

CHARLESTON ORPHAN HOUSE, INC. DBA  
CAROLINA YOUTH DEVELOPMENT CENTER  
NORTH CHARLESTON, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

**CAROLINA YOUTH DEVELOPMENT CENTER  
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SEPTEMBER 30, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Charleston Orphan House, Inc.  
North Charleston, South Carolina

### Opinion

We have audited the accompanying financial statements of Charleston Orphan House, Inc., DBA Carolina Youth Development Center (“a nonprofit organization”) which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charleston Orphan House, Inc. as of September 30, 2023 and 2022, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charleston Orphan House, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Charleston Orphan House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Charleston Orphan House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Charleston Orphan House, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Glaser and Company, LLC*

Charleston, South Carolina  
February 5, 2024

**CAROLINA YOUTH DEVELOPMENT CENTER  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2023 AND 2023**

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 1,636,076	\$ 2,191,366
Receivables	268,978	268,892
Grants receivable and unconditional promises to give, net	363,000	170,000
Prepaid expenses	69,591	47,954
Total Current Assets	2,337,645	2,678,212
<b><u>Non-Current Assets</u></b>		
Commissioner's fund investments, at fair value	238,986	219,537
Grants receivable and unconditional promises to give, net	530,127	150,000
Property and equipment, net	3,193,230	3,386,481
Total Non-Current Assets	3,962,343	3,756,018
<b>Total Assets</b>	<b>\$ 6,299,988</b>	<b>\$ 6,434,230</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable - trade	\$ 52,139	\$ 31,560
Accrued payroll and related liabilities	184,609	173,957
Miscellaneous accrued expenses	11,926	20,695
Deferred revenue	37,700	41,129
Total Current Liabilities	286,374	267,341
<b>Total Liabilities</b>	286,374	267,341
<b><u>Net Assets</u></b>		
Without donor restrictions	4,613,999	5,448,182
With donor restrictions	1,399,615	718,707
Total Net Assets	6,013,614	6,166,889
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,299,988</b>	<b>\$ 6,434,230</b>

See accompanying notes to financial statements.

**CAROLINA YOUTH DEVELOPMENT CENTER  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Client fees	\$ 1,020,467	\$ -	\$ 1,020,467	\$ 936,883	\$ -	\$ 936,883
USDA food and nutritional services	36,909	-	36,909	35,068	-	35,068
In-kind revenue	55,469	-	55,469	66,605	-	66,605
Contributions from:						
Charleston County School District	29,456	-	29,456	28,087	-	28,087
Community-Based Prevention Services	631,308	-	631,308	695,814	-	695,814
Other donations	638,165	95,358	733,523	494,115	-	494,115
Grants:						
Federal government grants	-	-	-	36,224	-	36,224
State government grants	462,595	158,000	620,595	676,251	-	676,251
Local government grants	34,717	-	34,717	172,471	-	172,471
Foundation grants	109,208	1,013,119	1,122,327	190,374	81,626	272,000
Corporate grants	24,000	19,000	43,000	133,321	419,429	552,750
Other grants	21,663	-	21,663	1,573	-	1,573
Special events, net	245,016	-	245,016	249,416	-	249,416
Lease revenue	45,000	-	45,000	45,000	-	45,000
Miscellaneous income	26,481	-	26,481	1,938	-	1,938
Interest and dividend income	17,661	3,590	21,251	3,900	2,489	6,389
Net unrealized and realized gain (loss) on investments	16,573	-	16,573	(55,274)	-	(55,274)
Gain on sale of land and equipment	40	-	40	1,133,970	-	1,133,970
<b>Total support and revenue</b>	<b>3,414,728</b>	<b>1,289,067</b>	<b>4,703,795</b>	<b>4,845,736</b>	<b>503,544</b>	<b>5,349,280</b>
 Net assets released from restriction	 608,159	 (608,159)	 -	 190,105	 (190,105)	 -
 Total support and revenue and net assets released from restriction	 <b>\$ 4,022,887</b>	 <b>\$ 680,908</b>	 <b>\$ 4,703,795</b>	 <b>\$ 5,035,841</b>	 <b>\$ 313,439</b>	 <b>\$ 5,349,280</b>

See accompanying notes to financial statements.

