

**CENTREPOINTE COUNSELING, INC.
FINANCIAL STATEMENTS**

Years ended June 30, 2024 and 2023

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

CENTREPOINTE COUNSELING, INC.

Years ended June 30, 2024 and 2023

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1455 Research Boulevard, Suite 510
Rockville, Maryland 20850

Office: 301-762-7755
Fax: 301-762-4688
E-Mail: admin@rosenbloomcpas.com
Web: www.rosenbloomcpas.com

Independent Accountant's Review Report

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

Member:
AICPA, Washington, D.C.
and Maryland
State Societies
National Association of Certified
Valuation Analysts

We have reviewed the accompanying financial statements of CentrePointe Counseling, Inc (a nonprofit Corporation), which comprise the statements of financial position as of June 30, 2024, 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 entity 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.

We are required to be independent of CentrePointe Counseling, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 State of America.

Report on 2023 Financial Statements

The financial statements of CentrePointe Counseling, Inc as of June 30, 2023, were reviewed by other accountants whose report dated October 3, 2023, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Rosenbloom & Butler, CPAs, P.C.

Rockville, MD
September 18, 2024

CENTREPOINTE COUNSELING, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

<u>ASSETS</u>		
	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,576	\$ 192,634
Investments	134,714	47,654
Accounts receivable (net)	90,494	122,399
Prepaid expenses	5,964	5,456
Total current assets	<u>262,748</u>	<u>368,143</u>
PROPERTY & EQUIPMENT		
Less: Accumulated depreciation	14,886	14,874
	<u>(13,937)</u>	<u>(14,055)</u>
	949	819
NON-CURRENT ASSETS		
Cash - with donor restrictions	50,732	50,209
	<u>50,732</u>	<u>50,209</u>
TOTAL ASSETS	<u>\$ 314,429</u>	<u>\$ 419,171</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 20,283	\$ 19,323
Accrued expenses	159,027	152,287
Total current liabilities	<u>179,310</u>	<u>171,610</u>
TOTAL LIABILITIES	<u>179,310</u>	<u>171,610</u>
NET ASSETS		
Net assets without donor restrictions	84,387	197,352
Net assets with donor restrictions	50,732	50,209
Total net assets	<u>135,119</u>	<u>247,561</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 314,429</u>	<u>\$ 419,171</u>

See independent accountants' review report

The accompanying notes are an integral part of the financial statements

CENTREPOINTE COUNSELING, INC.

STATEMENTS OF ACTIVITIES AND
NET ASSETS

Years ended June 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
REVENUE				
Program services	\$ 1,406,605	\$ 23,717	\$ 1,430,322	1,422,427
Donated facilities	115,920	-	115,920	115,920
Contributions and fundraising	28,006	24,585	52,591	62,484
Investment income (loss)	6,701	-	6,701	2,696
Net assets released from restrictions	47,779	(47,779)	-	-
Total income in net assets	<u>1,605,011</u>	<u>523</u>	<u>1,605,534</u>	<u>1,603,527</u>
EXPENSES				
Program	1,305,382	-	1,305,382	1,213,248
General and administrative	408,492	-	408,492	383,985
Fundraising	4,102	-	4,102	3,702
Bad debt expense	-	-	-	17,331
Total decrease in net assets	<u>1,717,976</u>	<u>-</u>	<u>1,717,976</u>	<u>1,618,266</u>
Change in net assets	<u>(112,965)</u>	<u>523</u>	<u>(112,442)</u>	<u>(14,739)</u>
Prior period adjustment	-	-	-	34,340
Net assets, beginning	<u>197,352</u>	<u>50,209</u>	<u>247,561</u>	<u>227,960</u>
Net assets, ending	<u>\$ 84,387</u>	<u>\$ 50,732</u>	<u>\$ 135,119</u>	<u>\$ 247,561</u>

See independent accountants' review report
The accompanying notes are an integral part of the financial statements

CENTREPOINTE COUNSELING, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30, 2024 and 2023

