



Family Guidance Center of Alabama

2021 and 2020 Financial Statements

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Independent Auditors' Report

Board of Directors
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama

We have audited the accompanying financial statements of the Family Guidance Center of Alabama, Inc. which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and statements of cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Family Guidance Center of Alabama, Inc. as of September 30, 2021 and 2020, and the changes 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Family Guidance Center of Alabama, Inc. The Schedules of Grant and Contract Income, the Schedule of Program Expenses - General Family Services, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, on our consideration of Family Guidance Center of Alabama, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Guidance Center of Alabama, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Family Guidance Center of Alabama, Inc.'s internal control over financial reporting and compliance.

Montgomery, Alabama
January 11, 2022

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

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Statements of Financial Position

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
As of September 30

	2021	2020
Assets		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 3,075,668	\$ 3,025,225
Grant receivable	1,981,821	1,213,173
Accounts receivable		1,655
Prepaid expense	42,350	27,854
Total current assets	5,099,839	4,267,907
<i>Property and equipment:</i>		
Office furniture and equipment	201,699	111,766
Building - capital lease	2,550,000	2,550,000
Leasehold improvements	1,116,691	1,116,691
Land - capital lease	1,100,000	1,100,000
Less accumulated depreciation	(1,453,523)	(1,352,510)
Net property and equipment	3,514,867	3,525,947
<i>Restricted assets:</i>		
Debt service fund	267,095	225,171
Endowment fund	96,034	74,280
Total restricted assets	363,129	299,451
Investments	121,205	23,855
Total assets	\$ 9,099,040	\$ 8,117,160
Liabilities and net assets		
<i>Current liabilities:</i>		
Accounts payable	\$ 287,347	\$ 98,056
Accrued unused vacation	429,079	309,199
Accrued expenses	388,533	238,755
Deferred revenue	1,530,797	1,221,918
Current maturities of capital lease obligation	103,571	103,571
Total current liabilities	2,739,327	1,971,499
Capital lease obligation	1,559,602	1,663,173
Total liabilities	4,298,929	3,634,672
<i>Net assets:</i>		
Net assets without donor restrictions:		
Undesignated	2,678,631	2,434,429
Designated - capital assets, net of acquisition debt	2,025,446	1,973,779
Net assets with donor restrictions	96,034	74,280
Total net assets	4,800,111	4,482,488
Total liabilities and net assets	\$ 9,099,040	\$ 8,117,160

The accompanying notes are an integral part of these financial statements.

Statement of Activities and Changes in Net Assets

Family Guidance Center of Alabama, Inc.
 Montgomery, Alabama
 For the year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	\$ 83,280		\$ 83,280
Interest income	2,558	\$ 22,503	25,061
General family service fees	73,017		73,017
Grant and contract income	15,296,184		15,296,184
Miscellaneous income	40,621		40,621
Fundraising income	45,829		45,829
Total revenues and other support	15,541,489	22,503	15,563,992
Expenses and losses			
Program services:			
Family Service Centers	4,379,542		4,379,542
Child Care Management	1,908,716		1,908,716
Kids & Kin	1,146,260		1,146,260
General Family Services	1,881,703		1,881,703
Head Start	5,196,023		5,196,023
Management and general	727,240		727,240
Fundraising costs	6,136		6,136
Investment fees		749	749
Total expenses and losses	15,245,620	749	15,246,369
Changes in net assets	295,869	21,754	317,623
Net assets - beginning of year	4,408,208	74,280	4,482,488
Net assets - end of year	\$ 4,704,077	\$ 96,034	\$ 4,800,111

The accompanying notes are an integral part of these financial statements.

