

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

Financial Statements
For the Years Ended December 31, 2021 and 2020



Independent Auditor's Report

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

Opinion

We have audited the financial statements of Pastoral Counseling and Consultation Centers of Tennessee, Inc. dba Insight Counseling Centers (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
July 27, 2022

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers
Financial Statements
For the Years Ended December 31, 2021 and 2020

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Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers
 Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 254,617	\$ 114,757
Patients receivable	11,500	-
Pledges receivable, current	<u>36,500</u>	<u>40,025</u>
Total current assets	302,617	154,782
 Cash restricted for long-term purposes	 10,000	 -
Property, plant, and equipment, net	-	-
Pledges receivable, noncurrent	<u>2,000</u>	<u>5,000</u>
Total assets	\$ 314,617	\$ 159,782
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 85	\$ 844
Accrued expenses	<u>21,286</u>	<u>17,255</u>
Total current liabilities	21,371	18,099
 Net assets		
Without donor restrictions	249,238	107,863
With donor restrictions	<u>44,008</u>	<u>33,820</u>
Total net assets	<u>293,246</u>	<u>141,683</u>
Total liabilities and net assets	\$ 314,617	\$ 159,782

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
dba Insight Counseling Centers
Statement of Activities
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 74,054	\$ 24,837	\$ 98,891
Grants	219,425	14,500	233,925
PPP loan forgiveness	66,983	-	66,983
Counseling services	447,004	-	447,004
Special events	38,720	-	38,720
Investment income	131	-	131
Net assets released from restrictions	29,149	(29,149)	-
Total support and revenues	875,466	10,188	885,654
Expenses			
Program services	504,102	-	504,102
Management and general	141,214	-	141,214
Fundraising	88,776	-	88,776
Total expenses	734,091	-	734,091
Change in net assets	141,375	10,188	151,563
Net assets, beginning of year	107,863	33,820	141,683
Net assets, end of year	\$ 249,238	\$ 44,008	\$ 293,246

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

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 68,413	\$ -	\$ 68,413
Grants	187,929	4,464	192,393
PPP loan forgiveness	62,510	-	62,510
Counseling services	372,841	-	372,841
Special events	40,175	-	40,175
Investment income	182	-	182
Net assets released from restrictions	<u>60,764</u>	<u>(60,764)</u>	<u>-</u>
Total support and revenues	792,814	(56,300)	736,514
Expenses			
Program services	478,547	-	478,547
Management and general	139,240	-	139,240
Fundraising	<u>84,511</u>	<u>-</u>	<u>84,511</u>
Total expenses	702,299	-	702,299
Change in net assets	90,515	(56,300)	34,215
Net assets, beginning of year	<u>17,348</u>	<u>90,120</u>	<u>107,468</u>
Net assets, end of year	\$ 107,863	\$ 33,820	\$ 141,683

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program services	Management and general	Fundraising	Total
Salaries and benefits	\$ 182,730	\$ 65,731	\$ 45,314	\$ 293,775
Payroll taxes	13,964	5,019	3,460	22,443
Employee benefits	12,795	7,324	5,375	25,494
Advertising	1,132	1,132	1,510	3,774
Bank charges	186	181	181	548
Contract labor	208,486	51,904	16,211	276,600
Contributions to others	-	-	-	-
Credit card processing	10,498	628	961	12,086
Equipment rental	450	129	64	643
Fees, dues, and subscriptions	865	519	346	1,729
Insurance	5,827	1,093	364	7,284
Internet	1,050	300	150	1,500
Janitorial	1,316	351	88	1,755
Payroll processing	1,326	249	83	1,658
Postage and delivery	247	82	82	411
Printing and copying	187	23	2	212
Professional fees	23,479	1,275	980	25,733
Public relations	1,341	1,341	10,919	13,600
Rent	1,350	150	-	1,500
Staff development	4,089	152	51	4,292
Supplies	10,953	1,196	890	13,039
Technology support	21,147	2,231	1,642	25,019
Telephone	657	188	94	938
Travel	29	17	12	58
	\$ 504,102	\$ 141,214	\$ 88,776	\$ 734,091

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
 Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash and cash equivalents, beginning of year	\$ 114,757	\$ 90,852
Cash flows from operating activities		
Change in net assets	151,563	34,215
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
PPP loan forgiveness	(66,983)	(62,510)
Change in:		
Patients receivable	(11,500)	2,350
Pledges receivable, net	6,525	(9,791)
Accounts payable	(759)	(2,653)
Accrued expenses	4,031	(216)
Net cash provided (used) by operating activities	82,877	(38,605)
Cash flows from financing activities		
Proceeds from PPP loan	66,983	62,510
Net change in cash and cash equivalents	149,860	23,905
Cash and cash equivalents, end of year	\$ 264,617	\$ 114,757
Reconciliation of cash to statement of financial position		
Cash	\$ 254,617	\$ 114,757
Cash restricted for long-term purposes	10,000	-
	\$ 264,617	\$ 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 Years Ended December 31, 2021 and 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

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.

The Organization has \$10,000 of board designated net assets for long-term purposes as of December 31, 2021 which is reflected in restricted cash on the Statements of Financial Position.

Property and Equipment

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.
dba Insight Counseling Centers
Notes to Financial Statements
For the Years Ended December 31, 2021 and 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.

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.

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). 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.

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.

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 2. Significant Accounting Policies

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, 2021, 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:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 264,617	\$ 114,757
Patients receivable, net	11,500	-
Pledges receivable, net	<u>38,500</u>	<u>45,025</u>
Total financial assets at year-end	314,617	159,782
Less amounts not available to be used within one year		
Net assets with donor restrictions	(2,000)	(5,000)
Board designated for long term use	<u>(10,000)</u>	<u>(5,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 302,617	\$ 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 Years Ended December 31, 2021 and 2020

Note 4. Pledges Receivable

The following represents ICC's pledges receivable:

	2021	2020
In less than one year	\$ 36,500	\$ 40,025
In one to five years	<u>2,000</u>	<u>5,000</u>
Total	\$ 38,500	\$ 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. On January 28, 2021, ICC received a loan in the amount of \$66,983 in accordance with the PPP section of the CARES Act. On December 8, 2021, 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 three donors for December 31, 2021. The donors account for 83% of total grants receivable as of December 31, 2021. ICC has a significant concentration of pledges receivable from two donors for December 31, 2020. 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:

	2021	2020
Purpose restricted	\$ 26,508	\$ 10,820
Subject to passage of time	<u>17,500</u>	<u>23,000</u>
Total restricted net assets at year-end	\$ 44,008	\$ 33,820

Pastoral Counseling and Consultation Centers of Tennessee, Inc.
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Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

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, 2021, there was one lease for administrative offices and also one for equipment usage. The leases resulted in related rental expenses of \$1,500 and \$6,000 for 2021 and 2020, respectively. Equipment usage expenses totaled \$643 and \$1,393 for 2021 and 2020, respectively.

Note 9. Related Party Transactions

During 2021, ICC received donations from its board members of \$15,133.

During 2020, ICC 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 27, 2022, the date on which the financial statements were available for issuance.