



**CHILD CENTER AND ADULT SERVICES, INC.
D/B/A ASPIRE COUNSELING**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

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7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600
(F) 301.986.0432

1901 L STREET, NW
SUITE 750
WASHINGTON, DC 20036
(T) 202.822.0717
(F) 202.822.0739

Independent Auditors' Report

To the Board of Directors
Child Center and Adult Services, Inc.
d/b/a Aspire Counseling
Gaithersburg, Maryland

We have audited the accompanying financial statements of Child Center and Adult Services, Inc. d/b/a Aspire Counseling, a nonprofit organization, (Aspire), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 auditors consider 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.

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Board of Directors
Child Center and Adult Services, Inc.
d/b/a Aspire Counseling

Report on Summarized Comparative Information

We have previously audited the financial statements of Child Center and Adult Services, Inc. d/b/a Aspire Counseling as of December 31, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
July 12, 2017

Certified Public Accountants

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)**

	2016	2015
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 238,518	\$ 371,082
Patient Accounts Receivable, Net	79,327	51,689
Other Accounts Receivable	26,225	37,690
Prepaid Expenses	7,594	7,312
Total Current Assets	351,664	467,773
Property and Equipment - Net	27,939	39,830
Deposits	12,932	12,932
Total Assets	\$ 392,535	\$ 520,535
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 87,387	\$ 58,785
Patient Fee Credits	3,000	17,908
Total Current Liabilities	90,387	76,693
Deferred Rent and Deferred Lease Incentive	49,371	44,845
Total Liabilities	139,758	121,538
Net Assets		
Unrestricted		
Undesignated	63,660	223,332
Board Designated	131,430	151,355
Total Unrestricted Net Assets	195,090	374,687
Temporarily Restricted	57,687	24,310
Total Net Assets	252,777	398,997
Total Liabilities and Net Assets	\$ 392,535	\$ 520,535

See accompanying Notes to Financial Statements.

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support and Revenues				
Public Support				
Tandem-Primary Care/				
Behavioral Health Services	\$ 47,684	\$ 99,470	\$ 147,154	\$ 172,673
Healthy Mothers, Healthy Babies	30,396	70,500	100,896	141,356
Positive Aging Project	31,314	-	31,314	49,485
Other Contributions and Grants	16,756	-	16,756	43,101
Contributed Services	2,030	-	2,030	708
Total Public Support	128,180	169,970	298,150	407,323
Net Patient Service Fees	1,017,459	-	1,017,459	896,656
Continuing Education Fees	14,070	-	14,070	15,120
Investment Revenue	234	-	234	370
Miscellaneous	205	-	205	2,267
Net Assets Released from Restrictions	136,593	(136,593)	-	-
Total Support and Revenues	1,296,741	33,377	1,330,118	1,321,736
Expenses				
Program Services	1,250,234	-	1,250,234	1,381,932
Supporting Services				
Management and General	177,435	-	177,435	25,031
Fundraising	48,669	-	48,669	56,225
Total Supporting Services	226,104	-	226,104	81,256
Total Expenses	1,476,338	-	1,476,338	1,463,188
Change in Net Assets	(179,597)	33,377	(146,220)	(141,452)
Net Assets, Beginning of Year	374,687	24,310	398,997	540,449
Net Assets, End of Year	\$ 195,090	\$ 57,687	\$ 252,777	\$ 398,997

See accompanying Notes to Financial Statements.