Statement of Activities and Changes in Net Assets

Family Guidance Center of Alabama, Inc.
 Montgomery, Alabama
 For the year ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	\$ 62,566		\$ 62,566
Interest income	4,081	\$ 2,431	6,512
General family service fees	60,418		60,418
Grant and contract income	9,621,524		9,621,524
PPP loan forgiveness	1,501,453		1,501,453
Fundraising income	38,589		38,589
Total revenues and other support	11,288,631	2,431	11,291,062
Expenses and losses			
Program services:			
Family Service Centers	3,747,998		3,747,998
Child Care Management	2,002,166		2,002,166
Kids & Kin	1,150,881		1,150,881
General Family Services	2,023,399		2,023,399
Management and general	522,652		522,652
Fundraising costs	8,372		8,372
Investment Fees		586	586
Total expenses and losses	9,455,468	586	9,456,054
Changes in net assets	1,833,163	1,845	1,835,008
Net assets - beginning of year	2,575,045	72,435	2,647,480
Net assets - end of year	\$ 4,408,208	\$ 74,280	\$ 4,482,488

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Family Guidance Center of Alabama, Inc.
 Montgomery, Alabama
 For the year ended September 30, 2021

	Program Services					Supporting Services		Totals
	Family Service Centers	Child Care Mgmt	Kids & Kin	General Family Services	Head Start	Management & General	Fund-raising costs	
Salaries	\$ 3,147,560	\$ 1,281,358	\$ 685,175	\$ 1,289,310	\$ 2,796,435	\$ 520,353		\$ 9,720,191
Payroll taxes & fringes	527,564	285,449	153,102	256,349	609,353	84,600		1,916,417
Total personnel costs	3,675,124	1,566,807	838,277	1,545,659	3,405,788	604,953		11,636,608
Assistance to families	74,911		6,183	7,944				89,038
Computer & office supplies	84,248	51,285	14,912	41,383	120,507	21,858	\$ 24	334,217
Depreciation expenses	39,708	22,960	10,212	13,465	14,667			101,012
Dues & fees	50			7,178	328			7,556
General insurance	15,664	14,469	2,400	13,284	57,686			103,503
Leased equipment	4,318	5,547						9,865
Maintenance & repairs	75,584	22,256	7,238	21,244	175,977	24,559	11	326,869
Meeting expenses	4,094	10,932	24	20,315	7,179		5,797	48,341
Meetings	124,056			22,334	11,564			157,954
Outside & interagency labor		31,852			927,602			959,454
Outside printing	5,791	15,257	23,362	18,773	21,552	3,919	193	88,847
Postage	6,185	65,012	3,231	2,827	1,884	1,887	81	81,107
Professional fees	32,775	14,129	5,350	7,415	12,025			71,694
Provider expenses	37,068	1,466	118,161	14,610	51,290			222,595
Rent	82,217	40,562	12,781	2,199	215	37,723		175,697
Subscription and materials	14,637	4,466	233	50,815	257,960			328,111
Telephone expenses	40,531	18,126	12,281	19,483	21,421	23,933		135,775
Travel	24,013	7,117	90,892	60,762	23,804	170	30	206,788
Travelers aid assistance				370				370
Utilities	38,536	16,473	723	11,610	77,498	8,238		153,078
Vehicle expenses	32			33	7,076			7,141
Totals	\$ 4,379,542	\$ 1,908,716	\$ 1,146,260	\$ 1,881,703	\$ 5,196,023	\$ 727,240	\$ 6,136	\$15,245,620

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Family Guidance Center of Alabama, Inc.
 Montgomery, Alabama
 For the year ended September 30, 2020

