

**FAMILY COUNSELING CENTER OF MOBILE, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Family Counseling Center of Mobile, Inc.  
Mobile, Alabama

I have audited the accompanying statements of financial position of Family Counseling Center of Mobile, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Counseling Center of Mobile, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Kim K. Enikeieff*

February 18, 2011

**FAMILY COUNSELING CENTER OF MOBILE, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2010 and 2009**

	2010	2009
<b>ASSETS</b>		
Current Assets		
Cash	\$ 94,994	\$ 75,014
Debt management funds held	1,614	2,078
Investments	567,918	600,058
Program service fees, less allowance for doubtful accounts of \$1,615 in 2010 and 2009	1,494	2,020
Grants receivable	28,053	47,474
Prepaid expenses	3,259	5,185
Total current assets	697,332	731,829
Property and equipment, net	378,540	402,377
Other investments	3,500	3,500
Total assets	\$ 1,079,372	\$ 1,137,706
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Deferred revenue	\$ 7,566	\$ 3,240
Debt management liabilities	1,614	2,078
Total current liabilities	9,180	5,318
Net assets		
Unrestricted	1,070,192	1,132,388
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	1,070,192	1,132,388
Total liabilities and net assets	\$ 1,079,372	\$ 1,137,706

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.**

**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2010 and 2009**

	2010 <u>Unrestricted</u>	2009 <u>Unrestricted</u>
Public support and revenue		
Support		
United Way Allocation	\$ 175,252	\$ 207,871
United Way Grants	60,000	60,000
Grants	527,191	526,195
Contributions	<u>44,113</u>	<u>60,201</u>
Total public support	<u>806,556</u>	<u>854,267</u>
Revenue		
Family counseling service fees	148,479	122,360
Credit counseling service fees	202,969	195,082
Contract revenue	200,000	199,651
Investment income	2,831	11,855
Miscellaneous	<u>1,955</u>	<u>2,053</u>
Total revenue	<u>556,234</u>	<u>531,001</u>
Total public support and revenue	<u>1,362,790</u>	<u>1,385,268</u>
Expenses		
Program services		
Family counseling	496,999	467,839
Credit counseling	420,238	455,633
Outreach/education	<u>295,520</u>	<u>279,655</u>
Total program services	1,212,757	1,203,127
Supporting services		
Management and general	205,909	188,374
Fund-raising	<u>6,320</u>	<u>2,900</u>
Total expenses	<u>1,424,986</u>	<u>1,394,401</u>
Change in net assets	(62,196)	(9,133)
Net assets, beginning of year	<u>1,132,388</u>	<u>1,141,521</u>
Net assets, end of year	<u><u>\$ 1,070,192</u></u>	<u><u>\$ 1,132,388</u></u>

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2010 with Comparative Totals for 2009**

	Family Counseling	Credit Counseling	Outreach/ Education	Total	Management and General	Fund-raising	2010 Total Expenses	2009 Total Expenses
Salaries	\$ 325,112	\$ 253,996	\$ 187,773	\$ 766,881	\$ 152,916	\$ -	\$ 919,797	\$ 902,876
Payroll taxes	25,492	19,432	13,855	58,779	11,698	-	70,477	69,079
Employee benefits	51,056	34,270	28,456	113,782	23,300	-	137,082	123,513
Total personnel	401,660	307,698	230,084	939,442	187,914	-	1,127,356	1,095,468
Building and grounds maintenance	4,635	4,737	83	9,455	1,600	-	11,055	12,536
Conferences and conventions	3,171	1,128	3,891	8,190	-	-	8,190	8,097
Dues and membership fees	153	156	761	1,070	100	100	1,270	1,815
Equipment rental and maintenance	7,688	18,389	7,541	33,618	2,625	375	36,618	47,300
Liability insurance	6,353	7,318	4,534	18,205	1,840	200	20,245	19,912
Marketing and development expenses	1,017	3,442	567	5,026	-	-	5,026	4,725
Office expense	9,413	12,630	3,198	25,241	1,400	600	27,241	28,134
Other program expenses	808	749	-	1,557	-	3,420	4,977	3,012
Payments to affiliated organizations	2,641	10,459	2,561	15,661	-	-	15,661	9,807
Postage and shipping	99	7,283	138	7,520	100	250	7,870	6,104
Printing and publications	8,533	1,398	4,047	13,978	500	300	14,778	8,309
Professional fees	20,429	488	-	20,917	4,525	-	25,442	17,341
Rent expense	-	7,500	12,000	19,500	-	-	19,500	21,300
Telephone	5,305	13,075	9,086	27,466	1,025	475	28,966	33,830
Travel	4,598	2,822	6,447	13,867	1,500	300	15,667	18,987
Utilities	4,623	5,093	6,650	16,366	1,300	-	17,666	17,637
Workman's compensation insurance	2,237	2,237	1,177	5,651	630	100	6,381	7,515
Total expenses before depreciation	483,363	406,602	292,765	1,182,730	205,059	6,120	1,393,909	1,361,829
Depreciation	13,636	13,636	2,755	30,027	850	200	31,077	32,572
Total expenses	\$ 496,999	\$ 420,238	\$ 295,520	\$ 1,212,757	\$ 205,909	\$ 6,320	\$ 1,424,986	\$ 1,394,401

