included a $130,505 decrease and a $30,039 increase in restricted net assets respectively. Current and other assets include investments of $2,497,236, which are held with Charles Schwab in mutual funds, equities, and money market accounts.

Assets and Liabilities (See notes of the financial statements)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$8,940,279</td>
<td>$8,718,016</td>
</tr>
<tr>
<td>Capital assets, less depreciation</td>
<td>7,730</td>
<td>12,493</td>
</tr>
<tr>
<td>Total assets</td>
<td>8,948,009</td>
<td>8,730,509</td>
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<tr>
<td>Current and other liabilities</td>
<td>2,703,720</td>
<td>3,408,298</td>
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<tr>
<td>Long-term liabilities</td>
<td>81,572</td>
<td>113,165</td>
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<tr>
<td>Total liabilities</td>
<td>2,785,292</td>
<td>3,521,463</td>
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<tr>
<td>Net position</td>
<td></td>
<td></td>
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<tr>
<td>Invested in capital assets</td>
<td>7,730</td>
<td>12,493</td>
</tr>
<tr>
<td>Unrestricted net position</td>
<td>5,147,911</td>
<td>4,058,972</td>
</tr>
<tr>
<td>Restricted net position</td>
<td>1,007,076</td>
<td>1,137,581</td>
</tr>
<tr>
<td>Total net position</td>
<td>$6,162,717</td>
<td>$5,209,046</td>
</tr>
</tbody>
</table>

Children’s Trust 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 $21,358. 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 $43,091 for a current value of $7,730. All capital assets are depreciated over a seven-year period.

In the current fiscal year unearned revenue is $379,413. Current and other liabilities in the prior fiscal year included unearned revenue of $326,891. 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.

In 2020, current and other liabilities also included a $550,000 note payable received under the Paycheck Protection Program on April 18, 2020. The loan was fully forgiven during fiscal year 2021 and has been included in fiscal year 2021 revenues.
| 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). |
|---|---|
| Due to continued impacts of Covid-19 the organization saw a decrease in General Public Contributions as a result of cancelled fundraising events and overall decreases in public giving during 2021. |
| Also due to continued impacts of Covid-19 many of the organization’s sponsored trainings and activities as well as grantees’ programmatic work, continued to be offered in virtual formats. In addition, some trainings and events were cancelled. These changes led to a decrease in reimbursable grant funds received. |
### FY21 Revenues

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention Services</td>
<td>$11,019,079</td>
<td>$10,913,642</td>
</tr>
<tr>
<td>Communications and Development</td>
<td>604,422</td>
<td>389,697</td>
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<tr>
<td>Education and Professional Development</td>
<td>690,654</td>
<td>737,784</td>
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<tr>
<td>Research and Evaluation</td>
<td>1,376,621</td>
<td>1,276,099</td>
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<tr>
<td>Advocacy and Policy</td>
<td>121,915</td>
<td>126,398</td>
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<tr>
<td>Program Development and Partnership Convening</td>
<td>777,576</td>
<td>918,269</td>
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<tr>
<td>Administration &amp; Strategy</td>
<td>1,280,380</td>
<td>1,299,559</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$15,870,647</td>
<td>$15,661,448</td>
</tr>
</tbody>
</table>

Many of the organization’s activities and expenses continued to be redirected during fiscal year 2021 due to accommodations needed as a result of Covid-19. This caused expenses to remain consistently lower during the fiscal year, similar to the previous fiscal year.

Communications and Development had more lead time during fiscal year 2021 to develop and execute activities and events with Covid-19 accommodations in place.

All activities related to partnership convening were held in a virtual format during the entirety of fiscal year 2021, in addition there was no major programmatic development activities during the fiscal year as the organization spent the fiscal year finalizing its new strategic plan.
## FY21 EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$ 16,824,318</td>
<td>$ 16,257,466</td>
</tr>
<tr>
<td>Total expenses</td>
<td>15,870,647</td>
<td>15,661,448</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>953,671</td>
<td>596,018</td>
</tr>
<tr>
<td>Net position beginning of year</td>
<td>5,209,046</td>
<td>4,613,028</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$ 6,162,717</td>
<td>$ 5,209,046</td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>$ 7,730</td>
<td>$ 12,493</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>5,147,911</td>
<td>4,058,972</td>
</tr>
<tr>
<td>Restricted</td>
<td>1,007,076</td>
<td>1,137,581</td>
</tr>
<tr>
<td></td>
<td>$ 6,162,717</td>
<td>$ 5,209,046</td>
</tr>
</tbody>
</table>
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, 1330 Lady Street, Suite 310, Columbia SC 29201 or visit the website at http://scchildren.org/
## Statement of Net Position

