

FAMILY COUNSELING CENTER OF MOBILE, INC.

FINANCIAL REPORT

DECEMBER 31, 2011

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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, 2011 and 2010, 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, 2011 and 2010, 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

March 16, 2012

FAMILY COUNSELING CENTER OF MOBILE, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash	\$ 465,043	\$ 94,994
Debt management funds held	3,980	1,614
Investments	200,000	567,918
Program service fees, less allowance for doubtful accounts of \$1,615 in 2011 and 2010	2,558	1,494
Grants receivable	30,847	28,053
Prepaid expenses	23,955	3,259
Total current assets	726,383	697,332
Property and equipment, net	356,067	378,540
Other investments	3,500	3,500
Total assets	\$ 1,085,950	\$ 1,079,372
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,600	\$ -
Deferred revenue	7,897	7,566
Debt management liabilities	3,980	1,614
Total current liabilities	19,477	9,180
Net assets		
Unrestricted	1,066,473	1,070,192
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	1,066,473	1,070,192
Total liabilities and net assets	\$ 1,085,950	\$ 1,079,372

See notes to financial statements.

FAMILY COUNSELING CENTER OF MOBILE, INC.

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2011 and 2010**

	2011 <u>Unrestricted</u>	2010 <u>Unrestricted</u>
Public support and revenue		
Support		
United Way Allocation	\$ 206,649	\$ 175,252
United Way Grants	111,930	60,000
Grants	620,386	527,191
Contributions	<u>41,339</u>	<u>44,113</u>
Total public support	<u>980,304</u>	<u>806,556</u>
Revenue		
Family counseling service fees	158,690	148,479
Credit counseling service fees	187,578	202,969
Contract revenue	200,000	200,000
Investment income	56	2,831
Miscellaneous	<u>2,311</u>	<u>1,955</u>
Total revenue	<u>548,635</u>	<u>556,234</u>
Total public support and revenue	<u>1,528,939</u>	<u>1,362,790</u>
Expenses		
Program services		
Family counseling	514,820	496,999
Credit counseling	416,727	420,238
Outreach/education	310,153	234,869
211	<u>53,147</u>	<u>60,651</u>
Total program services	1,294,847	1,212,757
Supporting services		
Management and general	205,824	205,909
Fund-raising	<u>31,987</u>	<u>6,320</u>
Total expenses	<u>1,532,658</u>	<u>1,424,986</u>
Change in net assets	(3,719)	(62,196)
Net assets, beginning of year	<u>1,070,192</u>	<u>1,132,388</u>
Net assets, end of year	<u>\$ 1,066,473</u>	<u>\$ 1,070,192</u>

See notes to financial statements.

FAMILY COUNSELING CENTER OF MOBILE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011 with Comparative Totals for 2010

	Family Counseling	Credit Counseling	Outreach/ Education	211	Total	Management and General	Fund-raising	2011 Total Expenses	2010 Total Expenses
Salaries	\$ 320,447	\$ 208,329	\$ 180,831	\$ 41,370	\$ 750,977	\$ 154,464	\$ 23,333	\$ 928,774	\$ 919,797
Payroll taxes	25,024	19,974	13,479	3,163	61,640	11,815	1,785	75,240	70,477
Employee benefits	53,335	28,197	23,585	7,034	112,151	21,475	-	133,626	137,082
Total personnel	398,806	256,500	217,895	51,567	924,768	187,754	25,118	1,137,640	1,127,356
Building and grounds maintenance	14,968	14,677	2,163	-	31,808	1,600	-	33,408	11,055
Conferences and conventions	1,119	677	1,087	-	2,883	-	-	2,883	8,190
Dues and membership fees	893	298	1,282	-	2,473	100	100	2,673	1,270
Equipment rental and maintenance	9,871	22,741	7,150	1,067	40,829	2,625	375	43,829	36,618
Liability insurance	5,593	6,758	5,383	-	17,734	1,840	200	19,774	20,245
Marketing and development expenses	590	15,711	21,125	-	37,426	-	-	37,426	5,026
Office expense	12,086	12,161	5,820	-	30,067	1,400	600	32,067	27,241
Other program expenses	1,091	1,740	124	-	2,955	-	3,969	6,924	4,977
Payments to affiliated organizations	1,540	8,057	1,320	-	10,917	-	-	10,917	15,661
Postage and shipping	60	5,918	211	-	6,189	100	250	6,539	7,870
Printing and publications	21,361	9,700	2,053	-	33,114	500	300	33,914	14,778
Professional fees	18,642	25,431	227	-	44,300	4,600	-	48,900	25,442
Rent expense	-	5,700	12,000	-	17,700	-	-	17,700	19,500
Telephone	4,739	8,940	8,712	513	22,904	1,025	475	24,404	28,966
Travel	5,848	4,985	6,271	-	17,104	1,500	300	18,904	15,667
Utilities	5,168	4,288	6,650	-	16,106	1,300	-	17,406	17,666
Workman's compensation insurance	2,003	2,003	2,096	-	6,102	630	100	6,832	6,381
Total expenses before depreciation	504,378	406,285	301,569	53,147	1,265,379	204,974	31,787	1,502,140	1,393,909
Depreciation	10,442	10,442	8,584	-	29,468	850	200	30,518	31,077
Total expenses	\$ 514,820	\$ 416,727	\$ 310,153	\$ 53,147	\$ 1,294,847	\$ 205,824	\$ 31,987	\$ 1,532,658	\$ 1,424,986

See notes to financial statements.

