
FACES AND VOICES OF RECOVERY GREENVILLE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
AND
INDEPENDENT AUDITORS' REPORT**

JAMES H. STUCKEY, JR. P.C.
a professional corporation
Certified Public Accountant

710 East McBee Avenue
Greenville, South Carolina 29601

FACES AND VOICES OF RECOVERY GREENVILLE

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF CASH FLOWS	5
SCHEDULE OF FUNCTIONAL EXPENSES	6
NOTES TO FINANCIAL STATEMENTS	7-11

James H. Stuckey, Jr. P.C.

a professional corporation
Certified Public Accountant

Telephone (864) 467-0907

Facsimile (864) 467-0491

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Faces and Voices of Recovery Greenville
Greenville, South Carolina

We have audited the accompanying financial statements of Faces and Voices of Recovery Greenville (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgement, 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 Faces and Voices of Recovery Greenville as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, appearing to read "James H. Brady, P.C.", is written in a cursive style.

August 11, 2015

FACES AND VOICES OF RECOVERY GREENVILLE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 697,795
Unconditional promises to give	166,508
Prepaid rent	<u>13,031</u>
Total current assets	<u>877,334</u>

PROPERTY AND EQUIPMENT

Office equipment, furniture, and fixtures	98,338
Leasehold improvements	<u>13,785</u>
Total property and equipment	112,123
Less accumulated depreciation	<u>(29,312)</u>
Property and equipment, net	<u>82,811</u>

OTHER ASSETS

Unconditional promises to give, net of \$6,840 discount	222,705
Prepaid rent	4,515
Security deposits	5,710
Intangible asset, net of \$2,889 amortization	<u>12,111</u>
Total other assets	<u>245,041</u>

TOTAL ASSETS \$ 1,205,186

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 12,016
Accrued expenses	17,147
Capital lease payable (See Note 7)	<u>2,069</u>
Total current liabilities	<u>31,232</u>

NET ASSETS

Unrestricted net assets	784,741
Temporarily restricted net assets	<u>389,213</u>
Total net assets	<u>1,173,954</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,205,186

See independent auditors' report

FACES AND VOICES OF RECOVERY GREENVILLE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 348,799	\$ 125,175	\$ -	\$ 473,974
Program revenue	3,834	-	-	3,834
Interest income	3,165	-	-	3,165
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>249,271</u>	<u>(249,271)</u>	<u>-</u>	<u>-</u>
Total support and reclassifications	<u>605,069</u>	<u>(124,096)</u>	<u>-</u>	<u>480,973</u>
Expenses:				
Program services (Note 5)	374,179	-	-	374,179
Supporting services				
Management and general	39,359	-	-	39,359
Fundraising	<u>30,838</u>	<u>-</u>	<u>-</u>	<u>30,838</u>
Total expenses	<u>444,376</u>	<u>-</u>	<u>-</u>	<u>444,376</u>
Change in net assets	160,693	(124,096)	-	36,597
Net assets at beginning of year	<u>624,048</u>	<u>513,309</u>	<u>-</u>	<u>1,137,357</u>
Net assets at end of year	<u>\$ 784,741</u>	<u>\$ 389,213</u>	<u>\$ -</u>	<u>\$ 1,173,954</u>

See independent auditors' report

FACES AND VOICES OF RECOVERY GREENVILLE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 36,597
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	14,655
Amortization	1,000
Changes in operating assets and liabilities:	
Decrease in pledges receivable	124,095
Decrease in security deposits	13,284
Increase in prepaid rent	(17,546)
Increase in accounts payable	1,927
Increase in accrued expenses	4,356
Net cash provided from operating activities	<u>178,368</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(3,185)</u>
Net cash used in investing activities	<u>(3,185)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Debt reduction – capital lease	<u>(2,256)</u>
Net cash used in financing activities	<u>(2,256)</u>

NET INCREASE IN CASH AND EQUIVALENTS 172,927

CASH AND EQUIVALENTS AT BEGINNING OF YEAR 524,867

CASH AND EQUIVALENTS AT END OF YEAR \$ 697,794

SUPPLEMENTAL DISCLOSURE:

