



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

FINANCIAL STATEMENTS

DECEMBER 31, 2020

FAMILY COUNSELING CENTER OF ST. PAUL'S

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INDEPENDENT AUDITOR'S REPORT

June 10, 2021

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, 2020, 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

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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Family Counseling Center of St. Paul's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 510,831	\$ 361,714
Investments	22,051	19,805
Accounts receivable, net	71,755	46,234
Total Current Assets	<u>604,637</u>	<u>427,753</u>
NONCURRENT ASSETS:		
Property and equipment, net	459,569	440,262
Total Noncurrent Assets	<u>459,569</u>	<u>440,262</u>
TOTAL ASSETS	<u><u>\$ 1,064,206</u></u>	<u><u>\$ 868,015</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 14,510	\$ 24,426
Deferred revenue	-	35,000
Current portion Paycheck Protection Program loan	14,675	-
Current portion of long-term debt, net	2,664	2,547
Total Current Liabilities	<u>31,849</u>	<u>61,973</u>
NONCURRENT LIABILITIES:		
Paycheck Protection Program loan	82,325	-
Long-term debt, net	15,335	17,926
Total Noncurrent Liabilities	<u>97,660</u>	<u>17,926</u>
NET ASSETS:		
Without donor restriction	921,468	759,416
With donor restriction	13,229	28,700
Total Net Assets	<u>934,697</u>	<u>788,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,064,206</u></u>	<u><u>\$ 868,015</u></u>

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, 2020
(With Summarized Comparative Data for the Year Ended December 31, 2019)**

	Without Donor Restriction	With Donor Restriction	Totals	
			2020	2019
SUPPORT, REVENUE, AND GAINS (LOSSES)				
Grants and contributions	\$ 363,608	\$ 67,825	\$ 431,433	\$ 240,238
State and county aid	73,300	-	73,300	22,000
Government contracts	256,070	-	256,070	264,431
Fees for service	141,284	-	141,284	126,457
Dividend and interest income	837	-	837	2,359
Realized and unrealized gains	2,266	-	2,266	2,743
Loss on disposal of asset	(21,526)	-	(21,526)	-
Net assets released from restriction	83,296	(83,296)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS (LOSSES)	<u>899,135</u>	<u>(15,471)</u>	<u>883,664</u>	<u>658,228</u>
EXPENSES				
Program services	699,127	-	699,127	592,467
Management and general	30,394	-	30,394	147,307
Fundraising	7,562	-	7,562	21,131
TOTAL EXPENSES	<u>737,083</u>	<u>-</u>	<u>737,083</u>	<u>760,905</u>
CHANGE IN NET ASSETS				
	162,052	(15,471)	146,581	(102,677)
Net Assets - Beginning of Year	759,416	28,700	788,116	890,793
Net Assets - End of Year	<u>\$ 921,468</u>	<u>\$ 13,229</u>	<u>\$ 934,697</u>	<u>\$ 788,116</u>

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, 2020**
(With Summarized Comparative Data for the Year Ended December 31, 2019)

	Program Services	Management and General	Fundraising	Totals	
				2020	2019
EXPENSES:					
Salaries	\$ 512,072	\$ 14,483	\$ 2,009	\$ 528,564	\$ 526,134
Payroll taxes	39,188	1,108	154	40,450	40,818
Benefits	26,200	741	103	27,044	28,638
Total Payroll-related Expenses	<u>577,460</u>	<u>16,332</u>	<u>2,266</u>	<u>596,058</u>	<u>595,590</u>
Advertising and promotion	1,020	510	3,570	5,100	1,400
Bad debt expense	-	-	-	-	8,369
Bank fees	-	1,113	-	1,113	761
Contracted services:					
Program contractors	12,400	-	-	12,400	20,537
Professional services	20,621	4,146	575	25,342	23,885
Conferences and meetings	3,041	612	85	3,738	13,994
Depreciation	4,951	995	138	6,084	4,772
Direct assistance	12,973	-	-	12,973	8,656
Donations	452	-	-	452	2,195
Grant expense	12,500	-	-	12,500	-
Insurance	8,539	1,717	238	10,494	15,169
Interest	808	163	23	994	1,677
Occupancy	12,739	2,561	355	15,655	20,177
Office expenses	11,166	2,245	312	13,723	14,862
Supplies	17,130	-	-	17,130	6,195
Travel expenses	3,327	-	-	3,327	22,666
TOTAL EXPENSES	<u>\$ 699,127</u>	<u>\$ 30,394</u>	<u>\$ 7,562</u>	<u>\$ 737,083</u>	<u>\$ 760,905</u>

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 146,581	\$ (102,677)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,084	4,772
Amortization	77	77
Bad debt expense	-	8,369
Realized and unrealized gains	(2,266)	-
Loss on disposal of asset	21,526	-
(Increase) decrease in:		
Accounts receivable	(25,521)	(10,461)
Contributions receivable	-	35,000
Increase in:		
Deferred revenue	(35,000)	35,000
Accounts payable and accrued expenses	(9,916)	9,134
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>101,565</u>	<u>(20,786)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	20	-
Purchase of investments	-	(2,782)
Purchase of property and equipment	(46,917)	(214,682)
NET CASH USED BY INVESTING ACTIVITIES	<u>(46,897)</u>	<u>(217,464)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Payroll Protection Program loan	97,000	-
Principal payments on mortgage	(2,551)	(1,868)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>94,449</u>	<u>(1,868)</u>
 Net increase (decrease) in cash and cash equivalents	149,117	(240,118)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>361,714</u>	<u>601,832</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 510,831</u>	<u>\$ 361,714</u>
 SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 917</u>	<u>\$ 1,600</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO 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

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

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.