FAMILY COUNSELING CENTER OF MOBILE, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,719)	\$ (62,196)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,518	31,077
Net realized (gains) and losses on investments	-	(2,860)
(Increase) decrease in:		
Debt management funds held	(2,366)	464
Accounts receivable	(1,064)	526
Grants receivable	(2,794)	19,421
Prepaid expenses	(20,696)	1,926
Increase (decrease) in:		
Accounts payable and accrued expenses	7,600	-
Deferred revenue	331	4,326
	<u>7,810</u>	<u>(7,316)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(200,000)	-
Distribution from investment account	567,918	35,000
Purchases of property, plant and equipment	(8,045)	(7,240)
	<u>359,873</u>	<u>27,760</u>
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt management funds deposited	1,873,385	1,948,358
Debt management funds disbursed	(1,871,019)	(1,948,822)
	<u>2,366</u>	<u>(464)</u>
Net cash provided (used) by financing activities		
Net increase in cash	370,049	19,980
Cash, beginning of year	94,994	75,014
Cash, end of year	<u>\$ 465,043</u>	<u>\$ 94,994</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 21% and 17% of the Center's total support and revenues for 2011 and 2010, 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

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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 and money market funds. 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, 2010, from which the summarized information was derived.

Evaluation of subsequent events

The Organization has evaluated subsequent events through March 16, 2012, the date which the financial statements were available to be issued.

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:

		2011	
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ -	\$ -	\$ -
Certificates of deposit	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>

		2010	
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 323,138	\$ 323,138	\$ -
Certificates of deposit	<u>244,780</u>	<u>244,780</u>	<u>-</u>
Total	<u>\$ 567,918</u>	<u>\$ 567,918</u>	<u>\$ -</u>

Investment return is summarized as follows:

	2011	2010
Interest and dividend income	\$ 56	\$ 3,231
Realized gains (losses)	-	(210)
Unrealized gains (losses)	-	-
Administrative fees	<u>-</u>	<u>(190)</u>
Total	<u>\$ 56</u>	<u>\$ 2,831</u>

Furniture, Fixtures and Equipment

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

	<u>2011</u>	<u>2010</u>
Land	\$ 185,618	\$ 185,618
Building and improvements	384,729	384,729
Office equipment	<u>153,978</u>	<u>145,933</u>
	724,325	716,280
Less accumulated depreciation	<u>368,258</u>	<u>337,740</u>
Total	<u>\$ 356,067</u>	<u>\$ 378,540</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, 2012.

The amount of rent expense under these leases was \$11,168 and \$10,494 for the years ended December 31, 2011 and 2010, 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 \$66,025 and \$64,499 for 2011 and 2010, 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 2011 and 2010, 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, 2011 and 2010 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, 2011		
Short term investments:	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>
December 31, 2010		
Short term investments:	<u>\$ 567,918</u>	<u>\$ 567,918</u>
Total	<u>\$ 567,918</u>	<u>\$ 567,918</u>

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

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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

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

I have audited the financial statements of Family Counseling Center of Mobile, Inc. as of and for the year ended December 31, 2011, and have issued my report thereon dated March 16, 2012, which contained an unqualified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of support, revenue, and expenses by fund is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kim K. Enikeieff

March 16, 2012

FAMILY COUNSELING CENTER OF MOBILE, INC.

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES BY FUND
For The Year Ended December 31, 2011**

	Family Counseling	Credit Counseling	Outreach/ Education	211	Total
Support and revenue					
United Way of Southwest Alabama Allocation	\$ 131,849	\$ 50,000	\$ 15,000	\$ -	\$ 196,849
United Way Grants	3,674	45,000	3,256	60,000	111,930
South Baldwin County United Way	-	5,000	1,500	-	6,500
Washington County United Way	-	-	800	-	800
Clark County United Way	-	2,500	-	-	2,500
Grants	49,569	223,460	317,357	30,000	620,386
Contributions	5,330	1,674	15,685	-	22,689
Family counseling service fees	158,690	-	-	-	158,690
Credit counseling service fees	-	187,578	-	-	187,578
Contract revenue	200,000	-	-	-	200,000
Investment income	28	28	-	-	56
Rent in-kind	-	-	18,650	-	18,650
Miscellaneous	13	3	2,295	-	2,311
Total support and revenue	549,153	515,243	374,543	90,000	1,528,939
Expenses					
Building and grounds maintenance	15,768	15,477	2,163	-	33,408
Conferences and conventions	1,119	677	1,087	-	2,883
Depreciation	10,867	10,867	8,784	-	30,518
Dues and membership fees	993	398	1,282	-	2,673
Equipment rental and maintenance	11,183	24,054	7,525	1,067	43,829
Liability insurance	6,513	7,678	5,583	-	19,774
Marketing and development expenses	590	15,711	21,125	-	37,426
Office expense	12,786	12,861	6,420	-	32,067
Other program expenses	1,630	1,740	3,554	-	6,924
Payments to affiliated organizations	1,540	8,057	1,320	-	10,917
Postage and shipping	60	6,268	211	-	6,539
Printing and publications	21,611	9,950	2,353	-	33,914
Professional fees	20,252	27,041	1,607	-	48,900
Rent expense	-	5,700	12,000	-	17,700
Salaries, benefits, and payroll taxes	473,310	331,007	281,756	51,567	1,137,640
Telephone	5,251	9,453	9,187	513	24,404
Travel	6,598	5,735	6,571	-	18,904
Utilities	5,818	4,938	6,650	-	17,406
Workman's compensation insurance	2,318	2,318	2,196	-	6,832
Total expenses	598,207	499,930	381,374	53,147	1,532,658
Net revenue over expenses (expenses over revenue)	<u>\$ (49,054)</u>	<u>\$ 15,313</u>	<u>\$ (6,831)</u>	<u>\$ 36,853</u>	<u>\$ (3,719)</u>

See notes to financial statements.