### As of September 30, 2021

### Assets

#### Current assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,723,551</td>
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<tr>
<td>Investments</td>
<td>2,497,236</td>
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<tr>
<td>Receivables:</td>
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<tr>
<td>Grants</td>
<td>1,539,209</td>
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<tr>
<td>Related party</td>
<td>2,102,182</td>
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<tr>
<td>Contributions</td>
<td>10,700</td>
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<tr>
<td>Prepaid items</td>
<td>50,901</td>
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<tr>
<td>Asset held for sale</td>
<td>16,500</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td><strong>8,940,279</strong></td>
</tr>
</tbody>
</table>

#### Non-current assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment, net</td>
<td>7,730</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>7,730</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>8,948,009</strong></td>
</tr>
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</table>

### Liabilities

#### Current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>1,489,205</td>
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<tr>
<td>Accrued liabilities</td>
<td>177,181</td>
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<tr>
<td>Due to related parties</td>
<td>657,921</td>
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<tr>
<td>Unearned revenue</td>
<td>379,413</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>2,703,720</strong></td>
</tr>
</tbody>
</table>

#### Noncurrent liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued compensated absences</td>
<td>81,572</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>2,785,292</strong></td>
</tr>
</tbody>
</table>

### Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>7,730</td>
</tr>
<tr>
<td>Restricted</td>
<td>1,007,076</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>5,147,911</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$ 6,162,717</strong></td>
</tr>
</tbody>
</table>

*See Notes to Financial Statements*
Children's Trust of South Carolina, Inc.

Statement of Activities
For the year ended September 30, 2021

**Revenues**

Program revenues:
- Program specific operating grants:
  - Federal $8,069,804
  - State $5,471,682
  - Local and foundations $1,897,922
- Contributions:
  - General public $230,235
  - Charges for services $135,663
- General revenues:
  - Interest income and other revenue $8,170
  - PPP loan forgiveness $550,000
  - Investment income $460,842
- Total revenues $16,824,318

**Operating expenses**

Current operating:
- Prevention services $11,019,079
- Communications and development $604,422
- Education and professional development $690,654
- Research and evaluation $1,376,621
- Advocacy and policy $121,915
- Program development and partnership convening $777,576
- Administration and strategy $1,280,380
- Total operating expenses $15,870,647
- Change in net position $953,671

**Net position, beginning of year** $5,209,046
**Net position, end of year** $6,162,717

See Notes to Financial Statements
Children's Trust of South Carolina, Inc.  

**Balance Sheet - General Fund**  

**As of September 30, 2021**

### Assets

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$2,723,551</td>
</tr>
<tr>
<td>Investments</td>
<td>$2,497,236</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
</tr>
<tr>
<td>- Grants</td>
<td>$1,539,209</td>
</tr>
<tr>
<td>- Related party</td>
<td>$2,102,182</td>
</tr>
<tr>
<td>- Contributions</td>
<td>$10,700</td>
</tr>
<tr>
<td>- Prepaid items</td>
<td>$50,901</td>
</tr>
<tr>
<td>- Asset held for sale</td>
<td>$16,500</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$8,940,279</strong></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Liability Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$1,489,205</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>$177,181</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>$657,921</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$379,413</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$2,703,720</strong></td>
</tr>
</tbody>
</table>

### Fund balances

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>$67,401</td>
</tr>
<tr>
<td>Restricted</td>
<td>$1,007,076</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$5,162,082</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td><strong>6,236,559</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and fund balances**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,940,279</td>
</tr>
</tbody>
</table>

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

- **Total Fund Balance of the General Fund**: $6,236,559

**Amounts reported in the Statement of Net Position are different because:**

- Capital assets, net of depreciation, are not current financial resources and are not included in the General Fund: $7,730

**Some liabilities are not due and payable in the current period and therefore are not reported in the General Fund:**

- Compensated absences: $(81,572)

**Total net position**: $6,162,717

*See Notes to 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, 2021

**Revenues**

Program revenues
  Program specific operating grants
    Federal $ 8,069,804
    State 5,471,682
    Local and foundations 1,897,922

Contributions:
  General public 230,235
  Charges for services 135,663

General revenues
  Interest income and other revenue 8,170
  Investment income 460,842

Total revenues $16,274,318

**Operating expenditures**

Prevention services 11,019,079
Communications and development 604,422
Education and professional development 690,654
Research and evaluation 1,376,621
Advocacy and policy 121,915
Program development and partnership convening 777,576
Administration and strategy 1,307,210

Total operating expenditures $15,897,477

Excess of revenues over expenditures 376,841
Net change in fund balance 376,841

Fund balance, beginning of year 5,859,718

Fund balance, end of year $6,236,559

**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 $376,841

- Governmental funds report purchases of capital assets as expenditures. However, in the Statement of Activities, the costs of such assets is allocated over their useful lives and reported as depreciation expense. (4,763)
- Proceeds from the forgiveness of PPP loans are treated as a decrease in liabilities in the Statement of Net Position 550,000
- Some expenses recorded in the Statement of Activities, compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund. 31,593

Net change in net position $953,671

See Notes to Financial Statements
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 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 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 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 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 Comprehensive Annual 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.
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.
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, 2021.

