

CENTER FOR DEVELOPMENTAL SERVICES, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for Developmental Services, Inc.
Greenville, South Carolina

We have audited the accompanying financial statements of the Center for Developmental Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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.

Auditor's 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the Center for Developmental Services, Inc. as of December 31, 2020 and 2019, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021 on our consideration of the Center for Developmental Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of 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 Center for Developmental Services, Inc.'s internal control over financial reporting and compliance.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
February 12, 2021

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 528,892	\$ 288,243
Agency Receivables, Net	131,820	82,068
Pledges Receivable, Net	17,927	20,961
Prepaid Expenses	23,011	16,242
Total Current Assets	701,650	407,514
Pledges Receivable - Long-Term, Net	23,840	44,050
Endowment Investments	152,451	150,000
Property and Equipment, Net	710,203	785,758
TOTAL ASSETS	\$ 1,588,144	\$ 1,387,322
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 149,479	\$ 135,377
Deferred Revenue	-	23,350
Total Current Liabilities	149,479	158,727
TOTAL LIABILITIES	149,479	158,727
NET ASSETS		
Without Donor Restrictions:		
Undesignated	430,602	146,239
Designated by Management for Capital Improvements	28,382	25,000
Invested in Property and Equipment	710,203	785,758
Total Net Assets Without Donor Restrictions	1,169,187	956,997
With Donor Restrictions	269,478	271,598
TOTAL NET ASSETS	1,438,665	1,228,595
TOTAL LIABILITIES AND NET ASSETS	\$ 1,588,144	\$ 1,387,322

The notes to the financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 285,033	-	\$ 285,033
Grants	203,918	18,673	222,591
Case Management	1,239,244	-	1,239,244
Rental Income	387,187	-	387,187
Fees	50,905	-	50,905
Donated Services, Material and Space	120,000	-	120,000
Interest and Dividends	343	426	769
Revenues from Federal COVID-19 Related Loans	230,824	-	230,824
Other Income	22	2,025	2,047
Net Assets Released From Restrictions	23,244	(23,244)	-
	2,540,720	(2,120)	2,538,600
EXPENSES			
Program	2,137,838	-	2,137,838
Management and General	91,173	-	91,173
Fundraising	99,519	-	99,519
	2,328,530	-	2,328,530
CHANGE IN NET ASSETS	212,190	(2,120)	210,070
NET ASSETS, Beginning of Year	956,997	271,598	1,228,595
NET ASSETS, End of Year	\$ 1,169,187	269,478	\$ 1,438,665

The notes to the financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 179,616	150,000	\$ 329,616
Grants	283,511	45,958	329,469
Case Management	1,410,600	-	1,410,600
Rental Income	379,877	-	379,877
Fees	53,199	-	53,199
Donated Services, Material and Space	120,000	-	120,000
Interest	285	-	285
Net Assets Released From Restrictions	65,064	(65,064)	-
	<u>2,492,152</u>	<u>130,894</u>	<u>2,623,046</u>
Total Revenues and Other Support			
EXPENSES			
Program	2,481,393	-	2,481,393
Management and General	104,225	-	104,225
Fundraising	115,578	-	115,578
	<u>2,701,196</u>	<u>-</u>	<u>2,701,196</u>
Total Expenses			
CHANGE IN NET ASSETS	(209,044)	130,894	(78,150)
NET ASSETS, Beginning of Year	<u>1,166,041</u>	<u>140,704</u>	<u>1,306,745</u>
NET ASSETS, End of Year	<u>\$ 956,997</u>	<u>271,598</u>	<u>\$ 1,228,595</u>

