

Boys and Girls Homes of North Carolina, Inc.  
Financial Statements  
June 30, 2019

REPORT OF AUDIT

For the Year Ended June 30, 2019

OFFICERS OF BOARD OF TRUSTEES

Ken Bland	Chairperson
David Wyatt	Vice-Chairperson
David Weiss	Treasurer
Nancy Sigmon	Secretary

EXECUTIVE COMMITTEE

Dave Wyatt, Chairperson  
Pete Albert Locklear  
Ken Bland  
Joey Boles  
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Linda Reid Oldham

Boys and Girls Homes of North Carolina, Inc.  
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June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Boys and Girls Homes of North Carolina, Inc.  
Lake Waccamaw, North Carolina 28450

**Report on the Financial Statements**

We have audited the accompanying financial statements of Boys and Girls Homes of North Carolina, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and cash flows for the period 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 Boys and Girls Homes of North Carolina, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2020, on our consideration of Boys and Girls Homes of North Carolina, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Boys and Girls Homes of North Carolina, Inc.'s internal control over financial reporting and compliance.

*Thompson, Rice, Scott, Adams & Co., P.A.*

Whiteville, North Carolina  
January 14, 2020

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Statement of Financial Position  
 June 30, 2019

Exhibit 1

<b>ASSETS:</b>	
Current Assets	
Cash	\$ 3,960,751
Receivables	567,668
Unconditional Promises to Give	
Temporarily Restricted	307,563
Prepaid Expenses	83,334
Prefunded Pension Obligation	89,358
Inventory	<u>43,970</u>
Total Current Assets	<u>\$ 5,052,644</u>
Long-Term Unconditional Promises to Give	
Temporarily Restricted	\$ 1,693,162
Permanently Restricted to Endowments	693,317
Fixed Assets (Net of Depreciation)	7,162,892
Other Assets	
Investments	<u>10,635,943</u>
Total Assets	<u><u>\$ 25,237,958</u></u>
<b>LIABILITIES AND NET ASSETS:</b>	
Current Liabilities	
Annuity Liabilities	\$ 145,340
Accounts Payable	260,847
Retirement Payable	-
Accrued Vacation Payable	124,536
Other Payroll Liabilities	-
Rental Deposits	400
Unfunded Pension Benefit Obligation	<u>345,291</u>
Total Current Liabilities	<u>\$ 876,414</u>
Total Liabilities	<u>\$ 876,414</u>
Net Assets	
Without Donor Restrictions	\$ 7,213,194
With Donor Restrictions	<u>17,148,350</u>
Total Net Assets	<u>\$ 24,361,544</u>
Total Liabilities and Net Assets	<u><u>\$ 25,237,958</u></u>

The accompanying notes are an integral part of the financial statements.

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Statement of Activities  
 And Changes in Net Assets  
 For the Year Ended June 30, 2019

Exhibit 2

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

SUPPORT AND REVENUE

Public Contributions	\$	585,394
Special Events		362,856
Civic Club		147,676
Foundations		141,869
Corporations		35,358
Planned Giving		565,256
Government		7,672,241
Earnings Income		338,728
Other Income		391,456
Parents and Relatives		4,701
		4,701
 Total Support and Revenue	 \$	 <u>10,245,535</u>

EXPENSES

Program Service

Household	\$	1,814,731
Dietary		193,360
Plant Operations		310,054
Vocational Services		134,914
Recreation		58,334
Education		5,180
Higher Education		1,952
Farm		281,026
Country Store		170,579
Grounds		105,008
Foster Care		2,095,872
Chapel		144,183
Thomas Academy		1,037,509
Solomon Center		436,432
Therapeutic Foster Care		1,654,872
Teen Moms with Infants		254,028
Transitional Living		483,363
Car Wash		15,576
Communications		168,294
CREAT E Hope Program		193,062
Child Advocacy Program		44,963
Family Reunification		30
Total Program Service	\$	<u>9,603,322</u>

Supporting Services

Administrative and General	\$	798,512
Financial Development		380,226
		380,226
Total Supporting Service	\$	<u>1,178,738</u>

Total Expenses	\$	<u>10,782,060</u>
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Transfers in (out)	\$	<u>682,433</u>
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Endowment Earnings (Loss)	\$	<u>294,498</u>
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INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIO	\$	<u>440,406</u>
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The accompanying notes are an integral part of the financial statements.

Boys and Girls Homes of North Carolina, Inc.  
Lake Waccamaw, North Carolina  
Statement of Activities  
And Changes in Net Assets  
For the Year Ended June 30, 2019

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Increase (Decrease) in Unconditional Promises to Give	\$	31,454
Net Assets Added/Released From Restrictions		1,107,059
Transfers in (out)		(682,433)
Endowment Support		137,726
Endowment Earnings (Loss)		<u>9,545</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	\$	<u>603,351</u>
INCREASE (DECREASE) IN NET ASSETS		1,043,757
NET ASSETS AT BEGINNING OF YEAR	\$	<u>23,317,787</u>
NET ASSETS AT END OF YEAR	\$	<u><u>24,361,544</u></u>

The accompanying notes are an integral part of the financial statements.



Boys and Girls Homes of North Carolina, Inc.  
Statement of Cash Flows  
For the Year Ended June 30, 2019  
Increase (Decrease) in Cash

Exhibit 3

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received From Contributors, Program Services, Etc.	\$ 11,810,421
Cash Paid To Suppliers and Employees	(10,253,174)
Net Cash Provided By (Used in) Operating Activities	\$ 1,557,247
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of Property and Equipment	\$ (560,610)
Sale of Property and Equipment	10,400
Net (Increase) Decrease in Investments	(657,155)
Net Cash Provided By (Used in) Investing Activities	\$ (1,207,365)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Loan Proceeds	\$ -
Debt Payments	-
Net Cash Provided By (Used in) Financing Activities	\$ -
Net Increase (Decrease) In Cash	\$ 349,882
Cash at Beginning of Year	3,610,869
Cash at End of Year	\$ <u><u>3,960,751</u></u>

**RECONCILIATION OF NET INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES:**

Increase (Decrease) In Net Assets	\$ 1,043,757
Adjustments To Reconcile Net Income to Net Cash Provided:	
Depreciation	\$ 531,187
Changes In Assets And Liabilities:	
(Increase) Decrease in Accounts Receivable	16,058
(Increase) Decrease in Unconditional Promises to Give	(31,454)
(Increase) Decrease in Prepaid Expenses	(20,351)
(Increase) Decrease in Inventory	22,823
(Increase) Decrease in Prepaid Retirement Contributions	(89,358)
(Decrease) Increase in Accounts Payable	9,137
(Decrease) Increase in Retirement Payable	(82,707)
(Decrease) Increase in Accrued Vacation	16,502
(Decrease) Increase in Payroll Liabilities	72
(Decrease) Increase in Unfunded Pension Obligation	162,601
(Decrease) Increase in Annuity Liability	(21,020)
Total Adjustments	\$ <u>513,490</u>
Net Cash Provided By Operating Activities	\$ <u><u>1,557,248</u></u>

The accompanying notes are an integral part of the financial statements.