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (62,196)	\$ (9,133)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,077	32,572
Net realized (gains) and losses on investments	(2,860)	(11,279)
Unrealized (gains) and losses on investments	-	(475)
(Increase) decrease in:		
Accounts receivable	526	1,919
Grants receivable	19,421	(6,387)
Prepaid expenses	1,926	190
Increase (decrease) in:		
Deferred revenue	<u>4,326</u>	<u>(26,760)</u>
Net cash used by operating activities	<u>(7,780)</u>	<u>(19,353)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(240,000)
Distribution from investment account	35,000	270,000
Purchases of property, plant and equipment	<u>(7,240)</u>	<u>(53,734)</u>
Net cash provided (used) in investing activities	<u>27,760</u>	<u>(23,734)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Debt management funds deposited	1,948,358	1,924,179
Debt management funds disbursed	<u>(1,948,822)</u>	<u>(1,926,158)</u>
Net cash used by financing activities	<u>(464)</u>	<u>(1,979)</u>
Net increase (decrease) in cash	19,516	(45,066)
Cash, beginning of year	<u>77,092</u>	<u>122,158</u>
Cash, end of year	<u>\$ 96,608</u>	<u>\$ 77,092</u>

See notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

### **Organization**

Family Counseling Center of Mobile, Inc. (the "Center") is a nonprofit United Way agency exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Established in 1958, the Center operates in southwest Alabama providing counseling and guidance to individuals, families, and groups experiencing problems related to stress, family discord, parenting, phobias, aging, rape, and financial difficulties. Approximately 17% and 19% of the Center's total support and revenues for 2010 and 2009, respectively, came from United Way allocations.

The Center is directed by an active Board of Directors whose members serve without compensation.

### **Summary of Significant Accounting Policies**

#### **Method of accounting**

The financial statements of the Center have been prepared utilizing the accrual basis of accounting.

#### **Contributions**

The Center accounts for contributions under Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

#### **Cash and cash equivalents**

Cash and cash equivalents include all demand deposit accounts and money market accounts.

#### **Investments**

Investments are composed of certificates of deposit, money market funds and mutual funds investing in debt and equity securities. Investments are carried at fair value. Additionally, the Center has invested in 3,500 shares of Cooperative Processing Resources (CPR), a non-publicly traded company. The investment in CPR is carried at cost, as there is no readily determinable fair value.

## **Summary of Significant Accounting Policies (continued)**

### **Accounts receivable and bad debts**

The Center uses the direct write-off method to account for uncollectible fees.

### **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.

### **Depreciation**

Furnishings and equipment are depreciated over estimated useful lives of three to ten years using the straight-line method of depreciation. The building and improvements are depreciated over estimated useful lives of fifteen to thirty-one years using the straight-line method of depreciation. The Center's policy is to capitalize capital acquisitions costing \$500 or more.

### **Income taxes**

Income taxes are not provided for in the financial statements since the Center is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Center is not classified as a private foundation.

### **Donated materials and services**

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Center's program services.

### **Functional expenses**

Functional expenses have been allocated among the program and supporting services based upon an analysis of the expenses and benefits derived.

## **Summary of Significant Accounting Policies (continued)**

### **Comparative amounts**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

### **Debt Management**

The Center's Consumer Credit Counseling Service (CCCS) provides budget counseling and debt management programs. Funds received from clients for debt management are deposited into a separate checking account. Disbursements are made from this account to client creditors and to the Center for its fees. Fees earned and expenses incurred by CCCS are recorded in unrestricted activities.

### **Board Designated Funds**

The Board has established a policy of saving for the designated purpose of providing short-term contingency operating funds in the event of a significant reduction in public support and revenues. Board designations are voluntary, may be reversed by the Board at any time, and are reported as unrestricted assets in the financial statements.

## Investments

Investments are stated at fair value and are summarized as follows as of December 31:

		2010	
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 567,918	\$ 567,918	\$ -
Bond and equity funds	-	-	-
Total	\$ 567,918	\$ 567,918	\$ -

		2009	
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 591,470	\$ 591,470	\$ -
Bond and equity funds	8,620	8,588	(32)
Total	\$ 600,090	\$ 600,058	\$ (32)

Investment return is summarized as follows:

	2010	2009
Interest and dividend income	\$ 3,231	\$ 11,380
Realized gains (losses)	(210)	-
Unrealized gains (losses)	-	475
Administrative fees	(190)	-
Total	\$ 2,831	\$ 11,855

## Furniture, Fixtures and Equipment

Furniture, fixtures and equipment at December 31 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 185,618	\$ 185,618
Building and improvements	384,729	384,729
Office equipment	<u>145,933</u>	<u>138,693</u>
	716,280	709,040
Less accumulated depreciation	<u>337,740</u>	<u>306,663</u>
Total	<u>\$ 378,540</u>	<u>\$ 402,377</u>

## Operating Leases

The Center leases, under various non cancelable operating leases, certain office equipment and space. Future minimum lease payments under these leases amounts to \$4,275 for the year ending December 31, 2011.