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Program Services					Supporting Services			2016 Total	2015 Total	
	Patient Services	Mobile Medical Care	Positive Aging Project	Healthy Mothers, Healthy Babies	Aspire's Training Institute	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries and Wages	\$ 345,048	\$ 118,385	\$ 23,523	\$ 103,966	\$ 5,879	\$ 596,801	\$ 93,813	\$ 43,592	\$ 137,405	\$ 734,206	\$ 670,360
Consulting Therapists	490,504	-	-	3,239	60	493,803	-	-	-	493,803	478,523
Occupancy	110,726	-	-	3,076	3,703	117,505	5,536	2,461	7,997	125,502	112,217
Accounting, Auditing, and Legal Services	-	-	-	-	-	-	36,454	-	36,454	36,454	41,301
Insurance and Business Fees	9,964	801	633	801	297	12,496	10,248	82	10,330	22,826	17,826
Other Professional Services	-	-	1,190	-	2,247	3,437	7,862	915	8,777	12,214	15,261
Depreciation Expense	-	-	-	-	-	-	11,891	-	11,891	11,891	10,570
Office Supplies	5,671	-	-	302	302	6,275	2,612	1,241	3,853	10,128	18,004
Information Technology	5,612	351	-	561	70	6,594	2,812	210	3,022	9,616	13,711
Communication	4,611	835	-	284	1,526	7,256	1,088	168	1,256	8,512	25,931
Travel and Meeting Expenses	58	137	175	704	1,849	2,923	841	-	841	3,764	8,174
Program Material Expenses	49	-	-	-	300	349	2,508	-	2,508	2,857	3,633
Maintenance and Repairs	795	-	-	-	-	795	1,770	-	1,770	2,565	3,007
Grant Expense	-	2,000	-	-	-	2,000	-	-	-	2,000	40,000
Payroll Service Expenses	-	-	-	-	-	-	-	-	-	-	4,670
Total Expenses	\$ 973,038	\$ 122,509	\$ 25,521	\$ 112,933	\$ 16,233	\$ 1,250,234	\$ 177,435	\$ 48,669	\$ 226,104	\$ 1,476,338	\$ 1,463,188

See accompanying Notes to Financial Statements.

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

	2016	2015
Cash Flows from Operating Activities		
Change in Net Assets	\$ (146,220)	\$ (141,452)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities		
Depreciation	11,891	10,570
<u>(Increase) Decrease in Assets</u>		
Patient Accounts Receivable, Net	(27,638)	34,012
Other Accounts Receivable	11,465	(19,585)
Prepaid Expenses	(282)	6,024
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	28,602	6,369
Patient Fee Credits	(14,908)	-
Deferred Rent and Deferred Lease Incentive	4,526	1,427
Net Cash Used in Operating Activities	(132,564)	(102,635)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	-	(13,850)
Proceeds from Sales of Investments	-	72,291
Net Cash Provided by Investing Activities	-	58,441
Net Decrease in Cash and Cash Equivalents	(132,564)	(44,194)
Cash and Cash Equivalents, Beginning of Year	371,082	415,276
Cash and Cash Equivalents, End of Year	\$ 238,518	\$ 371,082

See accompanying Notes to Financial Statements.

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. ORGANIZATION AND NATURE OF ACTIVITIES

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

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

Patient Services - providing individual, family, and group therapy for children (birth to 12), adolescents (13-17), adults (18-65) and seniors (65+) to help patients cope with many of life's challenges.

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 behavioral health treatment onsite at four Mobile Med clinics throughout Montgomery County. 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 Aspire's bilingual therapists for treatment, and Aspire's therapists and Mobile Med's providers collaborate to provide care.

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.

Healthy Mothers, Healthy Babies - providing in-home therapy to uninsured or underinsured pregnant women and new mothers at risk of prenatal and postpartum depression.

Aspire's Training Institute - providing low cost Continuing Education Classes for mental health professionals on clinical and ethical issues throughout Montgomery County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Aspire uses the accrual method of accounting. Under this method, revenues are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the summarized information from Aspire's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Cash and Cash Equivalents

Aspire considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Patient Accounts Receivable

The collection of receivables from third-party payers and patients is a significant source of cash for Aspire's operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payer has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables from third-party payers are carried at net realizable value, which is determined as the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payers.

Receivables due directly from patients are carried at the original charge for the service provided less amounts covered by third-party payers and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on past receivables loss experience, known and inherent risks in the receivables population, communications with the third-party payers, and current economic conditions. Patient accounts receivable are due 30 days after the service is provided and are considered past due when they are outstanding beyond 120 days with no payment. Aspire generally does not charge interest on past due accounts. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. The allowance for doubtful accounts was approximately \$19,800 at December 31, 2016.

Other Accounts Receivable

Other accounts receivable are stated at the amount management expects to collect from outstanding balances. Aspire provides for losses on accounts receivable using the allowance method. 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. Management has determined that all of the other accounts receivable are collectible as of December 31, 2016.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which are 3 to 7 years for furniture and equipment. Leasehold improvements are depreciated over the shorter of the lease term or the useful life. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

Net Assets Classification

Aspire'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 Aspire's Board of Directors for use in operations and for future investments for the organization.

Undesignated - Represents net assets available for general operations.

Board Designated - Special Fund - This fund is designated to fund uninsured and underinsured patients who are financially challenged.