	Fiscal year ended June 30, 2024			Fiscal year ended June 30, 2023			
	Program Activity	Supporting Activities		Program Activity	Supporting Activities		Total Expenses
		General & Administrative	Fundraising		General & Administrative	Fundraising	
Salaries and wages	\$ 936,442	\$ 299,312	\$ -	\$ 880,684	\$ 276,241	\$ -	\$ 1,156,925
Medical billing	161,417	-	-	134,044	-	-	134,044
Employer payroll taxes	77,078	24,341	-	65,353	20,499	-	85,852
Grants & Contributions	26,117	-	-	28,839	-	-	28,839
Phone and internet	-	24,468	-	-	30,615	-	30,615
Professional fees	-	17,786	-	-	17,866	-	17,866
Insurance	-	10,672	-	-	8,268	-	8,268
Employee benefits	-	9,893	-	-	9,695	-	9,695
Payroll fees	-	5,461	-	-	4,044	-	4,044
Marketing	-	508	2,030	-	138	550	688
Fundraising expense	-	-	2,072	-	-	3,152	3,152
Dues	-	1,690	-	-	2,472	-	2,472
Depreciation	-	286	-	-	333	-	333
State registration fees	-	-	-	-	520	-	520
Other	-	2,483	-	-	1,702	-	1,702
Donated facilities	104,328	11,592	-	104,328	11,592	-	115,920
TOTAL EXPENSES	\$ 1,305,382	\$ 408,492	\$ 4,102	\$ 1,213,248	\$ 383,985	\$ 3,702	\$ 1,600,935

See independent accountants' review report
The accompanying notes are an integral part of the financial statements

CENTREPOINTE COUNSELING, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (112,442)	\$ (14,739)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	286	333
Loss on disposal of fixed assets	384	-
Realized and unrealized (gains) losses, net	1,613	(964)
(Increase)/decrease in assets:		
Accounts receivable	31,905	(622)
Prepaid expenses	(508)	(5,456)
Increase/(decrease) in liabilities:		
Accounts payable	960	9,709
Accrued expenses	6,740	35,660
Net cash provided by operating activities	<u>(71,062)</u>	<u>23,921</u>
Cash flows from investing activities		
Purchases of fixed assets	(800)	-
Dividends reinvested	(5,905)	(1,733)
Investment purchase (net)	(82,768)	-
Net cash (used) by investing activities	<u>(89,473)</u>	<u>(1,733)</u>
Cash flows from financing activities		
Net cash (used) by financing activities	-	-
Net increase (decrease) in cash & cash equivalents	(160,535)	22,188
Cash, cash equivalents and restricted cash, beginning of year	242,843	220,655
Cash, cash equivalents and restricted cash, end of year	<u>\$ 82,308</u>	<u>\$ 242,843</u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest expense	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash items:		
Donated facilities	\$ 115,920	\$ 115,920
Correction of prior period adjustment	\$ -	\$ 34,340

See independent accountants' review report
The accompanying notes are an integral part of the financial statements

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

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, 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 received payments directly from patients, however the majority of payments are billed to and paid by the patient's insurance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and cash equivalents consist of demand deposits, money market funds, and certificates of deposit with a maturity of three months or less.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that may 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 support and expenses during the reporting periods. Actual results could differ from those estimates.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Accounting

CPCI follows the current accounting standard on fair value measurements and disclosures (ASC 820). The standard defines fair value using a three-level framework for measuring fair value, emphasizing a market-based measurement.

- | | |
|---------|---|
| Level 1 | Unadjusted quoted prices in active markets |
| Level 2 | Instruments other than Level 1 that are directly or indirectly observable (similar, but not identical, instruments) |
| Level 3 | Unobservable inputs which reflect a value that a market participant might use, based on management's assumptions |

Grants and Contributions

CPCI records contributions and unconditional promises to give as net assets without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions, including inherent time restrictions. Any contributions of property and equipment are recorded at fair value on the date of donation.

Property and Depreciation

Property and equipment are 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:

Computer and equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	10 years

Net Assets without Donor Restrictions

Net assets without donor restrictions are 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.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions are 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, nets 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.

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.

Subsequent events

Events that occurred subsequent to June 30, 2024, have been evaluated by CPCI's management through September 18, 2024, the date these statements were available for issuance.

NOTE 3. ACCOUNTS RECEIVABLE

The accounts receivable consists of amounts that have been billed to insurance companies and amounts charged to patients as co-pay. The allowance for doubtful accounts is related to patient co-pay. The allowance for contractual accounts is related to payment adjustments made by the insurance companies. The organization writes off amounts when they are determined to be uncollectable.