**CAROLINA YOUTH DEVELOPMENT CENTER  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>			<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Total support and revenue and net assets released from restriction - continued	\$ 4,022,887	\$ 680,908	\$ 4,703,795	\$ 5,035,841	\$ 313,439	\$ 5,349,280
<b>Expenses</b>						
Program services	3,924,740	-	3,924,740	3,474,625	-	3,474,625
Supporting services:						
Management and general	509,722	-	509,722	488,042	-	488,042
Fundraising	422,608	-	422,608	326,667	-	326,667
Total supporting services	932,330	-	932,330	814,709	-	814,709
Total expenses	4,857,070	-	4,857,070	4,289,334	-	4,289,334
(Decrease) increase in net assets	(834,183)	680,908	(153,275)	746,507	313,439	1,059,946
<b>Net assets at beginning of year</b>	5,448,182	718,707	6,166,889	4,701,675	405,268	5,106,943
<b>Net assets at end of year</b>	\$ 4,613,999	\$ 1,399,615	\$ 6,013,614	\$ 5,448,182	\$ 718,707	\$ 6,166,889

See accompanying notes to financial statements.

**CAROLINA YOUTH DEVELOPMENT CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
<b><u>Personnel</u></b>					
Salaries	\$ 2,301,814	\$ 263,047	\$ 171,888	\$ 434,935	\$ 2,736,749
Employee benefits	209,105	23,896	15,615	39,511	248,616
Payroll taxes and insurance	237,197	27,770	18,366	46,136	283,333
Total personnel	<u>2,748,116</u>	<u>314,713</u>	<u>205,869</u>	<u>520,582</u>	<u>3,268,698</u>
<b><u>Other functional expenses</u></b>					
Auditing and accounting	-	70,259	-	70,259	70,259
Client allowances and incentives	82,299	-	10,617	10,617	92,916
Contracted services	190,805	27,374	121,776	149,150	339,955
Depreciation	184,933	21,504	8,602	30,106	215,039
Development	-	-	11,284	11,284	11,284
Dues and subscriptions	14,102	2,651	11,509	14,160	28,262
Food	85,007	339	106	445	85,452
Insurance	77,251	11,852	6,670	18,522	95,773
Maintenance and repairs	28,866	2,186	667	2,853	31,719
Medical	267	-	-	-	267
Miscellaneous	26,249	16,338	6,323	22,661	48,910
Good Cheer	48,745	45	436	481	49,226
Other service fees	115,931	13,727	14,747	28,474	144,405
Postage	1,369	577	3,730	4,307	5,676
Program materials	44,003	153	126	279	44,282
Supplies and equipment	47,537	6,552	9,694	16,246	63,783
Telephone	37,378	2,309	2,453	4,762	42,140
Travel	79,404	7,524	3,724	11,248	90,652
Utilities	96,253	9,698	2,674	12,372	108,625
Software and licenses	16,225	1,921	1,601	3,522	19,747
Total other functional expenses	<u>1,176,624</u>	<u>195,009</u>	<u>216,739</u>	<u>411,748</u>	<u>1,588,372</u>
Total expenses	<u>\$ 3,924,740</u>	<u>\$ 509,722</u>	<u>\$ 422,608</u>	<u>\$ 932,330</u>	<u>\$ 4,857,070</u>

See accompanying notes to financial statements.



**CAROLINA YOUTH DEVELOPMENT CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
<b><u>Personnel</u></b>					
Salaries	\$ 2,000,519	\$ 249,604	\$ 163,591	\$ 413,195	\$ 2,413,714
Employee benefits	192,600	22,055	15,750	37,805	230,405
Payroll taxes and insurance	200,571	25,920	16,544	42,464	243,035
Total personnel	<u>2,393,690</u>	<u>297,579</u>	<u>195,885</u>	<u>493,464</u>	<u>2,887,154</u>
<b><u>Other functional expenses</u></b>					
Auditing and accounting	-	86,917	-	86,917	86,917
Client allowances and incentives	38,524	-	-	-	38,524
Contracted services	182,245	29,120	56,001	85,121	267,366
Depreciation	182,698	21,244	8,498	29,742	212,440
Development	432	-	21,030	21,030	21,462
Dues and subscriptions	15,165	1,277	3,478	4,755	19,920
Food	48,267	126	23	149	48,416
Insurance	67,314	9,701	5,746	15,447	82,761
Maintenance and repairs	30,970	6,098	1,607	7,705	38,675
Medical	843	-	-	-	843
Miscellaneous	9,484	8,068	9,852	17,920	27,404
Good Cheer	33,879	-	1,230	1,230	35,109
Other service fees	101,029	8,664	5,153	13,817	114,846
Postage	1,264	124	2,635	2,759	4,023
Program materials	62,159	-	73	73	62,232
Supplies and equipment	86,003	2,625	5,419	8,044	94,047
Telephone	33,860	2,187	2,441	4,628	38,488
Travel	73,372	2,384	3,705	6,089	79,461
Utilities	84,811	9,089	1,977	11,066	95,877
Software and licenses	28,616	2,839	1,914	4,753	33,369
Total other functional expenses	<u>1,080,935</u>	<u>190,463</u>	<u>130,782</u>	<u>321,245</u>	<u>1,402,180</u>
Total expenses	<u>\$ 3,474,625</u>	<u>\$ 488,042</u>	<u>\$ 326,667</u>	<u>\$ 814,709</u>	<u>\$ 4,289,334</u>

