

FAMILY COUNSELING CENTER OF MOBILE, INC.

D/B/A LIFELINES COUNSELING SERVICES

FINANCIAL REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Counseling Center of Mobile, Inc.
d/b/a Lifelines Counseling Services
Mobile, Alabama

Report on the Financial Statements

I have audited the accompanying financial statements of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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. d/b/a Lifelines Counseling Services as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes 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. The 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2019, on my consideration of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control over financial reporting and compliance.

Kim K. Enikeieff

Mobile, Alabama
April 24, 2019

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A LIFELINES COUNSELING SERVICES**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|--------------|--------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 560,733 | \$ 696,337 |
| Debt management funds held | 310 | 60 |
| Investments | 26,497 | 26,457 |
| Unconditional promises to give without donor restrictions | 928 | 6,045 |
| Program service fees | 1,565 | 3,490 |
| Grants receivable | 308,626 | 230,001 |
| Prepaid expenses | 7,892 | 4,892 |
| Total current assets | 906,551 | 967,282 |
| Property and equipment, net | 277,955 | 308,484 |
| Total assets | \$ 1,184,506 | \$ 1,275,766 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 14,550 | \$ 20,083 |
| Accrued vacation pay | 17,899 | 13,218 |
| Deferred revenue | 176,059 | 362,373 |
| Debt management liabilities | 310 | 60 |
| Current portion of obligation under capital lease | 7,497 | 9,504 |
| Total current liabilities | 216,315 | 405,238 |
| Long-term obligation under capital lease | - | 7,371 |
| Total liabilities | 216,315 | 412,609 |
| Net assets | | |
| Without restrictions | 968,191 | 863,157 |
| With restrictions | - | - |
| Total net assets | 968,191 | 863,157 |
| Total liabilities and net assets | \$ 1,184,506 | \$ 1,275,766 |

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A LIFELINES COUNSELING SERVICES**

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2018 and 2017**

| | 2018 Without Donor Restrictions | 2017 Without Donor Restrictions |
|--|--|--|
| | <u> </u> | <u> </u> |
| Public support and revenue | | |
| Support | | |
| Special events | \$ 61,299 | \$ 64,411 |
| Less cost of special events | <u>25,438</u> | <u>27,731</u> |
| Net special events | 35,861 | 36,680 |
| United Way of Southwest Alabama Allocation | 140,461 | 131,473 |
| United Way Grants | 60,917 | 60,000 |
| Grants | 1,301,247 | 972,807 |
| Contributions | <u>30,916</u> | <u>12,843</u> |
| Total public support | <u>1,569,402</u> | <u>1,213,803</u> |
| Revenue | | |
| Family counseling service fees | 62,764 | 80,484 |
| Credit counseling service fees | 116,321 | 148,783 |
| Contract revenue | 238,217 | 227,893 |
| Investment income | 42 | 381 |
| Miscellaneous | <u>4,130</u> | <u>4,100</u> |
| Total revenue | <u>421,474</u> | <u>461,641</u> |
| Total public support and revenue | <u>1,990,876</u> | <u>1,675,444</u> |
| Expenses | | |
| Program services | | |
| Family counseling | 568,739 | 482,177 |
| Credit counseling | 244,037 | 231,942 |
| Outreach/education | 797,033 | 723,408 |
| 211 | <u>142,018</u> | <u>40,062</u> |
| Total program services | 1,751,827 | 1,477,589 |
| Supporting services | | |
| Management and general | <u>134,015</u> | <u>157,570</u> |
| Total expenses | <u>1,885,842</u> | <u>1,635,159</u> |
| Change in net assets | 105,034 | 40,285 |
| Net assets, beginning of year | <u>863,157</u> | <u>822,872</u> |
| Net assets, end of year | <u>\$ 968,191</u> | <u>\$ 863,157</u> |

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A LIFELINES COUNSELING SERVICES**

