

CentrePointe Counseling, Inc.
FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

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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, 2021 and 2020, 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.

Rogers & Company, CPAs, PA

Rogers & Company CPAs, PA
Morehead City, NC
September 9, 2021

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, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 237,390	\$ 202,182
Investments	51,405	44,734
Accounts Receivable (Net of Allowance for Doubtful Accounts)	71,637	74,304
Prepaid Expense	1,339	396
Total Current Assets	<u>361,771</u>	<u>321,616</u>
PROPERTY AND EQUIPMENT (Net of Accumulated Depreciation)	<u>866</u>	<u>1,696</u>
TOTAL ASSETS	<u><u>\$ 362,637</u></u>	<u><u>\$ 323,312</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,813	\$ 6,765
Accrued Expenses	120,323	113,440
Total Current Liabilities	<u>127,136</u>	<u>120,205</u>
LONG-TERM LIABILITIES	<u>-</u>	<u>167,300</u>
TOTAL LIABILITIES	<u>127,136</u>	<u>287,505</u>
NET ASSETS		
Without Donor Restrictions	218,638	32,350
With Donor Restrictions	16,863	3,457
TOTAL NET ASSETS	<u>235,501</u>	<u>35,807</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 362,637</u></u>	<u><u>\$ 323,312</u></u>

See accompanying notes and Independent Accountant's Review Report

CentrePointe Counseling, Inc.
Statements of Activities
Fiscal Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Program Services	\$ 1,215,685	\$ -	\$1,215,685	\$ 979,757	\$ -	\$ 979,757
Donated Facilities	100,800	-	100,800	100,800	-	100,800
Contributions and Fundraising	28,950	32,921	61,871	23,868	9,346	33,214
Investment Income	6,671	-	6,671	3,958	-	3,958
Releases from Restrictions	19,515	(19,515)	-	5,889	(5,889)	-
PPP Loan Forgiveness	167,300	-	167,300	-	-	-
Total Revenue	<u>1,538,921</u>	<u>13,406</u>	<u>1,552,327</u>	<u>1,114,272</u>	<u>3,457</u>	<u>1,117,729</u>
Expenses						
Program	1,026,848	-	1,026,848	953,683	-	953,683
General and Administrative	321,151	-	321,151	182,382	-	182,382
Fundraising	4,634	-	4,634	4,165	-	4,165
Total Expense	<u>1,352,633</u>	<u>-</u>	<u>1,352,633</u>	<u>1,140,230</u>	<u>-</u>	<u>1,140,230</u>
Change in Net Assets (Deficit)	186,288	13,406	199,694	(25,958)	3,457	(22,501)
Net Assets Beginning of Year	<u>32,350</u>	<u>3,457</u>	<u>35,807</u>	<u>58,308</u>	<u>-</u>	<u>58,308</u>
Net Assets End of Year	<u>\$ 218,638</u>	<u>\$ 16,863</u>	<u>\$ 235,501</u>	<u>\$ 32,350</u>	<u>\$ 3,457</u>	<u>\$ 35,807</u>

See accompanying notes and Independent Accountant's Review Report

CentrePointe Counseling, Inc.
Statements of Functional Expenses
Fiscal Years Ended June 30, 2021 and 2020

June 30, 2021	Program	Supporting Activities			Total
	Activity	General &	Fundraising	Total	
Expense Type	Program	Administrative	Fundraising	Supporting	Expenses
Salaries and wages	\$ 853,537	\$ 249,034	\$ -	\$ 249,034	\$ 1,102,571
Employee benefits	-	500	-	500	500
Dues	-	860	-	860	860
Hospitality and staff	-	264	-	264	264
Medical billing	82,591	-	-	-	82,591
Bad debt	-	-	-	-	-
Insurance	-	11,363	-	11,363	11,363
Office	-	1,001	-	1,001	1,001
Payroll fees	-	4,792	-	4,792	4,792
Phone and internet	-	30,112	-	30,112	30,112
Professional fees	-	11,150	-	11,150	11,150
Publicity	-	1,158	4,634	5,792	5,792
Interest	-	-	-	-	-
Depreciation	-	830	-	830	830
Miscellaneous	-	6	-	6	6
Donated facilities	90,720	10,080	-	10,080	100,800
Total Expenses	\$ 1,026,848	\$ 321,151	\$ 4,634	\$ 325,785	\$ 1,352,633

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

See accompanying notes and Independent Accountant's Review Report

CentrePointe Counseling, Inc.
Statements of Cash Flows
Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ 199,694	\$ (22,501)
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Add: Depreciation	830	1,068
Net unrealized (gain) loss on investments	(5,118)	(2,379)
Changes in certain assets and liabilities:		
Accounts receivable	2,667	1,301
Prepaid expenses	(943)	3,759
Accounts payable and accrued expenses	6,932	(2,890)
PPP loan forgiveness	(167,300)	-
Net cash provided (used) by operating activities	36,763	(21,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	31,000
Dividends reinvested	(1,555)	(1,311)
Net cash provided (used) by investing activities	(1,555)	29,689
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of new debt	-	167,300
Net increase (decrease) in cash	35,208	175,347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>202,182</u>	<u>26,835</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 237,390</u>	<u>\$ 202,182</u>
	<u>2021</u>	<u>2020</u>
Supplemental information:		
Interest paid	\$ -	\$ 268

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.

