

**CONSUMER CREDIT COUNSELING
SERVICE OF ALASKA**

Financial Statements

December 31, 2009 and 2008

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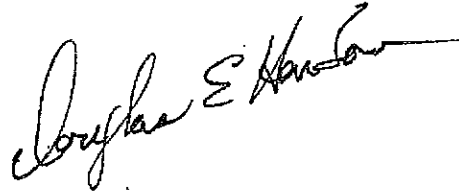
INDEPENDENT AUDITOR'S REPORT

The Board of Directors.
Consumer Credit Counseling Service of Alaska
Anchorage, Alaska

We have audited the accompanying statements of financial position of Consumer Credit Counseling Service of Alaska as of December 31, 2009 and 2008 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Consumer Credit Counseling Service of Alaska as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



February 28, 2010

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Statement of Financial Position

December 31, 2009 and 2008

	<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents (note 4)		\$ 275,282	365,882
Cash - client trust funds (note 4)		288,896	285,066
Receivables:			
Grant		30,462	13,175
Other		28,948	14,712
Prepaid expenses		18,689	19,404
Fixed assets, net (note 3)		47,537	24,951
Investments		1,998	1,998
Franchise licenses		<u>11,670</u>	<u>11,670</u>
		\$ <u>703,482</u>	<u>736,858</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 10,984	4,619
Client funds held in trust (note 4)	306,117	295,417
Other accrued expenses	18,639	13,642
Accrued payroll and fringe benefits	59,624	63,474
Deferred revenues	<u>-</u>	<u>61,874</u>
Total liabilities	395,364	439,026
Net assets - unrestricted	<u>308,118</u>	<u>297,832</u>
	\$ <u>703,482</u>	<u>736,858</u>

See accompanying notes to financial statements. /

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2009 and 2008

	<u>2009</u>	2008
Public support and revenue:		
Public support:		
Grants and contracts	\$ 288,955	153,360
Donations	<u>19,055</u>	<u>32,976</u>
Total public support	<u>308,010</u>	<u>186,336</u>
Revenue:		
Client fees	742,856	743,732
Interest	2,762	5,652
Other	<u>398</u>	<u>434</u>
Total revenue	<u>746,016</u>	<u>749,818</u>
Total support and revenue	1,054,026	936,154
Expenses:		
Program services:		
Counseling services	<u>1,043,740</u>	<u>986,717</u>
Increase (decrease) in net assets	10,286	(50,563)
Net assets, beginning of period	<u>297,832</u>	<u>348,395</u>
Net assets, end of period	\$ <u>308,118</u>	<u>297,832</u>

See accompanying notes to financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Cashflow Statements

Current Unrestricted Funds

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
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OPERATING ACTIVITIES:		
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Net change in net assets - (decrease)	\$ 10,286	(50,563)
Adjustments - transactions not using cash:		
Depreciation	33,306	18,296
Changes in unrestricted assets & liabilities:		
Decrease (increase) in accounts receivable	(24,653)	12,643
Decrease (increase) in prepaid expenses	715	1,529
Increase (decrease) in deferred revenues	(61,874)	61,874
Increase (decrease) in payables	<u>7,512</u>	<u>15,558</u>
Net cash provided (used) by operating activities	(34,708)	59,337
<hr/>		
INVESTING ACTIVITIES:		
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Investment in property and equipment	(<u>55,892</u>)	(<u>6,739</u>)
Net cash (used) provided by investing activities	(<u>55,892</u>)	(<u>6,739</u>)
Net increase <decrease> in cash	(90,600)	52,598
Cash, beginning of year	<u>365,882</u>	<u>313,284</u>
Cash, end of year	\$ <u><u>275,282</u></u>	<u><u>365,882</u></u>

See accompanying notes to financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Cashflow Statements

Current Restricted Funds

Client Trust Funds

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Receipts into trust accounts from clients	\$ <u>6,349,383</u>	<u>6,987,089</u>
Disbursements from trust accounts:		
Payment to creditors on behalf of clients	5,846,677	6,410,495
Payment to Alaska Consumer Credit Counseling Service - contract deductions	130,039	134,967
Payment to Alaska Consumer Credit Counseling Service - fees for services	185,663	202,520
Other	<u>183,174</u>	<u>211,294</u>
Total disbursements from trust cash	<u>6,345,553</u>	<u>6,959,276</u>
Net increase (decrease) in trust cash	3,830	27,813
Client trust fund cash, beginning of year	<u>285,066</u>	<u>257,253</u>
Client trust fund cash, end of year	\$ <u>288,896</u>	<u>285,066</u>

See accompanying notes to financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Statement of Functional Expenses

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
	<u>Counseling Service</u>	
Salaries	\$ 581,869	562,221
Payroll taxes and employee benefits (note 5)	<u>152,804</u>	<u>143,998</u>
Total salaries and related expenses	734,673	706,219
Contract services	66,111	66,246
Educational materials	2,538	6,364
Advertising	14,639	15,092
Utilities	24,146	19,616
Supplies	27,024	25,563
Rents (note 2)	52,882	45,674
Repairs and maintenance	22,709	18,905
Dues and memberships	41,738	38,083
Travel	4,973	5,881
Depreciation	33,306	18,296
Training	8,048	7,359
Insurance	11,678	13,169
Other	(<u>725</u>)	<u>250</u>
Total expenses	\$ <u>1,043,740</u>	<u>986,717</u>

See accompanying notes to financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Notes to Financial Statements

December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

Consumer Credit Counseling Service of Alaska (Service) was incorporated for the purpose of counseling the public in regards to their debts, assets and payment of creditors.