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

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

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 accounting principles generally accepted in the United States of America, 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.

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.

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

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

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.

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 accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH

The Organization maintains its cash accounts with DEXSTA Federal Credit Union, Wilmington Savings Fund Society (WSFS) and PayPal. At December 31, 2020, the carrying value of cash and cash equivalents was \$510,831, and the bank balance was \$519,799. The bank balances were covered under the National Credit Union Share Insurance Fund ("NCUSIF") and the Federal Depository Insurance Corporation ("FDIC"), which insure accounts up to \$250,000 each. As of December 31, 2020, the total insured amount was \$250,250 and the excess in the amount of \$269,549 was subject to custodial credit risk.

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. The Organization's balance subject to custodial credit risk with PayPal was \$150 at December 31, 2020.

NOTE 4 INVESTMENTS

The fair value of investments at December 31, 2020 are as follows:

	<u>Fair Value</u>	<u>Level 2</u>
Pooled asset trust	<u>\$ 22,051</u>	<u>\$ 22,051</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Useful Lives</u>
Land	\$ 3,500	\$ -	\$ 3,500	N/A
Building	455,507	6,244	449,263	39 Years
Furniture and equipment	18,577	11,771	6,806	5-7 Years
Website	<u>8,260</u>	<u>8,260</u>	<u>-</u>	3 Years
Total	<u>\$ 485,844</u>	<u>\$ 26,275</u>	<u>\$ 459,569</u>	

For the year ended December 31, 2020, depreciation expense amounted to \$6,084.

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ACCOUNTS RECEIVABLE

The reconciliation of accounts receivable of December 31, 2020 is as follows:

	<u>Receivable</u>	<u>Allowance for doubtful Accounts</u>	<u>Net Receivable</u>
Accounts receivable	\$ 239,183	\$ 167,428	\$ 71,755

NOTE 7 LONG-TERM DEBT

In December 2016, the Organization entered into a mortgage agreement, collateralized by land and building, 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, 2020, the total amount of interest expense, including amortization of the loan origination fees, and the outstanding balance were \$994 and \$18,460, respectively.

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

	<u>Balance 01/01/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Mortgage payable	\$ 21,011	\$ -	\$ 2,551	\$ 18,460	\$ 2,741
Loan origination fees	(538)	-	(77)	(461)	(77)
Long-term debt, net	<u>\$ 20,473</u>	<u>\$ -</u>	<u>\$ 2,474</u>	<u>\$ 17,999</u>	<u>\$ 2,664</u>

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2021	\$ 2,741	\$ 727	\$ 3,468
2022	2,862	606	3,468
2023	2,989	479	3,468
2024	3,122	346	3,468
2025	3,261	207	3,468
2026	3,485	63	3,548
Totals	<u>\$ 18,460</u>	<u>\$ 2,428</u>	<u>\$ 20,888</u>

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	\$ 604,637
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose restrictions	<u>13,229</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 591,138</u>

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 \$184,200. At December 31, 2020, the Organization had \$604,637 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 9 PAYCHECK PROTECTION PROGRAM LOAN

On April 27, 2020, the Organization was granted a loan ("the Loan") from Fulton Bank ("the Lender") in the amount of \$97,000, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated April 27, 2020 issued by Fulton Bank, matures on April 27, 2022 and bears interest at a rate of one percent per annum. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

If the Organization fails to apply for loan forgiveness or if partial forgiveness is granted, the Organization will be obligated to repay to the Lender the principal sum which remains outstanding, including principal and accrued interest on a payment schedule to be provided by the Lender. The payment deferral period is either (1) the date that the Small Business Administration remits the Organization's loan forgiveness amount to the Lender or (2) if the Organization does not apply for loan forgiveness, ten months after the end of the Organization's loan forgiveness covered period.

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN (cont'd)

If not forgiven, the Note has payments of \$5,459 including interest and principal starting ten months after the covered period (December 31, 2020). The outstanding principal at December 31, 2020 is \$97,000 (\$14,675 due within one year and \$82,325 due in more than one year) and is reported as a liability in the statement of financial position.

NOTE 10 UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization's income in 2021. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 11 SUBSEQUENT EVENTS

In May 2021, the Organization received notification that the Paycheck Protection Program Loan had been forgiven, and thus will not need to be repaid.

The Organization has evaluated all subsequent events through June 10, 2021, the date the financial statements were available to be issued.