See accompanying notes to financial statements.

**CAROLINA YOUTH DEVELOPMENT CENTER  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in Net Assets	\$ (153,275)	\$ 1,059,946
Adjustments to reconcile change in Net Assets to net cash used for operating activities:		
Depreciation	215,039	212,439
Change in discount on unconditional promises to give	61,873	-
Net realized and unrealized (gain) loss on investments	(16,573)	55,274
Net realized gain on disposition of property and equipment	(40)	(1,133,970)
(Increase) Decrease in assets:		
Prepaid expenses	(21,637)	33,564
Grants receivable and unconditional promises to give	(635,000)	(295,328)
Receivables	(86)	(5,731)
Increase (Decrease) in liabilities:		
Accounts payable - trade	20,579	(789)
Accrued payroll and related liabilities	10,652	25,371
Miscellaneous accrued expenses	(8,769)	5,156
Deferred revenue	(3,429)	(5,937)
Net Cash Used for Operating Activities	(530,666)	(50,005)
<b><u>Cash Flows from Investing Activities:</u></b>		
Net purchases from investments	(2,876)	(12,802)
Purchases of property and equipment	(21,748)	(173,616)
Proceeds from the sale of property	-	1,200,000
Net Cash (Used for) Provided by Investing Activities	(24,624)	1,013,582
Net (Decrease) Increase in Cash and Cash Equivalents	(555,290)	963,577
Cash and Cash Equivalents, Beginning of Year	2,191,366	1,227,789
Cash and Cash Equivalents, End of Year	\$ 1,636,076	\$ 2,191,366

See accompanying notes to financial statements.

**CAROLINA YOUTH DEVELOPMENT CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**1. NATURE OF OPERATIONS**

Nature of Activities

The legal name of the organization is the Charleston Orphan House, Inc., but the popular name is referred to herein is the Carolina Youth Development Center (the “Center” or “CYDC”). Founded in 1790 as the Charleston Orphan House, Carolina Youth Development Center’s mission is to empower and equip our community’s most vulnerable children by providing a safe environment, educational support, and career readiness, in collaboration with families and community partners. Our vision is that all children will have loving and stable families and a nurturing community empowering them to lead successful lives.

CYDC provided prevention and intervention services for children in Charleston, Berkeley and Dorchester counties who are at risk for or who have been abused, neglected or abandoned. Services are based out of CYDC’s 16 acre campus in North Charleston, South Carolina and 30+ acre campus know as Callen-Lacey Center for Children in Moncks Corner, South Carolina.

Child Focused Services

Residential Services

When children arrive at Carolina Youth Development Center (CYDC) they are in need of a safe, stable place to call home. CYDC has been that home for thousands of children and youth over its 231 years, providing services and supports for children who have experienced trauma. A leader in the state of South Carolina for the comprehensive treatment for children and adolescents who have experienced emotional, physical and sexual trauma, CYDC serves the community with residential care facilities that provide temporary or long-term care and treatment. The four facilities include the Charleston Emergency Shelter (CES), Ledford House, Callen-Lacey Center for Children (CCLC) and NuHouse. NuHouse serves youth transitioning from foster care into adulthood.