	Program Services				Supporting Services		Totals
	Family Service Centers	Child Care Mgmt	Kids & Kin	General Family Services	Management & General	Fund-raising costs	
Salaries	\$ 2,627,321	\$ 1,286,756	\$ 714,368	\$ 1,382,259	\$ 359,959		\$6,370,663
Payroll taxes & fringes	444,839	290,308	160,365	271,256	64,221		1,230,989
Total personnel costs	3,072,160	1,577,064	874,733	1,653,515	424,180		7,601,652
Assistance to families	47,936		3,806	5,656			57,398
Computer & office supplies	97,896	37,113	9,234	44,491	14,352		203,086
Depreciation expenses	38,298	32,820	12,583	10,909			94,610
Dues & fees	100			3,458			3,558
General insurance	17,649	14,676	2,400	14,074			48,799
Leased equipment	25,243	3,871		6,874			35,988
Maintenance & repairs	74,447	58,259	3,165	15,883	28,397	\$ 6	180,157
Meeting expenses	5,726	27,583	981	64,349			98,639
Meetings	97,234			14,104		7,922	119,260
Outside & interagency labor		51,984					51,984
Outside printing	8,473	14,939	19,534	21,213	4,014		68,173
Postage	7,132	64,907	7,142	2,957	2,315	160	84,613
Professional fees	32,773	24,748	7,200	47,943			112,664
Provider expenses	44,975		89,075	14,356			148,406
Rent	59,559	42,217	25,414	12,494	19,607		159,291
Subscription and materials	11,655						11,655
Telephone expenses	33,222	22,805	12,512	13,453	21,375	178	103,545
Travel	37,390	10,927	82,096	65,742	166	106	196,427
Utilities	35,872	18,253	1,006	10,646	8,246		74,023
Vehicle expenses	258			1,282			1,540
Totals	\$ 3,747,998	\$ 2,002,166	\$ 1,150,881	\$ 2,023,399	\$ 522,652	\$ 8,372	\$9,455,468

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
For the years ended September 30

	2021	2020
Cash flows from operating activities		
Cash received from donors and grantors	\$ 15,105,878	\$ 11,646,899
Cash paid to vendors	(3,333,954)	(1,806,791)
Cash paid to employees	(11,366,949)	(7,553,454)
Net cash flows from operating activities	404,975	2,286,654
Cash flows from investing activities		
Purchases of property and equipment	(89,933)	(29,207)
Change in investments	(119,104)	98,206
Net cash flows from investing activities	(209,037)	68,999
Cash flows from financing activities		
Payments on capital lease obligation	(103,571)	(103,572)
Net cash flows from financing activities	(103,571)	(103,572)
Net increase (decrease) in cash and cash equivalents	92,367	2,252,081
Cash and cash equivalents - beginning of year	3,250,396	998,315
Cash and cash equivalents - end of year	\$ 3,342,763	\$ 3,250,396
Displayed as:		
Cash	\$ 3,075,668	\$ 3,025,225
Restricted:		
Debt service account	267,095	225,171
Total cash and cash equivalents	\$ 3,342,763	\$ 3,250,396

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Family Guidance Center of Alabama, Inc. Montgomery, Alabama September 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

Nature of Activities – Family Guidance Center of Alabama, Inc. (“Center”) is a private, non-profit organization partially funded by the United Way that provides family counseling, mentoring, pre-school education, parenting education, child care support services, career development, job training, and other family services for families in need within Alabama. Family Guidance Center of Alabama, Inc. serves over 20,000 families annually through offices in Montgomery, Dothan, Birmingham, Talladega, Tuscaloosa, Opelika, Selma and Hayneville.

Basis of Presentation – Professional standards establish guidelines for external financial reporting by not-for-profit centers and require resources to be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two classes of net assets are:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Consists of permanently restricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Center.

In addition, the Center is required to present statements of cash flows.

Cash and Cash Equivalents – All investments purchased with a maturity of three months or less are considered to be cash equivalents.

Receivables – Receivables are granted on an unsecured basis. The Center provides for losses on accounts receivable using the allowance method. Management reviews the receivables on an ongoing basis for delinquent accounts. An account is deemed delinquent after all collection efforts have been exhausted. Grant receivable is comprised of amounts due from grantor agencies. At September 30, 2021 and 2020, approximately 71% and 98% of the grant receivable was due from the State of Alabama Department of Human Resources and Alabama Department of Commerce, respectively.

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

General Family Service Fees – In accordance with current accounting standards, fees are contracts with customers that have one performance obligation to provide services. Fees are earned at a point in time when services are provided.