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018**

| | Family Counseling | Credit Counseling | Outreach/ Education | 211 | Total | Management and General | 2018 Total Expenses |
|--------------------------------------|----------------------|----------------------|------------------------|-------------------|---------------------|---------------------------|---------------------------|
| Salaries | \$ 352,149 | \$ 119,822 | \$ 485,606 | \$ 106,452 | \$ 1,064,029 | \$ 90,785 | \$ 1,154,814 |
| Payroll taxes | 25,132 | 9,098 | 35,676 | 7,968 | 77,874 | 7,502 | 85,376 |
| Employee benefits | 27,354 | 8,894 | 44,729 | 7,520 | 88,497 | 10,027 | 98,524 |
| Total personnel | <u>404,635</u> | <u>137,814</u> | <u>566,011</u> | <u>121,940</u> | <u>1,230,400</u> | <u>108,314</u> | <u>1,338,714</u> |
| Building and grounds maintenance | 10,936 | 9,662 | 4,778 | 449 | 25,825 | - | 25,825 |
| Conferences and conventions | 8,168 | 625 | 4,127 | 75 | 12,995 | 910 | 13,905 |
| Dues and membership fees | 262 | 154 | 519 | 135 | 1,070 | 1,156 | 2,226 |
| Equipment rental and maintenance | 8,133 | 4,999 | 722 | 72 | 13,926 | - | 13,926 |
| Information System Expense | 10,568 | 13,214 | 2,956 | 170 | 26,908 | 804 | 27,712 |
| Insurance | 4,620 | 5,596 | 3,226 | 3,882 | 17,324 | 2,289 | 19,613 |
| Marketing and development expenses | - | 8,377 | - | 1,500 | 9,877 | - | 9,877 |
| Office expense | 38,208 | 16,935 | 26,717 | 736 | 82,596 | 4,375 | 86,971 |
| Other program expenses | 3,824 | 7,592 | 2,094 | - | 13,510 | 274 | 13,784 |
| Payments to affiliated organizations | - | 4,759 | - | - | 4,759 | - | 4,759 |
| Postage and shipping | 2,831 | 2,510 | 168 | - | 5,509 | - | 5,509 |
| Printing and publications | 14,473 | 211 | 16,417 | 53 | 31,154 | 124 | 31,278 |
| Professional fees | 4,850 | 678 | 79,195 | 909 | 85,632 | 10,426 | 96,058 |
| Rent expense | 21,756 | - | 33,015 | 3,586 | 58,357 | 3,000 | 61,357 |
| Telephone | 8,627 | 6,342 | 7,266 | 2,810 | 25,045 | - | 25,045 |
| Travel | 7,091 | 4,812 | 27,654 | 4,595 | 44,152 | 609 | 44,761 |
| Utilities | 4,237 | 4,237 | 10,065 | 1,106 | 19,645 | 1,734 | 21,379 |
| Total expenses before depreciation | <u>553,219</u> | <u>228,517</u> | <u>784,930</u> | <u>142,018</u> | <u>1,708,684</u> | <u>134,015</u> | <u>1,842,699</u> |
| Depreciation | <u>15,520</u> | <u>15,520</u> | <u>12,103</u> | <u>-</u> | <u>43,143</u> | <u>-</u> | <u>43,143</u> |
| Total expenses | <u>\$ 568,739</u> | <u>\$ 244,037</u> | <u>\$ 797,033</u> | <u>\$ 142,018</u> | <u>\$ 1,751,827</u> | <u>\$ 134,015</u> | <u>\$ 1,885,842</u> |

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A LIFELINES COUNSELING SERVICES**