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 consist of one-month health insurance premium paid to South Carolina Public Employee Benefit Authority (SC PEBA).

Capital assets:

As of September 30, 2021, there are four capital assets included and reported in the applicable government-wide financial statements. 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.

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 fifteen personal days off (PTO) during fiscal year 2021 due to circumstances around COVID-19. In prior years employees were allowed to carryover a maximum of ten PTO days at the end of each fiscal year. 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.
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: nonspendable, restricted, committed, assigned, and unassigned. Where applicable, these classifications are presented on the face of the general fund balance sheet. Children’s Trust highest level of decision-making authority is the Board of Directors. Children’s Trust has reported a portion of fund balance as nonspendable and restricted, and the reasons are enumerated below.

The nonspendable 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 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, 2021 through January 24, 2022, 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, 2021:

- Deposits held by financial institutions: $2,707,643
- Cash portion of investments: $15,908

Total: $2,723,551

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, 2021, Children’s Trust had $2,699,470 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. Valuation adjustments are not applied to Level 1 investments.

- **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.
Note 2. Deposits and 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, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equity funds</td>
<td>$1,094,902</td>
<td>$</td>
<td>$</td>
<td>$1,094,902</td>
</tr>
<tr>
<td>Domestic fixed income</td>
<td>50,715</td>
<td>$</td>
<td>$</td>
<td>50,715</td>
</tr>
<tr>
<td>Corporate bond funds</td>
<td>419,973</td>
<td>$</td>
<td>$</td>
<td>419,973</td>
</tr>
<tr>
<td>International equity funds</td>
<td>931,646</td>
<td>$</td>
<td>$</td>
<td>931,646</td>
</tr>
<tr>
<td></td>
<td>$2,497,236</td>
<td>$</td>
<td>$</td>
<td>$2,497,236</td>
</tr>
</tbody>
</table>

Investment income consisted of the following at September 30, 2021:

- Interest and dividends earned $48,291
- Realized gains (losses) on investments $(18,599)
- Change in unrealized gains 444,275
- Investment fees $(13,125)

Total investment income $460,842

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

Note 3. Receivables

Receivables for the year ended September 30, 2021 were as follows:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants - federal</td>
<td>$1,539,209</td>
<td></td>
</tr>
<tr>
<td>Grants - related party</td>
<td>2,102,182</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>10,700</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>3,652,091</td>
<td></td>
</tr>
<tr>
<td>Less, allowance for uncollectible</td>
<td>$(3,652,091)</td>
<td></td>
</tr>
<tr>
<td>Total receivables, net</td>
<td>$3,652,091</td>
<td></td>
</tr>
</tbody>
</table>

Management expects that all receivables will be collected.
Note 4. Capital Assets

Capital assets for Children’s Trust as of September 30, 2021 was as follows:

- Equipment and furnishings: $50,821
- Total capital assets at historical cost: 50,821
- Accumulated depreciation: (43,091)
- Total capital assets, net: $7,730

Depreciation expense of $4,763 was charged to administrative and strategy.

Note 5. Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Payments</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual leave</td>
<td>$113,165</td>
<td>$273,663</td>
<td>$(305,256)</td>
<td>$81,572</td>
</tr>
</tbody>
</table>

Note 6. Operating Leases

Children’s Trust entered into a new ten-year, non-cancelable operating lease, effective September 1, 2016, expiring August 31, 2025, with an external party. Total lease payments made under the terms of the lease for the year ended September 30, 2021 is $170,196. Future minimum lease payments under terms of the lease agreement for the year ending September 30 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$175,150</td>
</tr>
<tr>
<td>2023</td>
<td>180,463</td>
</tr>
<tr>
<td>2024</td>
<td>185,871</td>
</tr>
<tr>
<td>2025</td>
<td>175,074</td>
</tr>
<tr>
<td>Total</td>
<td>$716,558</td>
</tr>
</tbody>
</table>
Note 6. Operating Leases, Continued

There are also lease agreements for two copiers and one postage meter with future lease payments for the year ending September 30 as follows:

<table>
<thead>
<tr>
<th>Annual Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
</tr>
<tr>
<td>2023</td>
</tr>
<tr>
<td>2024</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>$4,344</td>
</tr>
<tr>
<td>$3,418</td>
</tr>
<tr>
<td>$537</td>
</tr>
<tr>
<td>$8,299</td>
</tr>
</tbody>
</table>