Grants and Contracts Income – The center has grants and contracts with various State of Alabama agencies to provide services to the eligible public. These grants and contracts do not constitute contracts with customers as the State of Alabama does not receive direct commiserate value. Therefore, these grants and contracts are treated as conditional contributions. Revenues are earned as conditions to provide services are met.

Notes to Financial Statements (Continued)
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Contributions – In accordance with current accounting standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on salaries or square footage depending on the nature of the expense.

Property and Equipment – Expenditures for property, equipment, and improvements are capitalized at cost. Equipment expenditures of \$500 or less are charged to expense. Ordinary repairs and maintenance are charged to expense when incurred. Donated assets are capitalized, and recorded as support, at their fair market value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Office furniture and equipment	5-20 years
Leasehold improvements	10-40 years
Building - capital lease	40 years

Depreciation expense for the year ending September 30, 2021 and 2020 was \$101,012 and \$94,610, respectively.

Deferred Revenue – Deferred revenue consists of monies received under grants and contracts from agencies for which the services have yet to be provided. The revenues are recognized to match expenditures.

Income Tax Status – The Family Guidance Center of Alabama, Inc. qualifies as a tax-exempt center under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Center uses the accounting guidance for uncertainty in income taxes. Under the new standards, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. The Center is no longer subject to income tax examinations by major tax jurisdictions for years before 2016.

Significant 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.

Subsequent Events – Management has evaluated subsequent events through January 11, 2022, which is the date the financial statements were available to be issued.

Notes to Financial Statements (Continued)
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

Note 2 – Cash Management

Management operates using budgets to ensure the Center has enough resources from grantors and donors to cover general expenses for the year. Grants are collected on a cost reimbursement basis and the Center maintains adequate cash resources to supplement cash flows as needed. Financial assets available to meet cash needs for general expenditures are as follows:

Financial Assets at year end	\$ 5,541,823
Less those not available for general expenditures:	
Reserved for Debt Service	(267,095)
Donor restrictions	<u>(96,034)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 5,178,694</u>

Note 3 – Investments

Pursuant to current accounting standards, investments are carried at fair market value. Fair market value is based on quoted market prices. A net realized gain of \$1,828 and \$1,058 was recognized during the years ended September 30, 2021 and 2020, respectively. Unrealized gains of \$9,105 and \$4,206 were recognized during the years ended September 30, 2021 and 2020, respectively. The Center's investments, which are permanently restricted at September 30, 2021 and 2020, are held in mutual funds and have a fair value of \$96,034 and \$74,280 at September 30, 2021 and 2020, respectively. The remaining portion of the investments which are not restricted at September 30, 2021 and 2020 was \$121,204 and \$23,855, respectively. Of this amount, \$97,314 and \$0 were invested in mutual funds at September 30, 2021 and 2020, respectively, and \$23,891 and \$23,855 were invested in six month certificates of deposit bearing interest rates of 0.10% as of September 30, 2021 and 2020, respectively.

Professional standards establish a framework for using fair value to measure assets and liabilities and define fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). Under these standards, a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance. Standards require disclosures that stratify balance sheet amounts measured at fair value based on inputs the Center uses to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and

Notes to Financial Statements (Continued)
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

Note 3 – Investments (Continued)

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on association-specific data. These unobservable assumptions reflect the Center's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Mutual funds represent assets measured on a recurring basis at September 30, 2020. These financial assets were valued using level 1 inputs and based on unadjusted quoted market prices within active markets. Certificates of deposit are measured on a recurring basis at September 30, 2021 and 2020 and are valued using level 2 inputs and based on quoted market prices of similar instruments within active markets. There were no level 3 inputs as of September 30, 2021 and 2020.

Note 4 – Accrued Unused Vacation

Accrued vacation represents the Center's liability for the cost of unused employee vacation time payable in the event of employee termination. The policy in effect at September 30, 2021 and 2020 states that any hours accrued over forty as of the end of any calendar year will expire. Accrued vacation of certain employees was grandfathered under the previous policy. The accrued amount at September 30, 2021 and 2020 was \$429,079 and \$309,199, respectively.