Boys and Girls Homes of North Carolina, Inc.  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

Nature of Activities and Organization

Boys and Girls Homes of North Carolina, Inc. is a North Carolina nonprofit organization. Its purpose is to provide out-of-home placement to neglected, abused and dependent children in a private, homelike setting. Food, clothing, emotional support, moral guidance and education are provided by a professional staff that nurture, educate and love.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- a. Net Assets Without Donor Restrictions -- Net assets that are not subject to grantor or donor-imposed stipulations.
- b. Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board and or passage of time.

The Organization continues to use fund accounting for internal purposes. The supplemental information is prepared using the fund basis of accounting.

Thomas Academy is a charter school maintained by the Boys and Girls Homes of North Carolina, Inc. A separate report is issued for Thomas Academy, but the records are also recorded as part of these financial statements.

Fund Accounting (Supplemental Information)

The accounts of the organization are organized and maintained in accordance with the principles of fund accounting. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, net assets, revenues and expenses. In this report the various funds are divided into three different fund types with two of those fund types having both a with donor restrictions and without donor restrictions fund for that fund's purpose. Listed below are the three funds included in the supplemental information.

Operating Fund - These funds represent resources (obtained from contributions, gifts, grants and income from investments) that can be used for the general purposes of the organization.

Endowment Fund - These funds represent the principal amount of gifts and bequests accepted with the donor stipulation that the principal be maintained intact in perpetuity, until the occurrence of a specified event, or for a specified period, and that only the income from investment thereof be expended either for general purposes or for purposes specified by the donor.

Annuity Fund - These funds represent assets where only the principal has been donated, and either a specified return or the income earned on the asset is payable to a specified beneficiary for life or a specified period of time.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Boys and Girls Homes of North Carolina, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than 12 months.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

#### Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

### Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Proceeds from the sale of plant assets, if unrestricted, are transferred to net assets without donor restrictions, or, if restricted, to net assets with donor restrictions. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis over estimated useful lives ranging from three years for computer equipment to 30 years for buildings. The depreciation for the current year amounted to \$531,187.

### Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, 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.

### Date of Management's Review

The Organization has evaluated subsequent events through January 14, 2020 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

## Estimates

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

## Other Matters

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the respective fund. Ordinary income from investments, receivables, and the like is accounted for in the fund owning the assets, except for income derived from investments of endowment funds, which is accounted for, if unrestricted, as revenue of the expendable operating fund or, if restricted, as net assets with donor restrictions until the terms of the restriction have been met.

## Note 2 -- Cash and Cash Equivalents

At June 30, 2019, the Organization's deposits had a carrying amount of \$3,960,751 and a bank balance of \$3,858,365. Of the bank balances, \$250,000 was covered by federal depository insurance. At June 30, 2019, the Organization's petty cash fund totaled \$2,500.

## Note 3 -- Effect of Current Economic Conditions on Contributions

The Organization depends heavily on contributions and grants for its revenue. The ability of the Organization's contributors and granters to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Director's believes that economic conditions such as tax deductibility are stable enough for the Council to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

## Note 4 – Restrictions on Net Assets

## Endowments

The Organization maintains an Endowment Fund, comprised of contributions subject to donor restrictions, and function as an endowment to support a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of State Law

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Trustees of the Organization has interpreted PMIFA as requiring the maintenance of only the original gift amount contribution to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The composition of net assets by type of endowment fund at June 30, 2019 was:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor-restricted endowment funds	<u>\$ 1,894,016</u>	<u>\$ 11,229,620</u>	<u>\$ 13,123,636</u>

Changes in endowment net assets for the year ended June 30, 2019 was:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,450,691	\$ 11,206,619	\$ 12,657,310
Investment Return:			
Investment Income	227,047	124,958	352,005
Net Depreciation (realized and unrealized)	293,734	(491)	293,243
Total Investment Return	520,781	124,467	645,248
Contributions	112,226	23,000	135,226
Appropriation of endowment assets for expenditure	(189,682)	(124,466)	(314,148)
Other Changes:			
Transfers	-	-	-
Endowment net assets, end of year	<u>\$ 1,894,016</u>	<u>\$ 11,229,620</u>	<u>\$ 13,123,636</u>

### Investment Policy

Endowment assets include those assets of donor-restricted funds that the Home must hold in perpetuity or for donor-specified periods. Under the Home's investment policy, endowment assets are invested in a manner that is intended to preserve endowment asset values and provide annual budgetary support that is both stable and growing. The Home expects its endowment funds, over time, to provide an average income rate of approximately 2.68% annually excluding capital gains and capital appreciation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Home relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Home targets a diversified asset allocation, including, but not limited to, equity and fixed income instruments.

### Spending Policy

The Home has a policy of appropriating for distribution an amount that is equal to the projected annual income rate of the endowment less any fees. Distributions are made monthly from the endowment based upon an income smoothing technique designed to allow preservation of the fund's assets and a predictable stream of distributions to the Home. The projected annual income rate is evaluated each fiscal year.

Note 5 -Promises to Give

Unconditional promises to give at June 30, 2019, are as follows:

	June 30, 2019	June 30, 2018
Promises without donor restrictions	\$ 2,000,725	\$ 1,966,248
Promises with donor restrictions	693,317	696,341
Total Unconditional promises to give	<u>\$ 2,694,042</u>	<u>\$ 2,662,589</u>
Amounts due in:		
Less than one year	\$ 307,563	\$ 497,313
One to five years	2,386,479	2,165,276
	<u>\$ 2,694,042</u>	<u>\$ 2,662,589</u>

Note 6– Investments

Investments are recorded at fair value. The historical cost and fair value at June 30, 2019 are as follows:

<u>Fund</u>	<u>Cost</u>	<u>Market</u>
Endowment	\$ 8,981,841	\$ 10,094,590
Annuity	365,162	398,871
Unrestricted	108,509	142,482
Restricted	-	-
Total	<u>\$ 9,455,512</u>	<u>\$ 10,635,943</u>

The following tabulation summarizes the relationship between carrying value and market values of investment assets.

	<u>Cost</u>	<u>Market Value</u>	<u>Market Over / (Under) Cost</u>
Balance at end of year	\$ 9,455,512	\$ 10,635,943	\$ 1,180,431
Balance at beginning of year	\$ 9,111,063	\$ 9,978,787	<u>867,724</u>
Increase (Decrease) in unrealized appreciation for the period			<u>\$ 312,707</u>

Investments are composed of the following:

	<u>Cost</u>	<u>Market</u>
Cash/Money Market (Held as Investments)	\$ 26,945	\$ 26,945
Land, Stocks & Bonds & Mortgages Receivable	9,366,847	10,547,234
Property	60,679	60,679
Mutual Funds	1,041	1,085
Total	<u>\$ 9,455,512</u>	<u>\$ 10,635,943</u>



The amount recorded as unrestricted investments is the value for property that was donated to the Boys and Girls Home and is held for resale, as well as an investment account that is held outside of the endowment account for various stock contributions made throughout the year.

