

THE COUNSELING PLACE

FINANCIAL STATEMENTS

For the Years Ended September 30, 2012 and 2011

with

Independent Auditors' Report

THE COUNSELING PLACE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Counseling Place

We have audited the accompanying statements of financial position of The Counseling Place (the "Organization"), a nonprofit organization, as of September 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Organization as of September 30, 2011, were audited by other auditors whose report dated June 12, 2012, expressed an unqualified opinion on those financial statements.

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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Huselton, Morgan & Maultsby, P.C.

Dallas, Texas
February 14, 2013

THE COUNSELING PLACE
STATEMENTS OF FINANCIAL POSITION
September 30, 2012 and 2011

ASSETS

	2012	2011
Current assets		
Cash and cash equivalents	\$ 163,793	\$ 147,379
Accounts receivable, net	29,689	24,405
Prepaid expenses	1,204	4,025
Total current assets	194,686	175,809
Property and equipment, net	20,903	4,745
Total assets	\$ 215,589	\$ 180,554

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities		
Accounts payable and accrued expenses	\$ 9,686	\$ 2,930
Deferred revenue	9,346	9,016
Current portion of capital lease obligation	1,454	1,288
Total current liabilities	20,486	13,234
Capital lease obligation	2,541	3,995
Total liabilities	23,027	17,229
Net assets		
Unrestricted	192,562	163,325
Total liabilities and net assets	\$ 215,589	\$ 180,554

**The accompanying notes are an integral
part of these financial statements.**

THE COUNSELING PLACE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 66,940	\$ 41,477	\$ 108,417
Contributions	39,393	5,000	44,393
Program service	267,505	-	267,505
Special events (less costs of direct benefits to donors of \$17,457)	44,154	-	44,154
Other	1,433	-	1,433
Net assets released from restrictions	46,477	(46,477)	-
Total support and revenue	<u>465,902</u>	<u>-</u>	<u>465,902</u>
Expenses			
Program services	368,686	-	368,686
Management and general	43,686	-	43,686
Fundraising	24,293	-	24,293
Total expenses	<u>436,665</u>	<u>-</u>	<u>436,665</u>
Change in net assets	29,237	-	29,237
Net assets at beginning of year	163,325	-	163,325
Net assets at end of year	<u>\$ 192,562</u>	<u>\$ -</u>	<u>\$ 192,562</u>

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part of these financial statements.**

THE COUNSELING PLACE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 117,966	\$ -	\$ 117,966
Contributions	8,886	-	8,886
Program service	236,592	-	236,592
Special events (less costs of direct benefits to donors of \$18,109)	44,086	-	44,086
Other	1,221	-	1,221
Total support and revenue	<u>408,751</u>	<u>-</u>	<u>408,751</u>
Expenses			
Program services	265,261	-	265,261
Management and general	119,768	-	119,768
Fundraising	27,719	-	27,719
Total expenses	<u>412,748</u>	<u>-</u>	<u>412,748</u>
Change in net assets	(3,997)	-	(3,997)
Net assets at beginning of year	<u>167,322</u>	<u>-</u>	<u>167,322</u>
Net assets at end of year	<u>\$ 163,325</u>	<u>\$ -</u>	<u>\$ 163,325</u>

**The accompanying notes are an integral
part of these financial statements.**

THE COUNSELING PLACE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 276,361	\$ 19,060	\$ 22,235	\$ 317,656
Contract labor	46,638	-	-	46,638
Supplies	7,629	293	293	8,215
Professional fees	980	21,586	-	22,566
Bad debts	449	-	-	449
Training and seminars	2,316	-	-	2,316
Advertising	3,120	-	780	3,900
Insurance	3,694	357	-	4,051
Telephone	1,436	-	359	1,795
Travel	1,424	-	-	1,424
Postage	3,442	327	327	4,096
Rent	16,146	1,794	-	17,940
Depreciation	2,509	66	66	2,641
Miscellaneous	2,542	203	233	2,978
Total functional expenses	<u>\$ 368,686</u>	<u>\$ 43,686</u>	<u>\$ 24,293</u>	<u>\$ 436,665</u>

**The accompanying notes are an integral
part of these financial statements.**

THE COUNSELING PLACE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2011

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 213,674	\$ 84,406	\$ 26,699	\$ 324,779
Contract labor	23,208	2,072	-	25,280
Family counseling	24,930	-	-	24,930
Supplies	568	4,705	-	5,273
Professional fees	-	12,349	-	12,349
Bad debts	2,306	-	-	2,306
Training and seminars	-	2,294	-	2,294
Advertising	-	142	-	142
Insurance	-	5,546	-	5,546
Telephone	-	1,095	-	1,095
Travel	575	-	-	575
Postage	-	1,668	1,020	2,688
Depreciation	-	1,388	-	1,388
Miscellaneous	-	4,103	-	4,103
Total functional expenses	<u>\$ 265,261</u>	<u>\$ 119,768</u>	<u>\$ 27,719</u>	<u>\$ 412,748</u>

**The accompanying notes are an integral
part of these financial statements.**

THE COUNSELING PLACE
STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 29,237	\$ (3,997)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	2,641	1,388
(Increase) decrease in operating assets		
Accounts receivable	(5,284)	19,072
Prepaid expenses	2,821	(4,025)
Increase in operating liabilities		
Accounts payable and accrued expenses	6,756	-
Deferred revenue	330	4,716
Net cash provided by operating activities	36,501	17,154
 Cash flows from investing activities		
Purchase of property and equipment	(18,799)	-
Disposal of certificate of deposit	-	65,464
Net cash (used) provided by investing activities	(18,799)	65,464
 Cash flows from financing activities		
Principal payments on capital lease obligation	(1,288)	(1,140)
Net cash (used) by financing activities	(1,288)	(1,140)
Net increase in cash and cash equivalents	16,414	81,478
Cash and cash equivalents at beginning of year	147,379	65,901
Cash and cash equivalents at end of year	\$ 163,793	\$ 147,379
<u>Supplemental note:</u>		
Interest paid	\$ 575	\$ 722