Note 5 – Leases

Operating leases:

The Center leases office space for its various programs. Rent expense for these real estate operating leases for 2021 and 2020 totaled \$105,227 and \$90,457 respectively, and is included as a part of rent on the statement of functional expenses. The lease was renewed through September 30, 2024. The remaining lease liability is as follows as of September 30:

2022	\$ 54,408
2023	55,500
2024	<u>56,604</u>
Total	\$166,512

Additionally, the Center incurred costs of \$14,623 and \$35,988 in the leasing of office equipment during the years ended September 30, 2021 and 2020, respectively. These leases are on a month to month basis and therefore, any liability for future minimal rental amounts is minimal.

Notes to Financial Statements (Continued)
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

Note 5 – Leases (Continued)

Capital leases:

The Center has an agreement to lease an office building to house the majority of its various programs and administrative offices with the Montgomery Public Educational Building Authority (“Authority”). The economic substance of the lease is that the Center is financing the acquisition of the building through the lease, and accordingly, it is recorded in the Center’s assets and liabilities. This capital lease was facilitated in 2006 with an original bond issue by the Authority in the amount of \$2,975,000. During the year ended September 30, 2009, the original 2006 bond issue was retired. The 2009 bond issue matures in February 2036 and bears interest of the greater of a seven day floating interest rate based on the Securities Industry and Financial Markets Association (SIFMA) index plus 210 basis points or 3.5%. The bonds require monthly principal payments of \$8,631 and monthly interest payments. The land and building are pledged as collateral and have a book value of \$2,758,958 and \$2,816,333 with accumulated amortization of \$891,042 and \$833,667 as of September 30, 2021 and 2020, respectively. \$1,597,408 represented an in-kind donation upon acquisition in 2006. The amortization of the building for the years ended September 30, 2021 and 2020 was \$57,375 and is included in depreciation expense. The interest rate at September 30, 2021 and 2020 was 3.5%. The Center incurred interest expense of \$70,470 and \$68,834 for the years ended September 30, 2021 and 2020, respectively. The interest paid on the bonds is included as a part of rent on the statement of functional expenses.

The following is a schedule by years of future minimum payments required under the lease:

Year ending September 30:		
	2022	\$ 160,121
	2023	156,496
	2024	152,871
	2025	149,246
	2026	145,621
	Thereafter	<u>1,363,991</u>
Total minimum lease payments		2,128,346
Less amount representing interest		<u>465,173</u>
Present value of minimum lease payments	\$	<u><u>1,663,173</u></u>

Note 6 – Retirement Plan

The Center maintains a defined contribution retirement plan under IRS Code Section 403(b). The Center matches employees’ contributions up to 4% of their compensation. Contributions totaling \$120,766 and \$110,287 for the years ended September 30, 2021 and 2020, respectively, were made by the Center.

Note 7 – Economic Dependence

The Center's income depends upon continuation of United Way support, other grants and contracts from State and local agencies, and Federal Grants administered by the Alabama Department of Human Resources. The Center is subject to audits from the various funding sources. Expenditures may be considered disallowed and could result in amounts being required to be reimbursed or termination of the program.

Notes to Financial Statements (Continued)
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

Note 8 – Credit Risk Concentration

At various times during the year, the Center maintained deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limitations. At September 30, 2021 and 2020, the Center's bank balances in excess of the FDIC limit totaled \$1,641,880 and \$753,359 respectively. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 9 – Statement of Cash Flow Disclosures

During the years ended September 30, 2021 and 2020, the Center paid cash for interest of \$70,470 and \$68,834.

Note 10 – Debt Service Fund

The debt service fund was established to segregate amounts that will be used to satisfy principal and interest payments on the capital lease obligation (See Note 5). Deposits in the amount of \$206,374 and \$211,124 were made to the fund during the years ended September 30, 2021 and 2020, respectively. Withdrawals of \$164,450 and \$223,264 were made to pay amounts for principal and interest during the years ended September 30, 2021 and 2020, respectively. The balance in the account as of September 30, 2021 and 2020 was \$267,095 and \$225,171, respectively.

