Pastoral Counseling Centers of Tennessee, Inc.
(d.b.a. INSIGHT COUNSELING CENTERS)

Financial Statements

December 31, 2017

(With Independent Auditors' Report Thereon)

Pastoral Counseling Centers of Tennessee, Inc.
d.b.a. Insight Counseling Centers

Financial Statements

December 31, 2017

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Independent Auditors' Report

To the Board of Directors
Pastoral Counseling, Centers of Tennessee, Inc.
d.b.a. Insight Counseling Centers
Nashville, Tennessee

We have audited the accompanying financial statements of Pastoral Counseling Centers, Inc., d.b.a. Insight Counseling Centers (a Tennessee Nonprofit Corporation), which comprise of the statement of financial position as of December 31, 2017, and 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, 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 judgement, 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 Pastoral Counseling Centers, Inc., d.b.a. Insight Counseling Centers, as of December 31, 2017, 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.

Lewis, Smith & Associates, P.C.

September 13, 2018

Pastoral Counseling Centers of Tennessee, Inc.
d.b.a. Insight Counseling Centers

Statement of Financial Position
December 31, 2017

ASSETS

	Unrestricted	Temporarily Restricted	Total
Current Assets:			
Cash and cash equivalents	$ 8,067	44,665	52,732
Accounts receivable	9,966	-	9,966
Prepaid expense	500	-	500
Grants receivable	-	15,000	15,000
Total current assets	18,533	59,665	78,198
Property and equipment:			
Leasehold improvements	4,776	-	4,776
Furniture and equipment	43,749	-	43,749
Total property and equipment	48,525	-	48,525
Less: Accumulated depreciation	(46,521)	-	(46,521)
Net property and equipment	2,004	-	2,004
Total assets	$20,537	59,665	80,202

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Total
Current liabilities:			
Accounts payable	$ 3,025	-	3,025
Accrued expenses	14,943	-	14,943
Total current liabilities	17,968	-	17,968
Total net assets	2,569	59,665	62,234
Total liabilities and net assets	$20,537	59,665	80,202

See accompanying notes to financial statements.

Pastoral Counseling Centers of Tennessee, Inc.
d.b.a. Insight Counseling Centers

Statement of Activities

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Contributions	$ 147,448	-	147,448
Grants	-	136,622	136,622
Counseling services	273,189	-	273,189
Special Events	29,597	-	29,597
Investment income	87	-	87
Net assets released from restrictions	80,385	(80,385)	-
Total revenue	530,706	56,237	586,943
Expenses:			
Program	407,035	-	407,035
General and administrative	93,856	-	93,856
Fundraising	78,048	-	78,048
Total expenses	578,939	-	578,939
Increase (decrease) in net assets	(48,233)	56,237	8,004
Net assets at beginning of year	50,802	3,428	54,230
Net assets at end of year	$ 2,569	59,665	62,234

See accompanying notes to financial statements.

Pastoral Counseling Centers of Tennessee, Inc.
d.b.a. Insight Counseling Centers

Statement of Functional Expenses

For the Year Ended December 31, 2017

	Program	General and Administrative	Fundraising	Total
Salaries and Wages	$152,464	45,789	38,841	237,094
Contract Labor	172,029	28,553	9,527	210,109
Payroll Taxes	11,880	3,568	3,027	18,475
Public Relations	617	925	1,542	3,084
Employee Benefits	5,466	1,642	1,393	8,501
Payroll Processing	1,464	439	373	2,276
Travel	1,845	594	151	2,590
Fees, Dues, and Subscriptions	1,632	980	653	3,265
Insurance Expense	5,409	748	388	6,545
Rent Expense	2,363	131	131	2,625
Consulting	2,405	-	11,025	13,430
Technology Support	13,816	1,771	1,172	16,759
Supplies	3,250	1,184	789	5,223
Telephone	1,838	490	123	2,451
Internet	2,093	558	140	2,791
Credit Card Processing	6,679	-	352	7,031
Bank Charges	1,096	814	679	2,589
Printing and Copying	2,265	425	142	2,832
Postage and Delivery	521	313	208	1,042
Professional Fees	2,807	1,171	855	4,833
Equipment Rental	2,578	688	172	3,438
Marketing	1,325	1,143	5,334	7,802
Staff development	6,890	1,292	431	8,613
Donations	1,720	-	430	2,150
Depreciation	115	6	6	127
Janitorial	2,137	570	143	2,850
Miscellaneous	331	62	21	414
	$407,035	93,856	78,048	578,939

See accompanying notes to financial statements.

Pastoral Counseling Centers of Tennessee, Inc.
d.b.a. Insight Counseling Centers

Statement of Cash Flows

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Cash flows from operating activities:			
Increase (decrease) in net assets:	$ (48,233)	56,237	8,004
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation on property and equipment	127	-	127
Decrease in accounts receivable	3,280	-	3,280
Increase in prepaid expenses	(500)	-	(500)
Increase in grants receivable	-	(15,000)	(15,000)
Increase in accounts payable	201	-	201
Increase in accrued expenses	13,993	-	13,993
Net cash provided (used) by operating activities	(31,132)	41,237	10,105
Net increase (decrease) in cash and cash equivalents	(31,132)	41,237	10,105
Cash and cash equivalents at beginning of year	39,199	3,428	42,627
Cash and cash equivalents at end of year	$ 8,067	44,665	52,732

See accompanying notes to financial statements.