Concentrations of Risk

The organization maintains its cash balances at a single financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 in the financial institution. From time to time deposits may exceed insured limits. At June 30, 2021 and 2020, respectively, the organization's cash balances were within the insured limit.

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 \$16,863 of cash in a designated bank account, all of which is subject to donor restrictions to be used 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, 2021. As of the end of the prior fiscal year, CPCI had \$3,457 of cash subject to donor imposed restrictions with all remaining assets classified as without donor restrictions.

CentrePointe Counseling, Inc.**NOTES TO FINANCIAL STATEMENTS**

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

	Fiscal Year Ended June 30, 2021			
	Beginning Balance	Additions	Releases	Ending Balance
Samaritan fund	\$ 3,457	\$ 27,921	\$ 14,515	\$ 16,863
BCMD grant	\$ -	\$ 5,000	\$ 5,000	\$ -
Total	\$ 3,457	\$ 32,921	\$ 19,515	\$ 16,863

	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

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 \$71,637 (net of \$33,018 allowance for doubtful accounts) as of June 30, 2021, and \$74,304 (net of \$34,248 allowance for doubtful accounts) as of June 30, 2020 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, 2021 and 2020 CPCI recorded total bad debt expense of \$0 and \$0, 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>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 288,795	\$ 246,916
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions	(16,863)	(3,457)
Board designations	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 271,932</u>	<u>\$ 243,459</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, 2021 and 2020, proceeds from sales of investments were \$0 and \$31,000, respectively. Unrealized gains were \$5,118 and \$2,379, respectively. Dividends received were \$1,555 and \$1,311, respectively. Dividends received are net of fees charged by the mutual fund.

The mutual fund value at June 30, 2021 and 2020 were \$51,405 and \$44,734, respectively.

CentrePointe Counseling, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

At June 30, property and equipment consists of:	2021	2020
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	(13,208)	(12,378)
Net property and equipment	\$ 866	\$ 1,696

The depreciation expense for the years ended June 30, 2021 and 2020 were \$830 and \$1,068, respectively.

NOTE F - ACCRUED EXPENSES

Accrued expenses primarily represent wages payable (including performance bonuses earned during the fiscal year but not paid until the first month after the close of the year) 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. No employer contributions were made to the plan for the years ended June 30, 2021 and 2020. Total amounts due to the plan were \$5,804 and \$3,320, respectively. The amounts due to the plan for both years 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, 2021 and 2020 CPCI reported estimated in-kind rent of \$100,800 and \$100,800, 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, therefore there are no lease obligations to disclose.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE I - REVENUE RECOGNITION

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). 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 organization adopted this new revenue recognition standard along with its related amendments on July 1, 2020 with retrospective application. The adoption of the new standard resulted in no adjustments to net assets.

The organization determines revenue recognition by: (1) identifying the contract with the customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to performance obligations in the contract; and (5) recognizing revenue when, or as, the organization satisfies performance obligations by transferring the promised goods or services. Performance obligations are met by the organization as counseling services are rendered to patients and thus revenue is not recognized until sessions are completed.

NOTE J - COVID-19 IMPACT

CPCI initially experienced a decrease in counseling sessions and income at the outset of COVID-19. The organization was, however, able to quickly mitigate the consequences by transitioning their services to telehealth (online) sessions. As time passed, the organization has seen an increase in counseling sessions and income, partially due to an increase in demand for mental health services as a result of the pandemic. The fiscal year ended June 30, 2021 had more revenue than the prior year, and furthermore, had more revenue than any of the recent years before the COVID-19 pandemic began. Because the organization pays its counselors based on a commission relative to their cash collections, payroll generally decreases 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.

CentrePointe Counseling, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE K - PAYCHECK PROTECTION PROGRAM NOTE PAYABLE AND FORGIVENESS

To help maintain working capital and cover overhead, the organization applied for and received a loan in May 2020 from PNC Bank as part of the Paycheck Protection Program. Application for the loan was not due to any imminent working capital shortfalls, but rather as a proactive measure to avoid future challenges.

As of June 30, 2020, the organization had not yet applied for forgiveness of the loan, and thus the loan of \$167,300 was reported as a liability on the statement of financial position. The loan was forgiven in full in March 2021 and is reported on the statement of activities for the year ended June 30, 2021 as revenue without donor restrictions.

As of June 30, 2020, prior to forgiveness of the loan, the balance and terms of the loan were as follows: 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.

NOTE L - 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, 2021. The CPCI tax returns for the years ended June 30, 2020, 2019 and 2018 are subject to examination by the Internal Revenue Service; they are generally subject to potential examination for three years after they are filed.

NOTE M - 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, 2021 and 2020.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through September 9, 2021, the date on which the financial statements were available to be issued.