



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

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

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DECEMBER 31, 2017

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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, 2017, 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, 2017, 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, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
October 8, 2018

Certified Public Accountants

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

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)**

	2017	2016
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 145,368	\$ 238,518
Patient Accounts Receivable, Net	67,210	79,327
Other Accounts Receivable	45,434	26,225
Prepaid Expenses	2,181	7,594
	260,193	351,664
Property and Equipment - Net	21,712	27,939
Deposits	12,932	12,932
Total Assets	\$ 294,837	\$ 392,535
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 136,339	\$ 87,387
Patient Fee Credits	2,813	3,000
	139,152	90,387
Deferred Rent and Deferred Lease Incentive	55,534	49,371
Total Liabilities	194,686	139,758
Net Assets		
Unrestricted		
Undesignated	(9,830)	63,660
Board Designated	75,013	131,430
	65,183	195,090
Temporarily Restricted	34,968	57,687
Total Net Assets	100,151	252,777
Total Liabilities and Net Assets	\$ 294,837	\$ 392,535

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, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Support and Revenues				
Public Support				
Tandem-Primary Care/				
Behavioral Health Services	\$ 90,013	\$ 32,500	\$ 122,513	\$ 147,154
Healthy Mothers, Healthy Babies	68,981	67,500	136,481	100,896
Positive Aging Project	28,620	-	28,620	31,314
Other Contributions and Grants	57,800	-	57,800	16,756
Contributed Services	2,400	-	2,400	2,030
	<u>247,814</u>	<u>100,000</u>	<u>347,814</u>	<u>298,150</u>
Total Public Support	247,814	100,000	347,814	298,150
Net Patient Service Fees	1,064,826	-	1,064,826	1,017,459
Training Institute Revenue	15,046	-	15,046	14,070
Interest Income	102	-	102	234
Miscellaneous	7,392	-	7,392	205
Net Assets Released from Restrictions	122,719	(122,719)	-	-
	<u>1,457,899</u>	<u>(22,719)</u>	<u>1,435,180</u>	<u>1,330,118</u>
Total Support and Revenues	1,457,899	(22,719)	1,435,180	1,330,118
Expenses				
Program Services	1,323,677	-	1,323,677	1,250,234
Supporting Services				
Management and General	191,003	-	191,003	177,435
Fundraising	73,126	-	73,126	48,669
	<u>264,129</u>	<u>-</u>	<u>264,129</u>	<u>226,104</u>
Total Supporting Services	264,129	-	264,129	226,104
Total Expenses	1,587,806	-	1,587,806	1,476,338
Change in Net Assets	(129,907)	(22,719)	(152,626)	(146,220)
Net Assets, Beginning of Year	195,090	57,687	252,777	398,997
	<u>\$ 65,183</u>	<u>\$ 34,968</u>	<u>\$ 100,151</u>	<u>\$ 252,777</u>
Net Assets, End of Year	\$ 65,183	\$ 34,968	\$ 100,151	\$ 252,777