While at CYDC, children are not only provided with a safe and supportive environment that helps introduce normalcy and consistency into their daily lives and activities, they also receive important trauma-informed assessment and support services designed to address each child's individual educational, emotional, physical and social needs. In close partnership with the South Carolina Department of Social Services (DSS), CYDC assists in the transition of the child back to home or to a more permanent home environment. At capacity, 68 children ages birth to 21 can be housed in CYDC facilities. The length of stay is typically decided by DSS and the court system and range from a few days to a few years. CYDC’s programs have been continuously accredited by the Council on Accreditation (COA) since 1980.

Educational and Enrichment services

CYDC is a partner of The Children's Defense Fund and offers a summer Freedom Schools program to provide enrichment through a model curriculum that supports children and families around five essential components: high-quality academic enrichment, parent and family involvement, civic engagement and social action, intergenerational leadership development, and nutrition, health and mental health. Freedom Schools program boosts student motivation to read, generates more positive attitudes toward learning, and connects the needs of children and families to the resources of their communities.

The Bakker Career Center and CYDC Center for Life are located on the North Charleston campus and provide educational and job skills training as well as enrichment activities like music, art and recreation to CYDC residents and youth in the community. Without family support to provide these experiences, residents and neighboring youth count on CYDC to guide and help them develop. Programming includes partnerships with local job training programs, artists, volunteer mentors and area businesses.

**CAROLINA YOUTH DEVELOPMENT CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**1. NATURE OF OPERATIONS – CONTINUED**

Teen After-School Center

CYDC partners with the South Carolina Department of Juvenile Justice (DJJ) to host community Teen After-School Centers (TASCs). This nationally recognized program is specifically designed to improve youth social/emotional/behavioral health while preventing involvement in the juvenile justice system or likelihood of incarceration. In the program youth are served with structured time, activities, and supervision between the end of the school day and when parents return from work. Creating a safe, supportive after-school environment where youth can receive assistance with homework, enjoy a healthy snack and play with friends, improves child development and well-being.

Family-Focused Services

Community-Based Prevention Services

Empowering Families Network is our partnership program with Charleston and Berkeley County DSS to provide timely, integrated, culturally competent family strengthening and voluntary case management services to families with risk factors that could potentially result in harm to children if left unaddressed. The program aims to eliminate or significantly reduce identified risk factors for child abuse and neglect, and to enhance protective factors in families that result in the development of a plan to keep families together. An additional goal is to improve community networks that strengthen support systems for families in need.

Strengthening Families

CYDC delivers The Strengthening Families Program (SFP) in partnership with Children's Trust of South Carolina. SFP serves families with children ages 6 to 11 and is designed to help families develop positive discipline practices, stay resilient in tough times, reduce conflict, improve parenting skills, and assist children with social skills, relationships, and school performance. All of these factors play an important role in keeping families strong while protecting against potential abuse or neglect and adverse childhood experiences.

Participants complete a 14-session program over the course of several months. The sessions, which always begin with a family meal, typically last 2½ hours and include parents and children meeting separately to work with group leaders before coming together for shared activities to finish. Participants who successfully complete the 14-session program are recognized in a graduation celebration.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements of the Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Center to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions*

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the board of directors.

*Net assets with donor restrictions*

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**CAROLINA YOUTH DEVELOPMENT CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting

The accounts of the Center are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

CYDC's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements.

Investment income and gains are reported as unrestricted unless otherwise stipulated by donors. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Unrealized gains and losses are included in the change in net assets.

- *Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Center's Investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

- *Credit Risk – Investments*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade fixed-income securities.

- *Concentration of Credit Risk – Investments*

Concentration of credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center's investment policy addresses credit risk by allocating its assets among a number of asset classes, which may include cost equivalents, and domestic and international fixed income securities.

Fair Value Measurements

Financial Accounting Standards Board (FASB) ASC Topic 820, "Fair Value Measurements and Disclosures (ASC 820) and defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 was effective for the Center's financial assets and liabilities for the years ended September 30, 2023 and 2022.

**CAROLINA YOUTH DEVELOPMENT CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Property and Equipment and Depreciation

CYDC capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line and double declining balance methods based on the items' estimated useful lives ranging from 3 to 39 years.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to programs and supporting services on the basis of time and expense analyses. Management and general expenses and fundraising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CYDC

Receivables

Receivables are stated at unpaid balances less amounts determined by management to be uncollectible. It is CYDC's policy to charge off an uncollectible receivable when management determines the receivable will not be collected based on experience, third-party contracts, and other circumstances. Accounts are considered delinquent when they are sixty days past due. Interest is not charged on past due accounts. At September 30, 2023 and 2022, no allowance was deemed necessary.