Note 11 – Net Assets with Donor Restrictions - Endowment Funds

The Center is the beneficiary of a permanent endowment fund. There is no formal spending policy; however, funds from the endowment cannot be spent without the direction of the Board. The amount of funds at September 30, 2021 and 2020 was \$96,034 and \$74,280, respectively, and is included in net assets with donor restrictions. Subsequent to year end, the Center established an investment committee and investment policy that has yet to take effect.

Note 12 – COVID-19 Pandemic

The Center believes it understands the risk associated with COVID-19 and has implemented risk mitigation tactics for the impact, if any, of COVID-19 related outcomes to all aspects of business transactions. The Center received a Paycheck Protection Program loan of \$1,501,453 as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The loan was forgiven during the year ended September 30, 2020 and as such is recognized as income on the statement of activities and changes in net assets for the year ended September 30, 2020.

Supplemental Information

Schedules of Grant and Contract Income

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
For the year ended September 30

	2021	2020
<i>Funding Sources:</i>		
Alabama Department of Commerce	\$ 2,067,369	\$ 1,581,337
Child Care Management	2,415,899	2,409,784
Family Coaches Program	221,550	278,530
Head Start	4,983,211	
Home Visiting	1,878,431	1,730,614
Kids & Kin Program	1,199,863	1,166,533
LIFT	65,369	105,164
River Region United Way	66,249	117,079
Coaching for Excellence	798,010	763,627
The Center for Families	1,600,233	1,468,856
Total Grants and Contracts Income	\$ 15,296,184	\$ 9,621,524

The accompanying notes are an integral part of these financial statements.

Schedule of Expenditures of Federal Awards

Family Guidance Center of Alabama, Inc.
 Montgomery, Alabama
 September 30, 2021

Federal Grantor/ Pass-Through Grantor Agency	Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Sub Recipients	Expenditures
U.S. Department of Health and Human Services					
Administration for Children and Families	Head Start	93.600	04CH011788-02-00	0	\$ 4,923,319
Administration for Children and Families - COVID	Head Start - COVID	93.600	04CH011788	0	59,892
Total Administration for Children and Families					<u>4,983,211</u>
Passed through Alabama Department of Early Childhood Education	Maternal, Infant, and Early Childhood Home Visiting Grant	93.870		0	1,878,431
Passed through Alabama Department of Child Abuse and Neglect Prevention	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	CFTF 2021-205 CFTF 2021-602 TANF 2021-203 SFTF 2021-202	0	879,660
Passed through Auburn University	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	20-AHMREI-360507- FGC	0	65,369
					<u>945,029</u>
Total U. S. Department of Health and Human Services					<u>7,806,671</u>
U.S. Department of Labor					
Passed through Alabama Department of Commerce	WIA Youth Activities	17.259	9X500004 9X803206	0	1,063,051
Passed through Alabama Department of Commerce - COVID	WIA Youth Activities - COVID	17.259	9X500004 9X803206	0	<u>1,004,318</u>
Total passed through Alabama Department of Commerce				0	<u>2,067,369</u>
Total Federal Expenditures					<u>\$ 9,874,040</u>

Note to Schedule-

1. Family Guidance Center of Alabama, Inc. follows the accrual basis of accounting in preparing this schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. This method is consistent with the preparation of the Center's financial statements.
2. Family Guidance Center of Alabama, Inc. did not have any non-cash awards during the fiscal year.
3. Family Guidance Center of Alabama, Inc. did not elect to use the 10% de minimis indirect cost rate.

The accompanying notes are an integral part of these financial statements.