Interest expense for the year ending June 30, 2015 \$ -

See independent auditors' report

FACES AND VOICES OF RECOVERY GREENVILLE

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL EXPENSES</u>
Salaries and wages	\$ 153,957	\$ 17,098	\$ 15,402	\$ 186,457
Conferences, conventions, and meetings	54,340	1,284	4,754	60,378
Occupancy	42,186	4,963	2,482	49,631
Employee benefits	23,901	2,654	2,392	28,947
Office expenses	21,648	1,203	1,203	24,054
Advertising	20,160	-	2,240	22,400
Payroll taxes and benefits	13,221	1,468	1,323	16,012
Telephone	8,498	1,000	500	9,998
Professional fees	-	6,743	-	6,743
Utilities	5,070	597	298	5,965
Repairs and maintenance	4,136	487	244	4,867
Travel	4,650	-	-	4,650
Insurance	3,263	360	-	3,623
Dues and subscriptions	3,594	-	-	3,594
Bank and merchant fees	-	1,402	-	1,402
Total expenses before depreciation and amortization	358,624	39,259	30,838	428,721
Depreciation	14,655	-	-	14,655
Amortization	900	100	-	1,000
Total expenses	<u>\$ 374,179</u>	<u>\$ 39,359</u>	<u>\$ 30,838</u>	<u>\$ 444,376</u>

See independent auditors' report.

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 – PRINCIPAL BUSINESS ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Faces and Voices of Recovery Greenville (the Organization) promotes long-term recovery from substance use disorders, in Greenville county South Carolina, through education, advocacy and recovery support services, resulting in healthier individuals, families, and communities. The Organization is supported primarily through donations from individuals, businesses, and other nonprofits.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the *Accounting Standards Codification* (ASC). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents – Cash and cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash within ninety days.

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in unrestricted assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted assets depending on the nature of the restriction. When a temporary restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services – No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its activities, but these services do not meet the criteria for recognition as contributed services.

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 1 - PRINCIPAL BUSINESS ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Property and Equipment – Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred. Donated property, if any, is recorded at the fair market value of the property at the date of the gift.

The estimated useful lives used in computing depreciation are as follows:

Leasehold improvements	39 Years
Office equipment, furniture, and fixtures	5 - 7 Years

Revenue Recognition – Contributions received are generally available for unrestricted use in the related programs and related year unless specifically restricted by the donor, and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Functional Allocation of Expenses – The costs of providing the Organization's various programs and support services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

Advertising and Promotional Costs - Advertising and promotional costs are expensed when incurred. Such expenses were \$22,400 for the year ended June 30, 2015.

Income Taxes - The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the calendar years ending 2012 and 2013, and the fiscal years ending June 30, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Date of Management's Review – Management has evaluated subsequent events through August 11, 2015, the date on which the financial statements were available to be issued.

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued **JUNE 30, 2015**

NOTE 2 – PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the direct write off method to determine uncollectible promises to give when the promise to give is determined to be uncollectible. In the opinion of management, all promises to give expected to be uncollectible have been charged off.

Promises to give that will be received beyond one year are discounted to present value using a discount rate of 1.00% per year. The discount on promises to give was \$6,840 at June 30, 2015.

Promises to give, net of present value discounts, are expected to be collected in the following periods:

	<u>Amount</u>
Less than one year	\$ 166,508
One to five years	213,378
After five years	<u>9,327</u>
	<u>\$ 389,213</u>

NOTE 3 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by the following:

Unrestricted promises to give to be collected in future periods	\$ 389,213
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NOTE 4 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at several financial institutions. During the fiscal year some of these accounts exceeded federally insured limits. It is the opinion of management that the cash deposits are with high quality financial institutions whose solvency is not a concern at this time. Funds in excess of federally insured limits as of June 30, 2015 totaled \$156,150.

NOTE 5 – PROGRAM SERVICES

The Organization incurred the following program expenses for the year ending June 30, 2015:

Recovery education, advocacy, and support services	\$ 374,179
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FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2015

NOTE 6 – OTHER ASSETS

Included in other assets are various intangible assets acquired by the Organization, net of amortization (primarily 15 years from the date of acquisition). The gross carrying amount of intangible assets subject to amortization at June 30, 2015 was \$15,000. Amortization expense was \$1,000 for the year ended June 30, 2015. Estimated amortization for each of the five succeeding years is as follows:

<u>Year Ending June 30</u>	<u>Estimated Amortization</u>
2016	\$ 1,000
2017	\$ 1,000
2018	\$ 1,000
2019	\$ 1,000
2020	\$ 1,000

NOTE 7 – CAPITAL LEASES

The Organization leases office equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

Office furniture and fixtures	\$ 6,769
Less accumulated depreciation	<u>(2,708)</u>
	<u>\$ 4,061</u>

Future minimum payments required under the lease as of June 30, 2015 is as follows:

<u>Year Ending June 30</u>	
2016	<u>\$ 2,069</u>

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 8 – OPERATING LEASE COMMITMENTS

The Organization leases office space under a noncancelable operating lease with a term of five years. The following is a schedule by year of future minimum rentals under the lease at June 30, 2015:

<u>Year Ending June 30</u>	
2016	\$ 50,778
2017	48,970
2018	<u>36,122</u>
	<u>\$ 135,870</u>

Occupancy expense for the year ended June 30, 2015 was \$49,631.
