

**TOGETHER SC  
COLUMBIA, SOUTH CAROLINA  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

DRAFT

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Together SC  
Columbia, South Carolina

We have audited the accompanying financial statements of Together SC (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Together SC as of June 30, 2017 and 2016, and the changes 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.

August 10, 2017  
Mount Pleasant, South Carolina

**TOGETHER SC**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents, undesignated	\$ 114,208	\$ 96,349
Cash and cash equivalents, board designated	111,000	109,000
Accounts receivable	14,320	4,466
Prepaid expenses	15,368	14,046
Total current assets	254,896	223,861
<b>Property, Plant and Equipment, net</b>	3,832	7,864
Total assets	\$ 258,728	\$ 231,725
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 5,561	\$ 4,294
Accrued compensated absences	7,806	5,893
Unearned membership revenue	104,558	111,250
Deferred revenue	1,000	-
Total current liabilities	118,925	121,437
<b><u>Net Assets</u></b>		
Unrestricted		
Board designated	111,000	109,000
Undesignated	(12,378)	169
Temporarily restricted	41,181	1,119
Total net assets	139,803	110,288
Total liabilities and net assets	\$ 258,728	\$ 231,725

See Accompanying Notes to Financial Statements.

**TOGETHER SC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Changes in Unrestricted Net Assets</b>			
<b>Support and Revenue</b>			
Membership support	\$ 213,779	\$ -	\$ 213,779
Contributions and grants	68,880	18,451	87,331
Summit program and revenue	254,259	1,118	255,377
Sponsorships	55,475	20,493	75,968
Purchasing power and product revenue	9,157	-	9,157
Knowledge network program revenue	20,249	-	20,249
Interest	103	-	103
Total support and revenue	<u>621,902</u>	<u>40,062</u>	<u>661,964</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>621,902</u>	<u>40,062</u>	<u>661,964</u>
<b>Expenses</b>			
Program services	510,215	-	510,215
General and administrative	122,234	-	122,234
Total expenses	<u>632,449</u>	<u>-</u>	<u>632,449</u>
Increase (decrease) in net assets	(10,547)	40,062	29,515
<b>Beginning Net Assets</b>	<u>109,169</u>	<u>1,119</u>	<u>110,288</u>
<b>Ending Net Assets</b>	<u>\$ 98,622</u>	<u>\$ 41,181</u>	<u>\$ 139,803</u>

See Accompanying Notes to Financial Statements.

**TOGETHER SC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Changes in Unrestricted Net Assets</b>			
<b>Support and Revenue</b>			
Membership support	\$ 198,599	\$ -	\$ 198,599
Contributions and grants	52,463	-	52,463
Summit program and revenue	259,924	1,119	261,043
Sponsorships	28,253	-	28,253
Purchasing power and product revenue	6,419	-	6,419
Knowledge network program revenue	18,919	-	18,919
Interest	104	-	104
Total support and revenue	<u>564,681</u>	<u>1,119</u>	<u>565,800</u>
Net assets released from restriction	<u>25,400</u>	<u>(25,400)</u>	<u>-</u>
Total support, revenue and reclassifications	<u>590,081</u>	<u>(24,281)</u>	<u>565,800</u>
<b>Expenses</b>			
Program services	478,176	-	478,176
Management and general	102,882	-	102,882
Total expenses	<u>581,058</u>	<u>-</u>	<u>581,058</u>
Increase (decrease) in net assets	9,023	(24,281)	(15,258)
<b>Beginning net assets</b>	<u>100,146</u>	<u>25,400</u>	<u>125,546</u>
<b>Ending net assets</b>	<u>\$ 109,169</u>	<u>\$ 1,119</u>	<u>\$ 110,288</u>

See Accompanying Notes to Financial Statements.

**TOGETHER SC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in net assets	\$ 29,515	\$ (15,258)
Adjustments to reconcile the change in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,032	4,099
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(9,854)	6,841
Decrease (increase) in prepaid expenses	(1,322)	6,991
Increase in accounts payable	1,267	3,012
Increase in compensated absences	1,913	260
Increase in unearned membership revenue	(6,692)	15,102
Increase (decrease) in deferred revenue	1,000	(27,500)
Net cash provided by (used for) operating activities	19,859	(6,453)
<b><u>Cash Flows from Financing Activities:</u></b>		
Purchase of purchase of property, plant and equipment	-	(11,494)
Net cash used for financing activities	-	(11,494)
Net increase (decrease) in cash and cash equivalents	19,859	(17,947)
Cash and cash equivalents, beginning of year	205,349	223,296
Cash and cash equivalents, end of year	\$ 225,208	\$ 205,349

See Accompanying Notes to Financial Statements.

**TOGETHER SC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Basic Program

Together SC, is a not-for-profit organization established in 1996 to support and advocate for charitable nonprofit organizations in South Carolina. The Organization provides technical assistance, training programs, and materials to increase professionalism and accountability for its member organizations. It advocates on behalf of its members and creates communication networks within and between the state's public and private sectors. It offers services and technology that enable its members to save money and time while serving as a gateway for the flow of information to and from the nonprofit sector and the business and government sectors. Together SC is supported by grants and by membership dues, as well as by fees paid by members to attend meetings and workshops and to participate in various training programs.