CYDC uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of September 30, 2023 and 2022, no allowance was deemed necessary.

Deferred Revenue

Payment received in advance of performance of services or delivery of goods' is reported as deferred revenue. Deferred revenue as of September 30, 2023 and 2022 is comprised of lease payments, client clothing allowances, and funds received from a partner agency.

Designation of Net Assets without Donor Restrictions

It is the policy of the Board of Directors of the Center to review program needs from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of program services.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

Revenue Recognition

*Revenue and Support* - The majority of CYDC's revenue is derived from providing services to clients through government programs. Revenue is recognized once a client's paperwork has been properly approved by the referral agency and the service is provided.

Support is recognized as revenue when it is received or unconditionally pledged. Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

**CAROLINA YOUTH DEVELOPMENT CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

*Promises to Give* - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

*Donated Services* - Donated services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills, and (c) would otherwise be purchased by CYDC.

*Donated Assets* - Donations of property and equipment, marketable securities, and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Noncash donations are only recorded if the donation is for a product that CYDC needs and would have to purchase. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as net assets with donor restrictions. Absent donor stipulations regarding how long these donated assets must be maintained, CYDC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Income Taxes

CYDC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The FASB provides guidance on the Center's evaluation of accounting for uncertainty in income taxes. Management evaluated the Center's tax position and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements and Proposed Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases (Subtopic 842), which will require entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about the leasing arrangements. For non-profit organizations, this standard is effective for annual reporting periods beginning after December 15, 2021, and early adoption is permitted. The Center has evaluated this standard and its implementation did not have a material impact on the financial statements.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Center's net assets or changes in net assets.

**3. CONCENTRATION OF CREDIT RISK**

The Center's operations are concentrated in an industry that operates in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, South Carolina Department of Social Services (SCDSS). Such administrative directives, rules and regulations are subject to change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Reimbursement rates provided to CYDC are at the discretion of the SCDSS.

Customers

During the years ended September 30, 2023 and 2022, CYDC received approximately 31% and 30% respectively, of its revenue, gains, and other support from the SCDSS. Related accounts receivable are approximately \$115,429 and \$114,547 as of September 30, 2023 and 2022, respectively.

Cash and Cash Equivalents

The Center maintains its cash balances at various financial institutions located in the state of South Carolina. These cash funds were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at September 30, 2023 and 2022. At September 30, 2023, \$480,593 of the Center's cash balances exceeded federally insured limits.

Investments

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash deposits at a brokerage firm. The accounts at the brokerage firm contain cash and securities. Balances are insured up to \$500,000, with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). At September 30, 2023 and 2022, the Center was fully insured.

**4. RELATED PARTIES**

During the years ended September 30, 2023 and 2022, board members made contributions of \$63,382 and \$87,360, respectively to CYDC in support of its programs.

**5. COMPENSATED ABSENCES**

All regular full-time and permanent part-time employees of CYDC who work a minimum of 20 hours per week are granted vacation benefits in varying amounts depending on length of service with CYDC. Annual leave benefits are earned after an employee has completed a minimum of three months of employment. Employees may carry over a maximum of 80 hours of vacation leave each year.

Accumulated vacation leave is recorded as an expense and a liability as benefits accrue to employees. The value of accumulated vacation leave is estimated to be \$74,390 and \$66,740 at September 30, 2023 and 2022, respectively.



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**6. RECEIVABLES**

Receivables are composed of the following at September 30:

	<u>2023</u>	<u>2022</u>
SC Department of Social Services	\$ 38,137	\$ 36,994
US Department of Agriculture	4,220	6,662
US Department of Health and Human Services	3,900	36,224
Strengthening Families	77,292	77,553
SC Department of Mental Health	-	15,349
SC Department of Juvenile Justice	10,000	5,670
SC Office of Attorney General	61,332	69,018
Childrens Trust	-	12,731
SC Department of Education	34,320	-
Charleston County	24,417	-
Miscellaneous	15,360	8,691
	<u>          </u>	<u>          </u>
Total	<u>\$ 268,978</u>	<u>\$ 268,892</u>

No allowance for doubtful accounts is deemed necessary as management expects to collect all receivables within one year.

