CENTER FOR DEVELOPMENTAL SERVICES, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Developmental Services, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center for Developmental Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2023 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 the Center for Developmental Services Inc.'s 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 Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
April 24, 2023

CENTER FOR DEVELOPMENTAL SERVICES, INC.
GREENVILLE, SOUTH CAROLINA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS	**2022**	**2021**
Current Assets:		
Cash and Cash Equivalents	$ 1,143,873	$ 610,370
Agency Receivables, Net	125,837	132,945
Pledges Receivable, Net	9,339	17,598
Prepaid Expenses	20,866	22,146
Total Current Assets	1,299,915	783,059
Pledges Receivable - Long-Term, Net	4,768	7,777
Endowment Investments	371,585	240,473
Property and Equipment, Net	653,150	684,470
TOTAL ASSETS	**$ 2,329,418**	**$ 1,715,779**
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 159,886	$ 149,839
Deferred Revenue	246,022	-
Total Current Liabilities	405,908	149,839
TOTAL LIABILITIES	**405,908**	**149,839**
NET ASSETS		
Without Donor Restrictions:		
Undesignated	771,319	491,188
Designated by Management for Capital Improvements	42,926	29,938
Designated by the Board for Endowment	185,129	54,486
Invested in Property and Equipment	653,150	684,470
Total Net Assets Without Donor Restrictions	1,652,524	1,260,082
With Donor Restrictions	270,986	305,858
TOTAL NET ASSETS	**1,923,510**	**1,565,940**
TOTAL LIABILITIES AND NET ASSETS	**$ 2,329,418**	**$ 1,715,779**

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	$ 275,201	31,210	$ 306,411
Grants	660,191	40,000	700,191
Case Management	1,268,930	-	1,268,930
Rental Income	440,412	-	440,412
Fees	44,010	-	44,010
Donated Services, Material and Space	120,000	-	120,000
Investment Income	(24,356)	(31,422)	(55,778)
Interest and Dividends	1,070	6,890	7,960
Net Assets Released From Restrictions	81,550	(81,550)	-
Total Revenues and Other Support	2,867,008	(34,872)	2,832,136
EXPENSES			
Program	2,292,271	-	2,292,271
Management and General	103,094	-	103,094
Fundraising	79,201	-	79,201
Total Expenses	2,474,566	-	2,474,566
CHANGE IN NET ASSETS	**392,442**	**(34,872)**	**357,570**
NET ASSETS, Beginning of Year	1,260,082	305,858	1,565,940
NET ASSETS, End of Year	**$ 1,652,524**	**270,986**	**$ 1,923,510**

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	$ 363,843	-	$ 363,843
Grants	125,115	43,088	168,203
Case Management	1,199,353	-	1,199,353
Rental Income	398,540	-	398,540
Fees	41,601	-	41,601
Donated Services, Material and Space	120,000	-	120,000
Other Income	-	8,813	8,813
Interest and Dividends	5,009	8,223	13,232
Net Assets Released From Restrictions	23,744	(23,744)	-
Total Revenues and Other Support	2,277,205	36,380	2,313,585
EXPENSES			
Program	2,031,116	-	2,031,116
Management and General	90,275	-	90,275
Fundraising	64,919	-	64,919
Total Expenses	2,186,310	-	2,186,310
CHANGE IN NET ASSETS	**90,895**	**36,380**	**127,275**
NET ASSETS, Beginning of Year	1,169,187	269,478	1,438,665
NET ASSETS, End of Year	**$ 1,260,082**	**305,858**	**$ 1,565,940**

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, 2022

	Program	Management and General	Fundraising	Total
Advertising	$ 10,587	-	10,588	$ 21,175
Case Management	31,028	-	-	31,028
Computer Support and Software	71,108	1,525	-	72,633
Conferences and conventions	2,553	300	150	3,003
Depreciation	109,174	549	-	109,723
Dues and Subscriptions	1,231	3,695	-	4,926
Employee Benefits	251,483	10,479	13,788	275,750
Equipment Rental and Maintenance	16,304	282	-	16,586
Insurance	32,460	837	167	33,464
Meals and Catering	2,583	5,167	2,583	10,333
Office Expense	74,191	3,905	-	78,096
Office Supplies	9,400	1,410	940	11,750
Payroll Taxes	77,946	3,248	4,273	85,467
Postage and Shipping	1,504	1,504	3,009	6,017
Printing and Copies	2,322	1,991	2,322	6,635
Professional Fees	4,932	39,456	4,932	49,320
Rent	182,262	548	-	182,810
Repairs and Maintenance	93,761	1,622	-	95,383
Salaries and Wages	1,136,333	23,923	35,884	1,196,140
Supplies	45,143	781	-	45,924
Telephone and Internet	44,717	773	-	45,490
Travel and Transportation	27,692	-	565	28,257
Utilities	63,557	1,099	-	64,656
	$ 2,292,271	103,094	79,201	$ 2,474,566

