

THE REFUGE CENTER FOR COUNSELING, INC.

DECEMBER 31, 2012 AND 2011

Report

of

Review

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Independent Accountant's Review Report

May 16, 2013

Board of Directors
The Refuge Center for Counseling, Inc.

We have reviewed the accompanying statements of financial position of The Refuge Center for Counseling, Inc. (the Center) as of December 31, 2012 and 2011 and the related statements of activities and changes in net assets and of cash flows for the years then ended, and the accompanying supplementary information, which is presented only for analysis purposes. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity 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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 70,932	\$ 48,368
Accounts receivable	0	425
Deposit	<u>5,151</u>	<u>1,500</u>
<u>Total Current Assets</u>	<u>76,083</u>	<u>50,293</u>
 <u>Fixed Assets</u>		
Fixed Assets (Net)	<u>11,106</u>	<u>0</u>
 <u>Total Assets</u>	 <u>\$ 87,189</u>	 <u>\$ 50,293</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable	\$ 0	\$ 0
 <u>Total Liabilities</u>	 <u>0</u>	 <u>0</u>
 <u>Unrestricted Net Assets</u>	 78,189	 46,593
 <u>Temporarily Restricted Net Assets</u>	 9,000	 3,700
 <u>Total Liabilities and Net Assets</u>	 <u>\$ 87,189</u>	 <u>\$ 50,293</u>

See accompanying notes and accountant's reports.

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

	2012		2011	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Unrestricted
<u>Revenue</u>				
Counseling services	\$ 253,617	\$	\$ 220,555	\$
Special events	9,014		21,096	
Contributions	61,652		27,399	
Grant income	116,131	9,000	108,418	3,700
Other	96		733	
In-kind donations	8,043			
Contributions released from restrictions	3,700	(3,700)		
<u>Total Revenue and Other Support</u>	<u>452,253</u>	<u>5,300</u>	<u>378,201</u>	<u>3,700</u>
<u>Expenses</u>				
Program services				
Counseling	358,629		312,171	
Supporting services				
Administration and general	45,633		39,007	
Fundraising	16,395		18,084	
<u>Total supporting services</u>	<u>62,028</u>		<u>57,091</u>	
<u>Total Expenses</u>	<u>420,657</u>	<u>0</u>	<u>369,262</u>	
<u>Change in Net Assets</u>	31,596	5,300	8,939	3,700
<u>Net Assets at beginning of year</u>	46,593	3,700	37,654	0
<u>Net Assets at end of year</u>	<u>\$ 78,189</u>	<u>\$ 9,000</u>	<u>\$ 46,593</u>	<u>\$ 3,700</u>

See accompanying notes and accountant's report.

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

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Changes in net assets	\$ 36,896	\$ 12,639
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	1,502	
Decrease (increase) in accounts receivable	425	(424)
Decrease (increase) in deposits	(3,651)	(1,500)
Increase (decrease) in payables	<u>0</u>	<u>(2,994)</u>
Net cash provided by (used in) operating activities	<u>35,172</u>	<u>7,721</u>
 Cash Flows from Investing Activities		
Fixed assets purchased	(12,608)	0
 Increase (decrease) in cash	 22,564	 7,721
 Cash at beginning of year	 48,368	 40,647
 Cash at end of year	 <u>\$ 70,932</u>	 <u>\$ 48,368</u>

See accompanying notes and accountant's report.

The Refuge Center for Counseling, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

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 Davidson counties.

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 \$9000 and \$3700 in temporarily restricted net assets on December 31, 2012 and 2011.

The Refuge Center for Counseling, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

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.

As of December 31, 2012 and 2011, 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 2012 or 2011.

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 May 16, 2013, which is the date the financial statements were available to be issued. Through May 16, 2013, no subsequent events required recognition or disclosure in the financial statements.

The Refuge Center for Counseling, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

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, 2012 and 2011.

NOTE C - RELATED PARTY TRANSACTIONS

The Center rented office space until August 2012 from JAMS Investments, LLC, which is 50% owned by one of the Center's Board Members. During the years ended December 31, 2012 and 2011, \$12,950 and \$21,400 of rent, respectively, was paid to JAMS Investments, LLC.

NOTE D - 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.

2013	\$62,002
2014	63,172
2015	64,366
2016	65,584
2017	55,513

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

	Program Services	Management and General	Fundraising	Total
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.

The Refuge Center for Counseling, Inc.
Schedule of Functional Expenses
Year Ended December 31, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 167,599	\$ 26,250	\$ 8,078	\$ 201,927
Contract fees	53,178			53,178
Advertising	903	141	44	1,088
Rent	41,210	6,690	2,058	49,958
Utilities	2,394	375	115	2,884
Fundraising			6,084	6,084
Telephone	1,482	232	72	1,786
Education and development	4,513	707	217	5,437
Professional fees	2,054	322	99	2,475
Program supplies	10,636			10,636
Meals and entertainment	1,370	215	66	1,651
Furniture and equipment	228	36	11	275
Technology	2,511	393	121	3,025
Office supplies	2,055	322	99	2,476
Bank fees	364	57	17	438
Other operating expenses	3,703	511	155	4,369
Grant writing	12,379	1,939	597	14,915
Printing	478	65	20	563
Insurance	1,333	209	64	1,606
Client resource material	317			317
Strategic planning	3,464	543	167	4,174
	\$ <u>312,171</u>	\$ <u>39,007</u>	\$ <u>18,084</u>	\$ <u>369,262</u>

See accompanying notes and accountant's reports.