Audited Financial Statements

The Maple Counseling Center

December 31, 2016

Quigley & Miron

The Maple Counseling Center
Audited Financial Statements
Table of Contents
December 31, 2016

Quigley & Miron

Certified Public Accountants

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
The Maple Counseling Center
Beverly Hills, California

We have audited the accompanying financial statements of The Maple Counseling Center (TMCC), a nonprofit organization, 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.

Auditor's 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 of 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Maple Counseling Center as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Maple Counseling Center's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 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.

Quigley & Miron

Los Angeles, California
May 15, 2017

The Maple Counseling Center
Statement of Financial Position
December 31, 2016
(with comparative totals for 2015)

	2016	2015
Assets		
Cash and cash equivalents		
Operating accounts	$ 418,362	$ 342,266
Money market funds	493,459	493,422
Total Cash and Cash Equivalents	**911,821**	**835,688**
Investments—Notes 3 and 4	198,284	197,537
Fees receivable	8,290	7,477
Contracts receivable	25,250	56,830
Contributions receivable	60,150	
Prepaid expenses		2,545
Property and equipment, net—Note 5	53,878	65,283
Security deposit—Note 6	20,050	20,050
Total Assets	**$ 1,277,723**	**$ 1,185,410**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 5,760	$ 6,440
Accrued employee benefits payable	77,725	85,088
Deferred revenue	1,277	814
Other current liabilities	16,414	13,217
Total Liabilities	**101,176**	**105,559**
Net Assets		
Unrestricted	806,558	723,254
Temporarily restricted—Note 7	369,989	356,597
Total Net Assets	**1,176,547**	**1,079,851**
Total Liabilities and Net Assets	**$ 1,277,723**	**$ 1,185,410**

See notes to financial statements.

The Maple Counseling Center
Statement of Activities
Year Ended December 31, 2016
(with comparative totals for 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Public Support and Revenue				
Public support				
Foundation grants	$ 119,000	$ 223,500	$ 342,500	$ 354,000
Fundraising events, net —Note 8	330,662		330,662	309,840
Municipal and school district grants	263,990		263,990	235,975
Individual contributions	66,837		66,837	55,306
Total Public Support	**780,489**	**223,500**	**1,003,989**	**955,121**
Revenue				
Client fees	634,108		634,108	625,658
Intern administration fee	58,205		58,205	58,533
Other	11,229		11,229	20,075
Interest	946		946	587
Total Revenue	**704,488**		**704,488**	**704,853**
Total Public Support and Revenue	**1,484,977**	**223,500**	**1,708,477**	**1,659,974**
Net assets released from restrictions	210,108	(210,108)		
Total Public Support, Revenue and Reclassifications	**1,695,085**	**13,392**	**1,708,477**	**1,659,974**
Expenses				
Program services	1,231,356		1,231,356	1,213,311
Management and general	196,945		196,945	203,177
Fund development	183,480		183,480	150,150
Total Expenses	**1,611,781**		**1,611,781**	**1,566,638**
Change in Net Assets	**83,304**	**13,392**	**96,696**	**93,336**
Net Assets at Beginning of Year	**723,254**	**356,597**	**1,079,851**	**986,515**
Net Assets at End of Year	**$ 806,558**	**$ 369,989**	**$ 1,176,547**	**$ 1,079,851**

See notes to financial statements.

The Maple Counseling Center
Statement of Functional Expense
Year Ended December 31, 2016
(with comparative totals for 2015)

		Supporting Services			
	Program Services	Management and General	Fund Development	2016 Total	2015 Total
Salaries	$ 679,752	$ 125,825	$ 126,944	$ 932,521	$ 925,028
Payroll taxes	55,401	10,255	10,346	76,002	71,553
Employee benefits	52,281	9,677	9,763	71,721	63,311
Total Salaries and Related Expenses	**787,434**	**145,757**	**147,053**	**1,080,244**	**1,059,892**
Rent and parking	287,779	4,444	10,098	302,321	292,610
Office expense	76,338	14,130	14,256	104,724	96,102
Consulting and professional fees	27,113	21,813	8,816	57,742	49,710
Insurance	20,481	6,266		26,747	26,643
Depreciation	15,725	243	552	16,520	17,458
Miscellaneous	3,166	4,268	2,650	10,084	10,363
Other clinical expenses	6,037			6,037	5,697
Newsletter and outreach	5,722			5,722	1,644
Repairs and maintenance	1,561	24	55	1,640	6,519
Total Expenses	**$ 1,231,356**	**$ 196,945**	**$ 183,480**	**$ 1,611,781**	**$ 1,566,638**

See notes to financial statements.

