

CentrePointe Counseling, Inc.
FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

Page No.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT.....	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-12



300 North 35th Street | Morehead City, NC 28557
Telephone: 252.247.4625 Fax: 252.247.2110

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
CentrePointe Counseling, Inc.
Ashton, MD

We have reviewed the accompanying financial statements of CentrePointe Counseling, Inc. (CPCI), a nonprofit charitable organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Rogers & Company, CPAs, PA

Rogers & Company CPAs, PA
Morehead City, NC
October 31, 2019

Member of:
American Institute of Certified Public Accountants
North Carolina Association of Certified Public Accountants

CentrePointe Counseling, Inc.
Statement of Financial Position
As of June 30, 2019

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 26,835
Investments	72,044
Accounts Receivable (Net of Allowance for Doubtful Accounts)	75,605
Prepaid Expense	<u>4,155</u>
Total Current Assets	178,639

PROPERTY AND EQUIPMENT (Net of Accumulated Depreciation) 2,763

TOTAL ASSETS \$ 181,402

LIABILITIES & NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 9,228
Accrued Expenses	<u>99,295</u>
Total Current Liabilities	108,523

TOTAL LIABILITIES 108,523

NET ASSETS - Without Donor Restrictions 72,879

TOTAL NET ASSETS 72,879

TOTAL LIABILITIES & NET ASSETS \$ 181,402

CentrePointe Counseling, Inc.
Statement of Activities
Fiscal Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Program Services	\$ 958,619	\$ -	\$ 958,619
Donated Facilities	90,000	-	90,000
Contributions and Fundraising	40,076	10,353	50,429
Investment Income	4,476	-	4,476
Releases from Restrictions	10,353	(10,353)	-
Gain on Sale of Assets	1,434	-	1,434
	<hr/>	<hr/>	<hr/>
Total Revenue	1,104,957	-	1,104,957
	<hr/>	<hr/>	<hr/>
Expenses			
Program	924,907	-	924,907
General and Administrative	191,534	-	191,534
Fundraising	19,781	-	19,781
	<hr/>	<hr/>	<hr/>
Total Expense	1,136,222	-	1,136,222
	<hr/>	<hr/>	<hr/>
Change in Net Assets (Deficit)	(31,265)	-	(31,265)
	<hr/>	<hr/>	<hr/>
Net Assets Beginning of Year	104,144	-	104,144
	<hr/>	<hr/>	<hr/>
Net Assets End of Year	<u>\$ 72,879</u>	<u>\$ -</u>	<u>\$ 72,879</u>

CentrePointe Counseling, Inc.
Statement of Functional Expenses
Fiscal Year Ended June 30, 2019

Expense Type	Program Activity	Supporting Activities			Total Expenses
	Program	General & Administrative	Fundraising	Total Supporting	
Salaries and wages	\$ 761,892	\$ 102,330	\$ 12,548	\$ 114,878	\$ 876,769
Employee benefits	1,885	7,450	-	7,450	9,335
Dues	-	700	-	700	700
Hospitality and staff	-	3,953	-	3,953	3,953
Medical billing	75,167	-	-	-	75,167
Bad debt	4,963	-	-	-	4,963
Insurance	-	5,760	-	5,760	5,760
Office	-	17,685	-	17,685	17,685
Payroll fees	-	4,524	-	4,524	4,524
Phone and internet	-	21,451	-	21,451	21,451
Professional fees	-	13,922	-	13,922	13,922
Publicity	-	1,808	7,234	9,042	9,042
Interest	-	130	-	130	130
Depreciation	-	2,384	-	2,384	2,384
Miscellaneous	-	436	-	436	436
Donated facilities	81,000	9,000	-	9,000	90,000
Total Expenses	\$ 924,907	\$ 191,534	\$ 19,781	\$ 211,315	\$ 1,136,222

