
Advance Carolina, Inc.
Financial Statements with Independent Accountant's Report
for the periods ended
June 30, 2014 and 2013

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BROWN CPA, LLC

Independent Auditor's Report

To the Board of Directors
Advance Carolina, Inc.
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying Statement of Financial Position of Advance Carolina, Inc. (a South Carolina non-profit corporation as of December 31, 2014 and December 31, 2013, and the related statements of activities, cash flows, and functional expenses for the year ended December 31, 2014 and the period ended from February 9, 2012 (date of inception) to December 31, 2013, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 previously present fairly, in all material respects, the financial position of Advance Carolina, Inc. as of as of December 31, 2014 and December 31, 2013, and the results of its operations and its cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

BROWN CPA, L.L.C.

Irmo, South Carolina
June 30, 2015

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MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC
ACCOUNTANTS



Advance Carolina, Inc.
Statement of Financial Position

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,612	\$ 50
	10,612	50
Total assets	\$ 10,612	\$ 50
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
Net assets		
Unrestricted	10,612	50
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	10,612	50
Total liabilities and net assets	\$ 10,612	\$ 50

See Independent Accountant's Report and notes to the financial statements

Advance Carolina, Inc.
Statement of Activities for the Year Ended
December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 154,470	\$ -	\$ -	\$ 154,470
Total support and revenues	<u>154,470</u>	<u>-</u>	<u>-</u>	<u>154,470</u>
Expenses				
Program services:				
Grants to individuals	142,500	-	-	142,500
Management and general:				
Professional fees:				
Accounting	652	-	-	652
Office expenses	756	-	-	756
Total expenses	<u>143,908</u>	<u>-</u>	<u>-</u>	<u>143,908</u>
 Change in net assets	 10,562	 -	 -	 10,562
Net assets beginning of year	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Net assets at end of year	<u>\$ 10,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,612</u>

See Independent Accountant's Report and notes to the financial statements

Advance Carolina, Inc.
Statement of Activities from Date of Inception on February 9, 2012 until
December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 50	\$ -	\$ -	\$ 50
Total support and revenues	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Expenses				
Program services:				
Grants to individuals	-	-	-	-
Management and general:				
Professional fees:				
Accounting	-	-	-	-
Office expenses	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	50	-	-	50
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>

See Independent Accountant's Report and notes to the financial statements

Advance Carolina, Inc.
Statement of Cash Flows
For the Periods Ended

	December 31, 2014	December 31, 2013
Operating activities:		
Change in net assets	\$ 10,562	\$ 50
Net cash provided by operating activities	10,562	50
Change in cash and cash equivalents	10,562	50
Cash and cash equivalents at beginning of year	50	-
Cash and cash equivalents at end of year	\$ 10,612	\$ 50

See Independent Accountant's Review Report and notes to the financial statements

Advance Carolina, Inc.
Statement of Functional Expenses for the Year Ended
December 31, 2014

	<u>Scholarships</u>	<u>Management and General</u>	<u>Fund - Raising</u>	<u>Total</u>
Grants to individuals	\$ 142,500	-	-	\$ 142,500
Compensation officer, director, key employee	-	-	-	-
Professional fees				
Management	-	-	-	-
Accounting	-	652	-	652
Office expenses	-	756	-	756
Total expense	<u>\$ 142,500</u>	<u>\$ 1,408</u>	<u>\$ -</u>	<u>\$ 143,908</u>

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

Note 1: Description of Organization

Advance Carolina, Inc. is a not-for-profit entity established to provide economic assistance in the form of scholarships for “exceptional needs” students enrolled in private Christian schools in South Carolina. As allowed under South Carolina Budget Proviso as may be renewed from year to year (the “Proviso”). The Proviso is commonly referred to as the Educational Credit for Exceptional Needs Children (“ECENC”).

Advance Carolina, Inc. is a State of South Carolina approved Scholarship Funding Organization (“SFO”) as defined under the terms of the Proviso. Activities of Advance Carolina, Inc. are limited to accepting contributions eligible for a tax credit under terms of the Proviso and issuing scholarships to eligible children in accordance with the Proviso and in maintenance of Advance Carolina, Inc. status as an approved SFO. Advance Carolina, Inc. engages in no other activities outside the purpose reasonably contemplated by the Proviso.