The notes to the financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Total
Advertising	\$ 1,261	252	11,094	\$ 12,607
Case Management	57,087	-	-	57,087
Computer Support and Software	58,763	1,260	-	60,023
Conferences and conventions	3,682	433	217	4,332
Depreciation	118,460	595	-	119,055
Dues and Subscriptions	799	2,396	-	3,195
Employee Benefits	261,146	10,881	14,318	286,345
Equipment Rental and Maintenance	11,059	191	-	11,250
Insurance	25,267	651	130	26,048
Meals and Catering	2,691	2,692	-	5,383
Office Expense	63,637	3,349	-	66,986
Office Supplies	6,307	946	631	7,884
Payroll Taxes	72,472	3,020	3,973	79,465
Postage and Shipping	7,091	167	1,084	8,342
Printing and Copies	8,441	1,266	844	10,551
Professional Fees	16,607	15,403	9,508	41,518
Rent	153,524	462	-	153,986
Repairs and Maintenance	55,521	960	-	56,481
Salaries and Wages	1,047,069	43,628	57,405	1,148,102
Supplies	41,678	721	-	42,399
Telephone and Internet	45,480	787	-	46,267
Travel and Transportation	15,459	-	315	15,774
Utilities	64,337	1,113	-	65,450
	<u>\$ 2,137,838</u>	<u>91,173</u>	<u>99,519</u>	<u>\$ 2,328,530</u>

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See the accompanying independent auditor's report.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 5,692	-	10,571	\$ 16,263
Case Management	108,766	-	-	108,766
Computer Support and Software	61,809	1,326	-	63,135
Conferences and conventions	4,068	4,068	-	8,136
Depreciation	327,036	1,643	-	328,679
Dues and Subscriptions	713	2,140	-	2,853
Employee Benefits	280,339	11,681	15,370	307,390
Equipment Rental and Maintenance	12,949	224	-	13,173
Insurance	23,611	861	123	24,595
Meals and Catering	1,873	3,746	5,084	10,703
Office Expense	55,098	6,887	6,887	68,872
Office Supplies	5,376	806	538	6,720
Payroll Taxes	77,774	3,241	4,264	85,279
Postage and Shipping	7,256	171	1,110	8,537
Printing and Copies	11,658	1,749	1,166	14,573
Professional Fees	17,460	16,195	9,996	43,651
Rent	142,096	428	-	142,524
Repairs and Maintenance	46,020	796	-	46,816
Salaries and Wages	1,089,419	45,392	59,727	1,194,538
Supplies	45,098	780	-	45,878
Taxes and Licenses	22	-	-	22
Telephone and Internet	47,067	814	-	47,881
Travel and Transportation	36,380	-	742	37,122
Utilities	73,813	1,277	-	75,090
	<u>\$ 2,481,393</u>	<u>104,225</u>	<u>115,578</u>	<u>\$ 2,701,196</u>

The notes to the financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
Change in Net Assets	\$ 210,070	\$ (78,150)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	119,055	328,679
Investment (Gains) Losses, Net	(2,025)	-
Revenues from Federal COVID-19 Related Loans	(230,824)	-
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Agency Receivables, Net	(49,752)	43,984
Decrease (Increase) in Pledges Receivable, Net	23,244	(894)
Decrease (Increase) in Prepaid Expenses	(6,769)	(2,074)
Increase (Decrease) in Accounts Payable and Accrued Expenses	14,103	6,511
Increase (Decrease) in Deferred Revenue	(23,350)	(84,650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	53,752	213,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Leasehold Improvements and Equipment	(43,501)	(51,288)
Funding of Endowment	-	(150,000)
Interest and Dividends Income Reinvested in the Endowment	(426)	-
NET CASH USED BY INVESTING ACTIVITIES	(43,927)	(201,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Federal COVID-19 Related Loans	230,824	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	230,824	-
INCREASE IN CASH AND CASH EQUIVALENTS	240,649	12,118
CASH AND CASH EQUIVALENTS, Beginning of Year	288,243	276,125
CASH AND CASH EQUIVALENTS, End of Year	\$ 528,892	\$ 288,243

The notes to the financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission

The Center for Developmental Services, Inc. (the “Center”) is a unique partnership linking individuals and families with multi-disciplinary services for developmental evaluation, treatments, education, and support.

Nature of Operations

The Center was organized in 1993 as a nonprofit corporation. It is a collaboration of organizations that help children affected by developmental delays and disabilities and their families. The following agencies are located within the Center: Prisma Health – Upstate Children’s Hospital, Family Connection of S.C., Inc., KidVentures of Thrive Upstate, and Clarity: Speech, Hearing and Learning Center. Beginning in 2017, the Center began providing case management services to those with intellectual disabilities, autism, head and spinal cord injuries and other related or similar disabilities.

Basis of Presentation

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and are presented in accordance with FASB ASC 958-205 *Not-For-Profit Presentation of Financial Statements*.