CentrePointe Counseling, Inc.
Statement of Cash Flows
Fiscal Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets (deficit)	\$ (31,265)
Adjustments to reconcile the change in net assets to net cash used in operating activities:	
Add: Depreciation	2,384
(Gain) loss on sale of fixed assets	(1,434)
Net unrealized (gain) loss on investments	(1,384)
Changes in certain assets and liabilities:	
Accounts receivable	(17,042)
Prepaid expenses	442
Accounts payable and accrued expenses	<u>12,344</u>
Net cash provided (used) by operating activities	(35,955)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales of investments	53,020
Dividends reinvested	(2,960)
Proceeds from sale of fixed assets	<u>1,434</u>
Net cash provided (used) by investing activities	51,494

CASH FLOWS FROM FINANCING ACTIVITIES

None	<u>-</u>
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Net increase (decrease) in cash 15,539

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 11,296

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 26,835

Supplemental information:

Interest paid	\$ 130
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CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

CentrePointe Counseling, Inc. (CPCI) is a 501(c)(3) non-profit organization incorporated in the state of Maryland in 1982 and reorganized via a merger with Prince Georges Pastoral Counseling Center, Inc. in 2004.

Mission

The organization is a licensed clinical practice that provides Christian counseling and consultation services designed to promote healthy individuals, leading to healthy families, churches, schools and communities.

CPCI provides Christ-centered professional counseling and consultation services for individuals, families and organizations. CPCI, in cooperation with area churches and organizations, operates approximately 24 offices in Maryland and Virginia. CPCI generates most of its revenue from providing counseling services at an affordable cost that is indexed to each client's financial situation. CPCI receives payments directly from patients, however the majority of payments are billed to and paid by the patient's insurance.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include cash on hand and demand deposits.

Contributions

Any contributions subject to donor-imposed restrictions are initially recorded as assets with donor restrictions. Once restrictions are met, the contributions are reclassified to assets without donor restrictions and will appear on the Statement of Activities as "net assets released from restriction." Any contributions of property and equipment are recorded at fair value on the date of donation.

Contributed services are only recorded if they meet the requirements for recognition (such as if they require specialized skills). These requirements are outlined in the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25-16, "Contributed Services." CPCI does not have any volunteers that meet the criteria for recognition and they are not, therefore, reflected in the financial statements.

CentrePointe Counseling, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation

Property and equipment is stated at the cost assigned as of the date of acquisition. Depreciation is provided on the straight-line methods over estimated useful lives of the assets. The estimated useful lives of the depreciable assets are:

Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	10 years

Use of Estimates

The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Net Asset Classes

Net asset classes and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor imposed restrictions. It is the policy of CPCI to designate donor gifts without restriction at the discretion of the Board of Directors in accordance with the CPCI bylaws. Additionally, all fundraisers are considered without donor restrictions.

Net assets with donor restrictions - Net assets subject to donor imposed stipulations that will be met by actions of CPCI and/or the passage of time. When a donor stipulated restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions also includes endowments and other funds with donor imposed stipulations requiring that they be maintained permanently by CPCI. The income from these assets is available for either general operations or specific programs as specified by the donor. Restrictions which have been met are reported as revenues released from restrictions on the Statement of Activities.

Although the organization did not have any assets subject to restriction at the end of the fiscal year, they did receive and exhaust temporarily restricted funds within the fiscal year:

	Beginning		Ending	
	Balance	Additions	Releases	Balance
Counseling grant	\$ -	\$ 5,000	\$ 5,000	\$ -
Samaritan fund	-	5,353	5,353	-
Total	\$ -	\$ 10,353	\$ 10,353	\$ -

As of June 30, 2019, all of the organization's assets are classified as without donor restrictions.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The Statement of Activities presents expenses by functional classification (program, general and administrative, and fundraising). The Statement of Functional Expenses presents these same expenses by functional and natural classification (operational, contracted services, etc.). Donated facility costs have been allocated among functional categories using a subjective basis.

NOTE B - ACCOUNTS RECEIVABLE

The net accounts receivable balance of \$75,605 (net of \$37,644 allowance for doubtful accounts) as of June 30, 2019 consists of amounts that have been billed to insurance companies and amounts charged to patients as co-pays. The allowance for doubtful accounts is related to payment adjustments made by the insurance companies and is based off of historical data. The organization writes off amounts when they are determined to be uncollectable. For the fiscal year ended June 30, 2019 CPCI recorded total bad debt expense of \$4,963.

