
FACES AND VOICES OF RECOVERY GREENVILLE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
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 statement of financial position of Faces and Voices of Recovery Greenville (a nonprofit organization) as of June 30, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2014, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 five is presented for purposes of additional analysis and is not a required part of the basic 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.



September 30, 2014

FACES AND VOICES OF RECOVERY GREENVILLE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 524,867
Pledges receivable, within one year	291,393
Security deposit	<u>4,343</u>
Total current assets	<u>820,603</u>

PROPERTY AND EQUIPMENT

Office equipment, furniture, and fixtures	95,153
Leasehold improvements	<u>13,785</u>
Total property and equipment	108,938
Less accumulated depreciation	<u>(14,657)</u>
Property and equipment, net	<u>94,281</u>

OTHER ASSETS

Pledges receivable, beyond one year, net of \$19,584 discount	221,916
Security deposit	14,651
Intangible asset, net of \$1,889 amortization	<u>13,111</u>
Total other assets	<u>249,678</u>

TOTAL ASSETS \$ 1,164,562

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 10,089
Accrued expenses	12,791
Current portion of long-term debt (See Note 7)	<u>2,256</u>
Total current liabilities	<u>25,136</u>

LONG-TERM DEBT, less current portion (See Note 7) 2,069

NET ASSETS

Unrestricted net assets	624,048
Temporarily restricted net assets	<u>513,309</u>
Total net assets	<u>1,137,357</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,164,562

See independent auditors' report

FACES AND VOICES OF RECOVERY GREENVILLE

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 391,563	\$ -	\$ -	\$ 391,563
Program revenue	5,804	-	-	5,804
Interest income	1,791	-	-	1,791
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>128,229</u>	<u>(128,229)</u>	-	-
Total support and reclassifications	<u>527,387</u>	<u>(128,229)</u>	-	<u>399,158</u>
Expenses:				
Program services (Note 5)	361,939	-	-	361,939
Supporting services				
Management and general	30,286	-	-	30,286
Fundraising	<u>27,241</u>	<u>-</u>	<u>-</u>	<u>27,241</u>
Total expenses	<u>419,466</u>	<u>-</u>	<u>-</u>	<u>419,466</u>
Change in net assets	107,921	(128,229)	-	(20,308)
Net assets at beginning of year	<u>516,127</u>	<u>641,538</u>	-	<u>1,157,665</u>
Net assets at end of year	<u>\$ 624,048</u>	<u>\$ 513,309</u>	<u>\$ -</u>	<u>\$ 1,137,357</u>

See independent auditors' report

FACES AND VOICES OF RECOVERY GREENVILLE

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (20,308)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,648
Amortization	1,000
Changes in operating assets and liabilities:	
Decrease in pledges receivable	78,263
Decrease in security deposits	4,262
Decrease in accounts payable	(478)
Increase in accrued expenses	12,791
Increase in payroll tax liabilities	<u>2,840</u>
Net cash provided from operating activities	<u>92,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(28,264)</u>
Net cash used in investing activities	<u>(28,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
New borrowings – capital lease	6,769
Debt reduction – capital lease	<u>(2,444)</u>
Net cash provided from financing activities	<u>4,325</u>
NET INCREASE IN CASH AND EQUIVALENTS	68,079
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>456,788</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 524,867</u>
SUPPLEMENTAL DISCLOSURE:	
Interest expense for the year ending June 30, 2014	<u>\$ -</u>

See independent auditors' report

FACES AND VOICES OF RECOVERY GREENVILLE

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL EXPENSES</u>
Salaries and wages	\$ 98,938	\$ 2,833	\$ 11,545	\$ 113,316
Independent contractors	63,273	1,665	1,665	66,603
Occupancy	49,873	5,867	2,933	58,673
Advertising	35,831	-	3,981	39,812
Office expenses	21,977	1,221	1,221	24,419
Conferences, conventions, and meetings	21,512	1,195	1,195	23,902
Employee benefits	14,460	381	381	15,222
Professional fees	-	13,119	2,000	15,119
Repairs and maintenance	9,318	1,096	548	10,962
Telephone	7,829	921	461	9,211
Payroll taxes and benefits	7,569	217	883	8,669
Travel	7,565	-	-	7,565
Utilities	4,558	536	268	5,362
Insurance	2,728	321	160	3,209
Dues and subscriptions	1,960	-	-	1,960
Bank charges and fees	-	814	-	814
Total expenses before depreciation and amortization	347,391	30,186	27,241	404,818
Depreciation	13,648	-	-	13,648
Amortization	900	100	-	1,000
Total expenses	<u>\$ 361,939</u>	<u>\$ 30,286</u>	<u>\$ 27,241</u>	<u>\$ 419,466</u>

See independent auditors' report.

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review – Management has evaluated subsequent events through September 30, 2014, the date on which the financial statements were available to be issued.

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.

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

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.

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, 2014

NOTE 1 - 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 \$39,812 for the year ended June 30, 2014.

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 2011, 2012, and 2013 and the fiscal year ending June 30, 2013 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 – PLEDGES RECEIVABLE

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.

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 2 – PLEDGES RECEIVABLE, continued

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

Pledges that will be received beyond one year are discounted to present value using a discount rate of 3.00%. The discount on pledges receivable was \$19,584 at June 30, 2014.

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

	<u>Amount</u>
Less than one year	\$ 291,393
One to five years	213,786
After five years	<u>8,130</u>
	<u>\$ 513,309</u>

NOTE 3 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by the following:

Time restrictions on unrestricted pledges	\$ 513,309
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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, 2014 totaled \$41,910.

NOTE 5 – PROGRAM SERVICES

The Organization incurred the following program expenses for the year ending June 30, 2014:

Recovery education, advocacy, and support services	\$ 361,939
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FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

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, 2014 was \$15,000. Amortization expense was \$1,000 for the year ended June 30, 2014. Estimated amortization for each of the five succeeding years is as follows:

<u>Year Ending June 30</u>	<u>Estimated Amortization</u>
2015	\$ 1,000
2016	\$ 1,000
2017	\$ 1,000
2018	\$ 1,000
2019	\$ 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>(1,354)</u>
	<u>\$ 5,415</u>

The following is a schedule by year of future minimum payments required under the lease as of June 30, 2014.

<u>Year Ending June 30</u>	
2015	\$ 2,256
2016	<u>2,069</u>
Total minimum lease payments	<u>\$ 4,325</u>

FACES AND VOICES OF RECOVERY GREENVILLE

NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

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, 2014:

<u>Year Ending June 30</u>	
2015	\$ 52,712
2016	53,747
2017	54,809
2018	<u>23,023</u>
	<u>\$ 184,291</u>

Occupancy expense for the year ended June 30, 2014 was \$58,673.
