

CentrePointe Counseling, Inc.
FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019

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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 statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

Other Matter

As discussed in Note M to the financial statements, the June 30, 2019 financial statements have been restated to correct a misstatement. Our conclusion is not modified with respect to this matter.

Rogers & Company, CPAs, PA

Rogers & Company CPAs, PA
Morehead City, NC
October 30, 2020

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

CentrePointe Counseling, Inc.
Statements of Financial Position
As of June 30, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 202,182	\$ 26,835
Investments	44,734	72,044
Accounts Receivable (Net of Allowance for Doubtful Accounts)	74,304	75,605
Prepaid Expense	396	4,155
Total Current Assets	<u>321,616</u>	<u>178,639</u>
 PROPERTY AND EQUIPMENT (Net of Accumulated Depreciation)	 <u>1,696</u>	 <u>2,763</u>
 TOTAL ASSETS	 <u><u>\$ 323,312</u></u>	 <u><u>\$ 181,402</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,765	\$ 9,228
Accrued Expenses	113,440	113,866
Total Current Liabilities	<u>120,205</u>	<u>123,094</u>
 LONG-TERM LIABILITIES	 <u>167,300</u>	 <u>-</u>
 TOTAL LIABILITIES	 <u>287,505</u>	 <u>123,094</u>
 NET ASSETS		
Without Donor Restrictions	32,350	58,308
With Donor Restrictions	3,457	-
TOTAL NET ASSETS	<u>35,807</u>	<u>58,308</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 323,312</u></u>	 <u><u>\$ 181,402</u></u>

See accompanying notes and Independent Accountant's Review Report

CentrePointe Counseling, Inc.
Statements of Activities
Fiscal Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Program Services	\$ 979,757	\$ -	\$ 979,757	\$ 958,619	\$ -	\$ 958,619
Donated Facilities	100,800	-	100,800	90,000	-	90,000
Contributions and Fundraising	23,868	9,346	33,214	40,076	10,353	50,429
Investment Income	3,958	-	3,958	4,476	-	4,476
Releases from Restrictions	5,889	(5,889)	-	10,353	(10,353)	-
Gain on Sale of Assets	-	-	-	1,434	-	1,434
Total Revenue	<u>1,114,272</u>	<u>3,457</u>	<u>1,117,729</u>	<u>1,104,958</u>	<u>-</u>	<u>1,104,958</u>
Expenses						
Program	953,683	-	953,683	939,478	-	939,478
General and Administrative	182,382	-	182,382	191,535	-	191,535
Fundraising	4,165	-	4,165	19,781	-	19,781
Total Expense	<u>1,140,230</u>	<u>-</u>	<u>1,140,230</u>	<u>1,150,794</u>	<u>-</u>	<u>1,150,794</u>
Change in Net Assets (Deficit)	(25,958)	3,457	(22,501)	(45,836)	-	(45,836)
Net Assets Beginning of Year	<u>58,308</u>	<u>-</u>	<u>58,308</u>	<u>104,144</u>	<u>-</u>	<u>104,144</u>
Net Assets End of Year	<u>\$ 32,350</u>	<u>\$ 3,457</u>	<u>\$ 35,807</u>	<u>\$ 58,308</u>	<u>\$ -</u>	<u>\$ 58,308</u>

See accompanying notes and Independent Accountant's Review Report

CentrePointe Counseling, Inc.
Statements of Functional Expenses
Fiscal Years Ended June 30, 2020 and 2019

June 30, 2020	Program	Supporting Activities			Total
	Activity	General &	Fundraising	Total	
Expense Type	Program	Administrative	Fundraising	Supporting	Expenses
Salaries and wages	\$ 786,059	\$ 113,157	\$ -	\$ 113,157	\$ 899,216
Employee benefits	-	-	-	-	-
Dues	-	1,135	-	1,135	1,135
Hospitality and staff	-	1,358	-	1,358	1,358
Medical billing	76,904	-	-	-	76,904
Bad debt	-	-	-	-	-
Insurance	-	9,790	-	9,790	9,790
Office	-	6,458	-	6,458	6,458
Payroll fees	-	4,149	-	4,149	4,149
Phone and internet	-	21,956	-	21,956	21,956
Professional fees	-	11,593	-	11,593	11,593
Publicity	-	941	3,763	4,704	4,704
Interest	-	268	-	268	268
Depreciation	-	1,068	-	1,068	1,068
Miscellaneous	-	429	402	831	831
Donated facilities	90,720	10,080	-	10,080	100,800
Total Expenses	\$ 953,683	\$ 182,382	\$ 4,165	\$ 186,547	\$ 1,140,230

