

**South Carolina Campaign to
Prevent Teen Pregnancy, Inc.**

Report on Financial Statements

For the year ended September 30, 2018

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements.....	8-14
Supplementary Information	
Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	18-19
Schedule of Findings and Questioned Costs	20-22
Summary Schedule of Prior Audit Findings	23

Independent Auditor's Report

Board of Directors
South Carolina Campaign to Prevent Teen Pregnancy, Inc.
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of South Carolina Campaign to Prevent Teen Pregnancy, Inc., (the "SC Campaign"), which comprise the statement of financial position as of September 30, 2018, the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Campaign to Prevent Teen Pregnancy, Inc. as of September 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019, on our consideration of the SC Campaign's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SC Campaign's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
June 4, 2019

South Carolina Campaign to Prevent Teen Pregnancy, Inc.**Statement of Financial Position****As of September 30, 2018**

Assets**Current assets**

Cash and cash equivalents	\$	544,621
Grants receivable		922,976
Other current assets		3,621
Total current assets		<u>1,471,218</u>

Non-current assets

Property and equipment, net		44,616
Beneficial interest in assets held by others		133,161
Total non-current assets		<u>177,777</u>
Total assets	\$	<u>1,648,995</u>

Liabilities and Net Assets**Current liabilities**

Accounts payable	\$	406,788
Accrued payroll liabilities		2,077
Accrued vacation		21,288
Accrued expenses		30,805
Other current liabilities		7,511
Total current liabilities		<u>468,469</u>

Net assets

Unrestricted		664,229
Temporarily restricted		516,297
Total net assets		<u>1,180,526</u>
Total liabilities and net assets	\$	<u>1,648,995</u>

See Notes to Financial Statements

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Statement of Activities

For the year ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Federal grants	\$ -	\$ 2,685,602	\$ 2,685,602
State/local grants and contracts	-	410,369	410,369
Corporate/Foundation grants	1,358,758	49,875	1,408,633
Contributions/sponsorships	96,271	-	96,271
Workshop registration income	56,139	-	56,139
Other	58,230	-	58,230
Interest income	2,573	-	2,573
Realized/Unrealized gains	6,269	-	6,269
Net assets released from restrictions	3,400,696	(3,400,696)	-
Total revenues, gains and other support	<u>4,978,936</u>	<u>(254,850)</u>	<u>4,724,086</u>
Expenses			
Program services			
Blue Cross Blue Shield Foundation	158,263	-	158,263
Choose Well	835,715	-	835,715
New Morning Foundation	10,000	-	10,000
Personal Responsibility Education Program	367,674	-	367,674
Department of Social Services	378,130	-	378,130
Duke Darlington	258,303	-	258,303
Duke LARC	310,080	-	310,080
Pregnancy Assistance Fund	128,804	-	128,804
Palmetto Health Corp	10,625	-	10,625
Tier 1A	523,426	-	523,426
Tier 1B	1,270,485	-	1,270,485
Other Program Activities	25,402	-	25,402
Total program services	<u>4,276,907</u>	<u>-</u>	<u>4,276,907</u>
Supporting services			
General and administrative	440,370	-	440,370
Fundraising	145,892	-	145,892
Total support services	<u>586,262</u>	<u>-</u>	<u>586,262</u>
Total expenses	<u>4,863,169</u>	<u>-</u>	<u>4,863,169</u>
Change in net assets	115,767	(254,850)	(139,083)
Net assets, beginning of year	<u>548,462</u>	<u>771,147</u>	<u>1,319,609</u>
Net assets, end of year	<u>\$ 664,229</u>	<u>\$ 516,297</u>	<u>\$ 1,180,526</u>

See Notes to Financial Statements

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Statement of Functional Expenses