(1) Organization and Nature of Activities:

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

(2) Summary of Significant Accounting Policies:

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as established by the FASB Accounting Standards Codification. ICC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based upon the existence or absence of donor-imposed restrictions. Also, contributions received are recorded in these same three classes, depending on the existence and/or nature of any donor restrictions, and are recorded as described below:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted.

Permanently restricted net assets - Net assets that are subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes; in prior years, such assets were typically known as endowment funds. As of December 31, 2017, the Organization did not have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue and support are generally recognized as income during the fiscal year in which they are earned or contributed. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenues depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires - that is, when a stipulated time restriction ends or purpose restriction is accomplished -

(2) Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued

temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. ICC received no permanently restricted contributions during 2017.

Grants and bequests may require the fulfillment of certain conditions as set forth in the grant or bequest documents. Failure to fulfill any such conditions could result in the return of the funds to the grantors. Although such a circumstance is a possibility, management deems the contingency remote because the Organization has historically complied satisfactorily with donor provisions. By accepting the gifts and their terms, ICC has demonstrated its intent and its policy to accommodate the intentions of the donors and to coordinate them with the objectives of the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the programs and supporting services benefitted.

Income Tax Status

ICC is a not-for-profit corporation and the Internal Revenue Service has granted ICC exempt status under Section 501c(3) of the Internal Revenue Code (IRC). 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, e.g. an IRS Form 990. As of December 31, 2017, ICC's tax years for 2014, 2015 and 2016 are subject to examination by the IRS.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Accounts Receivable and Grants Receivable

Accounts receivable consist primarily of third party billings to clients for work performed by participants in the therapy program. Grants receivable consist primarily of awards from private foundations to support compassionate mental health counseling to residents of Middle Tennessee who are in need of financial aid to obtain such related therapy.

Management periodically reviews all delinquent receivables and charges off accounts after collection efforts are exhausted. The allowance for doubtful receivables, if any, represents an amount which, in management's judgment, reflects the net collectible balance of the receivable. In determining the adequacy of the allowance, management considers general economic conditions, the client's and donor's financial ability, the age of the receivable, and any potential collateral.

Property and Equipment

Purchased property and equipment are carried at cost. Donated equipment is recorded at estimated market value at the date of donation. Depreciation is computed primarily using the

(2) Summary of Significant Accounting Policies, Continued:

Property and Equipment, Continued

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.

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.

Advertising Costs

The Organization expenses all advertising costs as they are incurred.

Fair Values

ICC has an established process for determining fair values of financial assets and liabilities, primarily receivables to be received in over one year and payables to be paid in over one year, i.e., of a long-term nature. When applicable, fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data. Valuation adjustments are made as deemed appropriate to ensure that financial instruments are recorded at fair value. As of December 31, 2017, ICC had no long-term assets or liabilities that required fair values to be determined

(3) Property and Equipment, Net:

Details of property and equipment, net at December 31, 2017 are as follows:

Property and equipment	$ 48,525
Less accumulated depreciation	(46,521)
Net	$ 2,004

Depreciation for 2017 was $127.

(4) Intentions to Give

As of December 31, 2017, ICC had no unfulfilled pledges from contributors. When received, such pledges are considered intentions to give; since they are not considered unconditional promises to give accordingly, they are not recognized until received and collected.

(5) 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

(5) Donated Services, Continued

have been reflected in the financial statements for such donations as it was not practicable to determine the valuation of such services to ICC, and it exercises no significant control over the major elements of donated services.

(6) Special Events

During the fiscal year ended December 31, 2017, ICC sponsored several fund-raising events and participated in a program, The "Big Payback" campaign, sponsored by The Community Foundation of Middle Tennessee, as sources of additional revenue and greater public awareness. ICC received revenues from the special events of $29,597 in 2017. Included in this amount are revenues of $7,060 from a luncheon held in December in Murfreesboro, Tennessee and $8,417 received from The Big Payback campaign.

(7) Line of Credit

ICC has a line of credit with Pinnacle Bank that provides for borrowings up to $50,000 at a variable interest rate based on an index that is the Pinnacle base rate, which is set by the Bank at its sole discretion plus 1.50%. The base rate is currently 5.00%, which yields an interest rate of 6.50%. There was no outstanding balance on the line of credit at December 31, 2017. The line of credit is secured by all real or personal property of ICC and also by the guarantees of two members of its Board of Directors. The line of credit originally expired on April 10, 2018 and was extended for one year, under basically the same terms.

(8) 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 in not being used for church purposes. As of December 31, 2017, there was one lease for administrative offices and also one for equipment usage resulting in related rental expense for 2017 of $2,625 for office space and $3,438 for equipment usage.

(9) Contingencies, Concentrations and Related Parties

ICC maintains its cash in bank deposit accounts at a local branch of a well known regional financial institution with operations in markets throughout Middle Tennessee. The balances, at times, may exceed federally insured limits. ICC has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents in its deposit accounts.

The Organization receives a significant amount of its support and contributions from local churches, corporations, foundations, organizations and individuals. Any significant reduction in the level of this support, if this were to occur, could have an adverse effect on its services and mission activities. However, based on the current year operations and budget estimates, Management expects appropriate levels of support for its mission to continue for the fiscal year ending December 31, 2018.

(10) Subsequent Events

Management has evaluated subsequent events through September 13, 2018, the date on which the financial statements were available to be issued. See Note 9 regarding future public support.