Note 7 - Fair Value Measurements

The carrying amount of cash and cash equivalents and accounts receivable approximates fair value because of the short-term maturities of those instruments. The fair values of investments are based on market prices obtained from various financial institutions.

The carrying amount of accounts payable and accrued expenses approximates fair value because of the short-term maturities of those instruments.

Prices for certain cash equivalents, such as investment securities and U.S. government agency instruments, which are readily available in the active markets in which those securities are traded, are categorized as Level 1. Prices for non-U.S. government agency fixed income instruments and real estate are based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2. Prices for privately held stocks are based on assumptions developed by management and are categorized as Level 3.

There were no changes during the year ended June 30, 2019 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level within the fair value hierarchy of the Organization's assets accounted for at fair value on a recurring basis at June 30, 2019. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

**Measured at Fair Value on a Recurring Basis**

<u>Description</u>	<u>As of June 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 26,945	\$ -	\$ -	\$ 26,945
Equities	10,547,234	-	-	10,547,234
Fixed Income	1,085	-	-	1,085
Other Assets:				
Real Estate	-	60,679	-	60,679
<b>Total</b>	<b>\$10,548,319</b>	<b>\$ 60,679</b>	<b>\$ -</b>	<b>\$ 10,635,943</b>

Cash and cash equivalents, money market deposit accounts, and certificates of deposit are not defined within the levels as prescribed in Fair Value Measurements. Accordingly, \$3,960,751 as of June 30, 2019 of cash and cash equivalents are not included in the table above.

## Note 8 - Beneficial Interest Trust

### (Charitable Remainder Trusts)

The Organization administers various charitable remainder trusts as well as being the beneficiaries of charitable remainder trusts administered by others. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Organization's use. The portion of the trusts attributable to the future interest of the Organization is recorded in the statement of activities as temporarily restricted contributions in the period the trusts are established. Assets held in the charitable remainder trusts are recorded at fair market value in the Organization's statement of financial position. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 6% and applicable mortality tables.

### (Testamentary Trusts)

The Organization administers various testamentary remainder trusts as well as being the beneficiaries of testamentary trusts administered by others. A testamentary trust is established by a will and provides for the payment of distributions to the beneficiaries over the trust's term (usually the designated beneficiaries lifetime). A testamentary trust normally allows the beneficiaries to invade the principal of the trust if necessary. At the end of the trust's term, the remainder assets (or designated percentage) are available for the Organization's use. The portion of the trusts attributable to the future interest of the Organization is recorded in the statement of activities as temporarily restricted contributions in the period the trusts are established. Assets held in the testamentary trusts are recorded at fair market value in the Organization's statement of financial position. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 6% and applicable mortality tables.

## Note 9 - Inventories

Inventories of \$43,970 consisting of dietary items, supplies, postage, and livestock are carried at the lower of cost or fair market value (as of the date of donation if the item was donated) determined by the first-in, first-out method.

Note 10 - Land, Building and Equipment

At June 30, 2019 the costs and related accumulated depreciation of land, buildings, equipment and livestock consisted of the following:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Land	\$ 215,894	\$ 215,894
Improvements	1,215,947	1,132,408
Buildings	13,910,009	13,779,241
Equipment & Vehicles	3,345,213	3,024,424
Construction in Process	<u>-</u>	<u>10,000</u>
Total	\$ 18,687,063	\$ 18,161,967
Less Accumulated Depreciation	<u>11,524,171</u>	<u>11,018,497</u>
Total	<u>\$ 7,162,892</u>	<u>\$ 7,143,470</u>

Assets are depreciated on a straight line basis over the estimated useful lives of the assets.

Note 11 - Prepaid Expenses

The Organization entered into a lease agreement with Hill Plaza. The terms of the lease stipulated the following: (1) all remodeling / construction costs to renovate the property for office use was at the Organization's expense, and (2) all costs incurred by the Organization would be prorated over seven years to equal a zero balance at the end of the lease term. The Organization records an adjustment each month to reflect the seven-year prorated declining balance for these prepaid expenditures in lieu of a standard lease where monthly payments are made to the lessor from a cash account.

Note 12 - Employee Benefit Plans

Defined Benefit Plan

The Organization has a defined benefit pension plan covering all employees who work 1,000 hours a year or more and who have attained the age of twenty-one. As of October 1, 2013, the Organization elected to change their year end to June 30 to coincide with Thomas Academy's required year end. However, the Plan Year for the retirement plan was not changed. Therefore, the actuary study provided is based on the September 30, 2019 plan year. The Organization's payroll for employees covered by the system for the year period ended June 30, 2019 was \$5,161,472.

Employees may retire and receive benefits on the following conditions:

- a.) Reach age 65 with five years of creditable service.
- b.) Reach age 60 with 5 years of creditable service (early retirement).
- c.) Reach age 55 with 10 years of creditable service (early retirement).

Employees retiring under the above conditions are entitled to 1% of the final average compensation (five highest out of the last ten years of compensation) multiplied by the participant's years of creditable service and 0.65% of the excess of final average compensation over covered compensation multiplied by years of credited services. Early retirement results in a reduction in benefits of 1/180 for each of the first 60 months and 1/360 for each of the next 60 months by which the benefit commences prior to normal retirement date.

Also, the system provides death and disability benefits to its participants. After five years of creditable service, employees qualify for a vested deferred benefit.

The "pension benefit obligation" is a standardized disclosed measure of the present value of pension benefits, adjusted for the effects of projected salary increases of 4% annually and step-rate benefits, estimated to be payable in the future as a result of employee service to date. Accumulated plan benefits, plan assets and related information are presented below as of September 30, 2019, the date of the latest available actuarial valuation.

Total Actuarial Present Value of Plan Benefits		
	Vested	\$ 3,440,463
	Non-Vested	131,748
		<u>\$ 3,572,211</u>
Fair Value of Plan Assets		\$ 3,906,104
Percent Accrued Benefits Funded		93.85%
Interest Rate for Funding		7.75%
Current Liability Interest Rate		5.61%
Pension Benefit Obligation		\$ 4,162,037
Unfunded (Overfunded) Pension Benefit Obligation		\$ 345,291

Actual Benefits paid during the year amounted to \$375,000 for the period ending June 30, 2019.

#### Tax-deferred Annuity Plan

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the organizations. Employees may make voluntary contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization made no contributions on behalf of employees and had no related costs.

#### Note 13 - Post - Employment Health Care Benefits

At retirement, all employees have the option to purchase basic medical insurance at the Home's group rate. The entire cost of this insurance is borne by the employees.

#### Note 14 - Vacation and Sick Pay

Vacation time does not accumulate beyond anniversary date. Accumulated vacation pay in the amount of \$124,536 has been accrued and included in the financial statements.

The Home's policy for sick pay provides for up to 1,000 hours of earned sick pay. The Home is not required to pay this amount if an employee leaves, so no accrual has been made.