For the year ended September 30, 2018

	Blue Cross Blue Shield Foundation	Choose Well	New Morning Foundation	Personal Responsibility Education Program	Department of Social Services	Duke Darlington	Duke LARC	Pregnancy Assistance Fund	Palmetto Health Corp
Personnel costs	\$ 86,832	\$ 416,017	\$ -	\$ 126,253	\$ 226,439	\$ 46,777	\$ 137,340	\$ 68,960	\$ -
Minigrants	22,766	209,373	-	183,389	750	196,500	23,591	-	-
Incentives	3,500	-	-	-	7,327	-	-	-	-
Accounting/audit fees	-	-	-	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-	-	-	-
Research costs	850	-	-	-	-	-	10,000	-	-
Consultant/contract/temp labor	2,650	48,700	10,000	6,077	13,570	-	36,115	36,600	-
Graduate student stipend	-	-	-	-	-	-	-	-	-
Office supplies and expenses	1,775	534	-	9,239	1,130	-	130	79	-
Computers/equipment/software	2,033	-	-	438	7,293	347	-	809	-
Educational materials	3,603	49	-	15,214	75	3,542	-	165	-
Telephone and data	225	1,745	-	213	420	58	826	92	52
Postage and shipping	-	-	-	7	780	-	-	23	-
Printing and copies	323	2,618	-	191	3,218	744	-	63	141
Rent and utilities	-	-	-	-	-	-	-	-	-
Copier lease	-	-	-	-	-	-	-	-	-
Travel/lodging per diem - in state	2,378	9,712	-	2,440	9,070	1,377	3,247	597	28
Travel/lodging per diem - out of state	2,729	9,643	-	1,340	1,953	460	14,855	2,554	-
Travel/lodging per diem - office vehicle	-	-	-	-	1,300	-	-	1,300	-
Workshop/meeting materials & costs	13,395	80,308	-	19,240	142	-	10,532	5,030	-
Workshop/meeting meals	3,109	46,887	-	-	4,427	-	41,995	3,136	2,015
Summer institute	-	-	-	-	6,979	4,000	5,000	8,389	1,230
Certificate program	-	95	-	287	-	-	-	140	-
Insurance	-	-	-	-	-	-	-	-	-
Dues/fees	25	5,015	-	-	1,643	17	1,320	230	-
Flowers/gifts	-	-	-	-	79	-	-	-	-
Reception expenses	-	-	-	-	-	-	3,146	-	5,959
Staff development and training	4,489	2,580	-	-	2,299	-	6,615	637	-
Scholarships	-	-	-	-	1,084	-	-	-	-
Marketing/media activities	7,581	2,439	-	3,346	26,321	4,481	15,368	-	1,200
Community sponsorships	-	-	-	-	61,816	-	-	-	-
Bank/merchant fees	-	-	-	-	15	-	-	-	-
Total expenses before depreciation	158,263	835,715	10,000	367,674	378,130	258,303	310,080	128,804	10,625
Depreciation	-	-	-	-	-	-	-	-	-
Total expenses	\$ 158,263	\$ 835,715	\$ 10,000	\$ 367,674	\$ 378,130	\$ 258,303	\$ 310,080	\$ 128,804	\$ 10,625

See Notes to Financial Statements

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Statement of Functional Expenses

