

THE REFUGE CENTER FOR COUNSELING, INC.

DECEMBER 31, 2016

**Report
of
Examination**

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PARSONS AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

234 4th Avenue North

P. O. BOX 604

FRANKLIN, TENNESSEE 37065

TELEPHONE # 815-794-4313

FAX # 615-595-2297

DAN H. PARSONS, CPA
PATRICIA L. PARSONS, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

June 1, 2017

Board of Directors
The Refuge Center for Counseling, Inc.
Franklin, TN

Report on the Financial Statements

We have audited the accompanying financial statements of The Refuge Center for Counseling, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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 The Refuge Center for Counseling, Inc., as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Parsons and Associates
Parsons and Associates

The Refuge Center for Counseling, Inc.
Statements of Financial Position
December 31, 2016

ASSETS

| | |
|-----------------------------|------------------|
| <u>Current Assets</u> | |
| Cash | \$230,465 |
| Investment account | <u>1,069</u> |
| <u>Total Current Assets</u> | <u>231,534</u> |
| | |
| <u>Fixed Assets</u> | |
| Fixed Assets (Net) | <u>91,099</u> |
| | |
| <u>Total Assets</u> | <u>\$322,633</u> |

LIABILITIES AND NET ASSETS

| | |
|-----------------------------------------|------------------|
| <u>Liabilities</u> | |
| Accounts payable | \$ <u>5,039</u> |
| | |
| <u>Total Liabilities</u> | <u>5,039</u> |
| | |
| <u>Net Assets</u> | |
| Unrestricted | 316,124 |
| Capital Campaign | <u>1,470</u> |
| <u>Total Net Assets</u> | <u>317,594</u> |
| | |
| <u>Total Liabilities and Net Assets</u> | <u>\$322,633</u> |

See accompanying notes and auditor's report.

The Refuge Center for Counseling, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2016

| | <u>Unrestricted</u> |
|--------------------------------------------|-----------------------|
| <u>Revenue</u> | |
| Counseling services | \$ 566,423 |
| Special events | 73,373 |
| Contributions | 123,169 |
| Grant income | 305,294 |
| Other | 1,172 |
| In-kind donations | <u>229,680</u> |
| <u>Total Revenue and Other Support</u> | <u>1,299,111</u> |
| <u>Expenses</u> | |
| Program services | 933,905 |
| Counseling | 206,773 |
| Supporting services | |
| Administration and general | 37,387 |
| Fundraising | <u>26,516</u> |
| <u>Total supporting services</u> | <u>63,903</u> |
| <u>Total Expenses</u> | <u>1,204,581</u> |
| <u>Change in Net Assets</u> | 94,530 |
| <u>Net Assets at beginning of year</u> | 223,062 |
| <u>Net Assets at end of year</u> | <u>\$ 317,592</u> |

See accompanying notes and auditor's report.

The Refuge Center for Counseling, Inc.
Statements of Cash Flows
Years Ended December 31, 2016

| | |
|------------------------------------------------------------------------------------------------------------|-----------------------------|
| Cash flows from operating activities | |
| Changes in net assets | \$ 94,531 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating Activities | |
| Depreciation expense | 14,608 |
| Decrease (increase) in prepaid expenses | |
| Decrease (increase) in investment account | (1,018) |
| Decrease (increase) in other | |
| Increase (decrease) in payables | <u>(27,873)</u> |
| Net cash provided by (used in) operating activities | <u>80,248</u> |
| Cash Flows from Investing Activities | <u> </u> |
| Fixed assets purchased | <u>(31,024)</u> |
| Increase (decrease) in cash | 49,224 |
| Cash at beginning of year | 181,241 |
| Cash at end of year | <u><u>\$230,465</u></u> |

See accompanying notes and auditor's report

The Refuge Center for Counseling, Inc.
Notes to Financial Statements
December 31, 2016

NOTE A – SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

The Refuge Center for Counseling, Inc. (the Center) is a center which offers counseling service on a sliding scale basis. The mission of the Center is to offer affordable professional counseling services in order to empower, educate and support individuals, couples and families in need. The Center operates in Middle Tennessee serving clients in Williamson and the surrounding middle Tennessee area.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions received with donor restrictions in which the restrictions are satisfied in the year of receipt of funds are considered unrestricted contributions for financial reporting purposes.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers cash on hand and on deposit with banks to be cash.