#### Note 15 – Employee Assistance Plan/Related Party Transactions

##### From Boys and Girls Homes of North Carolina, Inc.

Various members of the Home’s staff live in housing provided by the Home and pay rent to the Home. The staff members live on campus for the convenience and benefit of the Home.

#### Note 16 - Federal Awards Programs

The Home has received proceeds from several federal awards programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenses under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### Note 17 – Inter-fund Borrowing

Occasionally operating funds must borrow funds from restricted funds, or funds are mistakenly posted to the wrong account. The principal amount is repaid with no interest as soon as economically possible.

#### Note 18 – Financial Statement Presentation

During 2019, the Organization adopted ASU 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without restrictions, liquidity, and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 follows:

<b>Net Asset Classifications</b>	<b>ASU 2016-14 Classifications</b>		<b>Total Net Assets</b>
	<b>Without donor restrictions</b>	<b>With donor restriction</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>			
As previously presented:			
Unrestricted	\$ 6,772,788	\$ -	\$ 6,772,788
Temporarily Restricted	-	4,173,544	4,173,544
Permanently Restricted	-	12,371,455	12,371,455
	<u>6,772,788</u>	<u>16,544,999</u>	<u>23,317,787</u>
Net assets as previously presented			
Reclassifications to implement ASU 2016-14:			
Capital gifts for construction	-	-	-
Underwater endowments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, as reclassified	<u>\$ 6,772,788</u>	<u>\$ 16,544,999</u>	<u>\$ 23,317,787</u>
<b>BALANCE SHEET</b>			
As previously presented:			
Unrestricted	\$ 7,268,738	\$ -	\$ 7,268,738
Restricted	-	12,701,426	12,701,426
	<u>7,268,738</u>	<u>12,701,426</u>	<u>19,970,164</u>
Net assets as previously presented			
Reclassifications to implement ASU 2016-14:			
Capital gifts for construction	-	-	-
Underwater endowments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, as reclassified	<u>\$ 7,268,738</u>	<u>\$ 12,701,426</u>	<u>\$ 19,970,164</u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Comparative Balance Sheets  
 For the Year Ended June 30, 2019

Statement A-1

	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>		
Current Assets		
Cash	\$ 3,960,751	\$ 3,610,869
Accounts Receivable	567,668	583,726
Prepaid Expense	83,334	62,983
Inventory	43,970	66,793
Prefunded Retirement Contribution	89,358	-
Due To/From Funds	<u>3,174,256</u>	<u>3,430,309</u>
Total Current Assets	\$ <u>7,919,337</u>	\$ <u>7,754,680</u>
Noncurrent Assets		
Fixed Assets-Net of Depreciation	\$ 7,162,892	\$ 7,143,469
Investments	<u>9,455,512</u>	<u>9,111,063</u>
Total Noncurrent Assets	\$ 16,618,404	\$ 16,254,532
Total Assets	\$ <u><u>24,537,741</u></u>	\$ <u><u>24,009,212</u></u>
Liabilities and Fund Balances		
Current Liabilities		
Annuity Liability	\$ 145,340	\$ 166,360
Accounts Payable	260,847	251,638
Retirement Payable	-	82,707
Accrued Vacation Payable	124,536	108,034
Rental Deposits	400	-
Due To/From Funds	<u>3,174,256</u>	<u>3,430,309</u>
Total Current Liabilities	\$ <u>3,705,379</u>	\$ <u>4,039,048</u>
Noncurrent Liabilities		
Notes Payable	\$ <u>-</u>	\$ <u>-</u>
Total Noncurrent Liabilities	\$ <u>-</u>	\$ <u>-</u>
Total Liabilities	\$ <u>3,705,379</u>	\$ <u>4,039,048</u>
Fund Balances		
Without Donor Restrictions	\$ 7,937,926	\$ 7,268,738
With Donor Restrictions	<u>12,894,436</u>	<u>12,701,426</u>
Total Fund Balances	\$ <u>20,832,362</u>	\$ <u>19,970,164</u>
Total Liabilities and Fund Balances	\$ <u><u>24,537,741</u></u>	\$ <u><u>24,009,212</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Balance Sheet  
 June 30, 2019

Statement A-2

	Operating Funds						
	Without Donor Restrictions	Thomas Academy	With Donor Restrictions	Total	Endowment Funds	Annuity Fund	Total - All Funds
<b>ASSETS:</b>							
Current Assets							
Cash	\$ 1,625,491	\$ 47,614	\$ 2,287,646	\$ 3,960,751	\$ -	\$ -	\$ 3,960,751
Accounts Receivable	561,078	6,590	-	567,668	-	-	567,668
Prepaid Expenses	83,334	-	-	83,334	-	-	83,334
Inventory	43,970	-	-	43,970	-	-	43,970
Prefunded Retirement Contribution	89,358	-	-	89,358	-	-	89,358
Due From Other Funds	27,455	-	117,754	145,209	3,029,047	-	3,174,256
<b>Total Current Assets</b>	<b>\$ 2,430,686</b>	<b>\$ 54,204</b>	<b>\$ 2,405,400</b>	<b>\$ 4,890,290</b>	<b>\$ 3,029,047</b>	<b>\$ -</b>	<b>\$ 7,919,337</b>
Fixed Assets-Net of Depreciation	7,162,892	-	-	7,162,892	-	-	7,162,892
Other Assets							
Investments	108,509	-	-	108,509	8,981,841	365,162	9,455,512
<b>Total Assets</b>	<b>\$ 9,702,087</b>	<b>\$ 54,204</b>	<b>\$ 2,405,400</b>	<b>\$ 12,161,691</b>	<b>\$ 12,010,888</b>	<b>\$ 365,162</b>	<b>\$ 24,537,741</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Current Liabilities							
Annuity Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,340	\$ 145,340
Accounts Payable	244,631	7,965	8,251	260,847	-	-	260,847
Retirement Payable	-	-	-	-	-	-	-
Accrued Vacation Payable	124,536	-	-	124,536	-	-	124,536
Rental Deposits	400	-	-	400	-	-	400
Due to Other Funds	3,146,801	27,455	-	3,174,256	-	-	3,174,256
<b>Total Current Liabilities</b>	<b>\$ 3,516,368</b>	<b>\$ 35,420</b>	<b>\$ 8,251</b>	<b>\$ 3,560,039</b>	<b>\$ -</b>	<b>\$ 145,340</b>	<b>\$ 3,705,379</b>
Noncurrent Liabilities							
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>\$ 3,516,368</b>	<b>\$ 35,420</b>	<b>\$ 8,251</b>	<b>\$ 3,560,039</b>	<b>\$ -</b>	<b>\$ 145,340</b>	<b>\$ 3,705,379</b>
Fund Balances							
Without donor restrictions	\$ 6,185,719	\$ 18,784	\$ -	\$ 6,204,503	\$ 1,733,423	\$ -	\$ 7,937,926
With donor restrictions	-	-	2,397,149	2,397,149	10,277,465	219,822	12,894,436
<b>Total Fund Balances</b>	<b>\$ 6,185,719</b>	<b>\$ 18,784</b>	<b>\$ 2,397,149</b>	<b>\$ 8,601,652</b>	<b>\$ 12,010,888</b>	<b>\$ 219,822</b>	<b>\$ 20,832,362</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,702,087</b>	<b>\$ 54,204</b>	<b>\$ 2,405,400</b>	<b>\$ 12,161,691</b>	<b>\$ 12,010,888</b>	<b>\$ 365,162</b>	<b>\$ 24,537,741</b>



Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Statement of Support, Revenue, Expenses  
 And Changes in Fund Balance  
 For the Year Ended June 30, 2019

Statement A-3

	<u>Operating Funds</u>				<u>Endowment Funds</u>	<u>Annuity Fund</u>	<u>Total - All Funds</u>
	<u>Without Donor Restrictions</u>	<u>Thomas Academy</u>	<u>With Donor Restrictions</u>	<u>Total</u>			
Support and Revenue							
Public Contributions	\$ 585,394	\$ -	\$ 521,807	\$ 1,107,201	\$ 6,200	\$ 31,020	\$ 1,144,421
Special Events	362,856	-	674	363,530	-	-	363,530
Civic Clubs	147,676	-	205,129	352,805	1,000	-	353,805
Foundations	141,869	-	522,291	664,160	-	-	664,160
Corporations & Trusts	35,358	-	41,001	76,359	130,526	-	206,885
Planned Giving	556,981	8,275	-	565,256	-	-	565,256
Government	6,712,684	959,557	137,677	7,809,918	-	-	7,809,918
Earnings Income	330,064	-	24,260	354,324	-	16,550	370,874
Other Income	391,456	-	86,839	478,295	-	-	478,295
Parents and Relatives	4,600	101	-	4,701	-	-	4,701
Total Support and Revenue	<u>\$ 9,268,938</u>	<u>\$ 967,933</u>	<u>\$ 1,539,678</u>	<u>\$ 11,776,549</u>	<u>\$ 137,726</u>	<u>\$ 47,570</u>	<u>\$ 11,961,845</u>
Expenses							
Program Services	\$ 8,454,211	\$ 1,015,447	\$ 339,618	\$ 9,809,276	\$ -	\$ -	\$ 9,809,276
Supporting Services	<u>1,149,800</u>	<u>-</u>	<u>99,388</u>	<u>1,249,188</u>	<u>-</u>	<u>41,183</u>	<u>1,290,371</u>
Total Expenses	<u>\$ 9,604,011</u>	<u>\$ 1,015,447</u>	<u>\$ 439,006</u>	<u>\$ 11,058,464</u>	<u>\$ -</u>	<u>\$ 41,183</u>	<u>\$ 11,099,647</u>
Excess (Deficiency) of Support and Revenue Over Expenses	<u>\$ (335,073)</u>	<u>\$ (47,514)</u>	<u>\$ 1,100,672</u>	<u>\$ 718,085</u>	<u>\$ 137,726</u>	<u>\$ 6,387</u>	<u>\$ 862,198</u>
Fund Balances at Beginning of Year	\$ 5,898,359	\$ 6,298	\$ 2,004,963	\$ 7,909,620	\$ 11,839,060	\$ 221,484	\$ 19,970,164
Transfers	<u>622,433</u>	<u>60,000</u>	<u>(708,486)</u>	<u>(26,053)</u>	<u>34,102</u>	<u>(8,049)</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 6,185,719</u>	<u>\$ 18,784</u>	<u>\$ 2,397,149</u>	<u>\$ 8,601,652</u>	<u>\$ 12,010,888</u>	<u>\$ 219,822</u>	<u>\$ 20,832,362</u>

Boys and Girls Homes of North Carolina, Inc.  
Statement of Cash Flows  
For the Year Ended June 30, 2019  
Increase (Decrease) in Cash

Statement A-4

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Contributors, Program Services, Etc.	\$	12,042,936
Cash Paid To Suppliers and Employees		<u>(10,798,395)</u>
Net Cash Provided By (Used In) Operating Activities	\$	1,244,542
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	\$	(560,610)
Sale of Property and Equipment		10,400
Net (Increase) Decrease in Investments		<u>(344,450)</u>
Net Cash Provided By (Used In) Investing Activities		(894,660)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase) Decrease Due To/From Accounts Debt Payments	\$	-
		<u>-</u>
Net Cash Provided By (Used In) Financing Activities		<u>-</u>
Net Increase (Decrease) in Cash	\$	349,882
Cash at Beginning of Year		<u>3,610,869</u>
Cash at End of Year	\$	<u><u>3,960,751</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income (Loss)	\$	862,198
Adjustments To Reconcile Net Income to Net Cash Provided:		
Depreciation	\$	531,187
Changes In Assets And Liabilities:		
(Increase) Decrease in Accounts Receivable		16,058
(Increase) Decrease in Prepaid Expenses		(20,351)
(Increase) Decrease in Inventory		22,823
(Decrease) Increase in Accounts Payable		9,137
(Decrease) Increase in Retirement Payable		(82,707)
(Decrease) Increase in Accrued Vacation		16,502
(Decrease) Increase in Payroll Liabilities		72
(Decrease) Increase in Annuity Liability		<u>(21,020)</u>
Total Adjustments		<u>471,701</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u><u>1,333,899</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Unrestricted Operating Fund  
 Balance Sheet  
 June 30, 2019

Statement B-1

ASSETS:

Current Assets	
Cash	\$ 1,625,491
Accounts Receivable	561,078
Inventory	43,970
Prepaid Expenses	83,334
Prefunded Retirement Contribution	89,358
Due From Other Funds	<u>27,455</u>
Total Current Assets	\$ <u>2,430,686</u>
Noncurrent assets:	
Investments	\$ 108,509
Fixed Assets (Net of Depreciation)	<u>7,162,892</u>
Total noncurrent assets	<u>7,271,401</u>
TOTAL ASSETS	\$ <u><u>9,702,087</u></u>

LIABILITIES AND FUND BALANCE

Current Liabilities:	
Accounts Payable	\$ 244,631
Accrued Vacation Payable	124,536
Rental Deposits	400
Due To Other Funds	<u>3,146,801</u>
Total Current Liabilities	\$ <u>3,516,368</u>
Noncurrent Liabilities:	
Notes Payable	\$ <u>-</u>
Total Noncurrent Liabilities	\$ <u>-</u>
Total Liabilities	\$ <u>3,516,368</u>
Fund Balance	\$ <u>6,185,719</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>9,702,087</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Unrestricted Operating Fund  
 Statement of Support, Revenue, Expenses  
 And Changes in Fund Balance  
 For the Year Ended June 30, 2019

