FAMILY COUNSELING CENTER OF ST. PAUL'S
WILMINGTON, DELAWARE

FINANCIAL STATEMENTS

DECEMBER 31, 2018

FAMILY COUNSELING CENTER OF ST. PAUL'S

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

August 19, 2019

To the Board of Directors
Family Counseling Center of St. Paul's
Wilmington, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the Family Counseling Center of St. Paul's (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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To the Board of Directors
Family Counseling Center of St. Paul's

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Family Counseling Center of St. Paul's as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018, the Family Counseling Center of St. Paul's adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Family Counseling Center of St. Paul's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

FAMILY COUNSELING CENTER OF ST. PAUL'S
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 601,832	$ 54,189
Investments	17,023	401,292
Accounts receivable, net	44,142	19,808
Contributions receivable	35,000	7,000
Total Current Assets	697,997	482,289
NONCURRENT ASSETS:		
Property and equipment, net	230,352	183,308
Loan origination fee, net	615	692
Total Noncurrent Assets	230,967	184,000
TOTAL ASSETS	$ 928,964	$ 666,289
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 15,292	$ 16,968
Current portion of long-term debt	2,435	2,397
Total Current Liabilities	17,727	19,365
NONCURRENT LIABILITIES:		
Long-term debt	20,444	23,324
Total Noncurrent Liabilities	20,444	23,324
NET ASSETS:		
Without donor restriction	736,387	610,600
With donor restriction	154,406	13,000
Total Net Assets	890,793	623,600
TOTAL LIABILITIES AND NET ASSETS	$ 928,964	$ 666,289

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

FAMILY COUNSELING CENTER OF ST. PAUL'S
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Without Donor Restriction	With Donor Restriction	Totals 2018	Totals 2017
SUPPORT, REVENUE, AND GAINS (LOSSES)				
Grants and contributions	$ 472,812	$ 197,874	$ 670,686	$ 280,137
State aid	159,224	-	159,224	68,947
Fees for service	169,928	-	169,928	92,350
Dividends and interest	1,411	-	1,411	5,891
Realized (losses) gains	(1,099)	-	(1,099)	16,671
Unrealized gains	473	-	473	21,759
Net assets released from restriction	56,468	(56,468)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS (LOSSES)	859,217	141,406	1,000,623	485,755
EXPENSES				
Program services	577,544	-	577,544	388,480
Management and general	139,252	-	139,252	99,925
Fundraising	16,634	-	16,634	16,841
TOTAL EXPENSES	733,430	-	733,430	505,246
CHANGE IN NET ASSETS	125,787	141,406	267,193	(19,491)
Net Assets - Beginning of Year *	610,600	13,000	623,600	643,091
Net Assets - End of Year	$ 736,387	$ 154,406	$ 890,793	$ 623,600

* Restated

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

FAMILY COUNSELING CENTER OF ST. PAUL'S
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Program Services	Management and General	Fundraising	Totals 2018	Totals 2017
EXPENSES:					
Salaries	$ 338,978	$ 97,487	$ 13,406	$ 449,871	$ 348,476
Payroll taxes	26,131	7,515	1,033	34,679	26,999
Benefits	13,832	3,978	547	18,357	20,715
Total Payroll-related Expenses	378,941	108,980	14,986	502,907	396,190
Advertising and promotion	7,434	1,495	207	9,136	5,520
Bad debt expense	96,764	-	-	96,764	5,472
Bank fees	-	363	-	363	301
Contracted services:					
Accounting	-	2,993	-	2,993	2,628
Counseling	22,248	-	-	22,248	23,403
Management	307	61	9	377	2,291
Other	12,735	2,560	355	15,650	5,180
Video production	-	-	-	-	7,578
Conferences and meetings	15,625	3,142	436	19,203	6,218
Depreciation and amortization	2,618	527	73	3,218	5,871
Donations	1,581	-	-	1,581	2,551
Information technology	-	15,044	-	15,044	571
Insurance	7,623	1,533	213	9,369	8,397
Interest	509	102	14	625	1,200
Meals and entertainment	-	-	-	-	1,561
Occupancy	6,722	1,351	188	8,261	7,057
Office expenses	5,478	1,101	153	6,732	15,476
Supplies	6,559	-	-	6,559	4,622
Travel expenses	12,400	-	-	12,400	3,159
TOTAL EXPENSES	$ 577,544	$ 139,252	$ 16,634	$ 733,430	$ 505,553

