Financial Statements
Years Ended
December 31, 2013 and 2012

Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

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Report on the Financial Statements

We have audited the accompanying financial statements of ***Child Center and Adult Services, Inc. d/b/a Aspire Counseling*** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Child Center and Adult Services, Inc. d/b/a Aspire Counseling*** as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Rockville, Maryland
August 7, 2014

Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

Statements of Financial Position

December 31,		**2013**		**2012**
Assets				
Current assets				
Cash and cash equivalents	$	440,953	$	220,383
Certificates of deposit		127,897		306,191
Accounts receivable - net		172,902		212,967
Prepaid expenses		11,528		5,424
Total current assets		753,280		744,965
Investment in mutual funds		-		6,260
Property and equipment - net		38,951		37,995
Security deposit		7,357		7,357
Insurance escrow deposit		5,575		5,575
	$	805,163	$	802,152
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$	71,733	$	60,868
Patient fee credits		17,907		22,825
Total current liabilities		89,640		83,693
Deferred rent		45,567		30,455
Total liabilities		135,207		114,148
Net assets				
Unrestricted		611,609		591,785
Temporarily restricted		58,347		96,219
Total net assets		669,956		688,004
	$	805,163	$	802,152

The accompanying notes are an integral part of these financial statements.

Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

Statement of Activities

Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue, support and other changes			
Insurance and client co-insurance payments	$ 816,460	$ -	$ 816,460
Tandem: Primary care/behavioral health services	91,628	91,750	183,378
Other grants and contributions	53,261	50,000	103,261
Healthy Mothers Healthy Babies	53,580	30,000	83,580
Positive aging project	48,000	-	48,000
Contributed services	94,800	-	94,800
Continuing education fees	19,850	-	19,850
Interest and dividend income	931	-	931
Unrealized gain on investments	1,092	-	1,092
Miscellaneous	1,683	-	1,683
Net assets released from restrictions:			
Satisfaction of program restrictions	209,622	(209,622)	-
Total revenue, support and other changes	1,390,907	(37,872)	1,353,035
Expenses			
Program services	1,318,872	-	1,318,872
Supporting services:			
Management and general	19,774	-	19,774
Fundraising	32,437	-	32,437
Total supporting services	52,211	-	52,211
Total expenses	1,371,083	-	1,371,083
Change in net assets	19,824	(37,872)	(18,048)
Net assets - beginning of year	591,785	96,219	688,004
Net assets - end of year	$ 611,609	$ 58,347	$ 669,956

The accompanying notes are an integral part of these financial statements.

Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

Statement of Activities

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue, support and other changes			
Insurance and client co-insurance payments	$ 770,756	$ -	$ 770,756
Tandem: Primary care/behavioral health services	153,423	53,150	206,573
Other grants and contributions	48,991	-	48,991
Healthy Mothers Healthy Babies	47,820	78,589	126,409
Positive aging project	44,363	-	44,363
Contributed services	60,880	-	60,880
Continuing education fees	21,100	-	21,100
Interest and dividend income	1,838	-	1,838
Unrealized gain on investments	766	-	766
Miscellaneous	1,952	-	1,952
Net assets released from restrictions:			
Satisfaction of program restrictions	150,871	(150,871)	-
Total revenue, support and other changes	1,302,760	(19,132)	1,283,628
Expenses			
Program services	1,222,896	-	1,222,896
Supporting services:			
Management and general	37,221	-	37,221
Fundraising	6,769	-	6,769
Total supporting services	43,990	-	43,990
Total expenses	1,266,886	-	1,266,886
Change in net assets	35,874	(19,132)	16,742
Net assets - beginning of year	555,911	115,351	671,262
Net assets - end of year	$ 591,785	$ 96,219	$ 688,004

The accompanying notes are an integral part of these financial statements.

Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

Statements of Cash Flows

Years Ended December 31,	2013	2012
Cash flows from operating activities		
Change in net assets	$ (18,048)	$ 16,742
Adjustments to reconcile to net cash from operating activities:		
Depreciation	6,620	7,782
Bad debt expense	20,928	19,468
Unrealized gain on investments	(1,092)	(766)
Change in:		
Accounts receivable	19,137	(83,947)
Prepaid expenses	(6,104)	604
Accounts payable and accrued expenses	10,865	39,122
Patient fee credits	(4,918)	14,967
Deferred rent	15,112	(8,688)
Net cash from operating activities	42,500	5,284
Cash flows from investing activities		
Purchase of investments	(931)	(1,033)
Purchases of property and equipment	(7,576)	(4,264)
Proceeds from sales of investments	186,577	-
Net cash from investing activities	178,070	(5,297)
Net change in cash and cash equivalents	220,570	(13)
Cash and cash equivalents - beginning of year	220,383	220,396
Cash and cash equivalents - end of year	$ 440,953	$ 220,383

The accompanying notes are an integral part of these financial statements.

December 31, 2013 and 2012

1. Organization and Nature of Activities

Child Center and Adult Services, Inc. d/b/a Aspire Counseling (the Organization), is a Maryland not-for-profit mental health agency, established in 1978, which provides mental health care to Montgomery County children, adults, and families. The Organization is located in Gaithersburg, Maryland. The Organization's clients typically have private or public health insurance that they use to pay for psychotherapy. In addition to the provision of mental health care, the Organization also provides six continuing education programs yearly to mental health professionals on clinical and ethical issues.

The Organization has community-based direct service programs. These programs typically serve a low-income, high-risk population. Their community programs include:

Healthy Mothers, Healthy Babies, providing therapy to uninsured or under-insured pregnant women and new mothers at risk of depression.

The Positive Aging Project, providing short-term psychotherapy, psycho-educational groups, and workshop discussions at drop-in community senior centers that serve seniors regardless of income, and at a U.S. Department of Housing and Urban Development subsidized apartment building for low-income senior and disabled citizens.

Community Cares, providing psychotherapy to low-income children, adults, couples and families who need counseling but do not have insurance. The agency offers this program at its main office and at local community clinics.

Mobile Medical Care (Mobile Med), providing part-time behavioral health treatment onsite at Mobile Med’s Germantown clinic. Mobile Med is a private, nonprofit primary care provider that serves uninsured patients whose incomes are below 250% of federal poverty guidelines. Mobile Med providers refer patients to the Organization’s bilingual therapists for treatment, and the Organization’s therapists and Mobile Med’s providers collaborate to provide care.

2. Summary of Significant Accounting Policies

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America; revenue and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The Organization's financial statements report amounts related to its financial position and activities by classes of net assets.

Unrestricted amounts are those currently available at the discretion of the Organization’s Board of Directors for use in operations and for investments in equipment.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Organization had no permanently restricted net assets at December 31, 2013 and 2012.

Revenue Recognition

Patient fees revenue is recognized at the time the medical services are rendered and billed. Such revenues are reported net of various discounts and contractual adjustments provided to third-party insurance carriers. For 2013, the Organization earned gross revenues of $1,180,028, had contractual adjustments of $363,568, which net to revenues of $816,460. For 2012, the Organization earned gross revenues of $1,128,340, had contractual adjustments of $357,584, which net to revenues of $770,756.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding temporarily uninvested money market funds held in brokerage accounts.

Certificates of Deposit

Certificates of deposit have a nine-month term and are carried at cost, which approximates market.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for losses on accounts receivable using the allowance method. Management has established an allowance for doubtful accounts in the amount of $31,254 and $30,896 as of December 31, 2013 and 2012, respectively. The allowance is based on a percentage of receivables that have been outstanding longer than 120 days, an estimate that is based on management’s prior experience. Receivables that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

The Organization provides contractual adjustments and allowance for uncollectible accounts based upon prior collection history with the individual health insurance providers and management’s assessment of the collectability of specific accounts. It is customary in the health care industry to record significant contractual adjustments related to accounts receivable, as health insurance companies generally only pay a portion of billings.