Statement B-2

SUPPORT AND REVENUE	
Public Contributions	\$ 585,394
Special Events	362,856
Civic Club	147,676
Foundations	141,869
Corporations	35,358
Planned Giving	556,981
Government	6,712,684
Earnings Income	330,064
Parents and Relatives	4,600
Other Income	<u>391,456</u>
 Total Support and Revenue	 \$ <u>9,268,938</u>
EXPENSES (Including Depreciation)	
Program Service	
Household	\$ 1,786,505
Dietary	189,691
Plant Operations	306,189
Vocational Services	132,302
Recreation	57,265
Education	5,180
Higher Education	1,952
Farm/Arena	277,907
Country Store	167,762
Grounds	103,451
Foster Care	2,069,890
Chapel	142,726
Solomon Center	428,832
Therapeutic Foster Care	1,641,244
Teen Moms with Infants	249,424
Transitional Living	474,099
Car Wash	15,576
Communications	166,161
CREAT E Hope Program	193,062
Child Advocacy Program	44,963
Family Reunification	<u>30</u>
 Total Program Service	 \$ <u>8,454,211</u>
Supporting Services	
Administrative and General	\$ 777,568
Financial Development	<u>372,232</u>
Total Supporting Service	\$ <u>1,149,800</u>
 Total Expenses	 \$ <u>9,604,011</u>
EXCESS (DEFICIENCY) OF SUPPORT OVER EXPENSES	\$ <u>(335,073)</u>
Fund Balance at Beginning of Year	\$ <u>5,898,359</u>
Transfer (To) From Other Funds	<u>622,433</u>
Fund Balance at End of Year	\$ <u><u>6,185,719</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Unrestricted Operating Fund  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019  
 Increase (Decrease) in Cash

Statement B-3

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Contributors, Program Services, Etc.	\$ 9,291,586
Cash Paid to Suppliers and Employees	<u>(8,587,976)</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 703,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	\$ (560,610)
Sale of Property and Equipment	10,400
Investments - held for resale	<u>(11,653)</u>
Net Cash Provided By (Used in) Investing Activities	\$ (561,863)
CASH FLOWS FROM FINANCING ACTIVITIES:	
(Increase) Decrease Due To/From Accounts Debt Payments	\$ (194,559) <u>-</u>
Net Cash Provided By (Used in) Financing Activities	<u>\$ (194,559)</u>
Net Increase (Decrease) in Cash	\$ (52,812)
Cash at Beginning of Year	<u>1,678,303</u>
Cash at End of Year	<u><u>\$ 1,625,491</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Income (Loss)	\$ (335,073)
Adjustments to Reconcile Net Income to Net Cash Provided:	
Transfers	\$ 622,433
Depreciation	531,187
Changes In Assets And Liabilities:	
Decrease (Increase) in Receivables	22,648
Decrease (Increase) in Prepaid Expenses	(20,351)
Decrease (Increase) in Inventory	22,823
Decrease (Increase) in Prefunded Retirement Contributions	(89,358)
(Decrease) Increase in Accounts Payable	15,434
(Decrease) Increase in Retirement Payable	(82,707)
(Decrease) Increase in Accrued Vacation	16,502
(Decrease) Increase in Payroll Liabilities	<u>72</u>
Total Adjustments	<u>\$ 1,038,683</u>
Net Cash Provided By Operating Activities	<u><u>\$ 703,610</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Unrestricted Operating Fund - Thomas Academy  
 Balance Sheet  
 June 30, 2019

Statement C-1

ASSETS:

Current Assets

Cash	\$	47,614
Accounts Receivable		6,590
Prepaid Expenses		-
Inventory		-
		-

Total Current Assets	\$	54,204
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TOTAL ASSETS	\$	54,204
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LIABILITIES AND FUND BALANCE

Current Liabilities

Accounts Payable	\$	7,965
Due To Other Funds		27,455
Total Current Liabilities	\$	35,420

Total Liabilities	\$	35,420
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Fund Balance		18,784
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TOTAL LIABILITIES AND FUND BALANCE	\$	54,204
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Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Unrestricted Operating Fund - Thomas Academy  
 Statement of Support, Revenue, Expenses  
 And Changes in Fund Balance  
 For the Year Ended June 30, 2019

Statement C-2

SUPPORT AND REVENUE	
Public Contributions	\$ -
Planned Giving	8,275
Government	959,557
Other Income	<u>101</u>
Total Support and Revenue	\$ <u>967,933</u>
EXPENSES (Including Depreciation)	
Program Service	
Thomas Academy	\$ <u>1,015,447</u>
Total Program Service	\$ <u>1,015,447</u>
Total Expenses	\$ <u>1,015,447</u>
EXCESS (DEFICIENCY) OF SUPPORT OVER EXPENSES	\$ <u>(47,514)</u>
Fund Balance at Beginning of Year	\$ <u>6,298</u>
Transfer (To) From Other Funds	<u>60,000</u>
Fund Balance at End of Year	\$ <u><u>18,784</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Unrestricted Operating Fund - Thomas Academy  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019  
 Increase (Decrease) in Cash

Statement C-3

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Contributors, Program Services, Etc.	\$ 1,021,343
Cash Paid to Suppliers and Employees	<u>(1,011,131)</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 10,212</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
(Increase) Decrease Due To/From Accounts	<u>\$ 3,355</u>
Net Cash Provided By (Used in) Financing Activities	<u>\$ 3,355</u>
Net Increase (Decrease) in Cash	\$ 13,567
Cash at Beginning of Year	<u>34,047</u>
Cash at End of Year	<u><u>\$ 47,614</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Income (Loss)	\$ (47,514)
Adjustments to Reconcile Net Income to Net Cash Provided:	
Transfers	\$ 60,000
Changes In Assets And Liabilities:	
Decrease (Increase) in Receivables	(6,590)
(Decrease) Increase in Accounts Payable	<u>4,316</u>
Total Adjustments	<u>\$ 57,726</u>
Net Cash Provided By Operating Activities	<u><u>\$ 10,212</u></u>



Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Restricted Operating Fund  
 Balance Sheet  
 June 30, 2019

Statement D-1

ASSETS	
Current Assets	
Cash	\$ 2,287,646
Due From Other Funds	<u>117,754</u>
Total Current Assets	\$ 2,405,400
Other Assets	
Investments	<u>\$ -</u>
TOTAL ASSETS	<u>\$ 2,405,400</u>
LIABILITIES AND FUND BALANCE	
Current Liabilities	
Accounts Payable	<u>\$ 8,251</u>
Total Current Liabilities	\$ 8,251
Long-term Liabilities	
Notes Payable	<u>\$ -</u>
Total Liabilities	<u>\$ 8,251</u>
Fund Balance - Restricted	<u>\$ 2,397,149</u>
Total Fund Balance	<u>\$ 2,397,149</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,405,400</u>

Boys and Girls Homes of North Carolina, Inc.  
 Restricted Operating Fund  
 Statement of Support, Revenue, Expenses and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2019

