

CENTREPOINTE COUNSELING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**CENTREPOINTE COUNSELING, INC.
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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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 organization, which comprise the statements of financial position as of June 30, 2023 and 2022 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.

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 States of America.

A handwritten signature in black ink that reads "Alan L. Gordon, CPA, P.A." The signature is written in a cursive style.

ALAN L. GORDON, CPA, P.A.

ROCKVILLE, MARYLAND

October 3, 2023

CENTREPOINTE COUNSELING, INC
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 192,634	\$ 177,873
Investments	47,654	44,957
Accounts receivable (net of allowance for doubtful accounts)	122,399	121,777
Prepaid expense	5,456	-
Total Current Assets	368,143	344,607
Property and Equipment (net of accumulated depreciation)	819	1,152
Net Property and Equipment	819	1,152
Other Assets		
Restricted cash	50,209	42,782
Total Other Assets	50,209	42,782
TOTAL ASSETS	\$ 419,171	\$ 388,541
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 19,323	\$ 9,614
Accrued expenses	186,627	150,967
Total Current Liabilities	205,950	160,581
TOTAL LIABILITIES	205,950	160,581
Net Assets		
Without donor restrictions	163,012	185,178
With donor restrictions	50,209	42,782
Total Net Assets	213,221	227,960
TOTAL LIABILITIES AND NET ASSETS	\$ 419,171	\$ 388,541

CENTREPOINTE COUNSELING, INC.
STATEMENTS OF ACTIVITIES

	<u>FISCAL YEAR ENDED JUNE 30, 2023</u>			<u>FISCAL YEAR ENDED JUNE 30, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue						
Program services	\$ 1,378,658	\$ 26,438	\$ 1,405,096	\$ 1,218,176	\$ 14,324	\$ 1,232,500
Donated facilities	115,920	-	115,920	100,800	-	100,800
Contributions and fundraising	28,368	34,116	62,484	24,244	32,500	56,744
Investment income (loss)	2,696	-	2,696	(6,448)	-	(6,448)
Released from restrictions	53,127	(53,127)	-	20,905	(20,905)	-
Total Revenue	<u>1,578,769</u>	<u>7,427</u>	<u>1,586,196</u>	<u>1,357,677</u>	<u>25,919</u>	<u>1,383,596</u>
Expenses						
Program	1,213,248	-	1,213,248	1,038,046	-	1,038,046
General and administrative	383,985	-	383,985	349,221	-	349,221
Fundraising	3,702	-	3,702	3,870	-	3,870
Total Expenses	<u>1,600,935</u>	<u>-</u>	<u>1,600,935</u>	<u>1,391,137</u>	<u>-</u>	<u>1,391,137</u>
Change in Net Assets	(22,166)	7,427	(14,739)	(33,460)	25,919	(7,541)
Net Assets Beginning of Year	<u>185,178</u>	<u>42,782</u>	<u>227,960</u>	<u>218,638</u>	<u>16,863</u>	<u>235,501</u>
Net Assets End of Year	<u>\$ 163,012</u>	<u>\$ 50,209</u>	<u>\$ 213,221</u>	<u>\$ 185,178</u>	<u>\$ 42,782</u>	<u>\$ 227,960</u>

CENTREPOINTE COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED JUNE 30, 2023

	Program Activity	Supporting Activities			Total Expenses
		General & Administrative	Fundraising	Total Supporting	
Salaries and wages	\$ 880,684	\$ 276,241	\$ -	\$ 276,241	\$ 1,156,925
Employer payroll taxes	65,353	20,499	-	20,499	85,852
Employer pension expense	-	5,720	-	5,720	5,720
Other employee benefits	-	3,975	-	3,975	3,975
Grants	26,439	-	-	-	26,439
Dues	-	2,472	-	2,472	2,472
Hospitality and staff	-	185	-	185	185
Medical billing	134,044	-	-	-	134,044
Insurance	-	8,268	-	8,268	8,268
Office	-	1,039	-	1,039	1,039
Payroll fees	-	4,045	-	4,045	4,045
Phone and internet	-	30,615	-	30,615	30,615
Professional fees	-	17,866	-	17,866	17,866
Publicity	-	138	550	688	688
Fundraising expense	-	-	3,152	3,152	3,152
State registration Fees	-	520	-	520	520
Travel expense	-	120	-	120	120
Depreciation	-	333	-	333	333
Bank service charges	-	357	-	357	357
Donated facilities	104,328	11,592	-	11,592	115,920
Contributions	2,400	-	-	-	2,400
TOTAL EXPENSES	\$ 1,213,248	\$ 383,985	\$ 3,702	\$ 387,687	\$ 1,600,935

CENTREPOINTE COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED JUNE 30, 2022

	Program Activity	Supporting Activities			Total Expenses
		General & Administrative	Fundraising	Supporting	
Salaries and wages	\$ 774,996	\$ 238,846	\$ -	\$ 238,846	\$ 1,013,842
Employer payroll taxes	54,819	16,895	-	16,895	71,714
Employer pension expense	-	5,720	-	5,720	5,720
Other employee benefits	-	3,067	-	3,067	3,067
Grants	2,447	-	-	-	2,447
Dues	-	5,370	-	5,370	5,370
Hospitality and staff	-	296	-	296	296
Medical billing	115,064	-	-	-	115,064
Insurance	-	10,970	-	10,970	10,970
Office	-	1,701	-	1,701	1,701
Payroll fees	-	5,160	-	5,160	5,160
Phone and internet	-	33,335	-	33,335	33,335
Professional fees	-	14,588	-	14,588	14,588
Publicity	-	968	3,870	4,838	4,838
Travel expense	-	1,591	-	1,591	1,591
Depreciation	-	514	-	514	514
Bank service charges	-	120	-	120	120
Donated facilities	90,720	10,080	-	10,080	100,800
TOTAL EXPENSES	\$ 1,038,046	\$ 349,221	\$ 3,870	\$ 353,091	\$ 1,391,137

