

THE COUNSELING PLACE
FINANCIAL STATEMENTS
For the Years Ended September 30, 2013 and 2012
with
Independent Auditors' Report

THE COUNSELING PLACE

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to the Financial Statements	9



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Counseling Place

We have audited the accompanying financial statements of The Counseling Place (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of September 30, 2013 and 2012, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Counseling Place as of September 30, 2013 and 2012, 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.

Huseltan, Morgan + Maultsby, P.C.

Dallas, Texas
February 14, 2014

THE COUNSELING PLACE
STATEMENTS OF FINANCIAL POSITION
September 30, 2013 and 2012

ASSETS

	2013	2012
Current assets		
Cash and cash equivalents	\$ 163,598	\$ 163,793
Accounts receivable, net	30,511	29,689
Prepaid expenses	4,600	1,204
Total current assets	198,709	194,686
Property and equipment, net	15,754	20,903
Total assets	\$ 214,463	\$ 215,589

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 8,150	\$ 9,686
Deferred revenue	12,850	9,346
Current portion of capital lease obligation	1,642	1,454
Total current liabilities	22,642	20,486
Capital lease obligation	899	2,541
Total liabilities	23,541	23,027
Net assets		
Unrestricted	190,922	192,562
Total liabilities and net assets	\$ 214,463	\$ 215,589

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

THE COUNSELING PLACE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 46,133	\$ 41,879	\$ 88,012
Contributions	49,195	-	49,195
Program service	261,583	-	261,583
Special events (less costs of direct benefit to donors of \$20,644)	41,236	-	41,236
Other	4,169	-	4,169
Net assets released from restrictions	41,879	(41,879)	-
Total support and revenue	<u>444,195</u>	<u>-</u>	<u>444,195</u>
Expenses			
Program services	385,264	-	385,264
Management and general	33,758	-	33,758
Fundraising	26,813	-	26,813
Total expenses	<u>445,835</u>	<u>-</u>	<u>445,835</u>
Change in net assets	(1,640)	-	(1,640)
Net assets at beginning of year	<u>192,562</u>	<u>-</u>	<u>192,562</u>
Net assets at end of year	<u>\$ 190,922</u>	<u>\$ -</u>	<u>\$ 190,922</u>

**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 benefit 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>

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

THE COUNSELING PLACE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2013

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 274,200	\$ 12,464	\$ 24,928	\$ 311,592
Contract labor	59,822	-	-	59,822
Professional fees	3,388	17,885	-	21,273
Rent	15,736	1,748	-	17,484
Insurance	8,124	680	-	8,804
Supplies	4,709	227	227	5,163
Depreciation	4,891	129	129	5,149
Miscellaneous	2,757	445	670	3,872
Training and seminars	3,187	-	-	3,187
Telephone	2,256	-	564	2,820
Postage	2,132	180	180	2,492
Bad debts	1,832	-	-	1,832
Travel	1,769	-	-	1,769
Advertising	461	-	115	576
Total	\$ 385,264	\$ 33,758	\$ 26,813	\$ 445,835

**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

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

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

THE COUNSELING PLACE
STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (1,640)	\$ 29,237
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	5,149	2,641
Bad debt expense	1,832	-
(Increase) decrease in operating assets		
Accounts receivable	(2,654)	(5,284)
Prepaid expenses	(3,396)	2,821
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(1,536)	6,756
Deferred revenue	3,504	330
Net cash provided by operating activities	1,259	36,501
Cash flows from investing activities:		
Purchase of property and equipment	-	(18,799)
Net cash (used) by investing activities	-	(18,799)
Cash flows from financing activities:		
Principal payments on capital lease obligation	(1,454)	(1,288)
Net cash (used) by financing activities	(1,454)	(1,288)
Net (decrease) increase in cash and cash equivalents	(195)	16,414
Cash and cash equivalents at beginning of year	163,793	147,379
Cash and cash equivalents at end of year	\$ 163,598	\$ 163,793
<u>Supplemental note:</u>		
Interest paid	\$ 408	\$ 575

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

THE COUNSELING PLACE
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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.

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, 2013 and 2012.

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 program service receivables due from both the City of Richardson and from individuals who have received counseling and educational services. In addition, the Organization maintains receivables due from both federal and state grants and from donor contributions. 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, accounts 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, if purchased; or at fair value at the date of the gift, if donated, less accumulated depreciation. 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

Prepaid income related to special events is deferred and recognized when the special events occur.

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, 2013 and 2012, the Organization's counseling and support services contract with the City of Richardson accounted for 46 percent and 43 percent, respectively, of total support and revenue.

Advertising Expense

All costs associated with advertising are expensed in the year incurred. For the years ended September 30, 2013 and 2012, advertising expense totals \$576 and \$3,900, 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, 2014, the date the financial statements were available to be issued, and determined there were no other items to disclose.

2. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable by major classification and the related provision for doubtful accounts at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Program service	\$ 18,275	\$ 20,586
Grants	7,566	7,483
Contributions	<u>5,800</u>	<u>2,750</u>
Total	31,641	30,819
Less: provision for doubtful accounts	<u>(1,130)</u>	<u>(1,130)</u>
Total	<u><u>\$ 30,511</u></u>	<u><u>\$ 29,689</u></u>

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment by major classification and related accumulated depreciation at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 6,943	\$ 6,943
Leasehold improvements	<u>18,800</u>	<u>18,800</u>
	25,743	25,743
Less: accumulated depreciation	<u>(9,989)</u>	<u>(4,840)</u>
Total	<u>\$ 15,754</u>	<u>\$ 20,903</u>

4. IN-KIND DONATIONS

During the years ended September 30, 2013 and 2012, the Organization received the following in-kind donations which are reflected as contributions in the accompanying financial statements:

	<u>2013</u>	<u>2012</u>
Rent	\$ 17,484	\$ 17,940
Professional services	7,200	7,200
Special events	<u>250</u>	<u>-</u>
Total	<u>\$ 24,934</u>	<u>\$ 25,140</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, 2013 and 2012, 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 2010. Accordingly, no provision for uncertain tax positions has been made in the accompanying financial statements.

6. CAPITAL LEASE

The Organization leases office equipment under a capital lease which expires in May 2015. The asset and liability under the capital lease are recorded at the fair value of the asset at the inception of the lease, which is considered to approximate the present value of the minimum lease payments. The asset is amortized over its estimated life and the amortization is included in depreciation expense. The interest rate on this lease is 12.2 percent and is imputed based on the lessor's implicit rate of return.

Following is a summary of property held under the capital lease:

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 6,943	\$ 6,943
Less: accumulated amortization	<u>(4,975)</u>	<u>(3,587)</u>
	<u>\$ 1,968</u>	<u>\$ 3,356</u>

Future minimum lease payments required under the capital lease as of September 30, 2013 are as follows:

2014	\$ 1,862
2015	<u>931</u>
Net minimum lease payments	2,793
Less: amount representing interest	<u>(252)</u>
Present value of net minimum lease payments	<u><u>\$ 2,541</u></u>

7. CONCENTRATION OF CREDIT RISK

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, 2013 is \$0.