June 30, 2019	Program	Supporting Activities			Total
	Activity	General &	Fundraising	Total	
Expense Type	Program	Administrative	Fundraising	Supporting	Expenses
Salaries and wages	\$ 776,463	\$ 102,331	\$ 12,547	\$ 114,878	\$ 891,341
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	\$ 939,478	\$ 191,535	\$ 19,781	\$ 211,316	\$ 1,150,793

See accompanying notes and Independent Accountant's Review Report

CentrePointe Counseling, Inc.
Statements of Cash Flows
Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ (22,501)	\$ (45,836)
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Add: Depreciation	1,068	2,384
(Gain) loss on sale of fixed assets	-	(1,434)
Net unrealized (gain) loss on investments	(2,379)	(1,384)
Changes in certain assets and liabilities:		
Accounts receivable	1,301	(17,042)
Prepaid expenses	3,759	442
Accounts payable and accrued expenses	<u>(2,890)</u>	<u>26,915</u>
Net cash provided (used) by operating activities	(21,642)	(35,955)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	31,000	53,020
Dividends reinvested	(1,311)	(2,960)
Proceeds from sale of fixed assets	<u>-</u>	<u>1,434</u>
Net cash provided (used) by investing activities	29,689	51,494
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of new debt	<u>167,300</u>	<u>-</u>
Net increase (decrease) in cash	175,347	15,539
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>26,835</u>	<u>11,296</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 202,182</u></u>	<u><u>\$ 26,835</u></u>
	<u>2020</u>	<u>2019</u>
Supplemental information:		
Interest paid	\$ 268	\$ 130

See accompanying notes and Independent Accountant's Review Reports

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 25 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.

At the end of the current fiscal year, CPCI had \$3,457 of cash in a designated bank account, all of which is subject to donor restrictions to be used to as scholarships or financial aid to offset counseling costs for clients who may not otherwise be able to afford the services. All other assets are classified as without donor restrictions as of June 30, 2020. As of the end of the prior fiscal year, all of the organizations's assets were classified as without donor restrictions because any temporary restrictions had already been released by the financial statement date.

CentrePointe Counseling, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Net Asset Classes (Continued)

	Fiscal Year Ended June 30, 2020			
	Beginning Balance	Additions	Releases	Ending Balance
Samaritan fund	\$ -	\$ 9,346	\$ 5,889	\$ 3,457
Total	\$ -	\$ 9,346	\$ 5,889	\$ 3,457

	Fiscal Year Ended June 30, 2019			
	Beginning Balance	Additions	Releases	Ending Balance
Counseling grant	\$ -	\$ 5,000	\$ 5,000	\$ -
Samaritan fund	-	5,353	5,353	-
Total	\$ -	\$ 10,353	\$ 10,353	\$ -

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 \$74,304 (net of \$34,248 allowance for doubtful accounts) as of June 30, 2020, and \$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 years ended June 30, 2020 and 2019 CPCI recorded total bad debt expense of \$0 and \$4,963, respectively.

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, the vast majority of financial assets were available for general expenditure.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE C - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 246,916	\$ 98,879
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions	(3,457)	-
Board designations	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 243,459</u>	<u>\$ 98,879</u>

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.

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 years ended June 30, 2020 and 2019, proceeds from sales of investments were \$31,000 and \$53,020, respectively. Unrealized gains were \$2,379 and \$1,384, respectively. Dividends received were \$1,311 and \$3,092, respectively. Dividends received are net of fees charged by the mutual fund.

The mutual fund values at June 30, 2020 and 2019 were \$44,734 and \$72,044, respectively.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

At June 30, property and equipment consists of:	2020	2019
Computers and equipment	\$ 5,783	\$ 5,783
Furniture and fixtures	7,503	7,503
Leasehold improvements	788	788
Total cost	14,074	14,074
Less accumulated depreciation	(12,378)	(11,311)
Net property and equipment	<u>\$ 1,696</u>	<u>\$ 2,763</u>

The depreciation expense for the years ended June 30, 2020 and 2019 were \$1,068 and \$2,384, respectively.

