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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, 2008 and 2007, 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, 2008 and 2007, 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 20, 2009

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

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
Current Assets		
Cash	\$ 118,101	\$ 92,928
Debt management funds held	4,057	6,890
Investments	618,304	597,297
Program service fees, less allowance for doubtful accounts of \$1,615 in 2008 and 2007	3,939	7,565
Grants receivable	41,087	17,870
Prepaid expenses	5,375	6,470
Total current assets	790,863	729,020
Property and equipment, net	381,215	398,182
Other investments	3,500	3,500
Total assets	\$ 1,175,578	\$ 1,130,702
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Deferred revenue	\$ 30,000	\$ 20,520
Debt management liabilities	4,057	6,890
Total current liabilities	34,057	27,410
Net assets		
Unrestricted	1,141,521	1,103,292
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	1,141,521	1,103,292
Total liabilities and net assets	\$ 1,175,578	\$ 1,130,702

See notes to financial statements.

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

**STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2008 and 2007**

	2008	2007
	<u>Unrestricted</u>	<u>Unrestricted</u>
Public support and revenue		
Support		
United Way Allocation	\$ 238,217	\$ 240,000
United Way Grants	68,996	81,205
Grants	440,570	400,653
Contributions	<u>50,126</u>	<u>79,890</u>
Total public support	<u>797,909</u>	<u>801,748</u>
Revenue		
Family counseling service fees	130,854	155,312
Credit counseling service fees	254,000	290,753
Contract revenue	94,256	-
Investment income	21,526	24,033
Miscellaneous	<u>3,869</u>	<u>1,476</u>
Total revenue	<u>504,505</u>	<u>471,574</u>
Total public support and revenue	<u>1,302,414</u>	<u>1,273,322</u>
Expenses		
Program services		
Family counseling	338,830	313,928
Credit counseling	492,800	537,896
Outreach/education	<u>268,291</u>	<u>257,101</u>
Total program services	1,099,921	1,108,925
Supporting services		
Management and general	152,853	147,827
Fund-raising	<u>11,411</u>	<u>13,151</u>
Total expenses	<u>1,264,185</u>	<u>1,269,903</u>
Change in net assets	38,229	3,419
Net assets, beginning of year	<u>1,103,292</u>	<u>1,099,873</u>
Net assets, end of year	<u>\$ 1,141,521</u>	<u>\$ 1,103,292</u>

See notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2008 with Comparative Totals for 2007**

	Family Counseling	Credit Counseling	Outreach/ Education	Total	Management and General	Fund-raising	2008 Total Expenses	2007 Total Expenses
Salaries	\$ 212,980	\$ 287,879	\$ 177,736	\$ 678,595	\$ 110,200	\$ -	\$ 788,795	\$ 775,451
Payroll taxes	20,460	22,022	13,598	56,080	8,430	-	64,510	59,218
Employee benefits	30,375	38,332	11,810	80,517	18,378	-	98,895	101,439
Total personnel	263,815	348,233	203,144	815,192	137,008	-	952,200	936,108
Building and grounds maintenance	5,150	5,184	102	10,436	1,600	-	12,036	11,205
Conferences and conventions	459	908	305	1,672	-	-	1,672	1,319
Dues and membership fees	53	1,035	1,112	2,200	175	100	2,475	6,687
Equipment rental and maintenance	7,834	20,618	4,663	33,115	750	375	34,240	42,957
Liability insurance	5,421	9,787	4,261	19,469	1,840	200	21,509	22,680
Marketing and development expenses	1,310	18,017	155	19,482	-	-	19,482	21,435
Office expense	5,145	6,184	986	12,315	1,200	600	14,115	19,737
Other program expenses	6,028	11,771	4,135	21,934	-	8,511	30,445	29,843
Payments to affiliated organizations	37	9,515	70	9,622	-	-	9,622	14,898
Postage and shipping	89	6,825	229	7,143	100	250	7,493	10,324
Printing and publications	2,728	3,692	375	6,795	525	300	7,620	7,429
Professional fees	15,662	975	1,659	18,296	4,425	-	22,721	19,545
Rent expense	-	9,300	12,000	21,300	-	-	21,300	21,300
Telephone	5,253	14,294	13,358	32,905	950	475	34,330	33,504
Travel	2,258	7,456	7,423	17,137	1,500	300	18,937	16,967
Utilities	4,025	4,384	6,650	15,059	1,300	-	16,359	15,852
Workman's compensation insurance	1,963	3,022	1,394	6,379	630	100	7,109	7,004
Total expenses before depreciation	327,230	481,200	262,021	1,070,451	152,003	11,211	1,233,665	1,238,794
Depreciation	11,600	11,600	6,270	29,470	850	200	30,520	31,109
Total expenses	\$ 338,830	\$ 492,800	\$ 268,291	\$ 1,099,921	\$ 152,853	\$ 11,411	\$ 1,264,185	\$ 1,269,903

See notes to financial statements.

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

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2008 and 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 38,229	\$ 3,419
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,520	31,109
Net realized (gains) and losses on investments	(21,673)	(23,879)
Unrealized (gains) and losses on investments	666	852
(Increase) decrease in:		
Accounts receivable	3,626	3,999
Grants receivable	(23,217)	(5,111)
Prepaid expenses	1,095	(883)
Increase (decrease) in:		
Deferred revenue	9,480	(48,205)
Net cash provided (used) by operating activities	38,726	(38,699)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(75,000)
Purchases of property, plant and equipment	(13,553)	(20,118)
Net cash used by investing activities	(13,553)	(95,118)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Debt management funds deposited	2,400,945	2,984,516
Debt management funds disbursed	(2,403,778)	(2,987,673)
Net cash used by financing activities	(2,833)	(3,157)
Net increase (decrease) in cash	22,340	(136,974)
Cash, beginning of year	99,818	236,792
Cash, end of year	\$ 122,158	\$ 99,818

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 24% and 25% of the Center's total support and revenues for 2008 and 2007, 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 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 \$300 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)**

### **Reclassifications**

Certain reclassifications have been made to 2007 amounts to conform to the 2008 presentation.