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

FAMILY COUNSELING CENTER OF ST. PAUL'S
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 267,193	$ (19,491)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,218	5,871
Bad debt expense	96,764	5,472
Unrealized gains	(473)	(21,759)
(Increase) in:		
Accounts receivable	(121,098)	(6,696)
Contributions receivable	(28,000)	(7,000)
Increase in:		
Accounts payable and accrued expenses	(1,676)	15,065
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	215,928	(28,538)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	386,027	121,544
Purchase of investments	(1,285)	(52,680)
Purchase of property and equipment	(50,185)	(122,494)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	334,557	(53,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage	(2,842)	(2,279)
NET CASH USED BY FINANCING ACTIVITIES	(2,842)	(2,279)
Net increase (decrease) in cash and cash equivalents	547,643	(84,447)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	54,189	138,636
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 601,832	$ 54,189

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

NOTE 1 THE ORGANIZATION

The Family Counseling Center of St. Paul's ("the Organization") is a community-based nonprofit corporation providing holistic care and envisions a community where individuals have the opportunity to improve their quality of life through emotional and behavioral health services. The Organization's expanded services focus on behavioral health services being provided to individuals and families in order to benefit the entire community within the State of Delaware and even the most vulnerable populations. The core care values are compassion, integrity, professionalism, responsiveness, dedication, inclusiveness, and respect.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

In accordance with generally accepted accounting principles, the financial statements are presented using the accrual basis of accounting; consequently, revenues are recognized when earned, and expenses are recognized when incurred.

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. The organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. Net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents, excluding cash included in long-term investment accounts.

Fair Value Measurements

A fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Accounts and Contributions Receivable

Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Property and Equipment

The Organization follows the practice of capitalizing the cost of property and equipment that have an estimated useful life over one year; the fair value of donated property and equipment is similarly capitalized at the date of donation. Expenses for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. All other expenditures for renewals and betterments are capitalized. When assets are sold or otherwise disposed of, the cost is removed from their respective accounts, and gains or losses on such disposition are recognized in the statement of activities.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

Contributions

As required by generally accepted accounting principles, contributions received are recorded as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Support that is restricted by a donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded as revenue or gains in the period received and as assets, decrease of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give (i.e., a promise dependent only on passage of time or demand by the promisee for performance) with payments due in future periods are required to be recorded as restricted support unless explicit donor stipulations or circumstances surrounding the receipt of a promise make it clear that the donor intended their contribution to be used to support activities of the current period. Unconditional promises to give cash in future years generally increase net assets with donor restriction.

The Organization records unconditional promises to give at the estimated present value of the future cash flows, net of allowance to reflect net realizable value based upon management's analysis of specific promises made.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. Those services do not meet the criteria for recognition specified by generally accepted accounting principles.

Advertising and Promotion

The Organization expenses the cost of advertising and promotion when incurred.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Organization has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code. The Organization did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Implementation of FASB ASU 2016-14

During the year ended December 31, 2018, the Organization has implemented Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to the Organization's financial reporting. Net assets are now categorized in two categories; net assets with donor restriction and net assets without donor restriction. Restricted property and equipment that was previously shown as temporarily restricted is now categorized as net assets with restriction, both on the face of the financial statements and in the notes to the financial statements. The Organization has added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each balance sheet date. This accounting guidance has been implemented retrospectively; the implementation of this guidance required the reclassification of prior net asset balances. The adoption of FASB ASU 2016-14 did not result in a restatement of the prior year audited financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Organization maintains its cash accounts with Dexsta Federal Credit Union and PayPal. At December 31, 2018, the carrying value of cash and cash equivalents was $601,520, and the bank balance was $601,430 excluding the PayPal balances. The bank balance was covered under the National Credit Union Share Insurance Fund ("NCUSIF"), which insures accounts up to $250,000. The excess $351,430 is subject to custodial credit risk at December 31, 2018.