The Maple Counseling Center
Statement of Cash Flows
Year Ended December 31, 2016
(with comparative totals for 2015)

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 96,696	$ 93,336
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,520	17,458
Changes in operating assets and liabilities:		
Fees receivable	(813)	1,368
Contracts receivable	31,580	(7,962)
Contributions receivable	(60,150)	25,000
Prepaid expenses	2,545	(2,545)
Security deposit		(10)
Accounts payable	(680)	1,676
Accrued employee benefits payable	(7,363)	10,562
Deferred revenue	463	(356)
Other current liabilities	3,197	3,727
Net Cash Provided by Operating Activities	**81,995**	**142,254**
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,115)	(40,295)
Purchase of investments	(747)	(408)
Net Cash Used in Investing Activities	**(5,862)**	**(40,703)**
Net Increase in Cash and Cash Equivalents	**76,133**	**101,551**
Cash and Cash Equivalents at Beginning of Year	**835,688**	**734,137**
Cash and Cash Equivalents at End of Year	**$ 911,821**	**$ 835,688**
Supplementary Disclosures		
Income taxes paid	$	$
Interest paid	$	$

See notes to financial statements.

Note 1—Organization

The Maple Counseling Center (TMCC), a nonprofit community mental health center, provides low cost comprehensive health counseling for people in need throughout Los Angeles County. The agency does not receive any government funding, and relies on individual donations, special events, municipal and foundation funding to supplement the client fees it collects, which constitute 38% of the annual revenue. Client fees are determined on a sliding scale based on ability to pay, and no one is turned away. TMCC is one of the few resources in Los Angeles County where people can pay what they can afford, and receive services for as long as they need.

TMCC provides services to people of all ages. In 2016, over 80% of the Center's headquarters clients were between 18 and 62, with the youngest client being 18 months and the oldest client 93 years.

During 2016, TMCC counseling programs served primarily low-income clients. 53% of the clients earned less than $20,000 and of that number, 25% earned less than $10,000, and over 35% of the clients were unemployed, underemployed, retired, or disabled. The average fee was $24 per session.

In 2016, over 5,000 clients were served in all programs combined, with 1,800 clients receiving counseling services at the headquarters facility and the remaining clients in schools and community based programs. Founded in 1972, TMCC currently has 12 licensed clinical staff (nine are part time) who supervise 84 graduate level interns and specialized programs. These include a comprehensive adult program of individual and couples counseling, services for older adults, and therapeutic support groups. Specialized services are offered for children and adolescents.

Each week, TMCC provides services to 400-500 clients at its headquarters office, over 1,000 students in the local schools, and over 200 children and families at community based partner organizations. TMCC's community collaborations have a dual goal of addressing unmet community needs and offering additional intern training opportunities. Collaborative partners currently include organizations in South and East Los Angeles

Psychiatric services are available for a medication evaluation if it is determined that this may be beneficial to a client.

All programs, with the exception of psychiatry services, are supported through a volunteer model. Counseling services are provided by graduate students in psychology, social work, and marriage and family counseling who are working toward licensure. The agency has a national reputation as a training center where interns gain experience in working with different populations. They are supervised by highly qualified licensed clinical staff, and an additional 80 offsite volunteer supervisors. An additional 25 volunteer with the Community Circle Program, a school based program that helps elementary students understand the importance of character, self-worth, and responsibility.

Note 2—Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. TMCC recognizes contributions, including unconditional promises to give, as revenue in the period received. TMCC reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions in three classes of net assets, as follows:

> Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of TMCC.
>
> Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of TMCC and/or the passage of time. Included in temporarily restricted net assets are gifts given for a particular purpose and investment income to be used for a particular purpose. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.
>
> Permanently restricted net assets—Net assets for which the donor has stipulated that the principal be maintained into perpetuity. Generally, the donors of these assets permit TMCC to use all or part of the income earned on related investments for general or specific purposes. At December 31, 2016 and 2015, TMCC had no permanently restricted net assets.

Income Taxes—TMCC is a nonprofit health and human services organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). TMCC is similarly exempt from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, TMCC has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered *'more likely than not'* to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2016 and 2015. Generally, TMCC's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—TMCC considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are valued at fair market value. Investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses are reported as increases or decreases in the appropriate net asset category.

Property and Equipment—Property and equipment are stated at cost at the date of acquisition or fair market value at the date of donation. Capitalized lease equipment is recorded at the fair market value of the equipment at lease inception. TMCC capitalizes all expenditures for property and equipment in excess of $1,000.

Note 2—Significant Accounting Policies—*Continued*

Depreciation and amortization are calculated based on the straight-line method over the remaining useful lives of the assets as follows:

Office equipment	3.0 - 5.0 years
Capitalized lease	5.0 years
Furniture and fixtures	7.0 years
Leasehold improvements	31.5 years, *or life of lease, whichever is shorter*

TMCC's artwork is not depreciated, as it is expected to maintain its approximate value, or appreciate over time.

Concentration of Credit Risk—Financial instruments which potentially subject TMCC to concentrations of credit risk consist of cash and cash equivalents, investments and amounts receivable from clients, donors and municipal bodies. TMCC places portions of its cash, cash equivalents and investments with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. In the normal course of operations, such cash balances may exceed the FDIC insurance limits. TMCC places the remainder of its cash and cash equivalents in money market funds managed by a large broker-dealer; these funds are secured by the underlying assets of the fund and have no insurance coverage. Management regularly reviews the financial stability of its cash depositories and deems the risk of loss due to these concentrations to be minimal. Management has assessed the credit risk associated with the investments held at December 31, 2016 and 2015 and has determined that an allowance for potential losses due to credit risk in the investment portfolio is not necessary. With regard to amounts receivable, the risk is limited due to the large number of clients comprising the client base and the small relative size of each of these receivables, and the financial strength of the municipal bodies.