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017**

| | Family Counseling | Credit Counseling | Outreach/ Education | 211 | Total | Management and General | 2017 Total Expenses |
|--------------------------------------|----------------------|----------------------|------------------------|------------------|---------------------|---------------------------|---------------------------|
| Salaries | \$ 309,241 | \$ 125,633 | \$ 421,348 | \$ 20,765 | \$ 876,987 | \$ 113,734 | \$ 990,721 |
| Payroll taxes | 23,495 | 9,499 | 31,743 | 1,589 | 66,326 | 9,060 | 75,386 |
| Employee benefits | 24,175 | 8,137 | 37,584 | 367 | 70,263 | 12,398 | 82,661 |
| Total personnel | <u>356,911</u> | <u>143,269</u> | <u>490,675</u> | <u>22,721</u> | <u>1,013,576</u> | <u>135,192</u> | <u>1,148,768</u> |
| Building and grounds maintenance | 9,705 | 8,538 | 3,713 | 829 | 22,785 | - | 22,785 |
| Conferences and conventions | 3,596 | - | 4,035 | - | 7,631 | 105 | 7,736 |
| Dues and membership fees | 137 | 164 | 1,044 | - | 1,345 | 452 | 1,797 |
| Equipment rental and maintenance | 5,407 | 5,397 | 544 | 507 | 11,855 | - | 11,855 |
| Information System Expense | 19,600 | 10,830 | 8,658 | 411 | 39,499 | 237 | 39,736 |
| Insurance | 6,118 | 4,632 | 4,436 | 3,076 | 18,262 | 2,174 | 20,436 |
| Marketing and development expenses | 394 | - | 8,500 | - | 8,894 | 253 | 9,147 |
| Office expense | 26,493 | 9,463 | 12,176 | 683 | 48,815 | 2,667 | 51,482 |
| Other program expenses | 2,693 | 8,551 | 2,019 | - | 13,263 | 89 | 13,352 |
| Payments to affiliated organizations | - | 5,575 | - | - | 5,575 | - | 5,575 |
| Postage and shipping | 2,607 | 2,589 | 226 | - | 5,422 | - | 5,422 |
| Printing and publications | 2,892 | 1,870 | 8,056 | - | 12,818 | - | 12,818 |
| Professional fees | 9,456 | 318 | 97,766 | - | 107,540 | 11,796 | 119,336 |
| Rent expense | 1,892 | - | 29,925 | 7,075 | 38,892 | 3,000 | 41,892 |
| Telephone | 4,819 | 8,560 | 4,165 | 1,611 | 19,155 | - | 19,155 |
| Travel | 10,512 | 3,241 | 28,547 | 843 | 43,143 | 262 | 43,405 |
| Utilities | 4,206 | 4,206 | 7,619 | 2,306 | 18,337 | 1,343 | 19,680 |
| Total expenses before depreciation | <u>467,438</u> | <u>217,203</u> | <u>712,104</u> | <u>40,062</u> | <u>1,436,807</u> | <u>157,570</u> | <u>1,594,377</u> |
| Depreciation | <u>14,739</u> | <u>14,739</u> | <u>11,304</u> | <u>-</u> | <u>40,782</u> | <u>-</u> | <u>40,782</u> |
| Total expenses | <u>\$ 482,177</u> | <u>\$ 231,942</u> | <u>\$ 723,408</u> | <u>\$ 40,062</u> | <u>\$ 1,477,589</u> | <u>\$ 157,570</u> | <u>\$ 1,635,159</u> |

See notes to financial statements.

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A LIFELINES COUNSELING SERVICES**

**STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 105,034 | \$ 40,285 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 43,143 | 40,782 |
| Net realized and unrealized (gains) and losses on investments | (40) | (377) |
| (Increase) decrease in: | | |
| Debt management funds held | (250) | 1,302 |
| Unconditional promises to give without donor restrictions | 5,117 | (6,045) |
| Program service fees | 1,925 | (2,374) |
| Grants receivable | (78,625) | (99,077) |
| Prepaid expenses | (3,000) | (1,492) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (5,533) | 11,145 |
| Accrued vacation pay | 4,681 | 5,285 |
| Deferred revenue | (186,314) | 351,673 |
| | <u>(113,862)</u> | <u>341,107</u> |
| Net cash (used) provided by operating activities | <u>(113,862)</u> | <u>341,107</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Distribution from investment account | - | 202,986 |
| Purchases of property, plant and equipment | (12,614) | (10,017) |
| | <u>(12,614)</u> | <u>192,969</u> |
| Net cash (used) provided by investing activities | <u>(12,614)</u> | <u>192,969</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Debt management funds, net | 250 | (1,302) |
| Payments of capital lease | (9,378) | (9,230) |
| | <u>(9,128)</u> | <u>(10,532)</u> |
| Net cash used by financing activities | <u>(9,128)</u> | <u>(10,532)</u> |
| Net (decrease) increase in cash | (135,604) | 523,544 |
| Cash, beginning of year | 696,337 | 172,793 |
| Cash, end of year | <u>\$ 560,733</u> | <u>\$ 696,337</u> |
| Supplemental disclosures: | | |
| Cash paid during the year for interest | <u>\$ 140</u> | <u>\$ 211</u> |
| Non-cash changes related to purchase acquisitions: | | |
| Fair value of assets acquired | <u>\$ -</u> | <u>\$ 1,003</u> |
| Liabilities assumed | <u>\$ -</u> | <u>\$ 1,003</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Organization

Family Counseling Center of Mobile, Inc. (the "Center") is a nonprofit corporation, which does business under the name of Lifelines Counseling Services. It was 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.

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.