The financial statements of the Service have been prepared on the accrual basis.

The Service has adopted the Financial Accounting Standards Board's Statement No. 117, "Financial Statements of Not-for-Profit Organizations" and No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 117, standards for general-purpose external financial statements provided by a not-for-profit organization were established. Its objective is to enhance the relevance, understandability, and comparability of financial statements issued by those organizations. It requires that those financial statements provide certain basic information and that net assets and related revenues, expenses, gains or losses be classified by the nature of any donor or board imposed restrictions. Under SFAS No., 116, contributions and pledges are recorded in the period received in the appropriate class of net assets based upon any donor imposed stipulations. Net assets are now classified under the following categories:

Unrestricted net assets represent that portion of net assets of the Service that are neither permanently restricted nor temporarily restricted by donor imposed stipulations.

Temporarily restricted net assets represent assets of the Service whose use is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Service. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent the part of the net assets from contributions and grants whose use by the Service is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Service.

Net assets received from governmental grants are limited by donor imposed stipulations, however, because the donor imposed stipulations are met in the same reporting period as they are received, governmental grants are reported as unrestricted net assets.

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Notes to Financial Statements

1. Summary of Significant Accounting Policies-(continued)

At December 31, 2009 and 2008 there were no net assets which were temporarily or permanently restricted.

Cash and Cash Equivalents

The Service considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents."

Client Funds Held in Trust

Funds received by the Service from its clients are recorded as client funds held in trust until the funds are paid out in accordance with payment plans worked out between the Service, clients and client creditors.

Annual Leave

Employees earn and accrue annual leave based on current salary cost. Annual leave is recorded as a liability in the period earned.

Income Taxes

The Service is organized under Section 501(c)(3) of the Internal Revenue Code (IRC), which exempts it from federal income taxes.

Equipment

Equipment is stated at cost or estimated cost when original cost is not available. Expenses for maintenance and repairs are charged to expense when incurred. Assets whose cost is in excess of \$500 are capitalized. Depreciation is provided on a straight line basis over the estimated useful lives of the assets, generally three to thirty one years based on the type of asset.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose 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.

Investments

Investments are carried at the lower of cost or quoted market value of the securities. The cost of the investments at December 31, 2009 was \$1,998. At December 31, 2009, the gross unrealized gain on the investments was \$598.

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Notes to Financial Statements

2. Rents

The Service entered into a five year lease expiring on December 31, 2011 for its Anchorage operations. The lease calls for monthly payments of \$3,500.

Another rental agreement was on a month to month basis until June 1, 2008 when a three year lease was signed expiring May 31, 2011. This lease calls for rental amounts ranging from \$554 to \$588 monthly over the life of the lease.

Total rents paid in 2009 and 2008 respectively was \$48,764 and \$43,744.

Expected minimum rents for the next five years is as follows:

2010	\$ 48,972
2011	44,941

3. Fixed Assets

At December 31, 2009 and 2008, the components of fixed assets were as follows:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 15,236	15,376
Leasehold improvements	5,085	5,085
Equipment	<u>136,493</u>	<u>92,160</u>
Total costs	156,814	112,621
Less accumulated depreciation	<u>109,277</u>	<u>87,670</u>
Net equipment	\$ 47,537	24,951
	=====	=====

4. Cash and Cash Equivalents

Financial instruments that potentially expose the Service to concentrations of credit and market risk consist primarily of cash. Cash is maintained at high-quality financial institutions and credit exposure is limited to one major institution. The Service has not experienced any losses of its cash. The Service had the following components of cash at December 31, 2009 and 2008:

	<u>Book</u>	<u>Bank</u>
	<u>Balance</u>	<u>Balance</u>
2009:		
Petty cash	\$ 200	-
Demand deposits-Operations	36,422	50,590
Savings-Operations	238,660	238,660
Demand deposits-Trust	<u>288,896</u>	<u>382,808</u>
	\$ 564,178	672,058
	=====	=====

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Notes to Financial Statements

4. Cash and Cash Equivalents - (continued)

2008:	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
Petty cash	\$ 200	-
Demand deposits-Operations	41,386	44,963
Savings-Operations	324,296	324,296
Demand deposits-Trust	<u>285,066</u>	<u>368,121</u>
	\$ <u>650,948</u>	<u>737,380</u>
	=====	=====

The Federal Deposit Insurance Corporation has raised the insured limits on deposited amounts to \$250,000 per depositor until December 31, 2013. Bank deposits at December 31, 2009 and 2008 were not insured to the extent of \$132,808 and \$118,121 respectively through the Federal Deposit Insurance Corporation.

5. Pension Plan

The Service has adopted a Simplified Employee Pension-Individual Retirement Accounts Contribution Agreement (SEP-IRA). The plan provides immediate 100% vesting of contributions to all employees over twenty-one (21) years of age with one year's service. During 2009 and 2008, the Service contributed five percent (5%) of eligible salaries into the plan. At December 31, 2009 and 2008, the Service contributed \$18,193 and \$25,445 respectively into the program.

Beginning December 1, 2009 the Service instituted a 403(b) plan whereby the employee can contribute up to six percent (6%) of their gross wages into either a regular or a Roth retirement plan. The Service will match all employees gross payroll up to three percent (3%) whether the employee contributes to the plan or not. Any employee who contributes up to six percent (6%) will be matched up to six percent (6%) by the Service. During the year ended December 31, 2009, the Service contributed \$3,054 into the plan.