For the year ended September 30, 2018

	<u>Tier 1A</u>	<u>Tier 1B</u>	<u>Other Program Activities</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Totals</u>
Personnel costs	\$ 267,134	\$ 285,428	\$ 16,204	\$ 1,677,384	\$ 102,292	\$ 31,839	\$ 134,131	\$ 1,811,515
Minigrants	104,711	775,966	-	1,517,046	-	4,108	4,108	1,521,154
Incentives	-	-	-	10,827	-	-	-	10,827
Accounting/audit fees	-	-	-	-	31,810	-	31,810	31,810
Legal fees	-	-	-	-	2,500	2,500	5,000	5,000
Research costs	1,097	956	-	12,903	-	-	-	12,903
Consultant/contract/temp labor	61,345	103,565	423	319,045	86,684	21,152	107,836	426,881
Graduate student stipend	400	559	-	959	-	-	-	959
Office supplies and expenses	1,295	3,897	219	18,298	9,423	134	9,557	27,855
Computers/equipment/software	15,141	11,254	-	37,315	9,665	32,000	41,665	78,980
Educational materials	2,865	2,078	1,002	28,593	-	5,094	5,094	33,687
Telephone and data	484	501	-	4,616	11,660	72	11,732	16,348
Postage and shipping	7	414	140	1,371	1,626	-	1,626	2,997
Printing and copies	1	1,087	-	8,386	200	1,797	1,997	10,383
Rent and utilities	-	-	-	-	128,296	3,726	132,022	132,022
Copier lease	-	-	-	-	9,915	-	9,915	9,915
Travel/lodging per diem - in state	3,399	10,508	1,847	44,603	257	1,572	1,829	46,432
Travel/lodging per diem - out of state	10,221	14,142	1,465	59,362	-	1,776	1,776	61,138
Travel/lodging per diem - office vehicle	1,950	1,950	-	6,500	167	-	167	6,667
Workshop/meeting materials & costs	7,111	14,792	332	150,882	477	6,442	6,919	157,801
Workshop/meeting meals	220	2,280	1,627	105,696	590	15,066	15,656	121,352
Summer institute	9,250	13,690	-	48,538	300	4,855	5,155	53,693
Certificate program	371	742	525	2,160	-	-	-	2,160
Insurance	-	-	-	-	14,914	-	14,914	14,914
Dues/fees	65	55	904	9,274	4,844	3,390	8,234	17,508
Flowers/gifts	-	-	-	79	147	21	168	247
Reception expenses	-	32	-	9,137	-	6,164	6,164	15,301
Staff development and training	17,404	11,233	-	45,257	3,088	989	4,077	49,334
Scholarships	415	-	-	1,499	-	-	-	1,499
Marketing/media activities	18,540	15,356	714	95,346	81	3,168	3,249	98,595
Community sponsorships	-	-	-	61,816	-	-	-	61,816
Bank/merchant fees	-	-	-	15	2,408	27	2,435	2,450
Total expenses before depreciation	523,426	1,270,485	25,402	4,276,907	421,344	145,892	567,236	4,844,143
Depreciation	-	-	-	-	19,026	-	19,026	19,026
Total expenses	<u>\$ 523,426</u>	<u>\$ 1,270,485</u>	<u>\$ 25,402</u>	<u>\$ 4,276,907</u>	<u>\$ 440,370</u>	<u>\$ 145,892</u>	<u>\$ 586,262</u>	<u>\$ 4,863,169</u>

See Notes to Financial Statements

South Carolina Campaign to Prevent Teen Pregnancy, Inc.**Statement of Cash Flows****For the year ended September 30, 2018**

Cash flows from operating activities

Change in net assets	\$ (139,083)
Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation	19,026
Realized/Unrealized gains on investments	(6,269)
Changes in deferred and accrued amounts	
Grants receivable	(538,830)
Other current assets	20,032
Accounts payable	406,788
Accrued payroll liabilities	(1,507)
Accrued vacation	(3,389)
Accrued expenses	(342,668)
Other current liabilities	(6,700)
Net cash used for operating activities	<u>(592,600)</u>
Net decrease in cash and cash equivalents	(592,600)
Cash and cash equivalents, beginning of year	<u>1,137,221</u>
Cash and cash equivalents, end of year	<u><u>\$ 544,621</u></u>

See Notes to Financial Statements

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies

Background:

South Carolina Campaign to Prevent Teen Pregnancy, Inc. (the "SC Campaign") was formed in 1994 to assist in decreasing the number of pregnancies among South Carolina teens and to educate the general public on the consequences of unplanned pregnancies. More specifically, the mission of the SC Campaign is to improve the health and economic well-being of individuals, communities and the state of South Carolina by preventing teen pregnancy. The SC Campaign focuses on three main strategy areas: communication, capacity building and research. The primary office is located in Columbia, South Carolina.

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial statement presentation:

The SC Campaign is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Temporarily restricted net assets represent amounts received with donor imposed restrictions on the purposes for which the amounts may be used. These amounts may be expended in their entirety for the purposes specified by the donor.

The SC Campaign does not have any permanently restricted net assets.

Description of programs:

Federal Grant Funding:

PAF (Pregnancy Assistance Fund): This grant is a partnership with the Children's Trust of South Carolina that focuses on providing resources for four counties, Darlington, Horry, Richland and Spartanburg that work directly with expectant and parenting teens.