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, 2021

	Program	Management and General	Fundraising	Total
Advertising	$ 641	-	641	$ 1,282
Case Management	32,500	-	-	32,500
Computer Support and Software	53,202	1,141	-	54,343
Conferences and conventions	3,816	449	224	4,489
Depreciation	109,291	549	-	109,840
Dues and Subscriptions	1,170	3,509	-	4,679
Employee Benefits	235,766	9,824	12,927	258,517
Equipment Rental and Maintenance	10,310	178	-	10,488
Insurance	29,287	755	151	30,193
Meals and Catering	1,769	3,539	1,770	7,078
Office Expense	67,889	3,573	-	71,462
Office Supplies	6,040	906	604	7,550
Payroll Taxes	70,398	2,933	3,860	77,191
Postage and Shipping	1,814	1,813	3,627	7,254
Printing and Copies	3,996	3,428	3,997	11,421
Professional Fees	3,998	31,973	3,995	39,966
Rent	152,319	458	-	152,777
Repairs and Maintenance	47,425	820	-	48,245
Salaries and Wages	1,040,526	21,906	32,859	1,095,291
Supplies	40,383	698	-	41,081
Taxes and Licenses	227	-	-	227
Telephone and Internet	43,763	757	-	44,520
Travel and Transportation	12,941	-	264	13,205
Utilities	61,645	1,066	-	62,711
	$ 2,031,116	90,275	64,919	$ 2,186,310

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, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES	**2022**	**2021**
Change in Net Assets	$ 357,570	$ 127,275
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	109,723	109,840
Investment (Gains) Losses, Net	31,422	(8,813)
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Agency Receivables, Net	7,108	(1,125)
Decrease (Increase) in Pledges Receivable, Net	11,268	16,392
Decrease (Increase) in Prepaid Expenses	1,280	865
Increase (Decrease) in Accounts Payable and Accrued Expenses	10,047	359
Increase (Decrease) in Deferred Revenues	246,022	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	774,440	244,793
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Leasehold Improvements and Equipment	(78,403)	(84,106)
Funding of Endowment	(180,000)	(66,500)
Interest and Dividends Income Reinvested in the Endowment	17,466	(12,709)
NET CASH USED BY INVESTING ACTIVITIES	(240,937)	(163,315)
INCREASE IN CASH AND CASH EQUIVALENTS	**533,503**	**81,478**
CASH AND CASH EQUIVALENTS, Beginning of Year	610,370	528,892
CASH AND CASH EQUIVALENTS, End of Year	**$ 1,143,873**	**$ 610,370**

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

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, 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.

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, 2022 and 2021 employees had accumulated general leave of $96,178 and $86,205, 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.

Deferred Revenue

Deferred revenue, if applicable, consists primarily of amounts related to grants collected where donor-imposed conditions haven't been met.

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.

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

Advertising Costs

Advertising costs are recorded as expenses when incurred. Advertising costs totaled $21,175 and $1,282 for the years ended December 31, 2022 and 2021, respectively.

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.

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 $440,412 and $398,540 in 2022 and 2021, 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, 2022 consist of the following:

Cash and Cash Equivalents*	$ 1,073,450
Agency Receivables, Net	125,837
Pledges Receivable, Net	9,339
	$ 1,208,626

* Excludes the Center's cash and cash equivalents with donor restrictions of $70,423.

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, 2022, the Center's bank balance exceeded FDIC limits by $813,124. As of December 31, 2021, the Center's bank balance exceeded FDIC limits by $352,736.

NOTE E—RECEIVABLES

The Center leases space to the agencies located within the Center. At December 31, 2022 and 2021, the Center had $125,837 and $132,945 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, 2022.