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, 2017
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	Program Services					Supporting Services			2017 Total	2016 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	\$ 362,981	\$ 135,976	\$ 49,925	\$ 130,520	\$ 17,469	\$ 696,871	\$ 82,512	\$ 61,484	\$ 143,996	\$ 840,867	\$ 734,206
Consulting Therapists	498,479	-	-	2,430	-	500,909	47	-	47	500,956	493,803
Occupancy	53,943	20,207	7,419	19,397	2,596	103,562	12,262	9,137	21,399	124,961	125,502
Accounting, Auditing, and Legal Services	-	-	-	-	-	-	34,412	-	34,412	34,412	36,454
Office Supplies	2,280	150	-	1,543	120	4,093	17,283	320	17,603	21,696	10,128
Insurance and Business Fees	5,272	-	-	-	27	5,299	14,813	494	15,307	20,606	22,826
Depreciation Expense	-	-	-	-	-	-	10,332	-	10,332	10,332	11,891
Information Technology	45	-	-	-	-	45	8,729	-	8,729	8,774	9,616
Program Material Expenses	-	821	609	641	4,437	6,508	1,018	1,169	2,187	8,695	2,857
Communication	-	1,034	110	35	-	1,179	5,571	-	5,571	6,750	8,512
Other Professional Services	-	-	505	-	2,532	3,037	2,250	-	2,250	5,287	12,214
Travel and Meeting Expenses	64	789	-	452	573	1,878	1,774	443	2,217	4,095	3,764
Advertising and Marketing	-	-	-	296	-	296	-	79	79	375	-
Maintenance and Repairs	-	-	-	-	-	-	-	-	-	-	2,565
Grant Expense	-	-	-	-	-	-	-	-	-	-	2,000
Total Expenses	\$ 923,064	\$ 158,977	\$ 58,568	\$ 155,314	\$ 27,754	\$ 1,323,677	\$ 191,003	\$ 73,126	\$ 264,129	\$ 1,587,806	\$ 1,476,338

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, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ (152,626)	\$ (146,220)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities		
Depreciation	10,332	11,891
<u>(Increase) Decrease in Assets</u>		
Patient Accounts Receivable, Net	12,117	(27,638)
Other Accounts Receivable	(19,209)	11,465
Prepaid Expenses	5,413	(282)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	48,952	28,602
Patient Fee Credits	(187)	(14,908)
Deferred Rent and Deferred Lease Incentive	6,163	4,526
	(89,045)	(132,564)
Net Cash Used in Operating Activities	(89,045)	(132,564)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(4,105)	-
Net Cash Used in Investing Activities	(4,105)	-
Net Decrease in Cash and Cash Equivalents	(93,150)	(132,564)
Cash and Cash Equivalents, Beginning of Year	238,518	371,082
Cash and Cash Equivalents, End of Year	\$ 145,368	\$ 238,518

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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 information from Aspire's financial statements for the year ended December 31, 2016, 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 \$88,600 at December 31, 2017.

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, 2017.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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 \$7,122 for the year ended December 31, 2017.

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, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2016 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	\$ 100,902
Leasehold Improvements	52,770
Less Accumulated Depreciation	<u>(131,960)</u>
Net Property and Equipment	<u>\$ 21,712</u>

Depreciation expense for the year ended December 31, 2017, was \$10,332.

5. OPERATING LEASE

Aspire has a lease for office space in Gaithersburg, Maryland, that was to expire in July 2023. In October 2017, Aspire amended its lease agreement to expand its office space and to extend the lease term to September 2025. The lease amendment has a 5-month partial rent abatement. 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, 2017, was \$124,961.

The future minimum payments under this lease are as follows:

For the Years Ending December 31,

2018	\$ 140,861
2019	145,034
2020	151,375
2021	155,609
2022	159,843
Thereafter	<u>461,182</u>
Total	<u>\$ 1,213,904</u>

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

6. BOARD DESIGNATED NET ASSETS

As of December 31, 2017, board designated net assets consisted on the following:

Future and Strategic Planning Fund	\$ 75,013
Total	<u>\$ 75,013</u>

See Note 2 for descriptions of these Funds.

7. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017, temporarily restricted net assets consisted of the following:

Mobile Med Program	\$ 34,968
Total	<u>\$ 34,968</u>

As of December 31, 2017, net released from temporary restrictions consisted of the following:

Healthy Mothers, Healthy Babies Program	\$ 73,723
Mobile Med Program	48,996
Total	<u>\$ 122,719</u>

8. LINE OF CREDIT

In November 2017, Aspire obtained a \$15,000 unsecured revolving line-of credit (the LOC) from a bank. Aspire did not draw on the LOC during the year ended December 31, 2017.

9. SUBSEQUENT EVENTS

Aspire has evaluated events through October 8, 2018, the date the financial statements were available to be issued.