PREP (Personal Responsibility Education Program): This grant is a partnership with South Carolina Department of Health and Environmental Control ("SCDHEC") to increase the number of youth between the ages 11 and 19 that access an evidence-based teen pregnancy prevention program, including adult preparation topics, through the distribution of grants to local communities.

Tier 1A: This grant authorizes the SC Campaign to increase the capacity of 16 Department of Juvenile Justice and foster youth-serving organizations to replicate evidence-based teen pregnancy, HIV and STD prevention programs.

Tier 1B: This grant authorizes the SC Campaign to work in Anderson, Aiken and Orangeburg counties to take to scale and sustain the implementation of selected evidence-based programs.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

Description of programs, continued:

State Grant Funding:

Department of Social Services: This program provides education, training, technical assistance and public awareness activities throughout South Carolina and funds partners in local communities to implement evidence-based teen pregnancy prevention interventions to youth between the ages of 11 and 19.

Private Foundation Funding:

Blue Cross Blue Shield Foundation: This grant allows the SC Campaign to provide resources to targeted communities to increase access to reproductive health services including long acting reversible contraceptives ("LARC"s).

Choose Well: This grant allows the SC Campaign to provide training and technical assistance to health care providers including college campus health centers to increase access to reproductive health services including LARCs.

Palmetto Health Corp: This grant provides resources for the SC Campaign to work with clinics, schools, community-based organizations and other youth serving professionals in Fairfield, Lexington and Richland Counties to increase their knowledge and skills in providing teen pregnancy prevention programs to youth.

Duke Darlington: This grant is used to support community mobilization efforts in Darlington County, implement evidence-based teen pregnancy prevention programs in schools, health centers and in the community and increase access to reproductive health services for Darlington County teens.

Duke LARC: This grant is used to support: 1) an increase in the capacity of existing partnering health centers to integrate teen friendly reproductive health best practices into their organization's standard operating procedures and policies; 2) increased outreach and community mobilization efforts involving communications efforts and 3) creating a learning culture within the organization utilizing research and evaluation activities to ensure the agency continues as an innovative thought leader resulting in the creation of best practices for the field.

New Morning Foundation: This grant allowed the SC Campaign to conduct a needs assessment for the clinical community's educational needs to improve the course offerings the SC Campaign could develop for future revenue generation.

Concentrations of credit risk:

The SC Campaign's cash and cash equivalents are held at federally insured commercial banks. The Federal Deposit Insurance Corporation ("FDIC") insures the holders of accounts at participating commercial banks for up to \$250,000. At times during the year, the SC Campaign had amounts on deposit in excess of FDIC limits.

Compensated absences:

The SC Campaign accounts for compensated absences (paid time off) by recording a liability for employees' vested rights to receive compensation for future absences attributable to services already performed.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

Property and equipment, net:

Property and equipment are recorded at cost. The SC Campaign follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,500. Depreciation is computed on the straight-line basis over the estimated useful lives as follows:

Furniture and equipment	5 - 7 years
Computer software and hardware	3 - 5 years
Website	3 years

Revenue recognition:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

For the SC Campaign, all donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Agency transactions:

Amounts received for agency transactions are recorded as an asset and liability in the period the assets are received.

Grants receivable:

Grants receivable represent amounts due from a governmental agency under a reimbursable grant. Grants receivable are carried at their estimated collectible amounts. Management considers all outstanding grants receivable as of September 30, 2018 to be fully collectible.

In-kind contributions:

The SC Campaign also received in-kind donated services for the ongoing maintenance for their website, educational materials and reception supplies for \$38,107 as of September 30, 2018. In-kind contributions are included in the contributions/sponsorships line item on the Statement of Activities.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on management's estimate of the time spent by the individuals in each functional category as well as each department's allocation of expenses.

Statement of cash flows:

For purposes of the Statement of Cash Flows, the SC Campaign considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Estimates:

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

Income taxes:

The SC Campaign is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the SC Campaign and recognize a tax liability (or asset) if the SC Campaign has taken an uncertain position that more likely than not would not be substantiated upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the SC Campaign, and has concluded that as of September 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The SC Campaign is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Beneficial interest in assets held by others:

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in either revenue or expenses on the Statement of Activities unless the income or loss is restricted by donor or law.

