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

FINANCIAL STATEMENTS

DECEMBER 31, 2017

FAMILY COUNSELING CENTER OF ST. PAUL'S

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INDEPENDENT AUDITOR'S REPORT

July 25, 2018

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, 2017, 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 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.

BARBACANE
THORNTON
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2017, 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 Note10 to the financial statements, the beginning unrestricted net asset balance has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

FAMILY COUNSELING CENTER OF ST. PAUL'S
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	54,189
Investments		401,292
Accounts receivable, net		19,808
Contributions receivable		7,000
Total Current Assets		482,289
NONCURRENT ASSETS:		
Property and equipment, net		183,308
Total Noncurrent Assets		183,308
TOTAL ASSETS	$	665,597
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$	16,968
Current portion of long-term debt		2,320
Total Current Liabilities		19,288
NONCURRENT LIABILITIES:		
Long-term debt		22,709
Total Noncurrent Liabilities		22,709
NET ASSETS:		
Unrestricted		610,600
Temporarily restricted		13,000
Total Net Assets		623,600
TOTAL LIABILITIES AND NET ASSETS	$	665,597

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, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND GAINS			
Grants and contributions	$ 209,137	$ 71,000	$ 280,137
State aid	68,947	-	68,947
Fees for service	92,350	-	92,350
Dividend and interest	6,198	-	6,198
Realized gains	16,671	-	16,671
Unrealized gains	21,759	-	21,759
Net assets released from restriction	58,000	(58,000)	-
TOTAL SUPPORT, REVENUE, AND GAINS	473,062	13,000	486,062
EXPENSES			
Program services	388,480	-	388,480
Management and general	100,232	-	100,232
Fundraising	16,841	-	16,841
TOTAL EXPENSES	505,553	-	505,553
CHANGE IN NET ASSETS	(32,491)	13,000	(19,491)
Net Assets - Beginning of Year *	643,091	-	643,091
Net Assets - End of Year	$ 610,600	$ 13,000	$ 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, 2017

	Program Services	Management and General	Fundraising	Total
EXPENSES:				
Salaries	$ 262,577	$ 75,515	$ 10,384	$ 348,476
Payroll taxes	20,344	5,851	804	26,999
Benefits	15,609	4,489	617	20,715
Total Payroll-related Expenses	298,530	85,855	11,805	396,190
Advertising and promotion	1,104	552	3,864	5,520
Bad debt expense	5,472	-	-	5,472
Bank fees	-	301	-	301
Contracted services:				
Accounting	-	2,628	-	2,628
Counseling	23,403	-	-	23,403
Investment management fees	-	307	-	307
Management	1,864	375	52	2,291
Other	4,215	847	118	5,180
Video production	7,578	-	-	7,578
Conferences and meetings	5,060	1,017	141	6,218
Depreciation and amortization	4,777	961	133	5,871
Donations	2,551	-	-	2,551
Information technology	-	571	-	571
Insurance	6,833	1,374	190	8,397
Interest	977	196	27	1,200
Meals and entertainment	-	1,561	-	1,561
Occupancy	5,742	1,155	160	7,057
Office expenses	12,593	2,532	351	15,476
Supplies	4,622	-	-	4,622
Travel expenses	3,159	-	-	3,159
TOTAL EXPENSES	$ 388,480	$ 100,232	$ 16,841	$ 505,553

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

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

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (19,491)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	5,871
Bad debt expense	5,472
Net unrealized gain on investments	(21,759)
(Increase) in:	
Accounts receivable	(6,696)
Contributions receivable	(7,000)
Increase in:	
Accounts payable and accrued expenses	15,065
NET CASH USED BY OPERATING ACTIVITIES	(28,538)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	121,544
Purchase of investments	(52,680)
Purchase of property and equipment	(122,494)
NET CASH USED BY INVESTING ACTIVITIES	(53,630)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on mortgage	(2,279)
NET CASH USED BY INVESTING ACTIVITIES	(2,279)
Net decrease in cash and cash equivalents	(84,447)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	138,636
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. 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 unrestricted, temporarily restricted, or permanently restricted support, 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted net assets 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 temporarily restricted net assets.