Cash and Cash Equivalents

Cash equivalents included in these financial statements are defined as all highly liquid instruments purchased with an original maturity of three months or less.

Investments

Investments consist of endowment investments and cash and cash equivalents held for endowment purposes. Investments are reported at their fair values. Endowment income consists of interest and dividend income less investment-related fees. Realized and unrealized gains and losses are reported separately.

Receivables

Agency receivables consist primarily of amounts due for case management services and office space rentals to partner agencies.

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-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Allowances for uncollectible accounts are determined based on subsequent collections, past experience, and an assessment of economic conditions. Receivables are written off when deemed uncollectible.

Property and Equipment

The Center capitalizes property and equipment costing more than \$2,500, while lesser amounts are usually expensed. Purchased property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair value at the date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Compensated Absences

The Center's general leave policy allows accumulation of up to 35 days for unused general leave at any time. Employees accumulate general leave at varying rates depending on longevity. At December 31, 2020 and 2019 employees had accumulated general leave of \$91,135 and \$81,202, respectively, which was included in accrued expenses in the Statements of Financial Position.

Net Assets

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* are net assets available for use in general operations and not subject to donor-imposed restrictions. The Board, at its discretion, may designate a portion of the net assets without donor restrictions to be used for specific purposes, such as capital improvements.
- *Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by the actions of the Center or the passage of time. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. 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 Statement of Activities as net assets released from restrictions. If a restriction is fulfilled during the same year in which the contribution is received, the Center reports that support as an increase in net assets without donor restrictions.

Revenues

Fee revenue is recognized when earned. Fees received in advance are deferred to the applicable period in which the related services are performed. Contributions and grants, including unconditional promises to give, are recognized when received and are considered to be available for general use unless specifically restricted by the contributor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes that are not fulfilled during the current year are reported as increases to net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due unless the contribution is clearly intended to support the activities of the current fiscal year. Conditional promises to give are not included as support until conditions are substantially met.

Contributed Services and In-kind Contributions

Local businesses and organizations have contributed significant amounts of services, material and building space to the Center. In addition, a number of unpaid volunteers have made significant contributions of their time to the Center. For those contributed services that did not create or enhance non-financial assets or require specialized skills or that would not have been purchased if not donated, no amounts have been reflected in the financial statements for these services, since these services do not meet the criteria for recognition as contributed services. Services that meet the criteria for recognition as contributed services and in-kind contributions are recorded as contributions at their estimated fair market value.

Advertising Costs

Advertising costs are recorded as expenses when incurred. Advertising costs totaled \$12,607 and \$16,263 for the years ended December 31, 2020 and 2019, respectively.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated costs include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort, and depreciation, rent, utilities, supplies, and other occupancy related costs, which are allocated on a usage of building basis.

Income Tax Status

The Center has obtained exemption from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. In addition, the Center is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Management is not aware of any transactions or events that would disqualify its tax-exempt status. Therefore, no provision for income taxes has been included in the financial statements. The Center's tax returns for the past three years remain open for examination by taxing authorities.

Fair Value Framework

The fair value framework under generally accepted accounting principles requires the categorization of assets into three levels based upon the assumptions used to value the assets. The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level one measurements) and the lowest priority to unobservable inputs (level three measurements). The three levels of the fair value hierarchy are described below:

- Level one – Unadjusted quoted prices for identical assets in active markets.
- Level two – Quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level three – Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE B—LEASE

The Center leases its building from First Presbyterian Church of Greenville, SC (the “Church”) under an operating lease originally signed in 1998 and amended in 2005 and again in 2015. Beginning January 1, 2015 through December 31, 2019 no rent was required to be paid by the Center. The Center renewed the lease for an additional five years beginning January 1, 2020. The lessor has the option, with a required one-year notice period, to charge rent at a rate of 20% of the fair market rental value for the first year and escalating to 100% of fair market rental value in the fifth year. The Center has not received any notice that the lessor intends to charge rent. The estimated annual fair market value of the lease is \$120,000 annually and has been recorded in the Statement of Activities as rent expense and as a donation of services, material and space.

The Center subleases portions of the building to the agencies located within the Center. The rental revenue received under these subleases is included in rental income on the Statement of Activities and totaled \$387,187 and \$379,877 in 2020 and 2019, respectively. The subleases generally cover multiple years; however, the agencies have the right to terminate the sublease after providing 120 days written notice to the Center.