NOTE F - ACCRUED EXPENSES

Accrued expenses primarily represent 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 years ended June 30, 2020 and 2019, total employer contributions to the plan were \$0 and \$9,335, respectively. Total amounts due to the plan were \$3,320 and \$556, respectively. The amount due to the plan as of June 30, 2020 is composed entirely of employee salary deferrals.

NOTE H - LEASES / DONATED FACILITIES

CPCI receives free usage of space at various churches for counselors to meet with patients. For the years ended June 30, 2020 and 2019 CPCI reported estimated in-kind rent of \$100,800 and \$90,000, respectively. These estimates are based on the total space provided times the estimated market value of equivalent office space. They appear on the Statement of Activities within the "Donated Facilities" revenue line item. They are 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.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE I - RECENT ACCOUNTING PRONOUNCEMENTS AND COVID-19 IMPACT

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The effective date of ASU No. 2014-09 was set to go into effect for CPCI for the year ended June 30, 2020. Due to the COVID-19 pandemic, the FASB delayed the effective date of this ASU and any changes related to its implementation are not, therefore, reflected in these financial statements.

CPCI has been and continues to be effected by COVID-19. The organization was able to transition much of its counseling services to telehealth (online) sessions which mitigates negative consequences related to the virus. Because the organization pays its counselors based on a commission relative to their cash collections, payroll would decrease along with any decrease in counseling hours provided to clientele. These commissions are the single largest expense incurred by the organization and because they are directly correlated to cash collections, the organization has the ability to adapt to unpredictable changes due to outside factors without facing significant detrimental impacts.

NOTE J - PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

To help maintain working capital and cover overhead, the organization applied for and received a loan from PNC Bank as part of the Paycheck Protection Program. Application for the loan was not due to any imminent working capital challenges, but rather as a proactive measure to avoid future challenges.

At this time, the organization has not yet applied for forgiveness of the loan, but the Board of Directors anticipates applying for forgiveness for the entire amount of the loan. The Board of Directors believes it has met all terms to qualify for full-forgiveness absent any future changes in rules or legislation effecting the Paycheck Protection Program. Forgiveness of the loan would remove the entire liability, including any accrued interest, from the balance sheet at which time it would be reclassified as a source of income without restriction.

As of June 30:	2020	2019
Note payable to PNC Bank, with monthly payments of \$17,004 beginning on August 15, 2021, which includes interest at a rate of 1.0% per annum with final payment due in May, 2022.	\$ 167,300	\$ -
TOTAL DEBT:	167,300	-
Less current portion:	-	-
TOTAL LONG-TERM LIABILITIES	<u>\$ 167,300</u>	<u>\$ -</u>

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE J - PAYCHECK PROTECTION PROGRAM NOTE PAYABLE (Continued)

The following is a summary of principal maturities of long-term debt:

Year ending June 30	
2021	\$ -
2022	167,300
	<u>\$ 167,300</u>

NOTE K - 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, 2020. The CPCI tax returns for the years ended June 30, 2019, 2018 and 2017 are subject to examination by the Internal Revenue Service; they are generally subject to potential examination for three years after they are filed.

NOTE L - LINE OF CREDIT

The Organization has established an unsecured line of credit for advances limited to \$50,000. The line of credit has a stated interest rate of 5.35% per annum. The balance of this line of credit was \$0 as of both June 30, 2020 and 2019.

NOTE M - PRIOR PERIOD CORRECTION

The June 30, 2019 financial statements have been restated to properly accrue \$14,571 of bonuses that had been earned by June 30, 2019 but were not paid until July 2019. This change avoids reporting 2-years of bonuses in a single fiscal year on the Statement of Activities. The correction is reflected in the June 30, 2019 Statement of Activities as an increase of Program Expenses Without Donor Restrictions to \$939,478. On the Statement of Financial Position this change reduces ending Net Assets Without Donor Restrictions to \$58,308 as of June 30, 2019. On the Statement of Functional Expenses, the change increases Salaries and Wages - Program to \$776,463 for the year ended June 30, 2019. The 2019 Statement of Cash Flows from Operating Activities does not change because this is a non-cash transaction, however the sub-headings Change in Net Assets (Deficit) as well as Accounts Payable and Accrued Expenses both change in a manner that offsets each other.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through October 30, 2020, the date on which the financial statements were available to be issued.