**7. GRANTS RECEIVABLE AND UNCONDITIONAL PROMISES TO GIVE**

Grants receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate for remaining long term pledge balances for September 30, 2023 and 2022 was 4.55% and 0%, respectively. The amortization of the discount is reported with contributions in the statements of activities. The allowance for doubtful accounts is estimated by management to include any specific balances whose collection appears doubtful. Amounts receivable are deemed past due when they are outstanding beyond the terms of the donor's pledge. The Center does not accrue interest on past due amounts. Amounts are charged off when they are deemed fully uncollectible by management.

The following is a summary of grants receivable, unconditional promises to give, and the allowance at:

	<u>2023</u>	<u>2022</u>
Grants and promises to give - current	\$ 363,000	\$ 170,000
Allowances for uncollectible amounts - current	-	-
Total net, current	<u>363,000</u>	<u>170,000</u>
Grants and promises to give - non-current	592,000	150,000
Less: unamortized discount	(61,873)	-
Allowances for uncollectible amounts - non-current	-	-
Total net, non-current	<u>530,127</u>	<u>150,000</u>
	<u>          </u>	<u>          </u>
Total	<u>\$ 893,127</u>	<u>\$ 320,000</u>

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**7. GRANTS RECEIVABLE AND UNCONDITIONAL PROMISES TO GIVE - CONTINUED**

Future payments of grants receivable and unconditional promises to give at September 30, 2023:

2024	\$	363,000
2025		304,000
2026		<u>288,000</u>
Total unconditional promises to give		955,000
Less: unamortized discount		(61,873)
Less: reserve for doubtful accounts		<u>-</u>
Net unconditional promises to give	<u>\$</u>	<u>893,127</u>

**8. COMMISSIONERS' FUND INVESTMENTS**

The Commissioners' Fund (the Fund) consists of certain funds held by an investment manager in a combined trust fund. CYDC is entitled to use the corpus and income of the trust fund subject to any donor's restrictions and limitations which may exist with respect to the use of such funds. However, also included in the Fund are several other sub-funds which contain board designated and undesignated funds.

The Investments are composed of the following assets at September 30:

	<b>2023</b>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Mutual funds - fixed income	\$ 141,837	\$ 127,821	\$ (14,016)
Mutual funds - equities	<u>91,297</u>	<u>111,165</u>	<u>19,868</u>
	<u>\$ 233,134</u>	<u>\$ 238,986</u>	<u>\$ 5,852</u>
	<b>2022</b>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Mutual funds - fixed income	\$ 107,197	\$ 92,327	\$ (14,870)
Mutual funds - equities	<u>123,636</u>	<u>127,210</u>	<u>3,574</u>
	<u>\$ 230,833</u>	<u>\$ 219,537</u>	<u>\$ (11,296)</u>

Of the \$244,435 held at September 30, 2023, \$221,242 was donor restricted, and the remainder was without donor restrictions. Of the \$219,537 held at September 30, 2022, \$217,652 was donor restricted, and the remainder was without donor restrictions. Interest and dividend income on investments for years ended September 30, 2023 and 2022 were \$8,159 and \$5,657, respectively. Investment fees relating to the investments were \$3,110 and \$3,410 for the years ended September 30, 2023 and 2022, respectively, and are included on miscellaneous expenses under the management and general function. Management considers any difference between this approach and accounting principles generally accepted in the United States of America to be immaterial to the financial statements as a whole. Net realized and unrealized gains (losses) on investments for the year ended September 30, 2023 and 2022 were \$10,110 and (\$55,274), respectively.

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**9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The CYDC has adopted the provisions of FASB ASC 820 Fair Value Measurements and Disclosures for its financial assets and liabilities and is required to provide additional disclosures. FASB ASC 820 clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The CYDC utilizes market data or assumptions that market participants would use in pricing the asset or liability. FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Prices for certain cash equivalents, such as money market mutual funds and investment securities are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

The CYDC does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the years ended September 30, 2023 and 2022.

