



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

FINANCIAL STATEMENTS

DECEMBER 31, 2019

FAMILY COUNSELING CENTER OF ST. PAUL'S

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INDEPENDENT AUDITOR'S REPORT

May 14, 2020

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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 361,714	\$ 601,832
Investments	19,805	17,023
Accounts receivable, net	46,234	44,142
Contributions receivable	-	35,000
Total Current Assets	<u>427,753</u>	<u>697,997</u>
NONCURRENT ASSETS:		
Property and equipment, net	<u>440,262</u>	<u>230,352</u>
Total Noncurrent Assets	<u>440,262</u>	<u>230,352</u>
TOTAL ASSETS	<u>\$ 868,015</u>	<u>\$ 928,349</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 24,426	\$ 15,292
Deferred revenue	35,000	-
Current portion of long-term debt, net	2,547	2,358
Total Current Liabilities	<u>61,973</u>	<u>17,650</u>
NONCURRENT LIABILITIES:		
Long-term debt, net	<u>17,926</u>	<u>19,906</u>
Total Noncurrent Liabilities	<u>17,926</u>	<u>19,906</u>
 NET ASSETS:		
Without donor restriction	759,416	736,387
With donor restriction	28,700	154,406
Total Net Assets	<u>788,116</u>	<u>890,793</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 868,015</u>	<u>\$ 928,349</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, 2019
(With Summarized Comparative Data for the Year Ended December 31, 2018)**

	Without Donor Restriction	With Donor Restriction	Totals	
			2019	2018
SUPPORT, REVENUE, AND GAINS (LOSSES)				
Grants and contributions	\$ 80,038	\$ 160,200	\$ 240,238	\$ 649,386
State and county aid	22,000	-	22,000	21,300
Government contracts	264,431	-	264,431	159,224
Fees for service	126,457	-	126,457	169,928
Dividend and interest income	2,359	-	2,359	1,411
Realized (losses) gains	2,743	-	2,743	(1,099)
Unrealized gains	-	-	-	473
Net assets released from restriction	285,906	(285,906)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS (LOSSES)	<u>783,934</u>	<u>(125,706)</u>	<u>658,228</u>	<u>1,000,623</u>
EXPENSES				
Program services	592,467	-	592,467	577,544
Management and general	147,307	-	147,307	139,252
Fundraising	21,131	-	21,131	16,634
TOTAL EXPENSES	<u>760,905</u>	<u>-</u>	<u>760,905</u>	<u>733,430</u>
CHANGE IN NET ASSETS				
	23,029	(125,706)	(102,677)	267,193
Net Assets - Beginning of Year	736,387	154,406	890,793	623,600
Net Assets - End of Year	<u>\$ 759,416</u>	<u>\$ 28,700</u>	<u>\$ 788,116</u>	<u>\$ 890,793</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, 2019**
(With Summarized Comparative Data for the Year Ended December 31, 2018)