Statement D-2

Support and Revenue	
Public Contributions	\$ 521,807
Special Events	674
Civic Clubs	205,129
Foundations	522,291
Corporations	41,001
Planned Giving	-
Government	137,677
Earnings	24,260
Other Miscellaneous Income	<u>86,839</u>
 Total Support and Revenue	 \$ <u>1,539,678</u>
Expenses	
Program Services	
Household	\$ 127,573
Vocational Services	1,519
Recreation	270
Higher Education	68,495
Chapel	4,563
Arena	(34,628)
Country Store	920
Foster Care	34,678
Dietary	12,169
Therapeutic Foster Care	2,875
Teen Moms with Infants	14,386
Thomas Academy	48,808
Transitional Living	6,952
Car Wash	-
Communications	5,546
CREAT E Hope Program	24,164
Child Advocacy Program	<u>3,440</u>
 Total Program Services	 \$ <u>339,618</u>
Supporting Services	
Administrative & General	\$ 95,646
Financial Development	<u>3,742</u>
 Total Supporting Services	 <u>99,388</u>
 Total Expenses	 \$ 439,006
 Excess (Deficiency) of Support and Revenue Over Expenses	 \$ 1,100,672
 Fund Balance at Beginning of Year	 2,004,963
Transfer to Other Funds	<u>(708,486)</u>
 Fund Balance at End of Year	 \$ <u><u>2,397,149</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Restricted Operating Fund  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019  
 Increase (Decrease) in Cash

Statement D-3

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received From Contributors, Programs Services, Etc.	\$ 1,539,678
Cash Paid To Suppliers and Employees	<u>(1,158,105)</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 381,573</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net Increase in Investments	<u>\$ -</u>
Net Cash Provided By (Used in) Investing Activities	<u>\$ -</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
(Increase) Decrease Due To/From Accounts	<u>\$ 7,554</u>
Net Cash Provided By (Used in) Financing Activities	<u>\$ 7,554</u>
Net Increase (Decrease) in Cash	\$ 389,127
Cash at Beginning of Year	<u>1,898,519</u>
Cash at End of Year	<u><u>\$ 2,287,646</u></u>

**RECONCILIATION OF NET INCOME TO NET CASH  
 PROVIDED BY (USED IN) OPERATING ACTIVITIES:**

Net Income	\$ 1,100,672
Adjustments to Reconcile Net Income to Net Cash Provided:	
Transfers	(708,486)
Changes in Assets And Liabilities:	
Increase (Decrease) in Payables	<u>(10,613)</u>
Total Adjustments	<u>\$ (719,099)</u>
Net Cash Provided By (Used in) Operating Activities	<u><u>\$ 381,573</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Endowment Fund  
 Balance Sheet  
 June 30, 2019

Statement E-1

ASSETS	
Current Assets	
Due From Other Funds	\$ <u>3,029,047</u>
Total Current Assets	\$ <u>3,029,047</u>
Other Assets	
Investments	\$ <u>8,981,841</u>
 TOTAL ASSETS	 \$ <u><u>12,010,888</u></u>
 LIABILITIES AND FUND BALANCE	
Due to Other Funds	\$ <u>-</u>
Current Liabilities	\$ <u>-</u>
Fund Balance	
Without Donor Restrictions	\$ 1,733,423
With Donor Restrictions	<u>10,277,465</u>
Total Fund Balance	\$ <u>12,010,888</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u>12,010,888</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Endowment Fund  
 Statement of Support, Revenue, Expenses and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2019

Statement E-2

Support and Revenue	
Public Contributions	\$ 6,200
Civic Clubs	1,000
Foundations	-
Bequests	-
Trust	<u>130,526</u>
Total Support and Revenue	<u>\$ 137,726</u>
Expenses	
Supporting Services	\$ -
Program Services	<u>-</u>
Total Expenses	<u>\$ -</u>
Excess of Support and Revenue Over Expenses	\$ 137,726
Fund Balance at Beginning of Year	\$ 11,839,060
Transfer In (Out)	<u>34,102</u>
Fund Balance at End of Year	<u><u>\$ 12,010,888</u></u>

Boys and Girls Homes of North Carolina, Inc.  
 Endowment Fund  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019  
 Increase (Decrease) in Cash

Statement E-3

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Contributors, Program Services, Other Funds, Etc.	\$	171,828
Cash Paid To Suppliers, Other Funds and Employees		<u>-</u>
Net Cash Provided By (Used in) Operating Activities	\$	<u>171,828</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net (Increase) Decrease in Investment	\$	<u>(355,478)</u>
Net Cash Provided By (Used in) Investing Activities	\$	<u>(355,478)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

(Increase) Decrease Due To/From Accounts	\$	<u>183,650</u>
Net Cash Provided By (Used in) Financing Activities	\$	<u>183,650</u>

Net Increased (Decrease) in Cash	\$	0
Cash at Beginning of Year		<u>-</u>
Cash at End of Year	\$	<u><u>0</u></u>

RECONCILIATION OF NET INCOME TO NET CASH  
 PROVIDED BY OPERATING ACTIVITIES:

Net Income (Loss)	\$	137,726
Adjustments To Reconcile Net Income to Net Cash Provided:		
Transfers (Net)		34,102
Changes in Assets & Liabilities:		
(Increase) Decrease in Receivables		<u>-</u>
Total Adjustments	\$	<u>34,102</u>
Net Cash Provided By (Used in) Operating Activities	\$	<u><u>171,828</u></u>

Boys and Girls Homes of North Carolina, Inc.  
Lake Waccamaw, North Carolina  
Annuity Fund  
Balance Sheet  
June 30, 2019

Statement F-1

ASSETS	
Current Assets	
Accounts Receivable	\$ -
Due from other funds	-
	<hr/>
Total Current Assets	\$ -
Other Assets	
Investments	<hr/> 365,162
TOTAL ASSETS	\$ <hr/> <hr/> 365,162
LIABILITIES AND FUND BALANCE	
Current Liabilities	
Annuity Liability	\$ 145,340
Due to Other Funds	-
	<hr/>
Total Liabilities	\$ 145,340
Fund Balance	\$ <hr/> 219,822
TOTAL LIABILITIES AND FUND BALANCE	\$ <hr/> <hr/> 365,162

Boys and Girls Homes of North Carolina, Inc.  
 Lake Waccamaw, North Carolina  
 Annuity Fund  
 Statement of Support, Revenues, Expenses and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2019

Statement F-2

Support and Revenue			
Public Contributions	\$	31,020	
Earnings Income		<u>16,550</u>	
Total Support and Revenue	\$	<u>47,570</u>	
Supporting Services			
General and Administrative	\$	<u>41,183</u>	
Total Supporting Services	\$	<u>41,183</u>	
Excess (Deficiency) of Support and Revenue Over Expenses	\$	6,387	
Fund Balance at Beginning of Year	\$	221,484	
Transfer to/from Other Funds		(8,049)	
Prior Period Adjustment		<u>-</u>	
Fund Balance at End of Year	\$	<u><u>219,822</u></u>	



Boys and Girls Homes of North Carolina, Inc.  
 Annuity Fund  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019  
 Increase (Decrease) in Cash