Promises to give

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 net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and cash equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are composed of certificates of deposit and money market funds. Investments are carried at fair value.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Center values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Summary of Significant Accounting Policies (continued)

Investments (continued)

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting organization's own estimates about the assumptions that market participants would use in pricing the asset or liability.

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 \$1,000 or more.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions.

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.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Center to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Center has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2018 or December 31, 2017.

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.

Summary of Significant Accounting Policies (continued)

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and telephone costs which are allocated based on the ratio of program revenue to total revenue.

Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation. Such reclassifications had no effect on previously reported change in net assets.

Evaluation of subsequent events

The Organization has evaluated subsequent events through April 24, 2019, 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 net assets without donor restrictions.

Investments

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

| | 2018 | | | Total |
|--------------------|--|--|---------|-----------|
| | Fair value measurements using Level 1 | Fair value measurements using Level 2 | Level 3 | |
| Money Market Funds | \$ 26,497 | \$ - | \$ - | \$ 26,497 |
| Total | \$ 26,497 | \$ - | \$ - | \$ 26,497 |

| | 2017 | | | Total |
|--------------------|--|--|---------|-----------|
| | Fair value measurements using Level 1 | Fair value measurements using Level 2 | Level 3 | |
| Money Market Funds | \$ 26,457 | \$ - | \$ - | \$ 26,457 |
| Total | \$ 26,457 | \$ - | \$ - | \$ 26,457 |

Investments (continued)

Investment return is summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|------------------------------|--------------|---------------|
| Interest and dividend income | \$ 42 | \$ 381 |
| Realized gains (losses) | - | - |
| Unrealized gains (losses) | - | - |
| Administrative fees | - | - |
| Total | <u>\$ 42</u> | <u>\$ 381</u> |

Promises to Give

Unconditional promises to give at December 31 are as follows:

| | <u>2018</u> | <u>2017</u> |
|---|---------------|-----------------|
| Promises without donor restrictions | \$ 928 | \$ 6,045 |
| Gross unconditional promises to give | 928 | 6,045 |
| Less allowance for uncollectible promises | - | - |
| Net unconditional promises to give | <u>\$ 928</u> | <u>\$ 6,045</u> |
| Amounts due in: | | |
| Less than one year | \$ 928 | \$ 6,045 |
| One to five years | - | - |
| Gross unconditional promises to give | <u>\$ 928</u> | <u>\$ 6,045</u> |

The discount on the long-term promises to give to determine the net present value was not significant.

Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Financial assets at year-end | \$ 898,349 | \$ 962,330 |
| Less those unavailable for general expenditures within one year, due to: | <u>-</u> | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 898,349</u> | <u>\$ 962,330</u> |

Furniture, Fixtures and Equipment

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

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 185,618 | \$ 185,618 |
| Building and improvements | 396,328 | 396,328 |
| Office and other equipment | <u>195,796</u> | <u>183,182</u> |
| | 777,742 | 765,128 |
| Less accumulated depreciation | <u>499,787</u> | <u>456,644</u> |
| Total | <u>\$ 277,955</u> | <u>\$ 308,484</u> |

Capital Lease

The Center leases certain office equipment under a lease agreement with an unrelated party. This lease has been classified as a capital lease. The provisions of the lease include a bargain purchase option at the end of the lease term.

The following is an analysis of the leased property at December 31:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|-----------------|------------------|
| Telephone equipment | \$ 44,716 | \$ 44,716 |
| Less accumulated amortization | <u>36,451</u> | <u>27,508</u> |
| Total | <u>\$ 8,265</u> | <u>\$ 17,208</u> |

Amortization on assets under capital lease charged to depreciation expense was \$8,943 and \$8,910 for 2018 and 2017, respectively.

Capital Lease (continued)

The following is a schedule of future minimum lease payments required under the capital lease as of December 31, 2018:

Year ending December 31, 2018:

| | | |
|---|----|--------------------|
| 2019 | \$ | 7,530 |
| 2020 | | - |
| 2021 | | - |
| 2022 | | - |
| 2023 | | - |
| | | <hr/> |
| Total minimum lease payments | | 7,530 |
| Less amount representing interest | | <hr/> (33) |
| Present value of minimum lease payments | \$ | <hr/> <u>7,497</u> |