General and administrative activities include the functions necessary to provide support for the organization’s program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, organizations, individuals, and others.

Note 2: Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for NFPs. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Unrestricted Net Assets. Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets. Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets. Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days except if those instruments are used to temporarily invest endowment funds until appropriate investments are identified. The Organization maintains its cash in bank deposit accounts at financial institutions and generally limits its exposure to credit risk from balances on deposit with the financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit.

Contributions Receivable. Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. At December 31, 2014 and December 31, 2013 the Organization had not received any conditional promise to give.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. 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 temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Advance Carolina, Inc. does not accept contributions designated for the benefit of a specific child or school. Advance Carolina, Inc. is organized for the purpose of soliciting contributions and issuing scholarship grants in an amount not exceeding \$10,000 or the total cost of tuition and eligible travel costs (whichever is less) for eligible children with “exceptional needs” to attend an approved South Carolina independent school. These funds may be used for tuition, transportation or textbook expenses for eligible “exceptional needs” children attending approved South Carolina independent schools. Under South Carolina State Proviso Advance Carolina, Inc. is limited to administrative expenses of not more than 5% of its annual contributions and revenue.

Gifts-in-Kind Contributions

The organization periodically receives contributions in a form other than cash or investments. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization’s capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization’s program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Expense Recognition and Allocation

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status

The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Generally up to six years of previously filed tax returns are open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private organization.

Note 3: Scholarship Award Process

Advance Carolina, Inc. awards scholarships thru the use of a committee comprising of three members who are ineligible to participate in any potential award.

Note 4: Commitments and Contingencies

Tax Credit Availability – 2013 to 2014 South Carolina State Budget Proviso 1.85 provided for \$8 million of SC tax credits to be available for contributions made between January 1, 2014 and June 30, 2014. The program was legislatively renewed as part of the 2014-2015 South Carolina State Budget as Proviso 1.80. Another \$8 million of SC tax credits were made available for contributions between July 1, 2014 and June 30, 2015. All of these tax credits were claimed by various SFOs within the State.

Advance Carolina, Inc. is currently dependent on future annual renewals of this program as a State of South Carolina budget Proviso, or potentially codification as permanent law.

Note 5: Subsequent Events Review

Subsequent events have been evaluated through June 30, 2015, which is the date the financial statements were available to be issued. No items requiring disclosure were identified. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

BROWN CPA, LLC

Independent Auditors Report on Supplementary Information

To the Board of Directors
Advance Carolina, Inc.
Columbia, South Carolina

Our report on our audit of the basic financial statements of Advance Carolina, Inc. for the year ended December 31, 2014 appears on page 1. That report was conducted for the purpose of forming an opinion of the basic financial statements taken as a whole.

The supplemental Schedule of Scholarship and Grants Awarded for the Year Ended December 31, 2014 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BROWN CPA, LLC.

Irmo, South Carolina
June 30, 2015

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MEMBER:
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Advance Carolina, Inc.
Supplemental Schedule of Scholarship and Grants Awarded for the Year Ended
December 31, 2014

<u>Institution</u>	<u>City</u>	<u>Number of Awards</u>	<u>Award Amount</u>
Blessed Hope Christian Academy	York, SC	1	\$ 1,500
Bob Jones Academy	Greenville, SC	10	16,500
Calvary Christian School	Myrtle Beach, SC	1	1,750
Easley Christian School	Easley, SC	3	5,000
Fountain Inn Christian School	Fountain Inn, SC	1	1,250
Hawthorne Christian Academy	Chester, SC	2	3,000
Hidden Treasure Christian School	Greenville, SC	11	55,000
Hope Christian Academy	Columbia, SC	7	34,500
Northside Christian School	North Charleston, SC	1	2,000
Sumter Christian School	Sumter, SC	2	5,500
Tabernacle Christian School	Greenville, SC	1	2,000
Walnut Grove Christian School	Fort Mill, SC	2	7,000
Westside Christian Academy	Sumter, SC	5	7,500
		<u>47</u>	<u>\$ 142,500</u>

See Independent Accountants Report on Supplementary Information and Notes to Financial Statements