Statement F-3

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Contributors, Programs Services, Etc.	\$ 18,501
Cash Paid to Suppliers, Employers, other Funds	<u>(41,183)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (22,682)</u>

CASH FLOWS FROM INVESTMENT ACTIVITIES:

Net Increase (Decrease) in Investments	\$ <u>22,682</u>
Net Cash Provided by (Used in) Investing Activities	<u>\$ 22,682</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

(Increase) Decrease Due To/From Accounts	\$ <u>-</u>
Net Cash Provided By (Used in) Financing Activities	<u>\$ -</u>

Net Increase (Decrease) in Cash	\$ -
Cash at Beginning of Year	<u>-</u>
Cash at End of Year	<u><u>-</u></u>

RECONCILIATION OF NET INCOME TO NET  
 CASH PROVIDED BY OPERATING:

Net Income (Loss)	\$ 6,387
Adjustments to Reconcile Net Income to Net Cash Provided:	
Transfer to/from Other Funds	\$ (8,049)
Changes in Assets and Liabilities:	
Increase (Decrease) in Annuity Liability	<u>(21,020)</u>
Total Adjustments	<u>\$ (29,069)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (22,682)</u></u>

Boys and Girls Homes of North Carolina, Inc.  
Schedule of Operating Expenses (Program & Support)  
Boys & Girls Homes of N.C., Inc. (Restricted & Unrestricted Operating Funds)  
Budget vs. Actual  
For the Year Ended June 30, 2019

Schedule 1

<u>Boys &amp; Girls Homes of N.C., Inc.</u>	<u>Actual</u>	<u>Budget</u>	<u>(Over) /Under Budget</u>
Household	\$ 1,914,078	\$ 1,765,568	\$ (148,510)
Dietary	201,860	192,509	(9,351)
Plant Operations	308,547	198,780	(109,767)
Vocational Services	133,821	155,821	22,000
Recreation	57,535	53,135	(4,400)
Education	5,180	-	(5,180)
Higher Education	70,447	102,000	31,553
Farm/Arena	243,279	216,716	(26,563)
Country Store	168,682	166,496	(2,186)
Grounds	114,416	79,900	(34,516)
Foster Care	2,104,568	2,058,504	(46,064)
Chapel	147,289	90,126	(57,163)
Thomas Academy	1,064,255	1,107,938	43,683
Solomon Center	433,397	408,098	(25,299)
Therapeutic Foster Care	1,644,119	1,761,085	116,966
Teen Moms with Infants	263,810	309,376	45,566
Transitional Living	481,051	448,380	(32,671)
Car Wash	15,576	6,230	(9,346)
Communications	171,707	171,721	14
CREATE Hope Program	217,226	205,191	(12,035)
Child Advocacy Program	48,403	76,024	27,621
Family Reunification	30	-	(30)
<b>TOTAL OPERATING EXPENSES (PROGRAM)</b>	<b>\$ 9,809,276</b>	<b>\$ 9,573,598</b>	<b>\$ (235,678)</b>
Administrative & General	\$ 873,214	\$ 770,072	\$ (103,142)
Financial Development	375,974	489,203	113,229
<b>TOTAL OPERATING EXPENSES (SUPPORT)</b>	<b>\$ 1,249,188</b>	<b>\$ 1,259,275</b>	<b>\$ 10,087</b>
<b>TOTAL OPERATING EXPENSES (PROGRAM &amp; SUPPORT)</b>	<b>\$ 11,058,464</b>	<b>\$ 10,832,873</b>	<b>\$ (225,591)</b>

Boys and Girls Homes of North Carolina, Inc.  
 Budget Variance After Eliminating Depreciation  
 For the Year Ended June 30, 2019

Schedule 2

<u>Boys &amp; Girls Homes of N.C., Inc.</u>	<u>Actual (Excluding Depr.)</u>	<u>Budget</u>	<u>(Over) Under Budget Eliminating Depreciation</u>
Household	\$ 1,786,432	\$ 1,765,568	\$ (20,864)
Dietary	200,483	192,509	(7,974)
Plant Operations	199,569	198,780	(789)
Vocational Services	126,165	155,821	29,656
Recreation	50,136	53,135	2,999
Education	-	-	-
Higher Education	70,447	102,000	31,553
Farm/Arena	179,072	216,716	37,644
Country Store	162,754	166,496	3,742
Grounds	91,674	79,900	(11,774)
Foster Care	2,070,529	2,058,504	(12,025)
Chapel	103,466	90,126	(13,340)
Thomas Academy	1,047,459	1,107,938	60,479
Solomon Center	382,933	408,098	25,165
Therapeutic Foster Care	1,641,940	1,761,085	119,145
Teen Moms with Infants	260,933	309,376	48,443
Transitional Living	478,236	448,380	(29,856)
Car Wash	8,365	6,230	(2,135)
Communications	171,707	171,721	14
CREATE Hope Program	214,735	205,191	(9,544)
Child Advocacy Program	47,662	76,024	28,362
Family Reunification	30	-	(30)
TOTAL OPERATING EXPENSES (PROGRAM)	\$ <u>9,294,726</u>	\$ <u>9,573,598</u>	\$ <u>278,872</u>
Administrative & General	\$ 865,937	\$ 770,072	\$ (95,865)
Financial Development	<u>366,614</u>	<u>489,203</u>	<u>122,589</u>
TOTAL OPERATING EXPENSES (SUPPORT)	\$ <u>1,232,551</u>	\$ <u>1,259,275</u>	\$ <u>26,724</u>
TOTAL OPERATING EXPENSES	\$ <u><u>10,527,277</u></u>	\$ <u><u>10,832,873</u></u>	\$ <u><u>305,596</u></u>



INDEPENDENT AUDITORS' 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*

To the Board of Trustees of  
Boys and Girls Homes of North Carolina, Inc.  
Lake Waccamaw, North Carolina 28450

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 Boys & Girls Homes of North Carolina, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the period then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Boys & Girls Homes of North Carolina, Inc.'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 Boys & Girls Homes of North Carolina, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditors' 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*

**Compliance and Other Matters**

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

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

*Thompson, Rice, Scott, Adams & Co., P.A.*

Whiteville, North Carolina  
January 14, 2020

Boys and Girls Homes of North Carolina, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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**Section I. Summary of Auditors' Results**

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Financial Statements

Type of auditors' report issued:      Unmodified

Internal control over financial reporting:

\* Material weakness(es) identified?                      \_\_\_\_\_ Yes                            X       No

\* Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses    \_\_\_\_\_ Yes                            X       None reported

Noncompliance material to financial  
statements    \_\_\_\_\_ Yes                            X       No

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**Section II Financial Statement Findings**

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NONE TO REPORT.

Boys and Girls Homes of North Carolina, Inc.  
Corrective Action Plan  
For the Year Ended June 30, 2019

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**Section II Financial Statement Findings**

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NONE TO REPORT.

Boys and Girls Homes of North Carolina, Inc.  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2019

18-01 Prior Period Adjustments

Corrected