NOTE C - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CPCI's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. As of the balance sheet date, all financial assets were available for general expenditure.

Financial assets, at year-end	\$ 98,878
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Less those unavailable for general expenditure within one year, due to:

Contractual or donor-imposed restrictions	-
Board designations	-

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 98,878</u>
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CPCI is substantially supported by unrestricted payments for services provided. Most of the assets available, including receivables, are unrestricted and available for general expenditure as needed. The Board of Directors considers the Vanguard investment account a board designated account, however it does not place any restriction on the usage of the funds. They are available as-needed without prior approval for any purpose, including day-to-day operations. It is, effectively, a savings account and the Board transfers funds into the account as the cash balance in their operating account is deemed large enough to meet immediate needs. Conversely, the Board transfers funds out of the investment account as needed to meet immediate liquidity needs. See Note D - Investments for more information regarding the Vanguard investment account. The primary stressor to liquidity is bi-monthly payroll. The amount needed to meet the needs of payroll fluctuates since all of the counselors are paid by commission related to CPCI's cash collections.

CentrePointe Counseling, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE D - INVESTMENTS

CPCI classifies its investments as available for sale and records investments at fair market value. Investments in marketable securities with readily determinable fair market values are reported at their fair values based on quoted prices in active markets (Level 1 measurements) in the Statement of Financial Position. Net realized gains and losses from investments are determined using the average cost method of the investments sold.

The Board has established an objective of preserving capital and providing for long term moderate growth. Therefore, the Board has elected to place its investments in one diversified mutual fund which it believes will meet its objectives. The amounts placed in the investment account have been established as a Board Designated Fund. Withdrawals from the Fund require Board notification, however these assets have no restrictions as to their usage.

For the year ended June 30, 2019, proceeds from sales of investments were \$53,020 and unrealized gains and dividends earned on investments were \$1,384 and \$3,092, respectively. Dividends received are net of fees charged by the mutual fund.

The mutual fund value at June 30, 2019 was \$72,044.

NOTE E - PROPERTY AND EQUIPMENT

At June 30, 2019, property and equipment consists of:

Computers and equipment	\$ 5,783
Furniture and fixtures	7,503
Leasehold improvements	788
Total cost	<u>14,074</u>
Less accumulated depreciation	<u>(11,311)</u>
Net property and equipment	<u>\$ 2,763</u>

The depreciation expense for the year ended June 30, 2019 was \$2,384.

NOTE F - ACCRUED EXPENSES

Accrued expenses primarily represent estimated wages payable and related payroll taxes for counselors who are paid a commission as fees are collected from insurance companies and self-pay individuals. Accrued expenses also include vacation earned by employees and amounts due to the company pension plan.

NOTE G - PENSION PLAN

CPCI has established a qualified pension plan under Section 403(b) of the Internal Revenue Code. Employees are allowed to make contributions up to the amounts allowable under current law. Employer contributions may be made at the discretion of the Board. For the year ended June 30, 2019, total employer contributions to the plan were \$9,335. Total amount due to the plan was \$556.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE H - LEASES / DONATED FACILITIES

CPCI receives free usage of space at various churches for counselors to meet with patients. For the year ended June 30, 2019 CPCI reported estimated in-kind rent of \$90,000. This estimate is based on the total space provided times the estimated market value of equivalent office space. This amount appears on the Statement of Activities within the "Donated Facilities" revenue line item. It is offset by the same amount on the Statement of Functional Expenses as "Donated Facilities" expense. There is no formal lease agreement between CPCI and the churches nor is there any common ownership or governance.

NOTE I - INCOME TAXES

CPCI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. CPCI has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2019. The CPCI tax returns for the years ended June 30, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service; they are generally subject to potential examination for three years after they are filed.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through October 31, 2019, the date on which the financial statements were available to be issued.