

THE REFUGE CENTER FOR COUNSELING, INC.

DECEMBER 31, 2013

**Report
of
Examination**

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Independent Auditor's Report

June 25, 2014

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

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, 2013, 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, 2013, 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, 2013

ASSETS

<u>Current Assets</u>	
Cash	\$135,621
Prepaid expenses	465
Deposit	<u>6,651</u>
<u>Total Current Assets</u>	<u>142,737</u>
<u>Fixed Assets</u>	
Fixed Assets (Net)	<u>13,608</u>
<u>Total Assets</u>	<u>\$156,345</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Accounts payable	\$ 5,423
<u>Total Liabilities</u>	<u>5,423</u>
<u>Unrestricted Net Assets</u>	145,922
<u>Temporarily Restricted Net Assets</u>	5,000
<u>Total Liabilities and Net Assets</u>	<u>\$156,345</u>

See notes to financial statements.

The Refuge Center for Counseling, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<u>Revenue</u>		
Counseling services	\$327,322	\$
Special events	34,986	
Contributions	66,667	
Grant income	146,095	5,000
Other	3,163	
In-kind donations	69,740	
Contributions released from restrictions	<u>9,000</u>	<u>(9,000)</u>
<u>Total Revenue and Other Support</u>	<u>656,973</u>	<u>(4,000)</u>
 <u>Expenses</u>		
Program services		
Counseling	504,229	
Supporting services		
Administration and general	58,841	
Fundraising	<u>26,170</u>	
<u>Total supporting services</u>	<u>85,011</u>	
 <u>Total Expenses</u>	<u>589,240</u>	<u>0</u>
 <u>Change in Net Assets</u>	 67,733	 (4,000)
 <u>Net Assets at beginning of year</u>	 78,189	 9,000
 <u>Net Assets at end of year</u>	 <u>\$145,922</u>	 <u>\$ 5,000</u>

See notes to financial statements.

The Refuge Center for Counseling, Inc.
Statements of Cash Flows
Years Ended December 31, 2013

Cash flows from operating activities	
Changes in net assets	\$ 63,733
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation expense	2,624
Decrease (increase) in prepaid expenses	(465)
Decrease (increase) in deposits	(1,500)
Increase (decrease) in payables	<u>5,424</u>
Net cash provided by (used in) operating activities	<u>69,816</u>
 Cash Flows from Investing Activities	
Fixed assets purchased	<u>(5,127)</u>
 Increase (decrease) in cash	64,689
 Cash at beginning of year	70,932
 Cash at end of year	<u>\$ 135,621</u>

See notes to financial statements.

The Refuge Center for Counseling, Inc.
Notes to Financial Statements
December 31, 2013

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. The Center had \$5,000 in temporarily restricted net assets on December 31, 2013.

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, 2013

As of December 31, 2013, 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 2013.

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 25, 2014, which is the date the financial statements were available to be issued. Through June 25, 2014, 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. There was no outstanding balance on the line at December 31, 2013.

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.

2014	\$81,370
2015	82,567
2016	83,790
2017	56,410

**The Refuge Center for Counseling, Inc.
Schedule of Functional Expenses
Year Ended December 31, 2013**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$253,467	\$39,700	\$12,215	\$305,382
Contract fees	138,633	0	0	138,633
Advertising	2,919	457	141	3,517
Rent	53,739	8,417	2,590	64,746
Fundraising	0	0	8,888	8,888
Telephone	2,421	379	117	2,917
Education and development	3,237	507	156	3,900
Professional fees	2,490	3,042	120	5,652
Program supplies	6,974	0	0	6,974
Meals and entertainment	2,155	337	104	2,596
Technology	3,898	610	188	4,696
Office supplies	8,063	1,263	388	9,714
Bank fees	826	129	40	995
Other operating expenses	8,771	1,374	422	10,567
Printing/postage	2,610	409	125	3,144
Taxes/licenses	0	20	0	20
Dues/subscriptions	998	157	48	1,203
Payroll processing	704	110	34	848
Insurance	6,241	977	301	7,519
Staff appreciation	1,689	265	81	2,035
Gifts/flowers	124	19	6	149
Conferences	2,092	328	101	2,521
Depreciation	2,178	341	105	2,624
	<u>\$504,229</u>	<u>\$58,841</u>	<u>\$26,170</u>	<u>\$589,240</u>

See notes to financial statements.

The Refuge Center for Counseling, Inc.
Schedule of Functional Expenses
Year Ended December 31, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$202,814	\$31,766	\$ 9,774	\$244,354
Contract fees	67,873			67,873
Advertising	1,887	295	91	2,273
Rent	41,234	6,458	1,988	49,680
Utilities	2,170	340	104	2,614
Fundraising			2,461	2,461
Telephone	1,851	290	89	2,230
Education and development	3,016	472	146	3,634
Professional fees	1,868	2,843	89	4,800
Program supplies	1,667			1,667
Meals and entertainment	1,194	187	58	1,439
Furniture and equipment	1,905	298	92	2,295
Technology	2,753	431	133	3,317
Office supplies	11,324	1,774	545	13,643
Bank fees	352	55	17	424
Other operating expenses	2,990	468	145	3,603
Printing/postage	1,961	307	95	2,363
Taxes/licenses		105		105
Dues/subscriptions	1,474	231	71	1,776
Payroll processing	663	104	32	799
Insurance	2,317	363	112	2,792
Professional dues		250		250
Interest expense	279	39	12	300
Staff appreciation	1,626	255	78	1,959
Gifts/flowers	394	62	19	475
Conferences	1,684	264	81	2,029
Depreciation	1,247	195	60	1,502
	<u>\$356,513</u>	<u>\$47,852</u>	<u>\$16,292</u>	<u>\$420,657</u>

See accompanying notes and accountant's reports.