	Program Services	Management and General	Fundraising	Totals	
				2019	2018
EXPENSES:					
Salaries	\$ 396,442	\$ 114,013	\$ 15,679	\$ 526,134	\$ 449,871
Payroll taxes	30,757	8,845	1,216	40,818	34,679
Benefits	28,101	8,082	1,111	37,294	18,357
Total Payroll-related Expenses	<u>455,300</u>	<u>130,940</u>	<u>18,006</u>	<u>604,246</u>	<u>502,907</u>
Advertising and promotion	280	140	980	1,400	9,136
Bad debt expense	8,369	-	-	8,369	96,764
Bank fees	-	761	-	761	363
Contracted services:					
Program contractors	20,537	-	-	20,537	22,248
Professional services	19,435	3,908	542	23,885	19,020
Conferences and meetings	11,387	2,289	318	13,994	19,203
Depreciation and amortization	3,883	781	108	4,772	3,141
Donations	2,195	-	-	2,195	1,581
Insurance	12,343	2,482	344	15,169	9,369
Interest	1,365	274	38	1,677	702
Occupancy	16,418	3,301	458	20,177	23,305
Office expenses	12,094	2,431	337	14,862	6,732
Supplies	6,195	-	-	6,195	6,559
Travel expenses	<u>22,666</u>	<u>-</u>	<u>-</u>	<u>22,666</u>	<u>12,400</u>
TOTAL EXPENSES	<u>\$ 592,467</u>	<u>\$ 147,307</u>	<u>\$ 21,131</u>	<u>\$ 760,905</u>	<u>\$ 733,430</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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (102,677)	\$ 267,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,772	3,218
Amortization	77	77
Bad debt expense	8,369	96,764
Unrealized gains	-	(473)
(Increase) decrease in:		
Accounts receivable	(10,461)	(121,098)
Contributions receivable	35,000	(28,000)
Increase in:		
Deferred revenue	35,000	-
Accounts payable and accrued expenses	9,134	(1,676)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(20,786)</u>	<u>216,005</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	386,027
Purchase of investments	(2,782)	(1,285)
Purchase of property and equipment	(214,682)	(50,185)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(217,464)</u>	<u>334,557</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage	(1,868)	(2,842)
NET CASH USED BY FINANCING ACTIVITIES	<u>(1,868)</u>	<u>(2,842)</u>
Net increase (decrease) in cash and cash equivalents	(240,118)	547,643
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>601,832</u>	<u>54,189</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 361,714</u>	<u>\$ 601,832</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 1,677</u>	<u>\$ 702</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 and PayPal. At December 31, 2019, the carrying value of cash and cash equivalents was \$361,714, and the bank balance was \$369,838. The bank balance was covered under the National Credit Union Share Insurance Fund ("NCUSIF"), which insures accounts up to \$250,000. The excess \$119,838 is subject to custodial credit risk at December 31, 2019.

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 \$0 at December 31, 2019.

NOTE 4 INVESTMENTS

The fair value of investments at December 31, 2019 are as follows:

	<u>Fair Value</u>	<u>Level 2</u>
Pooled asset trust	<u>\$ 19,805</u>	<u>\$ 19,805</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2019 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
Construction-in-progress	374,405	-	374,405	N/A
Building	34,184	2,666	31,518	39 Years
Leasehold improvements	29,878	8,352	21,526	15-39 Years
Furniture and equipment	18,577	9,264	9,313	5-7 Years
Website	8,260	8,260	-	3 Years
Total	<u>\$ 468,804</u>	<u>\$ 28,542</u>	<u>\$ 440,262</u>	

For the year ended December 31, 2019, depreciation expense amounted to \$4,772.

FAMILY COUNSELING CENTER OF ST. PAUL'S

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ACCOUNTS RECEIVABLE

The reconciliation of accounts receivable of December 31, 2019 is as follows:

	<u>Receivable</u>	<u>Allowance for doubtful Accounts</u>	<u>Net Receivable</u>
Accounts receivable	\$ 231,173	\$ 184,939	\$ 46,234

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, 2019, the total amount of interest expense, including amortization of the loan origination fees, and the outstanding balance were \$1,677 and \$21,011, respectively.

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

	<u>Balance 01/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Mortgage payable	\$ 22,879	\$ -	\$ 1,868	\$ 21,011	\$ 2,624
Loan origination fees	(615)	-	(77)	(538)	(77)
Long-term debt, net	<u>\$ 22,264</u>	<u>\$ -</u>	<u>\$ 1,791</u>	<u>\$ 20,473</u>	<u>\$ 2,547</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>
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	3,122	346	3,468
2025 - 2026	<u>6,673</u>	<u>197</u>	<u>6,870</u>
Totals	<u>\$ 21,011</u>	<u>\$ 3,199</u>	<u>\$ 24,210</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, and accounts receivable.

The following reflects the Organization's financial assets as of December 31, 2019, 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	\$ 427,753
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose restrictions	<u>28,700</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 399,053</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 \$190,000. At December 31, 2019, the Organization had \$399,053 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 CONTINGENCIES AND COMMITMENTS

As of December 31, 2019, the Organization had the following projects that were yet to be completed. The commitments and amounts completed are as follows:

	<u>Project Amount</u>	<u>Completed as of 12/31/19</u>	<u>Commitment</u>
Office addition and renovation	<u>\$ 333,239</u>	<u>\$ 286,813</u>	<u>\$ 46,426</u>

In addition, the Organization has incurred \$87,592 in costs related to the project that are not under a formal contract.

NOTE 10 SUBSEQUENT EVENTS

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 2020. Other financial impact could occur though such potential impact is unknown at this time.

The Organization has evaluated all subsequent events through May 14, 2020, the date the financial statements were available to be issued.