Board Designated - Future and Strategic Planning for Aspire - Include funds set aside for future planning for Aspire.

Temporarily Restricted Net Assets - include contributions subject to donor-imposed stipulations that will be met by the actions of Aspire and/or the passage of time. When a 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.

Contributions

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.

Net Patient Service Fees

Net Patient Service Fees are recognized on the dates services are provided to patients and recorded at estimated net realizable amounts from patients, third-party payments, and others. Aspire only recognizes patient service revenue in the amounts that it expects to collect. Aspire has agreements with third-party payers that include prospectively determined rates per service, reimbursed costs, discounted charges, and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods as final settlements are determined. Differences between the estimated amounts accrued and interim and final settlements are reported in changes in net assets in the year of settlement.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Patient Service Fees (Continued)

Self-pay revenue is recorded at published charges with charitable allowances based on a sliding fee scale deducted to arrive at net self-pay revenue.

Charity Care

Aspire provides care to patients who are in need of counseling and are deemed to be financially challenged based on criteria established by Aspire's charity care policy. This care is provided without charge or at amounts less than Aspire's established rates. Because Aspire does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. Aspire maintains records to identify and monitor the level of charity care provided. The costs related to this care totaled \$5,135 for the year ended December 31, 2016.

Grant Revenue for Community-Based Direct Service Programs

Aspire provides mental health care to certain patients in Montgomery County under grants and support from local governments as well as from the public. Laws and regulations governing grants agreements and contracts are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action. Management believes that the adjustments, if any, from a governmental audit will not be material to the financial statements.

Allocation of Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of functional expenses. Expenses that relate directly to a program or supporting service are charged to that program or supporting service. Certain supporting service expenses have been allocated among the programs benefited based on employee time records and ratios determined by management. The remaining general and administrative expenses include those expenses that are not directly identifiable with or allocable to any other specific function but provide for the overall support and direction of Aspire.

Income Tax Status

Aspire is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, Aspire has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Aspire requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. Aspire does not believe its financial statements include, or reflect, any uncertain tax positions.

Aspire's IRS Form 990, *Return of Organization Exempt from Income Tax*, is generally subject to examination by the taxing authorities for three years after filing.

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

3. CONCENTRATION OF CREDIT RISK

Aspire maintains its cash at federally insured financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times during the year, the balances may exceed this limit. Management does not believe the risk is significant.

Aspire grants credit to its patients, who are predominantly located in Maryland. Patients 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.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Furniture and Equipment	\$ 96,797
Leasehold Improvements	52,770
Less Accumulated Depreciation	<u>(121,628)</u>
Net Property and Equipment	<u>\$ 27,939</u>

Depreciation expense for the year ended December 31, 2016, was \$11,891.

5. OPERATING LEASE

Aspire leases its office space in Gaithersburg, Maryland, under an operating lease which expires July 31, 2023. The lease provides for monthly rent payments, including annual escalations equal to the greater of 35% of the increase in the Consumer Price Index or 3%, as well as the proportionate share of building operating expenses.

Rental expense for the year ended December 31, 2016, was \$125,502. Rental expense includes \$123,029 for the office rent and \$2,473 for off-site Continuing Education class space rental.

The future minimum payments under this lease are as follows:

For the Years Ending December 31,

2017	\$ 119,084
2018	122,401
2019	125,719
2020	129,036
2021	132,353
Thereafter	<u>215,941</u>
Total	<u>\$ 844,534</u>

CHILD CENTER AND ADULT SERVICES, INC. D/B/A ASPIRE COUNSELING

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

6. BOARD DESIGNATED NET ASSETS

As of December 31, 2016, board designated net assets consisted on the following:

Future and Strategic Planning Fund	\$ 131,430
Total	<u>\$ 131,430</u>

See Note 2 for descriptions of these Funds.

7. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016, temporarily restricted net assets consisted of the following:

Healthy Mothers, Healthy Babies Program	\$ 6,223
Mobile Med Program	<u>51,464</u>
Total	<u>\$ 57,687</u>

As of December 31, 2016, net released from temporary restrictions consisted of the following:

Healthy Mothers, Healthy Babies Program	\$ 64,277
Mobile Med Program	<u>72,316</u>
Total	<u>\$ 136,593</u>

8. SUBSEQUENT EVENTS

Aspire has evaluated events through July 12, 2017, the date the financial statements were available to be issued.