Revenue Recognition—TMCC's revenue recognition policies are as follows:

Government grants—Revenues from government grants are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Fees—Fees are recognized at the time services are provided.

Donated Services—No amounts have been reflected in the financial statements for donated services as they do not meet the criteria for recognition under generally accepted accounting principles. However, it should be noted that, through TMCC's internship program for mental health professionals, interns donated virtually all of the direct counseling services at TMCC. In addition, volunteers have donated significant amounts of their time to TMCC's other program services and in its fundraising campaigns.

Note 2—Significant Accounting Policies—*Continued*

Expense Allocation—The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

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

Reclassifications—Certain amounts in 2015 have been reclassified to conform with the 2016 financial statement presentation.

Use of Estimates—Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported public support, revenues and expenses. Actual results could differ from those estimates and assumptions.

Note 3—Investments

Investments consist of certificates of deposit amounting to $198,284 and $197,537 at December 31, 2016 and 2015, respectively.

Note 4—Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy is categorized into three levels based on the inputs as follows:

> Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.
>
> Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Note 4—Fair Value Measurements—*Continued*

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination for which category within the fair value hierarchy is appropriate is based on the lowest level input that is significant to the fair value measurement in its entirety.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2016 and 2015 consist of investments in certificates of deposit, which are considered level 2 assets, and money market funds, which are considered Level 1 assets.

Note 5—Property and Equipment, Net

Net property and equipment at December 31, 2016 and 2015 consist of the following:

	2016	2015
Office equipment	$ 354,430	$ 349,315
Leasehold improvements	92,221	92,221
Furniture and fixtures	102,264	102,264
Capitalized lease equipment	43,551	43,551
Artwork	4,000	4,000
Total Property and Equipment	**596,466**	**591,351**
Less accumulated depreciation	(542,588)	(526,068)
Net Property and Equipment	**$ 53,878**	**$ 65,283**

Note 6—Leases

TMCC leases office space under an operating lease (Lease) which initially expired on April 30, 2014. At that time, the Lease was extended for 36 months at a monthly base payment of $20,958, to be adjusted upward annually by 3 percent on each anniversary date with building operational costs fixed at $12,000 per year. In May 2017, the Lease was extended for 6 months on a monthly base payment of $23,564 per month ending November 2017. In addition to a security deposit of $20,050, the lease requires TMCC to maintain, as security for performance under the Lease, an unconditional, irrevocable letter of credit for the benefit of the lessor in the amount of $60,000 for the term of the Lease. The letter of credit is fully secured by certificates of deposit. In addition, TMCC has entered into non-cancellable operating leases for the rental of office equipment.

Note 6—Leases—*Continued*

Future minimum annual rental commitments by year under these operating leases are as follows:

Year Ending December 31,		
2017		$ 249,192
2018		11,304
	Total	**$ 260,496**

Rental expenses relating to the years ended December 31, 2016 and 2015 under such operating leases, including common area costs, was $306,780 and $291,502, respectively.

Note 7—Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2016 and 2015 consist of amounts restricted by donor-imposed stipulations to fund specific program expenses during specific time periods, as follows:

	2016	**2015**
Renovation	$ 193,398	$ 193,398
Psychiatric services	118,453	84,546
Technology upgrades	41,985	
Ellen's Room	16,153	16,153
Future operating expenses		62,500
Totals	**$ 369,989**	**$ 356,597**

Note 8—Fundraising Events, Net

Fundraising events activity during the year ended December 31, 2016 is summarized as follows:

	Crystal Ball	**Car Drawing**	**Other Events**	**Total**
Gross revenue	$ 338,338	$ 100,995	$ 19,151	$ 458,484
Less direct expenses	(101,581)	(24,701)	(1,540)	(127,822)
Net	**$ 236,757**	**$ 76,294**	**$ 17,611**	**$ 330,662**

Fundraising events activity during the year ended December 31, 2015 is summarized as follows:

	Crystal Ball	**Car Drawing**	**Other Events**	**Total**
Gross revenue	$ 256,340	$ 103,579	$ 51,538	$ 411,457
Less direct expenses	(81,599)	(18,769)	(1,249)	(101,617)
Net	**$ 174,741**	**$ 84,810**	**$ 50,289**	**$ 309,840**

Note 8—Fundraising Events, Net—*Continued*

Total fund development expenses for the years ended December 31, 2016 and 2015 consist of the following:

	2016	2015
Fund development expenses per statement of functional expenses	$ 183,480	$ 150,150
Fundraising event expenses	127,822	101,617
Totals	**$ 311,302**	**$ 251,767**

Functional expenses, including fundraising event expenses, totaled $1,739,603 and $1,668,255, for the years ended December 31, 2016 and 2015, respectively.

Note 9—Subsequent Events

Management has evaluated all activities of TMCC through May 15, 2017, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.