Schedule of Program Expenses
General Family Services

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

	Counseling	Travelers Aid	Family Services	Raffle & Communication	Families in Transition	LIFT	Home Visiting / Success by 6	Totals
Salaries			\$ 5,497		\$ 3,163	\$ 55,539	\$ 1,225,111	\$ 1,289,310
Payroll taxes & fringes	\$ 4,995		1,239		483	7,367	242,265	256,349
Total personnel costs	4,995		6,736		3,646	62,906	1,467,376	1,545,659
Assistance to families	70						7,874	7,944
Computer & office supplies		\$ 5	125	\$ 2,825		3,315	35,113	41,383
Depreciation expenses			57		33	580	12,795	13,465
Dues & fees	7,178							7,178
General insurance	6,429		190			330	6,335	13,284
Maintenance & repairs			568	520		352	19,804	21,244
Meeting expenses	101			372		19,400	442	20,315
Meetings	2,025						20,309	22,334
Outside printing	3,784		21			12,539	2,429	18,773
Postage	788		11	565	2	150	1,311	2,827
Professional fees	1,000		200			900	5,315	7,415
Provider expenses	57			40			14,513	14,610
Rent			241			1,958		2,199
Subscription and materials	802			38		8,622	41,353	50,815
Telephone expenses			194	13		31	19,245	19,483
Travelers aid assistance		370						370
Travel	150		1			3,619	56,992	60,762
Utilities	513		290			1,800	9,007	11,610
Vehicle expenses	33							33
Totals	\$ 27,925	\$ 375	\$ 8,634	\$ 4,373	\$ 3,681	\$ 116,502	\$ 1,720,213	\$ 1,881,703

The accompanying notes are an integral part of these financial statements.

Schedule of Program Expenses
General Family Services

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
For the year ended September 30, 2020

	Counseling	Travelers Aid	Family Services	Raffle & Communication	Families in Transition	LIFT	Home Visiting / Success by 6	Totals
Salaries	\$ 95,819		\$ 10,900		\$ 3,528	\$ 52,562	\$ 1,219,450	\$ 1,382,259
Payroll taxes & fringes	20,915		2,077		511	7,053	240,700	271,256
Total personnel costs	116,734		12,977		4,039	59,615	1,460,150	1,653,515
Assistance to families	151	\$ 1,444					4,061	5,656
Computer & office supplies	9,178		120	\$ 7,836		5,096	22,261	44,491
Depreciation expenses	764		87		28	419	9,611	10,909
Dues & fees	3,389			69				3,458
General insurance	7,674		120			330	5,950	14,074
Leased equipment							6,874	6,874
Maintenance & repairs	6,263		130			504	8,986	15,883
Meeting expenses	13,868			3,574		21,028	25,879	64,349
Meetings	1,531			317			12,256	14,104
Outside printing	3,971		32	1,580		10,938	4,692	21,213
Postage	876	2	18	39		967	1,055	2,957
Professional fees	3,150		200	25,000		900	18,693	47,943
Provider expenses							14,356	14,356
Rent	205		317			3,600	8,372	12,494
Telephone expenses			228			60	13,165	13,453
Travel	959		1	3,745		526	60,511	65,742
Utilities			311			1,747	8,588	10,646
Vehicle expenses	1,282							1,282
Totals	\$ 169,995	\$ 1,446	\$ 14,541	\$ 42,160	\$ 4,067	\$ 105,730	\$ 1,685,460	\$ 2,023,399

The accompanying notes are an integral part of these financial statements.

Mayer W. Aldridge, CPA (1883–1970)
John R. Borden, CPA (1916–1994)

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D. Joseph Mills, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Directors
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Guidance Center of Alabama, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Guidance Center of Alabama, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Guidance Center of Alabama, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Guidance Center of Alabama, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Guidance Center of Alabama, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Montgomery, Alabama
January 11, 2022

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Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance

Board of Directors
Family Guidance Center of Alabama, Inc.
Montgomery, Alabama

Report on Compliance for Each Major Federal Program

We have audited Family Guidance Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Guidance Center, Inc.'s major federal programs for the year ended September 30, 2021. Family Guidance Center, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Family Guidance Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family Guidance Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Family Guidance Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Family Guidance Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Family Guidance Center of Alabama, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Guidance Center of Alabama, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Guidance Center of Alabama, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Montgomery, Alabama
January 11, 2022