There were no changes during the years ended September 30, 2023 and 2022 to the CYDC's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables sets forth by level within FASB ASC 820's fair value hierarchy, the CYDC's financial assets and liabilities accounted for at fair value on a recurring basis as September 30, 2023 and 2022. As required by FASB ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The CYDC's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

<u>Description</u>	<b>2023</b>		
	Level 1: Quoted Market Prices In Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs
Mutual funds - fixed income	\$ 127,821	\$ -	\$ -
Mutual funds - equities	111,165	-	-
Total	<u>\$ 238,986</u>	<u>\$ -</u>	<u>\$ -</u>

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**9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES – CONTINUED**

<u>Description</u>	<b>2022</b>		
	Level 1: Quoted Market Prices In Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs
Mutual funds - fixed income	\$ 92,327	\$ -	\$ -
Mutual funds - equities	127,210	-	-
Total	<u>\$ 219,537</u>	<u>\$ -</u>	<u>\$ -</u>

The CYDC has \$1,636,076 and \$2,191,366 respectively, of cash including cash held in brokerage accounts, as of September 30, 2023 and 2022, which are not classified as a Level as prescribed within FASB ASC 820.

The determination of the fair value above incorporates various factors required under FASB ASC 820. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the CYDC's nonperformance risk on its liabilities.

**10. LEASING ACTIVITIES**

CYDC has a non-cancelable operating lease agreement with the Charleston County School District (the District). Under the agreement, the District will lease a portion of the CYDC's property on which the District has constructed a Special Day School. The District is responsible for maintenance and repairs. District may renew the lease four times for five years each. The annual lease amount will be adjusted to the fair market rental rate prior to each renewal term. Lease revenue for each of the years ended September 30, 2023 and 2022 was \$45,000. Deferred revenue associated with the lease is \$37,500 for each of the years ended September 30, 2023 and 2022. Minimum lease payments receivable from the District are \$45,000 each year through the end of fiscal year September 2037.

**11. PROPERTY AND EQUIPMENT**

Property and equipment, net, consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 651,510	\$ 651,510
Buildings and improvements	6,471,488	6,471,488
Office equipment and furniture	538,751	495,090
Vehicles	150,579	154,131
Construction in progress	36,195	36,195
Total cost excluding leased property and equipment	7,848,523	7,808,414
Accumulated depreciation	<u>(4,655,293)</u>	<u>(4,421,933)</u>
Net property and equipment	<u>\$ 3,193,230</u>	<u>\$ 3,386,481</u>

Depreciation expense for the years ended September 30, 2023 and 2022, was \$215,039 and \$212,440, respectively.

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**11. PROPERTY AND EQUIPMENT - CONTINUED**

Land and buildings valued at \$648,000 and \$323,000, respectively, were donated by the City of Charleston to CYDC during the year ended September 30, 1988. The deed contains a reverter clause which states "for so long as said property is used as a site for a residential children's treatment center operated by a non-profit organization." The CYDC has and continues to utilize this property as a core part of its mission, and considers any trigger of this reverter clause as highly remote.

On October 29, 2021, CYDC sold approximately 26 acres of land associated with its Moncks Corner campus for \$1,200,000.

**12. RETIREMENT PLAN**

On January 31, 2009, CYDC established a salary deferral plan under Section 403(b) of the Internal Revenue Code. Under the terms of both the plan, CYDC matches up to 50% of the first 5% of all eligible participants' compensation. An employee becomes eligible to receive matching contributions in the salary deferral plan after attaining 21 years of age and completing 12 months and 1,000 hours of service. Participants become fully vested in the employer's contributions to the plan after five years of service at a rate of 25% per year in years two through five. In 2010, CYDC established another salary deferral plan under Section 457 of the Internal Revenue Code with the same matching provisions as in the Section 403(b) plan. The only material difference is that an employee can contribute a greater amount to the Section 457 plan than the Section 403(b) plan. Effective April 1, 2019, participants become fully vested in the employer's contributions to the plan immediately after such amounts are contributed to the Plan and CYDC matches up to 50% of the first 10% of all eligible participants' compensation. Total expense recorded for the years ended September 30, 2023 and 2022 for the CYDC's match under the 403(b) plan and the 457 plan was \$25,616 and \$23,600, respectively.