Property and Equipment

Property and equipment are stated at cost. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. It is the Organization's policy to capitalize assets purchased with a cost of $1,000 or more.

Depreciation on property and equipment is based on the straight-line method over the estimated useful lives of the assets, which are 3 to 7 years for furniture and equipment and up to 39 years for leasehold improvements. Leasehold improvements are depreciated over their lease term of 8 years.

Contributions and Donations

Unless donors restrict the use of contributions and donations to specific activities, such funds are recorded as unrestricted.

Contributions received, including unconditional promises to give, are recognized as revenue when received at their fair values. Contributions made, including unconditional promises to give, are recorded as expenses when made at their fair values.

Restricted Contributions

Contributions received by the Organization with donor-imposed temporary restrictions are reported as temporarily restricted revenues. The revenue is then shown as released from restrictions on the accompanying statements of activities when the restriction has been satisfied.

Income Tax Status

The Organization is exempt from federal and state income tax 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. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2013 and 2012. Fiscal years ending on or after December 31, 2010 remain subject to examination by federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents and accounts receivable. The Organization places its cash accounts with high credit quality financial institutions. On December 31, 2013 and 2012, the Organization had deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization grants credit to its customers, who are predominantly located in Maryland. Customers are evaluated for credit worthiness on a continuing basis. Historically, credit losses have not been significant. Consequently, concentration of credit risk for accounts receivable is limited.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 7, 2014, the date the financial statements were available to be issued.

3. Property and Equipment

Property and equipment consisted of the following:

	2013	2012
Furniture and equipment	$ 76,715	$ 69,139
Leasehold improvements	52,770	52,770
Less – accumulated depreciation	(90,534)	(83,914)
	$ 38,951	$ 37,995

4. Long-Term Leases

The Organization leases its office space in Gaithersburg, Maryland under an operating lease which expires July 30, 2019. The lease provides for monthly rent payments of $7,357, including annual rent escalations equal to the greater of 35 percent of the increase in the annual Consumer Price Index or 3 percent, as well as monthly reimbursements from the Organization to the lessor for the organization's proportionate share of operating expenses. In 2011, the Organization signed an amendment to their lease to expand the office space. This amendment provides for a monthly rent of $3,678 for the first three months and for lease improvements of $26,653 to be paid by the lessor. Rent expense for 2013 and 2012 was $114,629 and $86,792, respectively.

Future minimum payments under this lease are as follows:

2014	$ 98,488
2015	101,137
2016	103,785
2017	106,434
2018	109,082
Thereafter	64,532
	$ 583,458

5. Contributed Services

As of December 31, 2013 and 2012, the Organization received $94,800 and $60,880, respectively, in contributed services for a strategic alignment project, which is reflected in the financial statements.

6. Net Assets

Temporarily restricted net assets represent donations to be used for the purposes established by the donors. As of December 31, 2013, temporarily restricted net assets consisted of the following:

Purpose		
Mobile Med Program	$	43,331
Healthcare Initiative Foundation		13,816
AMIGO Program		1,200
	$	58,347

As of December 31, 2012, temporarily restricted net assets consisted of the following:

Purpose		
Mobile Med Program	$	20,714
Healthy Mothers, Healthy Babies Program		62,499
Primary Care Health Infrastructure		11,806
AMIGO Program		1,200
	$	96,219

7. Board Designated Funds

As of December 31, 2013 and 2012, the board approved $15,000 as funds designated to serve uninsured and under-insured clients in 2013 and 2012, respectively. Therapy services are provided on a sliding scale basis based on clients' ability to pay. This amount is included in unrestricted net assets. During 2013 and 2012, the Organization provided services to uninsured clients of $18,016 and $15,167, respectively.

During 2013, the board approved $255,000 as funds designated to be set aside for future planning for the organization. This amount is included in unrestricted net assets. As of December 31, 2013, the balance for this designation is $285,000. As of December 31, 2012, the balance for this designation was $30,000.

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