### **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, 2007, 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:

		<u>2008</u>	
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 602,738	\$ 602,738	\$ -
Bond and equity funds	<u>16,073</u>	<u>15,566</u>	<u>(507)</u>
Total	<u>\$ 618,811</u>	<u>\$ 618,304</u>	<u>\$ (507)</u>

		<u>2007</u>	
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 580,746	\$ 580,746	\$ -
Bond and equity funds	<u>17,724</u>	<u>16,551</u>	<u>(1,173)</u>
Total	<u>\$ 598,470</u>	<u>\$ 597,297</u>	<u>\$ (1,173)</u>

Investment return is summarized as follows:

	<u>2008</u>	<u>2007</u>
Interest and dividend income	\$ 22,192	\$ 24,885
Realized gains (losses)	-	-
Unrealized gains (losses)	(666)	(852)
Administrative fees	<u>-</u>	<u>-</u>
Total	<u>\$ 21,526</u>	<u>\$ 24,033</u>

## Furniture, Fixtures and Equipment

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

	<u>2008</u>	<u>2007</u>
Land	\$ 185,618	\$ 185,618
Building and improvements	331,347	331,347
Office equipment	<u>138,341</u>	<u>141,235</u>
	655,306	658,200
Less accumulated depreciation	<u>274,091</u>	<u>260,018</u>
Total	<u>\$ 381,215</u>	<u>\$ 398,182</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 \$3,325 for the year ending December 31, 2009.

The amount of rent expense under these leases was \$12,952 and \$12,952 for the years ended December 31, 2008 and 2007, 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 \$49,819 and \$48,613 for 2008 and 2007, respectively.

## Donated Services, Materials, and Facilities

The Center occupies space at Infirmary 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 2008 and 2007, respectively. Such amounts are included in contributions and expenses in the statements of activities.

## **Concentration of Credit Risk**

The Organization received funding from Citigroup in the amount of \$115,874 and \$170,695 for the years ended December 31, 2008 and 2007, respectively. This revenue amounted to 9% and 13% of total revenue and support for the years ended December 31, 2008 and 2007, respectively.

The total cash held by the Center at December 31, 2008 and 2007, includes \$25,166 and \$32,810, respectively, in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

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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, 2008 and 2007 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 20, 2009

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

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES BY FUND  
For The Year Ended December 31, 2008**

	Family Counseling	Credit Counseling	Outreach/ Education	211	Total
Support and revenue					
United Way of Southwest Alabama Allocation	\$ 187,000	\$ -	\$ 33,000	\$ -	\$ 220,000
United Way Grants	-	-	-	57,176	57,176
South Baldwin County United Way	-	5,000	5,667	-	10,667
Washington County United Way	-	-	800	-	800
United Way of Alabama grant	-	-	11,820	-	11,820
Clark County United Way	-	6,750	-	-	6,750
Grants	-	301,387	139,183	-	440,570
Contributions	27,050	-	4,426	-	31,476
Family counseling service fees	130,854	-	-	-	130,854
Contract revenue	94,256	-	-	-	94,256
Credit counseling service fees	-	254,000	-	-	254,000
Investment income	10,543	10,983	-	-	21,526
Rent in-kind	-	-	18,650	-	18,650
Miscellaneous	3,365	504	-	-	3,869
<b>Total support and revenue</b>	<b>453,068</b>	<b>578,624</b>	<b>213,546</b>	<b>57,176</b>	<b>1,302,414</b>
Expenses					
Building and grounds maintenance	5,950	5,984	102	-	12,036
Conferences and conventions	459	908	305	-	1,672
Depreciation	12,125	12,125	6,270	-	30,520
Dues and membership fees	190	1,173	602	510	2,475
Equipment rental and maintenance	8,396	21,181	3,310	1,353	34,240
Liability insurance	6,441	10,807	2,759	1,502	21,509
Marketing and development expenses	1,310	18,017	155	-	19,482
Office expense	6,045	7,084	695	291	14,115
Other program expenses	14,539	11,771	3,758	377	30,445
Payments to affiliated organizations	37	9,515	70	-	9,622
Postage and shipping	89	7,175	229	-	7,493
Printing and publications	3,140	4,105	375	-	7,620
Professional fees	17,875	3,187	1,659	-	22,721
Rent expense	-	9,300	12,000	-	21,300
Salaries, benefits, and payroll taxes	306,004	411,892	191,985	42,319	952,200
Telephone	5,965	15,007	1,647	11,711	34,330
Travel	3,158	8,356	6,132	1,291	18,937
Utilities	4,675	5,034	6,650	-	16,359
Workman's compensation insurance	2,278	3,337	785	709	7,109
<b>Total expenses</b>	<b>398,676</b>	<b>565,958</b>	<b>239,488</b>	<b>60,063</b>	<b>1,264,185</b>
<b>Net revenue over expenses (expenses over revenue)</b>	<b>\$ 54,392</b>	<b>\$ 12,666</b>	<b>\$ (25,942)</b>	<b>\$ (2,887)</b>	<b>\$ 38,229</b>

See notes to financial statements.