PayPal is an online payment system that supports online money transfers and serves as an alternative to traditional paper methods like checks and money orders. Since PayPal is not a bank, the balances are not FDIC insured. Therefore, the Organization's balance at December 31, 2018 of $312 was not insured or collateralized and, therefore, was subject to credit risk.

NOTE 4 INVESTMENTS

The fair value of investments at December 31, 2018 are as follows:

	Fair Value	Level 1	Level 2
Pooled asset trust	$ 17,023	$ -	$ 17,023

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 consisted of the following:

	Cost	Accumulated Depreciation	Net	Useful Lives
Land	$ 3,500	$ -	$ 3,500	N/A
Construction-in-progress	159,723	-	159,723	N/A
Building	34,184	1,790	32,394	39 Years
Leasehold improvements	29,878	6,963	22,915	15-39 Years
Furniture and equipment	18,577	6,757	11,820	5-7 Years
Website	8,260	8,260	-	3 Years
Total	$ 254,122	$ 23,770	$ 230,352	

For the year ended December 31, 2018, depreciation expense amounted to $3,141.

NOTE 6 ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

The reconciliation of accounts and contributions receivable of December 31, 2018 is as follows:

	Receivable	Allowance for doubtful Accounts	Net Receivable
Accounts receivable	$ 220,712	$ 176,570	$ 44,142
Contributions receivable	35,000	-	35,000
Total	$ 255,712	$ 176,570	$ 79,142

NOTE 7 LONG-TERM DEBT

In December 2016, the Organization entered into a mortgage agreement with Fulton Bank in the amount of $28,000. The loan has a maturity date of December 15, 2026. This note bears interest at a fixed rate of 4.35 percent for 60 months from the date of the contract, followed by the annual variable rate of 1.75 percent above the prime rate index, which is the Fulton Bank N.A. Prime Rate. Monthly installments of $289 consisting of principal and interest are due and payable on 15th of each month, with the entire unpaid balance of principal due in full on December 15, 2026. As of December 31, 2018, the total amount of interest paid and the outstanding balance were $625 and $22,879, respectively.

Long-term debt activity for the year was as follows:

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18	Due Within One Year
Mortgage payable	$ 25,721	$ -	$ 2,842	$ 22,879	$ 2,512
Loan origination fees	(692)	-	(77)	(615)	(77)
Long-term debt, net	$ 25,029	$ -	$ 2,765	$ 22,264	$ 2,435

The maturity of the long-term debt is as follows:

Year Ending December 31	Principal	Interest	Total Maturities
2019	$ 2,512	$ 956	$ 3,468
2020	2,624	844	3,468
2021	2,741	727	3,468
2022	2,862	606	3,468
2023	2,989	479	3,468
2024 - 2026	9,151	840	9,991
Totals	$ 22,879	$ 4,452	$ 27,331

NOTE 8 NET ASSETS

Net Assets With Donor Restriction

As of December 31, 2018, net assets with donor restriction are available for the following purposes:

NOTE 8 NET ASSETS (cont'd)

Training, professional development, and recruitment	$ 82,374
Office capital improvements	72,032
Total Net Assets with Donor Restriction	$ 154,406

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents and investments.

The following reflects the Organization's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2018	2017
Financial assets, at year-end	$ 618,855	$ 455,481
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose restrictions	154,406	13,000
Financial assets available to meet cash needs for general expenditures within one year	$ 464,449	$ 442,481

The Organization has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses, which is approximately $154,000. At December 31, 2018, the Organization had $601,832 in highly liquid financial assets. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 SUBSEQUENT EVENTS

The Organization entered into a contract with HomeScape on February 28, 2019 in the amount of $235,529 for the renovation of its main office, located at 301 North Van Buren Street.

The Organization has evaluated all subsequent events through August 19, 2019, the date the financial statements were available to be issued.