

December 31, 2009 and 2008

Financial Statements

CONSUMER CREDIT COUNSELING  
SERVICE OF ALASKA

February 28, 2010

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.

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.

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.

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

INDEPENDENT AUDITOR'S REPORT

*Certified Public Accountant*  
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CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Statement of Financial Position

December 31, 2009 and 2008

<u>ASSETS</u>	
2009	2008
Cash and cash equivalents (note 4)	\$ 275,282
Cash - client trust funds (note 4)	288,896
Receivables:	
Grant	30,462
Other	28,948
Prepaid expenses	18,689
Fixed assets, net (note 3)	47,537
Investments	1,998
Franchise licenses	11,670
	<u>736,858</u>
	\$ 703,482
	<u>736,858</u>
<u>LIABILITIES AND NET ASSETS</u>	
Accounts payable	\$ 10,984
Client funds held in trust (note 4)	306,117
Other accrued expenses	18,639
Accrued payroll and fringe benefits	59,624
Deferred revenues	-
Total liabilities	395,364
Net assets - unrestricted	308,118
	<u>297,832</u>
	439,026
	<u>61,874</u>
	295,417
	13,642
	63,474
	61,874
	<u>736,858</u>
	\$ 703,482

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

	2009	2008
Public support and revenue:		
Public support:		
Grants and contracts	288,955	153,360
Donations	19,055	32,976
Total public support	<u>308,010</u>	<u>186,336</u>
Revenue:		
Client fees	742,856	743,732
Interest	2,762	5,652
Other	398	434
Total revenue	<u>746,016</u>	<u>749,818</u>
Total support and revenue	1,054,026	936,154
Expenses:		
Program services:		
Counseling services	1,043,740	986,717
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

	2009	2008
<b>OPERATING ACTIVITIES:</b>		
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
Increase (decrease) in prepaid expenses	715	1,529
Increase (decrease) in deferred revenues	( 61,874)	61,874
Increase (decrease) in payables	7,512	15,558
Net cash provided (used) by operating activities	( 34,708)	59,337
<b>INVESTING ACTIVITIES:</b>		
Investment in property and equipment	( 55,892)	( 6,739)
Net cash (used) provided by investing activities	( 55,892)	( 6,739)
Net increase <decrease> in cash	( 90,600)	52,598
Cash, beginning of year	365,882	313,284
Cash, end of year	\$ 275,282	365,882

See accompanying notes to financial statements.

CONSUMER CREDIT COUNSELLING SERVICE OF ALASKA

Cashflow Statements

Current Restricted Funds

Client Trust Funds

For the years ended December 31, 2009 and 2008

	2009	2008
Receipts into trust accounts from clients	\$ 6,349,383	6,987,089
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	183,174	211,294
Total disbursements from trust cash	6,345,553	6,959,276
Net increase (decrease) in trust cash	3,830	27,813
Client trust fund cash, beginning of year	285,066	257,253
Client trust fund cash, end of year	\$ 288,896	285,066

See accompanying notes to financial statements.

CONSUMER CREDIT COUNSELLING SERVICE OF ALASKA

Statement of Functional Expenses

For the years ended December 31, 2009 and 2008

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

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 COUNSELLING 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 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.

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:

	2009	2008
Furniture and fixtures	\$ 15,236	15,376
Leasehold improvements	5,085	5,085
Equipment	136,493	92,160
Total costs	156,814	112,621
Less accumulated depreciation	109,277	87,670
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:

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

CONSUMER CREDIT COUNSELING SERVICE OF ALASKA

Notes to Financial Statements

4. Cash and Cash Equivalents - (continued)

2008:

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

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.