The SC Campaign has a beneficial interest in an investment held by the Central Carolina Community Foundation (CCCF). CCCF retains variance power for the investment, however the investment belongs to the SC Campaign as long as the SC Campaign is in existence. Distributions from the Fund may be made by request and approval from the SC Campaign's Board of Directors.

Subsequent events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 4, 2019, the date the financial statements were available to be issued.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the Statement of Financial Position at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the Statement of Activities. The amendments will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. SC Campaign is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

In May 2016, the FASB amended the Revenue from Contracts with Customers topic of the Accounting Standards Codification to clarify guidance related to collectability, noncash consideration, presentation of sales tax, and transition. The amendments will be effective for SC Campaign for annual periods beginning after December 15, 2018 and interim periods within annual reporting periods beginning after December 15, 2019. SC Campaign does not expect these amendments to have a material effect on its financial statements.

In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for SC Campaign for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. SC Campaign is currently evaluating the effect that implementation of the new standard will have on its financial statements.

In November 2016, the FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for SC Campaign for fiscal years beginning after December 15, 2018, and interim periods within the fiscal years beginning after December 15, 2019. Early adoption is permitted. SC Campaign does not expect these amendments to have a material effect on its financial statements.

In June 2018, the FASB issued an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The clarifying guidance will be effective for annual periods beginning after December 15, 2019. Early adoption is permitted. SC Campaign is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

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 SC Campaign’s financial position, results of operations, or cash flows.

Note 2. Cash and Cash Equivalents

The SC Campaign maintains a checking account, savings account and a money market account with two financial institutions. Cash and cash equivalents at September 30, 2018, consist of the following:

Checking	\$ 34,582
Savings	108,920
Money market	<u>401,119</u>
Total cash and cash equivalents	<u>\$ 544,621</u>

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 3. Grants Receivable

Grants receivable as of September 30, 2018 consisted of the following:

Pregnancy Assistance Fund	\$	21,747
Personal Responsibility Education Program		242,652
Tier 1A Capacity		91,246
Tier 1B Community		<u>567,331</u>
Total grants receivable	\$	<u>922,976</u>

Note 4. Property and Equipment

Property and equipment consists of the following as of September 30, 2018:

Furniture and equipment	\$	118,792
Computer software and hardware		94,530
Website		<u>165,750</u>
		379,072
Less accumulated depreciation		<u>(334,456)</u>
Property and equipment, net	\$	<u>44,616</u>

Depreciation expense was \$19,026 for the year ended September 30, 2018.

Note 5. Leases

The SC Campaign has signed various operating leases for office equipment and office space that extend through 2021. Future minimum lease commitments under all operating leases are as follows as of September 30:

2019	\$	116,347
2020		110,967
2021		<u>74,183</u>
	\$	<u>301,497</u>

Total lease expense for the SC Campaign was \$158,305 for the year ended September 30, 2018.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Notes to Financial Statements

September 30, 2018

Note 6. Fair Value of Investments

Investments totaled \$133,161 at September 30, 2018. Investments include mostly equity securities at Central Carolina Community Foundation (CCCF).

Fair value is defined as the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and is identified as an exit price. The SC Campaign utilizes market data or assumptions that market participants would use in pricing the asset or liability. The FASB established a three-tier fair pricing value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The prices for the SC Campaign's investments at CCCF are valued using inputs other than quoted market prices in active markets and are directly observable, and the resulting fair value is categorized as Level 2.

Note 7. Employee Retirement Plan

All employees who have completed six months of service are covered under a retirement plan maintained by the SC Campaign. Eligible participants may contribute up to federally mandated maximums of their annual salary. The SC Campaign makes safe harbor matching contributions of 100% of salary deferrals up to the first 3% of plan compensation, plus 50% of the next 2%. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The SC Campaign's contributions to the plan totaled \$66,608 for the year ended September 30, 2018.