The amount of rent expense under these leases was \$10,494 and \$13,063 for the years ended December 31, 2010 and 2009, respectively.

## Pension Plan

The Center sponsors a defined contribution pension plan covering substantially all employees who have attained age twenty-one and have completed one year or 1,000 hours of service. The Center's monthly contribution is eight percent of the participants' compensation. The employees who participate are required to make contributions equal to one percent of their compensation. The amount of pension expense was \$64,499 and \$58,101 for 2010 and 2009, respectively.

### Donated Services, Materials, and Facilities

The Center occupies space at Infirmiry Health Systems, Inc. under a month to month agreement with the hospital. No rent is paid by the Center. The landlord has estimated the approximate fair value of the annual rental to be \$12,000 plus the actual charges for utilities. The amount of rent and utilities was \$18,650 and \$18,650 for 2010 and 2009, respectively. Such amounts are included in contributions and expenses in the statements of activities.

### Fair Value Measurements

Fair value of assets measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	Fair Value Measurement at Reporting Date Using Quoted Prices In Active Markets for Identical Assets (Level 1)	
	<u>Fair Value</u>	<u>(Level 1)</u>
December 31, 2010		
Short term investments:	<u>\$ 567,918</u>	<u>\$ 567,918</u>
Total	<u>\$ 567,918</u>	<u>\$ 567,918</u>
December 31, 2009		
Short term investments:	<u>\$ 600,058</u>	<u>\$ 600,058</u>
Total	<u>\$ 600,058</u>	<u>\$ 600,058</u>

Fair values for short-term investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

### Evaluation of Subsequent Events

The Organization has evaluated subsequent events through February 18, 2011, the date which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
Family Counseling Center of Mobile, Inc.  
Mobile, Alabama

My report on my audits of the basic financial statements of Family Counseling Center of Mobile, Inc. for December 31, 2010 and 2009 appears on page one. I conducted my audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule on page 13 is presented for purposes 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kim K. Enikeieff*

February 18, 2011

**FAMILY COUNSELING CENTER OF MOBILE, INC.**

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES BY FUND  
For The Year Ended December 31, 2010**

	Family Counseling	Credit Counseling	Outreach/ Education	211	Total
Support and revenue					
United Way of Southwest Alabama Allocation	\$ 164,016	\$ -	\$ -	\$ -	\$ 164,016
United Way Grants	-	-	-	60,000	60,000
South Baldwin County United Way	-	4,500	900	-	5,400
Washington County United Way	-	-	802	-	802
Clark County United Way	-	5,034	-	-	5,034
Grants	54,315	208,665	264,211	-	527,191
Contributions	7,592	2,620	15,251	-	25,463
Family counseling service fees	148,479	-	-	-	148,479
Contract revenue	200,000	-	-	-	200,000
Credit counseling service fees	-	202,969	-	-	202,969
Investment income	1,463	1,368	-	-	2,831
Rent in-kind	-	-	18,650	-	18,650
Miscellaneous	565	-	1,390	-	1,955
<b>Total support and revenue</b>	<b>576,430</b>	<b>425,156</b>	<b>301,204</b>	<b>60,000</b>	<b>1,362,790</b>
Expenses					
Building and grounds maintenance	5,435	5,537	83	-	11,055
Conferences and conventions	3,171	1,128	3,891	-	8,190
Depreciation	14,161	14,161	2,755	-	31,077
Dues and membership fees	253	256	761	-	1,270
Equipment rental and maintenance	9,188	19,889	7,307	234	36,618
Liability insurance	7,373	8,338	4,534	-	20,245
Marketing and development expenses	1,017	3,442	532	35	5,026
Office expense	10,413	13,630	3,198	-	27,241
Other program expenses	1,192	749	3,036	-	4,977
Payments to affiliated organizations	2,641	10,459	2,561	-	15,661
Postage and shipping	99	7,633	138	-	7,870
Printing and publications	8,933	1,798	4,047	-	14,778
Professional fees	22,239	2,298	905	-	25,442
Rent expense	-	7,500	12,000	-	19,500
Salaries, benefits, and payroll taxes	463,656	394,387	210,896	58,417	1,127,356
Telephone	6,055	13,825	7,121	1,965	28,966
Travel	5,498	3,722	6,447	-	15,667
Utilities	5,273	5,743	6,650	-	17,666
Workman's compensation insurance	2,552	2,552	1,277	-	6,381
<b>Total expenses</b>	<b>569,149</b>	<b>517,047</b>	<b>278,139</b>	<b>60,651</b>	<b>1,424,986</b>
Net revenue over expenses (expenses over revenue)	<u>\$ 7,281</u>	<u>\$ (91,891)</u>	<u>\$ 23,065</u>	<u>\$ (651)</u>	<u>\$ (62,196)</u>

See notes to financial statements.