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:

	2022	2021
Due in 2022	$ -	$ 17,866
Due in 2023	9,481	7,273
Due in 2024	2,214	756
Due in 2025	1,008	-
Due in 2026	1,008	-
Due in 2027	756	-
	14,467	25,895
Less Discount To Net Present Value of 1.5% Per Year	(360)	(520)
Promises to Give, Net	$ 14,107	$ 25,375

NOTE F—PROPERTY AND EQUIPMENT

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

	Useful Life	2022	2021
Leasehold Improvements	10-20 years	$ 5,686,321	$ 5,631,473
Equipment	5 years	296,859	273,303
Furniture and Fixtures	7 years	118,634	118,634
Software	3 years	35,057	35,057
		6,136,871	6,058,467
Less Accumulated Depreciation and Amortization		(5,483,721)	(5,373,997)
		$ 653,150	$ 684,470

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.

NOTE G—ENDOWMENT (CONTINUED)

During the prior year, $50,000 in Board-designated funds were transferred by the Board into the endowment, and $16,500 was contributed by donors to the endowment. The endowment net investment returns, including interest and dividends, totaled $21,522. At December 31, 2021, the endowment consisted of $185,987 in donor-restricted funds and $54,486 in board-designated funds. During the current year, $155,000 in Board-designated funds were transferred by the Board into the endowment, and $25,000 was contributed by donors to the endowment. The endowment net investment loss, including interest and dividends, totaled $48,888. At December 31, 2022, the endowment consisted of $186,456 in donor-restricted funds and $185,129 in board-designated funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. Deficiencies of this nature exist in the donor restricted endowment and the Board-designated endowment. The donor restricted endowment is under water by $5,044 and the Board-designated endowment by $19,871. These deficiencies resulted from unfavorable market conditions. The Center does not have a policy related to spending underwater endowments.

The following table summarizes the Center's endowment investments:

Investment Type	Fair Value December 31, 2022	Fair Value December 31, 2021	Fair Value Level (1)
Cash and Cash Equivalents	$ 38,780	$ 14,898	Level 1
Equity Mutual Funds and Exchange Traded Funds ("ETF")	202,979	156,287	Level 1
Fixed Income Mutual Funds	68,913	30,402	Level 1
Non-traditional Mutual Funds	28,163	14,375	Level 1
Commodities - Gold ETF	19,800	16,873	Level 1
Other - World Allocation Mutual Fund	12,950	7,638	Level 1
Total	$ 371,585	$ 240,473	

(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, 2022 and 2021 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:

	2022	2021
Subject to the Passage of Time:		
Pledges Receivable Which Are Unavailable for Expenditure Until Due in Future Years	$ 14,107	$ 25,375
Subject to Expenditure for Specified Purpose:		
Equipment Purchases	33,935	50,260
Capital Projects and Repairs	36,488	44,236
Employee Retention	-	-
Endowment	186,456	185,987
	$ 270,986	$ 305,858

Net assets were released from donor restrictions during 2022 and 2021 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.

NOTE H—NET ASSETS (CONTINUED)

The Center's management has designated $42,926 of its net assets without donor restrictions at December 31, 2022 to be used for future capital projects and repairs.

NOTE I—RETIREMENT PLAN

Employees are eligible to participate in the Center's 401(k) defined contribution 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, 2022 and 2021, employer contributions totaled $25,490 and $21,858, respectively.

NOTE J—COMMITMENTS

The Center has an unsecured $300,000 line of credit with Southern First Bank which matures on December 19, 2024. 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, 2022 and 2021, there were no outstanding balances on the line of credit.

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 2022, for a term of 12 months at a rate of $3,250 a month.

NOTE K—SUBSEQUENT EVENTS

In January 2023, the Center entered into a contract with Corsica Technologies, LLC for information technology support. This contract is for 36 months for a total contract price of $160,704 and began March 1, 2023.

Subsequent events have been evaluated through April 24, 2023, which is the date the financial statements were available to be issued.

This page is intentionally left blank

Greene Finney Cauley, LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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
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, 2022 and 2021, 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 April 24, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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.*

GREENEFINNEYCAULEY.CPA · INFO@GREENEFINNEY.COM

GREENVILLE, SC 864.232.0653 | MAULDIN, SC 864.232.5204 | CHARLESTON, SC 843.735.5805 | ANDERSON, SC 864.225.8713 | ASHEVILLE, NC 828.771.0847 OPEN BY APPOINTMENT ONLY

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 Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
April 24, 2023