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, $360,938 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, 2021, Children’s Trust received payments from state agencies in the amount of $5,471,682, of which $2,102,182 was receivable at September 30, 2021. The South Carolina Treasurer’s Office transferred $700,000 to Children’s Trust for the Strengthening Families Program and $100,000 for the Community Based Child Abuse Prevention Program as the organization’s allocation in the States’ budget for prevention services throughout the State. The South Carolina Department of Revenue collected $39,588 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 $2,945,613 for prevention and evaluation related services to include; Lowcountry DHEC - $168,503; Lee County First Steps - $391,560; MUSC - $440,865; SC Office of Rural Health - $397,039; Spartanburg County First Steps - $372,892; University of South Carolina - $537,684; York County First Steps - $131,300; Greenville County First Steps - $199,214 and payments to various other entities totaling $306,556.

In addition to the payments for health insurance noted in Note 7, Children’s Trust made additional payments to various other State entities totaling $379,296 to include Accident Fund - $6,164; SC Deferred Compensation - $258,503; SC DHEC - $100,000; and payment to various other entities for $7,746.
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, 2021, these grants constituted 84 percent of revenues, with the balance of funds coming from foundation grants, program services, community contributions and investment earnings.

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. Paycheck Protection Program

On April 18, 2020, Children’s Trust received loan proceeds in the amount of $550,000 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

Children’s Trust applied for and has been notified that the full amount of the loan and accrued interest has been forgiven because the funds were used for eligible expenditures for payroll and other expenses described in the CARES Act. Amounts forgiven are reflected as loan forgiveness under general revenues in the accompanying Statement of Activities.

Note 12. Deferred Compensation Plan

Children’s Trust participates in the State of South Carolina 457 Deferred Compensation Plan and Trust. The Plan is administered by the South Carolina Public Employee Benefit Authority (PEBA). 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, 2021, Children’s Trust contributed $258,503 to the Plan.

Note 13. In-Kind Contributions

In-kind contributions represent the value of donated goods at fair market value. For the year ended September 30, 2021, Children’s Trust did not receive any in-kind donations.
Note 14. COVID-19 Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Children’s Trust is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Children’s Trust’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Children’s Trust’s partners and funders, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Children’s Trust’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Pass-through Entity Identifying Number</th>
<th>Passed Through to Federal Grantor or Pass-Through Grantor</th>
<th>Subrecipients Expenditures</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct programs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Based Child Abuse Prevention</td>
<td>93.590</td>
<td>$</td>
<td>-</td>
<td>$390,559</td>
<td></td>
</tr>
<tr>
<td>Maternal, Infant, and Early Childhood Home Visiting Program-Formula</td>
<td>93.870</td>
<td>6,084,075</td>
<td>7,655,404</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pregnancy Assistant Fund Program</td>
<td>93.500</td>
<td></td>
<td></td>
<td>17,104</td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td>6,084,075</td>
<td>8,063,067</td>
</tr>
<tr>
<td>Pass-through programs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Carolina Department of Health and Environmental Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Injury Prevention and Control Research and State and Community</td>
<td>93.136</td>
<td>1NU17CE925021-01</td>
<td>239,433</td>
<td>339,348</td>
<td></td>
</tr>
<tr>
<td>South Carolina Department of Alcohol and Other Drug Abuse Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Carolina State Opioid Response Grant</td>
<td>93.788</td>
<td>CTR-SOR-21</td>
<td>188,133</td>
<td>273,481</td>
<td></td>
</tr>
<tr>
<td><strong>Total Pass-Through Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td>427,566</td>
<td>612,829</td>
</tr>
</tbody>
</table>

**TOTAL EXPENDITURES OF FEDERAL AWARDS** $6,511,641 $8,675,896

*See Notes to Schedule of Expenditures of Federal Awards*
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, 2021. 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 has elected to use an indirect cost rate of 26%.
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

To the Members of the Board of Directors
Children’s Trust of South Carolina, Inc.

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, 2021, 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, 2022.

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.
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

Columbia, South Carolina
January 24, 2022
To the Members of the Board of Directors  
Children's Trust of South Carolina, Inc.

Report on Compliance for 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, 2021. Children's Trust's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Children's Trust's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Children's Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Children's Trust's compliance.
Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of Children's Trust of South Carolina, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Children's Trust's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Children's Trust's 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 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.

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

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.

Elliott Davis, LLC

Columbia, South Carolina
January 24, 2022
Section I. Summary of Auditors' 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:

<table>
<thead>
<tr>
<th>CFDA Numbers</th>
<th>Name of federal program or cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.870</td>
<td>Maternal, Infant, and Early Childhood Home Visiting Program</td>
</tr>
</tbody>
</table>

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

Section IV. Summary Schedule of Prior Audit Findings

None reported