NOTE C—LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within the year following December 31, 2020 consist of the following:

Cash and Cash Equivalents	\$ 528,892
Agency Receivables, Net	131,820
Pledges Receivable, Net	17,927
	<u>\$ 678,639</u>

The Center also has an endowment under which the Board has designated \$100,000 to be available for emergency purposes. See Note G for more information on this endowment.

In addition to the above amounts, the Center anticipates being able to meet its liquidity needs during the upcoming year with sublease revenues received from agencies located within the Center, revenues generated by providing case management services and continued donor support. The Center also has a \$300,000 line of credit upon which it could draw in the event of an unanticipated liquidity need.

NOTE D—CONCENTRATION OF CREDIT RISK

The Center maintains all of its cash in a bank deposit account at one financial institution and generally limits its exposure to credit risk from balances on deposit with financial institutions in excess of the Federal Deposit Insurance Corporation (“FDIC”) insured limit. As of December 31, 2020, the Center’s bank balance exceeded FDIC limits by \$271,887. As of December 31, 2019, the Center’s bank balance exceeded FDIC limits by \$185,284.

NOTE E—RECEIVABLES

The Center leases space to the agencies located within the Center. At December 31, 2020 and 2019, the Center had \$131,820 and \$82,068 respectively, in receivables outstanding, of which almost all were agency receivables related to rent. There were no reserves needed for uncollectable agency receivables at December 31, 2020.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE E—RECEIVABLES (CONTINUED)

The Center holds an annual fundraising event at which unconditional promises to give are received from donors. Outstanding promises to give were comprised of the following at December 31:

	2020	2019
Due in 2020	\$ -	\$ 21,280
Due in 2021	18,200	19,950
Due in 2022	16,586	17,336
Due in 2023	7,373	7,673
Due in 2024	756	1,006
	<u>42,915</u>	<u>67,245</u>
Less Discount To Net Present Value of 1.5% Per Year	(1,148)	(2,234)
Promises to Give, Net	<u>\$ 41,767</u>	<u>\$ 65,011</u>

NOTE F—PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31:

	Useful Life	2020	2019
Leasehold Improvements	10-20 years	\$ 5,554,719	\$ 5,529,697
Equipment	5 years	265,951	260,296
Furniture and Fixtures	7 years	118,634	118,634
Software	3 years	35,057	22,233
		<u>5,974,361</u>	<u>5,930,860</u>
Less Accumulated Depreciation and Amortization		(5,264,158)	(5,145,102)
		<u>\$ 710,203</u>	<u>\$ 785,758</u>

NOTE G—ENDOWMENT

During 2019, the Center received a significant donation from Greenville High School as part of their annual Spirit Week charity fundraiser. \$150,000 of the donation was used to establish an endowment that will be a long-term investment to benefit the children and families that the Center serves.

The Center's Board of Directors adopted a spending policy for the endowment which designated \$100,000 to be used for emergency purposes as needed. Any monies used for emergencies should be repaid to the endowment as quickly as possible. The remaining balance of the endowment may be used to fund annual distributions not greater than 4.5% of the average total endowment value for the past three years. No such distributions can be made until the endowment value exceeds \$500,000. For purposes of making distributions, a total-return-based spending approach is taken, meaning that distributions will only be funded from the endowment's net investment income including any realized and unrealized gains on the investments. In years when a distribution is not needed, it may remain in the endowment.

The Center's Board of Directors adopted an investment policy with the objective of preserving the long-term, real purchasing power of the endowment while providing a relatively predictable and growing stream of annual distributions to support the Center. The policy established a goal of earning at least a targeted return of 5% plus the Consumer Price Index. The policy includes diversification requirements and balancing of investments between equity and fixed income, with a target allocation of 70% and 30%, respectively. Additionally, alternative investments, as defined, are allowed, but may not exceed 20% of the endowment's assets.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE G—ENDOWMENT (CONTINUED)

During the current year, the \$150,000 establishing the endowment was invested and net investment returns, including interest and dividends, totaled \$2,451. There were no endowment contributions or distributions during the current year.

