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**FACES AND VOICES OF RECOVERY GREENVILLE**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018  
AND  
INDEPENDENT AUDITORS' REPORT**

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# **FACES AND VOICES OF RECOVERY GREENVILLE**

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**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, 2018, and the related statements of activities and changes in net assets, functional expenses, 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, 2018, 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.

A handwritten signature in black ink, reading "David H. Stealy, Jr. P.C." in a cursive style.

September 25, 2018

## **FACES AND VOICES OF RECOVERY GREENVILLE**

### **STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2018**

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#### **ASSETS**

##### **CURRENT ASSETS**

Cash and cash equivalents	\$ 966,664
Unconditional promises to give, net of \$19,950 doubtful pledges	571,301
Grants receivable	97,375
Prepaid expenses	<u>6,883</u>
Total current assets	<u>1,642,223</u>

##### **PROPERTY AND EQUIPMENT**

Office equipment, furniture, and fixtures	122,978
Leasehold improvements	<u>13,785</u>
Total property and equipment	136,763
Less accumulated depreciation	<u>(78,981)</u>
Property and equipment, net	<u>57,782</u>

##### **OTHER ASSETS**

Prepaid expenses	1,342
Unconditional promises to give, net of \$31,304 discount, and net of \$41,900 doubtful pledges	1,126,120
Security deposits	5,710
Intangible asset, net of \$5,889 amortization	<u>9,111</u>
Total other assets	<u>1,142,283</u>

**TOTAL ASSETS** **\$ 2,842,288**

#### **LIABILITIES AND NET ASSETS**

##### **CURRENT LIABILITIES**

Accounts payable	\$ 30,598
Accrued expenses	<u>34,365</u>
Total current liabilities	<u>64,963</u>

##### **NET ASSETS**

Unrestricted net assets	938,560
Temporarily restricted net assets	<u>1,838,765</u>
Total net assets	<u>2,777,325</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 2,842,288**

The accompanying notes are an integral part of the financial statements.



# FACES AND VOICES OF RECOVERY GREENVILLE

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 213,991	\$ 1,595,134	\$ -	\$ 1,809,125
Program revenue	17,942	-	-	17,942
Interest income	2,319	-	-	2,319
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>954,274</u>	<u>(954,274)</u>	<u>-</u>	<u>-</u>
Total support and reclassifications	<u>1,188,526</u>	<u>640,860</u>	<u>-</u>	<u>1,829,386</u>
Expenses:				
Program services (Note 5)	884,523	-	-	884,523
Supporting services				
Management and general	90,312	-	-	90,312
Fundraising	<u>73,662</u>	<u>-</u>	<u>-</u>	<u>73,662</u>
Total expenses	<u>1,048,497</u>	<u>-</u>	<u>-</u>	<u>1,048,497</u>
Change in net assets	140,029	640,860	-	780,889
Net assets at beginning of year	<u>798,531</u>	<u>1,197,905</u>	<u>-</u>	<u>1,996,436</u>
Net assets at end of year	<u>\$ 938,560</u>	<u>\$ 1,838,765</u>	<u>\$ -</u>	<u>\$ 2,777,325</u>

The accompanying notes are an integral part of the financial statements.

# FACES AND VOICES OF RECOVERY GREENVILLE

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
Salaries and wages	\$ 504,126	\$ 51,999	\$ 34,655	\$ 590,780
Advertising	76,118	-	8,458	84,576
Conferences, conventions, and meetings	71,940	3,997	3,997	79,934
Occupancy	47,675	5,609	2,804	56,088
Payroll taxes and benefits	36,974	3,814	2,542	43,330
Employee benefits	35,698	3,682	2,454	41,834
Professional fees	9,600	14,745	12,000	36,345
Office expenses	30,638	1,702	1,702	34,042
Data management	8,760	-	3,662	12,422
Telephone	8,926	1,050	525	10,501
Repairs and maintenance	8,106	954	477	9,537
Insurance	8,028	892	-	8,920
Travel	8,773	-	-	8,773
Utilities	6,563	772	386	7,721
Dues and subscriptions	4,394	-	-	4,394
Bank and merchant fees	-	996	-	996
Total expenses before depreciation and amortization	866,319	90,212	73,662	1,030,193
Depreciation (See Note 1)	17,304	-	-	17,304
Amortization (See Note 1)	900	100	-	1,000
Total expenses	\$ 884,523	\$ 90,312	\$ 73,662	\$ 1,048,497

The accompanying notes are an integral part of the financial statements.

## FACES AND VOICES OF RECOVERY GREENVILLE

### STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2018

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#### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 780,889
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,304
Amortization	1,000
Changes in operating assets and liabilities:	
Increase in pledges receivable	(499,516)
Increase in grants receivable	(97,375)
Increase in prepaid expenses	(2,717)
Increase in accounts payable	12,998
Increase in accrued expenses	<u>6,529</u>
Net cash provided from operating activities	<u>219,112</u>

NET INCREASE IN CASH AND EQUIVALENTS 219,112

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 747,552

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 966,664

#### SUPPLEMENTAL DISCLOSURE:

Interest expense for the year ending June 30, 2018 \$ -

The accompanying notes are an integral part of the financial statements.



## FACES AND VOICES OF RECOVERY GREENVILLE

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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#### 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, 2018

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### 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

Depreciation expense was \$ 17,304 for the year ended June 30, 2018.

**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 \$84,576 for the year ended June 30, 2018.

**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 fiscal years ending June 30, 2015, 2016, 2017, and 2018 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 September 25, 2018, 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, 2018

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#### 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 allowance for doubtful accounts is estimated based on the Organization's historical collections, the existing economic conditions, and the financial stability of its donors. The allowance for doubtful accounts was estimated to be \$61,850 at June 30, 2018.

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 \$31,304 at June 30, 2018.

Promises to give, net of present value discounts and allowance for doubtful accounts, are expected to be collected in the following periods:

	<u>Amount</u>
Less than one year	\$ 571,301
One to five years	1,126,120
After five years	<u>-</u>
	<u>\$ 1,697,421</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	\$ 1,723,314
Spartanburg project	52,146
FORCE	47,375
Anderson project	12,830
Spartanburg teen group	<u>3,100</u>
Total temporarily restricted net assets	<u>\$ 1,838,765</u>

#### 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, 2018 totaled \$423,770.

## FACES AND VOICES OF RECOVERY GREENVILLE

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2018

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#### NOTE 5 – PROGRAM SERVICES

The Organization incurred the following program expenses for the year ending June 30, 2018:

Recovery education, advocacy, and support services	\$ 884,523
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#### 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, 2018 was \$15,000. Amortization expense was \$1,000 for the year ended June 30, 2018. Estimated amortization for each of the five succeeding years is as follows:

<u>Year Ending June 30</u>	<u>Estimated Amortization</u>
2019	\$ 1,000
2020	\$ 1,000
2021	\$ 1,000
2022	\$ 1,000
2023	\$ 1,000

#### NOTE 7 – 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, 2018:

<u>Year Ending June 30</u>	
2019	\$ 57,692
2020	\$ 58,798
2021	\$ 59,905
2022	\$ 58,489
2023	\$ 36,122

Occupancy expense for the year ended June 30, 2018 was \$56,088.

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