**The accompanying notes are an integral
part of these financial statements.**

THE COUNSELING PLACE
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Counseling Place (the “Organization”) is a Texas nonprofit corporation established in 1979 to provide professional therapy and education services in partnership with the City of Richardson. The Organization provides these services through the following program categories: victims’ assistance program, community counseling program, and youth programs. Prior to 2012, the Organization was known as Neighborhood Youth and Family Counseling of Richardson, Inc.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization’s net assets, revenues, gains and losses, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Unrestricted net assets - net assets not subject to donor-imposed restrictions.
- Temporarily restricted net assets - net assets subject to donor-imposed restrictions that may or will be met by the occurrence of a specific event or the passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. There are no permanently restricted net assets as of and for the years ended September 30, 2012 and 2011.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law. Expirations of temporary restrictions on net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization maintains service receivables due from both the City of Richardson and from individuals who have received counseling and educational services. In addition, the Organization maintains support receivables due from both federal and state grants. The Organization considers accounts receivable balances which are 90 days or more outstanding as past due. When an account balance is past due and attempts have been made to collect the receivable, the amount is considered uncollectible and is written off.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, support receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Property and Equipment

Property and equipment are stated at cost, or if donated, fair market value at the date of donation. Depreciation is computed over the estimated useful life of the assets, ranging between three and seven years, using the straight-line method. The Organization capitalizes assets with useful lives greater than one year and a value of more than \$1,000. Routine repairs and maintenance are expensed as incurred.

Deferred Revenue

Income from special events is deferred and recognized over the periods to which the special events relate.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Federal and state grant revenue is recognized as contract terms are fulfilled. Program service revenue is recognized when the contracted services are performed.

In-kind support arising from donated services and facilities is recorded as both revenues and expenses based on the fair market value of the services rendered and donated facilities. See Note 4 for further discussion.

Concentrations

During the years ending September 30, 2012 and 2011, the Organization's counseling and support services contract with the City of Richardson accounted for 43 percent and 40 percent, respectively, of total support and revenue.

Advertising Expense

All cost associated with advertising are expensed in the year incurred. For the years ended September 30, 2012 and 2011, advertising expense total \$3,900 and \$142, respectively.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, management has evaluated subsequent events through February 14, 2013, the date that the financial statements were available to be issued, and determined there were no other items to disclose.

Reclassifications

Certain reclassifications have been made to the 2011 financial statement presentation to correspond to the current year's format. Total net assets remain unchanged due to these reclassifications.

2. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable by major classification and the related provision for doubtful accounts at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Service	\$ 23,336	\$ 16,359
Grants	<u>7,483</u>	<u>9,176</u>
	30,819	25,535
Less: provision for doubtful accounts	<u>(1,130)</u>	<u>(1,130)</u>
Total	<u>\$ 29,689</u>	<u>\$ 24,405</u>

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment by major classification and related accumulated depreciation at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Equipment (capital lease)	\$ 6,943	\$ 6,943
Leasehold improvements	18,800	-
Total	25,743	6,943
Less: accumulated depreciation (capital lease)	(3,587)	(2,198)
Less: accumulated depreciation (other assets)	(1,253)	-
Total	<u>\$ 20,903</u>	<u>\$ 4,745</u>

Depreciation expense totals \$2,641 and \$1,388 for the years ended September 30, 2012 and 2011, respectively.

4. IN-KIND DONATIONS

During the years ended September 30, 2012 and 2011, the Organization received the following in-kind donations that have been reflected in the accompanying financial statements:

	<u>2012</u>	<u>2011</u>
Rent	\$ 17,940	\$ -
Professional services	7,200	-
Total	<u>\$ 25,140</u>	<u>\$ -</u>

The use of the facility where the Organization operates was donated by the City of Richardson which owns the real property.

In addition, numerous volunteers have donated significant amounts of their time to advance the Organization's programs and objectives. However, these donated services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition.

5. INCOME TAXES AND UNCERTAIN TAX POSITIONS

The Organization is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code, except on net income derived from unrelated business activity. A favorable determination related to exempt status was received in 1981 from the Internal Revenue Service. For the years ended September 30, 2012 and 2011, the Organization has no unrelated business income. Accordingly, no provision for income taxes is made in the accompanying financial statements.

In addition, the Organization applies FASB ASC 740, *Accounting for Uncertainties in Income Taxes*. The Organization has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination for years ending subsequent to 2009. Accordingly, no provision for uncertain tax positions has been made in the accompanying financial statements.

6. CAPITAL LEASE

Capital lease obligations at September 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Capital lease, unsecured, payable in monthly installments of \$196, inclusive of \$41 maintenance fee, 12.2% interest, due March 2015	\$ 3,995 (1,454)	\$ 5,283 (1,288)
Long-term capital lease, net of current portion	<u>\$ 2,541</u>	<u>\$ 3,995</u>

Future minimum lease payments required under the initial terms of the capital lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,454	\$ 408	\$ 1,862
2014	1,642	220	1,862
2015	899	32	931
2016	-	-	-
2017 and thereafter	-	-	-
	<u>\$ 3,995</u>	<u>\$ 660</u>	<u>\$ 4,655</u>

7. CONCENTRATIONS OF CREDIT

The cash balances of the Organization are held in various financial institutions in the North Texas area. If cash balances exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), the excess balances could be at risk of loss. The total amount of cash at risk at September 30, 2012 is \$0.