	2024	2023
Accounts receivable	\$ 93,584	\$ 139,730
Allowance for doubtful accounts	(3,090)	(17,331)
Allowance for contractual accounts	(5,450)	-
	<u>\$ 85,044</u>	<u>\$ 122,399</u>

For the fiscal years ended June 30, 2024 and 2023 CPCI wrote off amounts totaling \$- and \$- respectively as reduction in program service income.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 4. 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. As of June 30, 2024 and 2023, respectively, the organization's cash balances were within the insured limit.

NOTE 5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CPCI's financial assets as of the respective balance sheet dates, 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.

	<u>2024</u>	<u>2023</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 31,576	\$ 192,634
Investments	134,714	47,654
Cash with donor restrictions	<u>50,732</u>	<u>50,209</u>
	<u>\$ 217,022</u>	<u>\$ 290,497</u>
Less, assets unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restriction	<u>(50,732)</u>	<u>(50,209)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 166,290</u>	<u>\$ 240,288</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. The primary stressor to liquidity is bi-monthly payroll since payroll fluctuates due to all the counselors being paid by commission related to CPCI's cash collections.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

At the end of the fiscal years June 30, 2024 and 2023, respectively, CPCI had \$50,732 and \$50,209 of cash in a designated bank account. All of the cash within the designated bank account is subject to donor restrictions for the Samaritan Fund 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.

<u>Samaritan Fund</u>	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 50,209	\$ 42,782
Additions	48,302	60,554
Releases	(47,779)	(53,127)
Ending balance	<u>\$ 50,732</u>	<u>\$ 50,209</u>

NOTE 7. 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 value 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.

<u>Investment</u>	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Life Strategy Growth Fund	\$ 48,122	\$ 51,947	\$ 45,699	\$ 47,654
KBFS Short Term Fund	82,768	82,768	-	-
	<u>\$ 130,890</u>	<u>\$ 134,715</u>	<u>\$ 45,699</u>	<u>\$ 47,654</u>

For the years ended June 30, 2024, and 2023, proceeds from sales of investments were \$- and \$-, respectively. Unrealized gain (loss) was \$1,613 and \$964 for the years ended June 30, 2024, and 2023 respectively. Dividends received were \$5,447 and \$1,732, respectively. The dividends received are net of fees charged by the mutual fund.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost and consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Computer and equipment	\$ 7,383	\$ 6,583
Furniture and fixtures	7,503	7,503
Leasehold improvements	-	788
	<u>\$ 14,886</u>	<u>\$ 14,874</u>

Depreciation expense for the years ended June 30, 2024 and 2023 were \$286 and \$333, respectively.

NOTE 9. ACCRUED EXPENSES

Accrued expenses primarily represent wages payable. This includes 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 10. 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.

Pension plan contributions are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
<u>Qualified pension plan</u>		
Employee contributions	\$ 54,973	\$ 44,237
Employer contributions	6,240	5,720
	<u>\$ 61,213</u>	<u>\$ 49,957</u>

Total amounts due to the plan at fiscal year-end were \$5,866 and \$3,259, respectively. The amounts due to the plan for both years is composed entirely of employee salary deferrals.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 11. LEASES / DONATED FACILITIES

CPCI receives free usage of space at various churches for counselors to meet with patients. For the years ended June 30, 2024 and 2023, CPCI reported estimated in-kind rent of \$115,920 and \$115,920, respectively. These estimates are based on the total space provided times the estimated market value of equivalent office space. The expenses appear on the Statement of Activities with 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.

NOTE 12. REVENUE RECOGNITION

The organization follows the FASB Accounting Standards Updated (“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 judgements and changes in judgements and assets recognized from costs incurred to obtain or fulfill a contract.

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 session are.

NOTE 13. 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, 2024 and 2023. CPCI is liable for income taxes based upon its net investment income when the Internal Revenue Service’s public support test is not met. The tax expense for the years ended June 30, 2024 and 2023 was \$0 for both years.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 14. 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, 2024 and 2023.

NOTE 15. PRIOR PERIOD ADJUSTMENT

In the year ended June 30, 2023 a prior period adjustment was made to net assets without donor restrictions. The adjustment arose from the removal of accrued commissions of \$74,260 and the recording of accrued sick leave (\$34,340).