**13. IN-KIND SUPPORT**

In-kind support amounts were recorded as revenue with corresponding amounts recorded as either expenses or assets, depending on the nature of the support. For the years ended September 30, 2023 and 2022, these amounts were as follows:

	<b>2023</b>	<b>2022</b>
Contracted services	\$ 2,755	\$ 35,688
Supplies	52,714	26,975
Building improvements	-	3,942
	\$ 55,469	\$ 66,605

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**14. NET ASSETS**

Donor imposed restrictions on net assets are available for the following purposes as of September 30:

	<b>2023</b>	<b>2022</b>
<b>Donor-restricted endowments subject to spending policy and appropriation, to support the following purposes:</b>		
Client needs	\$ 48,915	\$ 48,915
Annual picnic	10,000	10,000
Scholarships/education	10,000	10,000
Christmas gifts	5,000	5,000
College loans	5,000	5,000
	78,915	78,915
<b>Net assets restricted for purpose:</b>		
Future periods	187,501	414,429
Annual picnic	55,021	53,634
Scholarships/education	61,436	59,927
Christmas gifts & prizes	25,870	25,176
Corporate chaplains	-	2,340
Campus improvements	20,000	5,511
Families First program	92,003	-
Website redesign	-	19,775
Children and youth programs	9,113	15,000
Enrichment coordinator	-	44,000
Success Coach model	869,756	-
	1,320,700	639,792
	\$ 1,399,615	\$ 718,707

**15. TRUST AND ENDOWMENT FUNDS**

CYDC is the beneficiary of income from a trust fund, referred to as the Trustees' Fund, and two endowment funds. The corpus of these funds is not recorded in these financial statements since Carolina Youth Development Center is not the trustee of the funds; it is only the beneficiary of the income. Income is reported when received.

An 1808 City of Charleston Ordinance established that the trustees of the Trustees' Fund are the Mayor, the Chairman of the Commissioners of the Orphan House, and the City Treasurer. The Court of Common Pleas #79-CP~10-205 in June of 1979, states the "Commissioners have available to it the income from the funds administered by the Trustees of the Trustee Funds, but have no control of, or right to, the principal of the funds, nor any right to withdraw the Trustees Funds or the income there from. The trustees of the Trustee Funds are authorized and directed to pay over income involving any accrued income from the Trustee Funds to the Charleston Orphan House, Inc."

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**15. TRUST AND ENDOWMENT FUNDS - CONTINUED**

In 2015, the Court of Common Pleas #2011-CP-10-7896 granted the use of \$300,000 of the Trustee Funds in order to provide a bridge to pay for existing operations while the Center transitions to revenue producing, self-sustaining programs. The Center received the funds during the year ended September 30, 2017. The fair market value of the Trustees' Funds as of September 30, 2023 and 2022 was \$462,914 and \$598,087, respectively. Contributions received from this Trust for the years ended September 30, 2023 and 2022, were \$18,207 and \$0, respectively.

CYDC is also the beneficiary of the income from two endowment funds held by the Coastal Community Foundation of South Carolina, Inc. The two endowment funds are the Rosa Strait Endowment for youth education and the Zucker Family Endowment for CYDC. Any income earned by these two endowments may be paid to CYDC at the discretion of the Board of Directors of The Coastal Community Foundation of South Carolina, Inc. The principal of these endowments may not be invaded.

The fair market value of these endowment funds as of September 30, 2023 and 2022 was as follows:

	<b>2023</b>	<b>2022</b>
Rosa Strait Endowment for youth education	\$ 193,462	\$ 183,537
Zucker Family Endowment for CYDC	226,657	215,049
	\$ 420,119	\$ 398,586

Total income received from the funds in the years ended September 30, 2023 and 2022 was approximately \$16,350 and \$15,350, respectively. On the Statements of Activities, these amounts are included in foundation grant income.

**16. SUBSEQUENT EVENTS**

In accordance with ASC 855, management evaluated subsequent events at September 30, 2023 through February 5, 2024 the date these financial statements were available to be issued. Based upon this evaluation, there were no material adjustments or disclosures to these financial statements beyond those disclosed below:

On January 8, 2024, the Center formally changed their name Charleston Orphan House, Inc. to Landmarks for Families, Inc.

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**17. AVAILABILITY OF FINANCIAL RESOURCES**

The following represents the Center's financial assets at September 30, 2023 and 2022, less amounts not available to use within the next year under contractual obligations and donor restrictions:

	<b>2023</b>	<b>2022</b>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,636,076	\$ 2,191,366
Receivables	268,978	268,892
Grants Receivables and unconditional promises to give	893,127	170,000
Commissioner's fund investments, at fair value	238,986	219,537
Total financial assets	3,037,167	2,849,795
Less those unavailable for general expenditures within on year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(530,127)	(150,000)
Donor-restricted endowment	(78,915)	(78,915)
	(609,042)	(228,915)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,428,125	\$ 2,620,880