The following table summarizes the Center's endowment investments:

Investment Type	Fair Value	Fair Value	Fair Value
	December 31, 2020	December 31, 2019	Level (1)
Cash and Cash Equivalents	\$ 2,871	\$ 150,000	Level 1
Equity Mutual Funds and Exchange Traded Funds ("ETF")	109,194	-	Level 1
Fixed Income Mutual Funds	16,666	-	Level 1
Non-traditional Mutual Funds	9,002	-	Level 1
Commodities - Gold ETF	9,096	-	Level 1
Other - World Allocation Mutual Fund	5,622	-	Level 1
Total	<u>\$ 152,451</u>	<u>\$ 150,000</u>	

(1) See Note A for details of the Center's fair value framework.

NOTE H—NET ASSETS

Substantially all of the donor restrictions on the net assets at December 31, 2020 and 2019 were related to funds raised for ongoing efforts to help prepare the Center for future needs and service to community. Net assets with donor restrictions were restricted for the following purposes or periods at December 31:

	2020	2019
Subject to the Passage of Time:		
Pledges Receivable Which Are Unavailable for Expenditure Until Due in Future Years	\$ 41,767	\$ 65,011
Subject to Expenditure for Specified Purpose:		
Equipment Purchases	50,260	31,587
Capital Projects and Repairs	25,000	25,000
Endowment	152,451	150,000
	<u>\$ 269,478</u>	<u>\$ 271,598</u>

Net assets were released from donor restrictions during 2020 and 2019 by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by donors, or by being released from restrictions by the donors.

The Center's management has designated \$28,382 of its net assets without donor restrictions at December 31, 2020 to be used for future capital projects and repairs.

NOTE I—RETIREMENT PLAN

Employees are eligible to participate in the Center's Section 401(k) qualified contribution salary reduction plan on the date of employment. Employees may contribute up to one hundred percent of their yearly compensation or the maximum amount allowed by the Internal Revenue Service. Effective January 1, 2004, the Center matches fifty percent of up to four percent of an employee's salary for all employees with a minimum of one year of service. For the years ended December 31, 2020 and 2019, employer contributions totaled \$21,173 and \$21,520, respectively.

**CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE J—REVENUES FROM FEDERAL COVID-19 RELATED LOANS

The Center was granted a \$220,824 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration approved partner. The Center initially recorded a note payable and subsequently recorded forgiveness when the PPP loan obligation was legally released. The Center recognized the total amount of the PPP loan as income for the year ended December 31, 2020. The Center was also granted a \$10,000 Economic Injury Disaster Loan advance. This amount was fully forgiven and was also recognized as income for the year ended December 31, 2020.

NOTE K—COVID-19 PANDEMIC IMPACTS

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and, in March 2020, classified the outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the pandemic continues to evolve as of the date of these financial statements. Management continues to actively monitor the impacts from the pandemic on its financial condition, liquidity, operations, workforce, partners, and donors.

As local and federal governments recommended or mandated restrictions on business, travel, and event attendance in an effort to curb the pandemic by changing consumer behavior, the Center’s revenues and expenses were impacted. The Center’s future revenues and expenses are also expected to be impacted.

During the year ended December 31, 2020, the Center received a forgivable PPP loan of \$220,824 and Economic Injury Disaster Loan advance for \$10,000 (see Note J).

NOTE L—COMMITMENTS

The Center has an unsecured \$300,000 line of credit with Southern First Bank which matures on December 19, 2022. The interest rate on outstanding borrowings is the bank’s prime rate plus 0.25%, and interest is due monthly on the amount of credit outstanding. As of December 31, 2020 and 2019, there were no outstanding balances on the line of credit.

The Center entered into a contract with Corsica Technologies, LLC (formerly EDTS, LLC) for information technology support in November 2018, for a term of 36 months. This contract was updated in October of 2020 to reduce the amount of monthly fees from \$3,750 to a rate of \$2,613 a month.

The Center entered into a contract with James E. Woodside & Co. for the use of 65 parking spaces for the Center’s partners and employees. This contract commenced in October 2020, for a term of 12 months at a rate of \$3,250 a month.

NOTE M—SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 12, 2021, which is the date the financial statements were available to be issued, no significant events were noted.



**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***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for Developmental Services, Inc.
Greenville, 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 the Center for Development Services, Inc. (the "Center") which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
February 12, 2021