CENTREPOINTE COUNSELING, INC
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flow for Operating Activities		
Change in net assets	\$ (14,739)	\$ (7,541)
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Add: Depreciation	333	514
Net unrealized (gain) loss on investments	(964)	8,596
Changes in certain assets and liabilities:		
Accounts receivable	(622)	(50,140)
Prepaid expenses	(5,456)	1,339
Accounts payable	9,709	2,801
Accrued expenses	35,660	30,644
Net cash provided (used) by operating activities	23,921	(13,787)
 Cash Flow from Investing Activities		
Purchase of property and equipment	-	(800)
Dividends reinvested	(1,733)	(2,148)
Net cash (used) by investing activities	(1,733)	(2,948)
 Net increase (decrease) in cash and cash equivalents	22,188	(16,735)
Cash and cash equivalents , beginning of year	220,655	237,390
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 242,843	\$ 220,655
 Supplemental Information		
Interest paid	-	-
 Cash and cash equivalents (current)	192,634	177,873
Restricted cash	50,209	42,782
Total	242,843	220,655

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – NATURE OF ORGANIZATION

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.

NOTE 2 – 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.

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.

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 "Released from restriction." Any contributions of property and equipment are recorded at fair value on the date of donation.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

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

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 \$50,209 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, 2023. As of the end of the prior fiscal year, CPCI had \$42,782 of cash subject

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

to donor-imposed restrictions with all remaining assets classified as without donor restrictions.

<u>Fiscal Year Ended June 30, 2023</u>				
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Balances</u>
Samaritan Fund	\$ 42,782	\$ 60,554	\$ 53,127	\$ 50,209
Total	<u>\$ 42,782</u>	<u>\$ 60,554</u>	<u>\$ 53,127</u>	<u>\$ 50,209</u>
<u>Fiscal Year Ended June 30, 2022</u>				
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Balances</u>
Samaritan Fund	\$ 16,863	\$ 45,824	\$ 19,905	\$ 42,782
Women helping Women	-0-	1,000	1,000	-0-
Total	<u>\$ 16,863</u>	<u>\$ 46,824</u>	<u>\$ 20,905</u>	<u>\$ 42,782</u>

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 3 – ACCOUNTS RECEIVABLE

The net accounts receivable balance of \$122,399 (net of \$17,331 allowance for doubtful accounts) as of June 30, 2023, and \$121,777 (net of \$42,729 allowance for doubtful accounts) as of June 30, 2022 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 on historical data. The organization writes off amounts when they are determined to be uncollectable. For the fiscal years ended June 30, 2023 and 2022 CPCI wrote off accounts totaling \$17,331 and \$-0- respectively as a reduction in program service income.

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

CENTREPOINTE COUNSELING, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 4 – CONCENTRATIONS OF RISK (Continued)

the financial institution. From time-to-time deposits may exceed insured limits. As of June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Financial assets, at year end	\$ 290,497	\$ 265,612
Less, Those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restriction	<u>(50,209)</u>	<u>(42,782)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 240,288</u>	<u>\$ 222,830</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. The amount needed to meet the needs of payroll fluctuates since all the counselors are paid by commission related to CPCI's cash collections.

NOTE 6 - INVESTMENTS

CPCI classifies its investments as available for sale and records investments at fair market value. Investments in marketable securities with readily determinable fair

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – INVESTMENTS (Continued)

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, 2023, and 2022, proceeds from sales of investments were \$-0- and \$-0-, respectively. Unrealized gain (loss) was \$964 and (\$8,596) for the years ended June 30, 2023, and 2022 respectively. Dividends received were \$1,732 and \$2,148, respectively. Dividends received are net of fees charged by the mutual fund.

The mutual fund value as of June 30, 2023 and 2022 were \$47,654 and \$44,957, respectively.

NOTE 7 – PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>		<u>2022</u>
Computer and equipment	\$ 6,583	\$	6,583
Furniture and fixtures	7,503		7,503
Leasehold improvements	<u>788</u>		<u>788</u>
Total cost	14,874		14,874
Accumulated depreciation	<u>(14,055)</u>		<u>(13,722)</u>
Net Property and Equipment	\$ <u>819</u>	\$	<u>1,152</u>

Depreciation expense for the years ended June 30, 2023 and 2022 were \$333 and \$514, respectively.

NOTE 8 – 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

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – ACCRUED EXPENSES (Continued)

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 9 – 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. Employer contributions made to the plan were \$5,720 and \$5,720 for the years ended June 30, 2023, and 2022 respectively. Total amounts due to the plan at fiscal year end were \$3,259 and \$3,664, respectively. The amounts due to the plan for both years is composed entirely of employee salary deferrals.

NOTE 10 – LEASES / DONATED FACILITIES

CPCI receives free usage of space at various churches for counselors to meet with patients. For the years ended June 30, 2023, and 2022, CPCI reported estimated in-kind rent of \$115,920 and \$100,800, 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 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.

NOTE 11 – 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.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – REVENUE RECOGNITION (Continued)

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.

NOTE 12 – 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 years ended June 30, 2023 and 2022 had increasing revenue over prior years, 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 decreased 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 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, 2023. The CPCI tax returns for the years ended June 30, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service; they are generally subject to potential examination for three years after they are filed.

CENTREPOINTE COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 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, 2023 and 2022.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through October 3, 2023, the date on which the financial statements were available to be issued.