Schedule of Findings and Questioned Costs

Family Guidance Center of Alabama, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.600

Head Start

93.086

Healthy Marriage Promotion and Responsible Fatherhood Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

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January 11, 2022

Audit Committee and Chairman of the Board of Directors
Family Guidance Center of Alabama, Inc.
2358 Fairlane Drive
Montgomery, Alabama 36116

To the Audit Committee and Chairman of the Board:

We have audited the financial statements of Family Guidance Center of Alabama, Inc. as of and for the year ended September 30, 2021, and have issued our report thereon dated January 11, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 27, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Family Guidance Center of Alabama, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the financial statements were:

Management's estimate of the estimated useful lives of the depreciable assets is based on the type of asset, prior experience and current economic conditions. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allocation of expenses between functions on the statement of functional expenses. We evaluated the key factors and assumptions used to develop the estimate of the allocation of expenses on the statement of functional expenses and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure related to the capitalized lease obligation in Note 5 to the financial statements is significant due to the estimates involved in determining the present value of future lease payments as they relate to principal and interest amounts.

The disclosure related to economic dependence in Note 7 to the financial statements is significant due to the nature of any contingencies that may occur if amounts received from grantors were determined not to be allowable costs by the grantor.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 11, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the audit committee, board of directors, and management of Family Guidance Center of Alabama, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Audit Committee and Chairman of the Board of Directors
Family Guidance Center of Alabama, Inc.
January 11, 2022
Page 4 of 4

Very truly yours,

Family Guidance Center

9/30/2021

Summary of Passed Adjustments

We used 1/6 tolerable misstatement (\$16,000) for the floor on passed adjustments, unless indicated by the qualitative nature of the adjustment. No passed adjustments over scope were noted at the end of fieldwork.

There are no other passed aje's from the prior year which were required to be carried forward to the current year.

Client: FAMILY GUIDANCE CENTER OF ALABAMA,
Engagement: 2021 Audit
Current Period: 09/30/2021
Workpaper: Adjusting Journal Entries

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
AJE01					
To adjust capital lease asset and obligation to actual.					
153	Capital Lease - Building		206,345.00	0.00	
202	Bond Payable		0.00	60,850.07	
541	OCCUPANCY COST		0.00	145,494.93	
Total			206,345.00	206,345.00	145,494.93
AJE02					
PBC - To adjust DHR - Eligibility September billing to correct amount.					
420	DHR-OPERATING		37,178.27	0.00	
125	Accounts Receivable, Contributions		0.00	37,178.27	
Total			37,178.27	37,178.27	(37,178.27)
AJE03					
To record endowment fund interest and fees.					
630	BANK FEES	A-04	749.13	0.00	
481	ENDOWMENT FUND INTEREST		0.00	22,502.93	
110	Cash, Endowment		21,753.80	0.00	
Total			22,502.93	22,502.93	21,753.80
AJE04					
To reclassify cash transfers to income.					
133	Cash Transfers		40,480.98	0.00	
492	Misc. Income		0.00	40,480.98	
Total			40,480.98	40,480.98	40,480.98
AJE05					
To capitalize current year fixed asset additions					
150	Fixed Assets	UV-01.01	89,932.79	0.00	
525	OFFICE SUPPLIES		0.00	36,241.79	
600	EQUIPMENT/FIXED ASSETS		0.00	53,691.00	
Total			89,932.79	89,932.79	89,932.79
AJE06					
To adjust accrued leave to actual.					
504	ACCRUED ANNUAL LEAVE	CC-01	119,879.70	0.00	
231	ANNUAL LEAVE ACCRUED		0.00	119,879.70	
Total			119,879.70	119,879.70	(119,879.70)
GRAND TOTAL			516,319.67	516,319.67	140,604.53