Note 8. Subsequent Events

In May 2019, the SC Campaign changed names to Fact Forward.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.
Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards
For the year ended September 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor Number	Pass-Through Entity Identifying Number	Passed through to subrecipients	Federal Expenditures
U.S. Department of Health and Human Services					
<i>Passed through Office of Adolescent Health (OAH)</i>					
Support for Expectant and Parenting Teens, Women, Fathers and their Families Program	93.500	SP1AH000049-01-00	N/A	\$ -	\$ 154,423
Strengthening Teen Pregnancy Prevention Initiatives Among High Need South Carolina Populations	93.297	1 TP1AH000133-03-01	N/A	91,575	538,363
Strengthening Teen Pregnancy Prevention Initiatives Among High Need South Carolina Populations	93.297	1 TP1AH000133-04-01	N/A	13,136	102,901
Teen Pregnancy Prevention Programs in High Need South Carolina Communities	93.297	1 TP1AH000126-03-01	N/A	604,069	1,185,228
Teen Pregnancy Prevention Programs in High Need South Carolina Communities	93.297	1 TP1AH000126-04-01	N/A	171,898	274,700
<i>Passed through S.C. Department of Health and Environmental Control</i>					
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	MC-7-258	1001SCPREP	183,389	425,412
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	MC-9-369	1801SCPREP	-	17
Total U.S. Department of Health and Human Services				<u>1,064,067</u>	<u>2,681,044</u>
Total expenditures of federal awards				<u>\$ 1,064,067</u>	<u>\$ 2,681,044</u>

Note 1. Description

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the South Carolina Campaign to Prevent Teen Pregnancy, Inc. (the "SC Campaign") under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the SC Campaign, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the SC Campaign.

Note 2. Summary of Significant Accounting Principles

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the SC Campaign during its fiscal year from October 1, 2017 through September 30, 2018 on the accrual basis of accounting, and accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the fiscal year. As allowed, the SC Campaign has elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Directors
South Carolina Campaign to Prevent Teen Pregnancy, Inc.
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Carolina Campaign to Prevent Teen Pregnancy, Inc. (the SC Campaign), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SC Campaign's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SC Campaign's internal control. Accordingly, we do not express an opinion on the effectiveness of the SC Campaign's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the SC Campaign's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003 and 2018-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SC Campaign's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

SC Campaign's Response to Findings

SC Campaign's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. SC Campaign's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SC Campaign's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SC Campaign's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
June 4, 2019

**Independent Auditor's Report On Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors
South Carolina Campaign to Prevent Teen Pregnancy, Inc.
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the South Carolina Campaign to Prevent Teen Pregnancy, Inc.'s (the SC Campaign) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SC Campaign's major federal programs for the year ended September 30, 2018. The SC Campaign's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the SC Campaign's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SC Campaign's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the SC Campaign's compliance.

Opinion of Each Major Federal Program

In our opinion, the SC Campaign complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-003. Our opinion on each major federal program is not modified with respect to this matter. SC Campaign's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-003, that we consider to be a material weakness.

The SC Campaign's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The SC Campaign's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Columbia, South Carolina
June 4, 2019

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Schedule of Findings and Questioned Costs

For the year ended September 30, 2018

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.297	Teen Pregnancy Prevention Program

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Schedule of Findings and Questioned Costs

For the year ended September 30, 2018

II. FINDINGS FOR FINANCIAL STATEMENTS

2018-001 - Failure of Bank Reconciliation process

Material Weakness

Condition and criteria: Controls over bank reconciliations should be in process so that the bank balance is reconciled to the book balance.

Effect: The bank reconciliation provided during the audit was materially understated by approximately \$275,000, causing a credit balance in cash.

Cause: The bank reconciliation was not performed correctly and there was no documented review of the bank reconciliation.

Auditor's recommendation: Management should ensure that bank reconciliations are performed accurately each month and someone independent of the reconciliation preparation should review the bank reconciliation and document their review by adding their initials and date to the reconciliation.

View of responsible official and planned corrective action: Management has implemented a plan to reconcile bank statements monthly. Management will complete bank reconciliations monthly. The completed reconciliation is signed and dated by management and provided to senior management for review and approval. Senior management will review, approve, sign and date.