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.

NOTE 3 CASH AND CASH EQUIVALENTS

The Organization maintains its cash accounts with Dexsta Federal Credit Union and PayPal. At December 31, 2017, the carrying value of cash and cash equivalents was $54,189, and the bank balance was $54,022. The bank balance was covered under the National Credit Union Share Insurance Fund ("NCUSIF"), which insures accounts up to $250,000. At December 31, 2017, the Organization had no uninsured balances.

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, 2017 of $154 was not insured or collateralized and, therefore, was subject to credit risk.

NOTE 4 INVESTMENTS

The fair value of investments at December 31, 2017 are as follows:

	Fair Value	Level 1	Level 2
Mutual funds:			
Equity index funds	$ 233,871	$ 233,871	$ -
Bond index funds	12,740	12,740	-
International index funds	34,083	34,083	-
Pooled asset trust	18,620	-	18,620
Money market funds	101,978	101,978	-
Total	$ 401,292	$ 382,672	$ 18,620

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2017 consisted of the following:

	Cost	Accumulated Depreciation	Net	Useful Lives
Land	$ 3,500	$ -	$ 3,500	N/A
Construction-in-progress	116,255	-	116,255	N/A
Building	34,184	913	33,271	39 Years
Leasehold improvements	29,878	5,574	24,304	15-39 Years
Furniture and equipment	11,859	5,881	5,978	5-7 Years
Website	8,260	8,260	-	3 Years
Total	$ 203,936	$ 20,628	$ 183,308	

For the year ended December 31, 2017, depreciation expense amounted to $5,794.

NOTE 6 ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

The reconciliation of accounts and contributions receivable of December 31, 2017 is as follows:

	Receivable	Allowance for doubtful Accounts	Net Receivable
Accounts receivable	$ 99,614	$ 79,806	$ 19,808
Contributions receivable	7,000	-	7,000
Total	$ 106,614	$ 79,806	$ 26,808

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, 2017, the total amount of interest paid and the outstanding balance were $1,201 and $25,721, respectively.

NOTE 7 LONG-TERM DEBT (cont'd)

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

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17	Due Within One Year
Mortgage payable	$ 28,000	$ -	$ 2,279	$ 25,721	$ 2,397
Loan origination fees	(769)	-	(77)	(692)	(77)
Long-term debt, net	$ 27,231	$ -	$ 2,202	$ 25,029	$ 2,320

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

Year Ending December 31	Principal	Interest	Total Maturities
2018	$ 2,397	$ 1,071	$ 3,468
2019	2,504	964	3,468
2020	2,614	854	3,468
2021	2,731	737	3,468
2022	2,852	616	3,468
2023 - 2026	12,623	1,249	13,872
Totals	$ 25,721	$ 5,491	$ 31,212

NOTE 8 NET ASSETS

Temporarily restricted net assets at December 31, 2017 were comprised of the following:

Training, professional development, and recruitment	$ 13,000

NOTE 9 CONTINGENCIES AND COMMITMENTS

As of December 31, 2017, the Organization had the following projects that were yet to be completed. The commitments and amounts completed are as follows:

	Project Amount	Completed as of 12/31/17	Commitment
Office addition and renovation	$ 87,500	$ 75,600	$ 11,900

NOTE 9 CONTINGENCIES AND COMMITMENTS (cont'd)

In addition, the Organization has incurred $40,655 in costs related to the project that are not under a formal contract.

NOTE 10 PRIOR PERIOD RESTATEMENT

The Organization has restated its December 31, 2016 net assets based on errors detected in recording accounts receivable and the related allowance for doubtful accounts. The net result of these changes was an increase of $18,584 in unrestricted net assets.

NOTE 11 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through July 25, 2018, the date the financial statements were available to be issued.