On March 31, 2017, the Organization formally changed their name from the South Carolina Association of Nonprofit Organization to Together SC.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

In accordance with GAAP, Together SC is required to report information regarding its financial position and activities according to three classes of net assets. Supports and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Together SC and changes therein are classified and reported as follows:

*Unrestricted Net Assets*

Net assets that are not subjected to donor-imposed restrictions.

*Temporarily Restricted Net Assets*

Net assets subject to donor-imposed restrictions that may or will be met either by actions of Together SC and/or the passage of time.

*Permanently Restricted Net Assets*

Net assets subject to donor-imposed restrictions that they may be maintained permanently by Together SC. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restriction. The Organization had no permanently restricted net assets as of June 30, 2017 and 2016.

Cash and Cash Equivalents and Designated Cash

For the purpose of the statements of cash flows, Together SC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Association has approved a board designated reserve for general operations based upon the current year's budgeted expenditures adjusted for certain expenses. The fully funded reserve is calculated based upon three months adjusted budgeted operating expenditures.

**TOGETHER SC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Furniture and Equipment

Furniture and equipment are recorded at cost, or if donated, at the approximate fair value at the date of the donation. Improvements that materially add to the value, productivity, or extend the useful life of assets are capitalized. Other expenditures for repair and maintenance are charged to operations in the year the costs are incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years.

Contributions

Contributions are recognized when the donor makes a promise to give that, in substance, is unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets or permanently restricted assets depending on the nature of the restrictions.

Together SC received in-kind contributions consisting of primarily professional services, facility access and program expenses. These contributions are valued at the estimated value available in the market place. For the years ended June 30, 2017 and 2016, in-kind contributions of \$12,268 and \$15,502 respectively, were primarily included in summit program revenue and sponsorships.

Compensated absences

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

Revenue recognition

Together SC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as assets released from restrictions.

Membership dues are recorded as revenue when earned over the applicable membership period. Unearned membership revenue results from membership periods which overlap Together SC's fiscal year end. Together SC reviews and analyzes contributions receivable on an annual basis. Amounts deemed uncollectible are charged off during the period in which such a determination is made.

Income Taxes

Together SC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Together SC has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

GAAP requires management to evaluate tax positions taken by Together SC and recognize a tax liability (or asset) if Together SC has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by Together SC, and has concluded that as of June 30, 2017, 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. Together SC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for the years prior to 2013.

**TOGETHER SC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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

**Recent Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) 2016-14 Not-for Profit Entities (Topic 958) – Presentation of Not-for-Profit Entities. The amendments in the update make certain improvements that address many of the identified issues of current financial reporting for not-for-profits. A second phase of the project is expected to address more protracted issues identified by the FASB. The update addresses some of the current financial reporting challenges as follows: 1) reduces complexity in reporting donor imposed restrictions; 2) improves transparency and utility in assessing a not-for-profit’s liquidity; 3) enhances the consistency of reporting of not-for-profit expenses by nature and function; and 4) unifies the preparation of the direct-method of cashflow statement preparation. The amendments in this update go into effect for annual financial statements issued for years beginning after December 15, 2017.

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The amendments in this Update are effective for fiscal years beginning after December 15, 2019.

**2. CONCENTRATION OF CREDIT RISK**

Together SC places its cash and cash equivalents with high quality financial institutions. At times, deposits may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. As of June 30, 2017, and 2016, no amounts exceeded FDIC limits.

**3. FAIR VALUE MEASUREMENTS**

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities.

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The price for Together SC's money market account totaling \$103,393 and \$103,189 as of June 30, 2017 and 2016, respectively, is valued using inputs other than quoted market prices in active markets and is directly observable. The resulting fair value is categorized as Level 2 for each of the years ending June 30, 2017 and 2016.

**TOGETHER SC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**4. PROPERTY, PLANT AND EQUIPMENT**

Furniture and equipment consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 1,339	\$ 1,339
Website	19,916	19,916
	<u>21,255</u>	<u>21,255</u>
Less accumulated depreciation	<u>(17,423)</u>	<u>(13,391)</u>
	<u>\$ 3,832</u>	<u>\$ 7,864</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$4,032 and \$4,099, respectively.

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are to be used for the following programs at June 30:

	<u>2017</u>	<u>2016</u>
Building a Culture of Health program	\$ 18,451	\$ -
Carolina Leadership program	20,493	-
Summit Scholarships	<u>2,237</u>	<u>1,119</u>
	<u>\$ 41,181</u>	<u>\$ 1,119</u>

**6. LEASES**

Together SC leases office space under a month-to-month operating lease from the United Way Association of South Carolina, Inc. Rent expense was \$5,424 and \$5,424, for the years ended June 30, 2017 and 2016, respectively.

**7. COMMITMENTS**

In June 2016, Together SC entered into an agreement with a Hilton Head Island, South Carolina hotel to host the 2018 Annual Summit. Together SC's future minimum liability under this contract is \$33,988.

**8. RELATED PARTIES**

Donations from the Board of Directors members totaled \$4,825 and \$7,185, for the years ended June 30, 2017 and 2016, respectively.

**9. SUBSEQUENT EVENTS**

Management has evaluated the effect subsequent events would have on the financial statements of Together SC through August 10, 2017 which is the date the financial statements were available to issue. Based upon this evaluation, there were no material adjustments to these financial statements.