2018-002 - Failure to record accounts payable and grants receivable

Material Weakness

Condition and criteria: Controls over capturing all accounts payable for goods and services provided during the audit year should be in place to ensure that the accounts payable balance is materially correct. As some of the accounts payable related to purchases under reimbursable grants, grants receivable was also understated.

Effect: The accounts payable detail provided during the audit was materially understated by approximately \$350,000. Grants receivable was materially understated by approximately \$200,000.

Cause: Accounts payable and grants receivable were not recorded as of September 30, 2018.

Auditor's recommendation: Management should review all invoices received near September 30 and determine whether or not those invoices should be accrued as accounts payable as of year-end based on when the goods and services were provided.

View of responsible official and planned corrective action: Staff received training on how to properly enter invoices with the correct date to ensure expenses are posted in the correct financial period. Staff will review the date of when the goods and services were provided on all invoices to determine the correct posting date. Any invoices received after fiscal year end will receive additional review by management. Management has also made changes within the accounting software as an additional measure to ensure expenses are posted with the correct date.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.

Schedule of Findings and Questioned Costs

For the year ended September 30, 2018

2018-004 – Reconciliation of General Ledger Accounts

Material Weakness

Condition and Criteria: Internal controls over financial reporting should be in place to provide reasonable assurance that the annual financial statements, including all required note disclosures, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: During audit testing procedures, it was noted that cash, revenues, receivables, property and equipment, in-kind revenues, and various accrual accounts required audit adjusting entries in order to reconcile the general ledger accounting system to internal and external reports.

Cause: During audit testing procedures, it was noted that various accounts did not reconcile to the respective internal and external reports. Also, necessary adjustments were not ready for the financial statements to be prepared in accordance with GAAP.

Auditor's Recommendation: We recommend procedures be designed and implemented to ensure all reconciliations and adjustments are prepared and recorded for the financial statements to be in conformity with GAAP.

View of Responsible Officials and Planned Corrective Action: Management has implemented a plan to reconcile accounts and ensure financial statements are in conformity with GAAP. Management has developed templates for reconciling accounts that are being used to aid in the reconciliation process. Accounts that do not have a template are reconciled to the subsidiary ledgers in the accounting system. Once reconciliations are completed, monthly financial statements are prepared and presented to senior management for review and approval. Approved financial statements are signed and dated.

III. FINDINGS FOR FEDERAL AWARDS

2018-003 - Failure to record accounts payable and accounts receivable

Material Weakness

Condition and criteria: Controls over capturing all accounts payable for goods and services provided during the audit year should be in place to ensure that the accounts payable balance is materially correct. As some of the accounts payable related to purchases under reimbursable grants, grants receivable was also understated.

Effect: The accounts payable detail provided during the audit was materially understated by approximately \$350,000. Grants receivable was materially understated by approximately \$200,000.

Cause: Accounts payable and grants receivable were not recorded as of September 30, 2018.

Auditor's recommendation: Management should review all invoices received near September 30 and determine whether or not those invoices should be accrued as accounts payable as of year-end based on when the goods and services were provided.

View of responsible official and planned corrective action: Staff received training on how to properly enter invoices with the correct date to ensure expenses are posted in the correct financial period. Staff will review the date of when the goods and services were provided on all invoices to determine the correct posting date. Any invoices received after fiscal year end will receive additional review by management. Management has also made changes within the accounting software as an additional measure to ensure expenses are posted with the correct date.

South Carolina Campaign to Prevent Teen Pregnancy, Inc.***Summary Schedule of Prior Audit Findings******For the year ended September 30, 2018***

In accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, the following is the status of known material findings and recommendations from prior year audits:

2017-001 - Failure of Check Signing Control

Condition and criteria: Controls over signing checks should be in place to ensure that all checks are properly signed by authorized personnel.

Auditor's recommendation: Management should ensure that all checks are properly signed by authorized personnel prior to disbursement.

Current Status: The recommendation was implemented in 2018. No similar findings were noted in the 2018 audit.