Net Assets

The Center reports 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.

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Center in accordance with its bylaws.

Temporarily restricted net assets represent resources currently available for use, but expendable only for those operating purposes specified by the donor or grantor. Resources originate from gifts, grants, bequests, emergency appeals, and investment income earned on certain restricted funds. However, if the restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted.

Permanently restricted net assets represent resources for which the donor stipulates that the assets be held in perpetuity but allows the Center to spend any income earned from those assets. The Center has no permanently restricted net assets.

Income Taxes

The Center is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income under Section 501(a) of the Code.

The Center adopted the accounting standards for uncertainty in income taxes effective January 1, 2009. This guidance prescribes a comprehensive model for financial statement recognition, measurement, classification, and disclosure of uncertain tax positions. The implementation of the standards had no effect on net assets.

The Refuge Center for Counseling, Inc.
Notes to Financial Statements
December 31, 2016

As of December 31, 2016, the Center has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Center is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statement of financial position date. Penalties and interest assessed by taxing authorities are included in the Center's expenses, if applicable. There were no interest or penalties paid during 2016.

The Center files an exempt organization return in the U.S. federal jurisdiction.

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 the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through June 5, 2016, which is the date the financial statements were available to be issued. Through June 5, 2016, no subsequent events required recognition or disclosure in the financial statements.

NOTE B – LINE OF CREDIT

The Center has a \$40,000 line of credit with Pinnacle Bank with a 5% interest rate. There was no outstanding balance on the line at December 31, 2016.

NOTE C - LEASES

The Center leases its Franklin location from Crossforth, LLC and is scheduled to expire October 2017. The Center has the option to extend the lease for two consecutive two year terms.

| | | |
|---------|------|---------|
| October | 2017 | 116,300 |
| October | 2018 | 119,208 |

The Refuge Center for Counseling, Inc.
Schedule of Functional Expenses
Year Ended December 31, 2016

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------------|-----------------------------|---------------------------------------|------------------------|-------------------------|
| Salaries and payroll taxes | \$409,471 | \$ | \$ | \$409,471 |
| Employee Benefits | 7,774 | 8,244 | | 16,018 |
| Contract fees | 206,773 | 90 | | 206,863 |
| Advertising | 5,476 | | 1,293 | 6,769 |
| Rent | 99,108 | 4,406 | 3,304 | 106,818 |
| Fundraising | 4,441 | | 15,035 | 19,476 |
| Maintenance | 1,473 | 476 | | 1,949 |
| Telephone | 2,065 | | | 2,065 |
| Education and development | 2,078 | 35 | | 2,113 |
| Professional fees | 138,552 | 20 | 691 | 139,263 |
| Program supplies | 2,703 | | | 2,703 |
| Meals and entertainment | 3,850 | 1,066 | 919 | 5,835 |
| Technology | 5,887 | | | 5,887 |
| Office supplies | 10,668 | 695 | 87 | 11,450 |
| Bank fees | 1,039 | 345 | 27 | 1,411 |
| Other operating expenses | 1,233 | 300 | | 1,533 |
| Printing/postage | (2,698) | 132 | 5,035 | 2,469 |
| Dues/subscriptions | 1,080 | 335 | 125 | 1,540 |
| Payroll processing | 1,243 | | | 1,243 |
| Insurance | 8,353 | | | 8,353 |
| Staff appreciation | 429 | 6,178 | | 6,607 |
| Gifts/flowers | | 457 | | 457 |
| Depreciation | | 14,608 | | 14,608 |
| Total | <u>\$910,998</u> | <u>\$37,387</u> | <u>\$26,516</u> | <u>\$974,901</u> |

See notes to financial statements.