Operating Lease

As of July 1, 2015, the Center had entered into a ten-year lease agreement for the rental of office space, expiring June 30, 2025. In addition, the Center has other office space rented under short term arrangements. Rent expense for the years ended December 31, 2018 and 2017 was \$61,357 and \$41,892, respectively. The future minimum lease payments under this lease is as follows:

| | | |
|-------|----|----------------------|
| 2019 | \$ | 36,000 |
| 2020 | | 36,000 |
| 2021 | | 36,000 |
| 2022 | | 36,000 |
| 2023 | | 36,000 |
| | | <hr/> |
| Total | \$ | <hr/> <u>180,000</u> |

Pension Plan

The Center sponsors a savings incentive match plan in which substantially all employees are eligible to participate. This plan allows eligible employees to save a portion of their salary on a pre-tax basis. The Center will match the employee contributions up to 5% and makes monthly contributions to this plan. The amount of pension expense was \$ 29,682 and \$25,054 for the years ended December 31, 2018 and 2017, respectively.

SUPPLEMENTARY INFORMATION

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A LIFELINES COUNSELING SERVICES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018**

| Federal Grantor/Program Title | Federal CFDA Number | Pass Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|-------------------------|-------------------------------------|
| U. S. Department of Justice Pass Through Programs From: | | | | |
| Alabama Coalition Against Rape: | | | | |
| Sexual Assault Services Formula Program | 16.017 | 17-SA-VS-001 | \$ 30,060 | \$ - |
| Alabama Department of Economic and Community Affairs: | | | | |
| Juvenile Justice and Delinquency Prevention Allocation to States | 16.540 | 2017-JF-FX-0012 | 47,973 | - |
| Crime Victim Assistance | 16.575 | 2016-VA-GX-0028 | 574,861 | - |
| City of Mobile, Alabama: | | | | |
| National Sexual Assault Kit Initiative | 16.833 | 2015-AK-BX-0006 | 37,961 | - |
| National Sexual Assault Kit Initiative | 16.833 | 2017-AK-BX-0006 | <u>101,214</u> | <u>-</u> |
| Total U.S. Department of Justice | | | <u>\$ 792,069</u> | <u>\$ -</u> |
| U. S. Department of Health and Human Services Pass Through Programs From: | | | | |
| Alabama Department of Public Health: | | | | |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | NUF2CE002400, CE14-141.NUF2 | \$ 46,279 | \$ - |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance | 93.243 | 579SM062921-03 | 50,660 | - |
| Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds | 93.758 | 6 NB01OT009171-01-01 | 23,043 | - |
| Alabama Department of Economic and Community Affairs: | | | | |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671 | G-1801ALFVPS | <u>42,424</u> | <u>-</u> |
| Total U.S. Department of Health and Human Services | | | <u>\$ 162,406</u> | <u>\$ -</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 954,475</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this schedule.

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A/ LIFELINES COUNSELING SERVICES**

**NOTES to the SCHEDULE of EXPENDITURES of FEDERAL AWARDS
For the Year Ended December 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services, it is not intended to and does not present the financial position, changes in net position, or cash flows of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through identifying numbers are presented where available.

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A/ LIFELINES COUNSELING SERVICES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2018**

There is no schedule of prior year audit findings as of and for the year ended December 31, 2018.

Kim K. Enikeieff
Certified Public Accountant
Post Office Box 8754
Mobile, Alabama 36689
Telephone 251-591-1357

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Family Counseling Center of Mobile, Inc.
d/b/a Lifelines Counseling Services
Mobile, Alabama

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated April 24, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control. Accordingly, I do not express an opinion on the effectiveness of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kim K. Enikeieff

April 24, 2019

Kim K. Enikeieff
Certified Public Accountant
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Mobile, Alabama 36689
Telephone 251-591-1357

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Family Counseling Center of Mobile, Inc.
d/b/a Lifelines Counseling Services
Mobile, Alabama

Report on Compliance for Each Major Federal Program

I have audited Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' major federal programs for the year ended December 31, 2018. Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' compliance.

Opinion on Each Major Federal Program

In my opinion, Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kim K. Enikeieff

April 24, 2019

**FAMILY COUNSELING CENTER OF MOBILE, INC.
D/B/A/ LIFELINES COUNSELING SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services were prepared in accordance with GAAP.
2. There were no significant deficiencies disclosed during the audit of the financial statements of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit of the financial statements of Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services.
5. The auditor's report on compliance for the major federal award programs for Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported in this Schedule.
7. The programs tested as major programs were: CFDA 16.575 – U.S. Department of Justice Crime Victim Assistance.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Family Counseling Center of Mobile, Inc. d/b/a Lifelines Counseling Services was not determined to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE