

**Pastoral Counseling and Consultation
Centers of Tennessee, Inc.
dba Insight Counseling Centers**

Financial Statements
For the Year Ended December 31, 2020

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers
Financial Statements
For the Year Ended December 31, 2020

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Independent Auditor's Report

Board of Directors

Pastoral Counseling and Consultation Centers of Tennessee, Inc. dba Insight Counseling Centers

Report on the Financial Statements

We have audited the accompanying financial statements of Pastoral Counseling and Consultation Centers of Tennessee, Inc. dba Insight Counseling Centers (ICC), which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses, and cash flows for the year 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 ICC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Brentwood, Tennessee

July 16, 2021

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers
Statement of Financial Position
December 31, 2020

Assets

Current assets	
Cash and cash equivalents	\$ 114,757
Pledges receivable, current	40,025
Total current assets	<u>154,782</u>
Noncurrent assets	
Pledges receivable, noncurrent	5,000
Total assets	\$ 159,782

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 844
Accrued expenses	17,255
Total current liabilities	<u>18,099</u>
Net assets	
Without donor restrictions	107,863
With donor restrictions	33,820
Total net assets	<u>141,683</u>
Total liabilities and net assets	\$ 159,782

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Statement of Activities
For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 130,923	\$ -	\$ 130,923
Grants	187,929	4,464	192,393
Counseling services	372,841	-	372,841
Special events	40,175	-	40,175
Investment income	182	-	182
Net assets released from restrictions	60,764	(60,764)	-
Total support and revenues	<u>792,814</u>	<u>(56,300)</u>	<u>736,514</u>
Expenses			
Program services	478,547	-	478,547
Management and general	139,240	-	139,240
Fundraising	84,511	-	84,511
Total expenses	<u>702,299</u>	<u>-</u>	<u>702,299</u>
Change in net assets	90,515	(56,300)	34,215
Net assets, beginning of year	17,348	90,120	107,468
Net assets, end of year	<u>\$ 107,863</u>	<u>\$ 33,820</u>	<u>\$ 141,683</u>

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program services	Management and general	Fundraising	Total
Salaries and benefits	\$ 183,242	\$ 62,873	\$ 43,517	289,632
Payroll taxes	12,851	4,611	3,179	20,641
Employee benefits	13,427	7,712	5,647	26,786
Advertising	916	916	1,221	3,052
Bank charges	368	357	357	1,082
Contract labor	189,928	51,432	15,412	256,772
Contributions to others	150	-	-	150
Credit card processing	10,010	604	959	11,573
Equipment rental	975	279	139	1,393
Fees, dues, and subscriptions	836	501	334	1,671
Insurance	4,910	921	307	6,138
Internet	1,937	553	277	2,767
Janitorial	450	120	30	600
Payroll processing	993	186	62	1,241
Postage and delivery	333	111	111	555
Printing and copying	2,512	632	289	3,433
Professional fees	14,501	1,080	929	16,509
Public relations	2,025	2,025	9,027	13,077
Rent	5,400	600	-	6,000
Staff development	3,240	146	49	3,435
Supplies	9,416	1,354	1,211	11,982
Technology support	18,749	1,833	1,279	21,861
Telephone	1,173	335	168	1,676
Travel	206	59	9	273
	\$ 478,547	\$ 139,240	\$ 84,511	\$ 702,299

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers

Statement of Cash Flows
For the Year Ended December 31, 2020

Cash and cash equivalents, beginning of year	\$ 90,852
Cash flows from operating activities	
Change in net assets	34,215
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
PPP loan forgiveness	(62,510)
Change in:	
Pledges receivable	(9,791)
Patients receivable	2,350
Accounts payable	(2,653)
Accrued expenses	(216)
Net cash provided (used) by operating activities	(38,605)
Cash flows from financing activities	
Proceeds from PPP loan	62,510
Net cash provided (used) by financing activities	62,510
Net change in cash and cash equivalents	23,905
Cash and cash equivalents, end of year	\$ 114,757
Supplemental disclosures of cash flow information	
Disposal of fully depreciated fixed assets	\$ 43,749

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1. Nature of Operations

Organized in 1984, Pastoral Counseling and Consultation Centers of Tennessee, Inc. dba Insight Counseling Centers (ICC or the Organization), is a not-for-profit corporation committed to providing spiritually integrated therapy to individuals, couples, and families. Additionally, the organization provides training for counselors and mental awareness education for communities in Middle Tennessee. Such organizations are typically classified as voluntary health and welfare (VHW) entities.

Note 2. Significant Accounting Policies

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 (US GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, ICC considers bank deposits and all highly liquid instruments with a maturity of three months or less when purchased to be cash and cash equivalents. For the purposes of the statement of cash flows, ICC considers bank deposits and all highly liquid instruments with a maturity of three months or less when purchased to be cash and cash equivalents.

Property and Equipment and Depreciation

Purchased property and equipment are carried at cost. Donated equipment is recorded at estimated market value at the date of donation. Equipment purchased with a unit cost in excess of \$2,500 is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to five years. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for improvements, renewals, and significant repairs that extend the useful life of an asset are capitalized.

Revenue Recognition

For grants qualifying as exchange transactions, revenues are recognized in the period when eligible expenditures are incurred under the terms of the grant. Such grant funds received prior to expenditure are recorded initially as unearned revenues.

Revenues (other than contributions) are recognized when services are rendered and/or reimbursable charges are incurred under the terms of the agreement. Revenues received in advance of services provided and/or reimbursable charges being incurred are recorded as unearned revenues.

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Notes to Financial Statements
For the Year Ended December 31, 2020

Note 2. Significant Accounting Policies

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restrictions. ICC reports gifts of cash and other assets as support and net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in statements activities as net assets released from restrictions.

In-kind Donations

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment, other long-lived assets, and gifts of cash that must be used to acquire long-lived assets are reported as support and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as support and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Compensated Absences

Employees of ICC are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and accordingly, no liability has been recorded in the accompanying financial statements. ICC's policy is to recognize the cost of compensated absences when actually paid to employees.

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. ICC received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Generally accepted accounting principles in the United States (US GAAP) provides companies with several alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as *debt* and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; 2) proceeds can be treated as a *conditional contribution* where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived; ICC has elected to treat the PPP loan as a contribution.

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Notes to Financial Statements
For the Year Ended December 31, 2020

Note 2. Significant Accounting Policies

Donated Services

Officers, members of the Board of Directors, and other volunteers of ICC have assisted in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements for such donations as it was not practicable to determine the valuations of such services to ICC, and it exercises no significant control over the major elements of donated services.

Tax-Exempt Status

ICC is a not-for-profit corporation and the Internal Revenue Service (IRS) has granted ICC exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. ICC is required to file annually a federal exempt organization information return, an IRS Form 990. As of December 31, 2020, ICC's tax years for 2017 and 2018 are subject to examination by the IRS.

Advertising Costs

All advertising costs are expensed as incurred.

Allocation of Functional Expenses

Functional allocation of expenses is allocated to program services, management and general, and fundraising based upon estimates deemed appropriate and rational by management.

Note 3. Availability and Liquidity

The following represents ICC'S financial assets at December 31, 2020:

Financial assets	
Cash and cash equivalents	\$ 114,757
Pledges receivable, net	22,025
Grants receivable, net	<u>23,000</u>
Total financial assets at year-end	159,782
Less amounts not available to be used within one year	
Net assets with donor restrictions	(5,000)
Quasi endowment established by the board	<u>(5,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 149,782

As part of ICC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Notes to Financial Statements
For the Year Ended December 31, 2020

Note 4. Pledges Receivable

As of December 31, 2020, pledges receivable consist of \$45,025. Pledges receivable consist of unconditional promises to give from individual donors and awards from private foundations to support compassionate mental health counseling to residents of Middle Tennessee who need financial aid to obtain such related therapy. ICC considers all amounts to be collectible; therefore, no allowance for credit losses is provided. The following represents ICC's pledges receivable at December 31, 2020.

In less than one year	\$ 40,025
In one to five years	<u>5,000</u>
Total	\$ 45,025

Note 5. PPP Loan

On April 13, 2020, ICC received a loan in the amount of \$62,510 in accordance with the PPP section of the CARES Act. On October 16, 2020, ICC was notified that the loan had been forgiven and has been recorded as a contribution in the financial statements.

Note 6. Contingencies and Concentrations

ICC has a significant concentration of pledges receivable from two donors. The donors account for 70% of total grants receivable as of December 31, 2020.

Note 7. Net Assets with Donor Restrictions

Net assets restricted by donors for time and purpose restrictions consisted of the following as of December 31, 2020.

Purpose restricted	\$ 10,820
Subject to passage of time	<u>23,000</u>
Total restricted net assets at year-end	33,820

Note 8. Operating Leases

Historically, ICC has entered into annual leases for housing of administrative offices and of counseling meeting space and such leases have been generally cancellable on a month-to-month basis. In addition, supporting church congregations generally donate meeting space at each church when such space is not being used for church purposes. As of December 31, 2020, there was one lease for administrative offices and also one for equipment usage resulting in related rental expenses of \$6,000 for the year ended December 31, 2020. Equipment usage expenses totaled \$1,393 in 2020.

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Notes to Financial Statements
For the Year Ended December 31, 2020

Note 9. Related Party Transactions

During 2020, ICC has received donations from its board members of \$3,211. ICC also has pledges receivable of \$3,000 from one board member as of December 31, 2020.

Note 10. Subsequent Events

Management has evaluated subsequent events through July 16, 2021, the date on which the financial statements were available for issuance.