

MARIPOSA WOMEN & FAMILY CENTER

FINANCIAL STATEMENTS

Year ended June 30, 2013

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MARIPOSA WOMEN & FAMILY CENTER

FINANCIAL STATEMENTS

Year ended June 30, 2013

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Board of Directors
Mariposa Women & Family Center
Orange, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Mariposa Women & Family Center (the "Organization"), which comprise the statement of financial position as of June 30, 2013, 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 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 Mariposa Women & Family Center as of June 30, 2013, 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.

Emphasis of a Matter

The financial statements for the year ended June 30, 2013 reflect certain prior period adjustments as described further in note 12 to the financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

Mariposa Women & Family Center was previously audited by other auditors and they expressed an unmodified opinion on those financial statements in their report dated November 30, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

Irvine, California
November 27, 2013

FINANCIAL STATEMENTS

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF FINANCIAL POSITION

June 30, 2013

(with comparative information for the prior year)

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 95,279	\$ 54,501
Receivables, net (note 4):		
Accounts receivable	5,773	57,124
Pledges receivable	52,625	-
County of Orange	135,406	44,437
Prepaid expenses	26,076	1,359
Security deposit	13,332	11,332
Fixed assets, net	-	2,041
Other assets	<u>9,152</u>	<u>2,060</u>
TOTAL ASSETS	<u>337,643</u>	<u>172,854</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable	95,734	99,588
Accrued expenses (note 5)	68,646	50,125
Line of credit (note 10)	29,994	34,328
Deferred rent incentive (note 6)	108,102	-
Loan payable	<u>-</u>	<u>15,000</u>
TOTAL LIABILITIES	<u>302,476</u>	<u>199,041</u>
Net assets:		
Unrestricted	(46,958)	(26,187)
Temporarily restricted	82,125	-
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>35,167</u>	<u>(26,187)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 337,643</u>	<u>\$ 172,854</u>

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF ACTIVITIES

Year ended June 30, 2013
(with comparative information for the prior year)

	Temporarily		Totals	
	Unrestricted	Restricted	2013	2012
SUPPORT AND REVENUES:				
Contributions:				
Individual and corporate donations	\$ 37,009	\$ -	\$ 37,009	\$ 92,984
Foundations	92,778	54,000	146,778	147,928
United Way	28,125	28,125	56,250	56,250
Donated services (note 2f)	213,003	-	213,003	234,126
Fees for service	271,009	-	271,009	245,319
Government contracts and grants (note 7)	1,101,388	-	1,101,388	661,325
Investment income	15	-	15	4
Rental income	15,659	-	15,659	14,785
Other income	-	-	-	4,495
Special events, net of direct expenses (note 8)	33,908	-	33,908	7,072
TOTAL SUPPORT AND REVENUES	1,792,894	82,125	1,875,019	1,464,288
EXPENSES:				
Program services:				
CalWorks	776,886	-	776,886	410,689
Alcohol and drug abuse treatment	240,464	-	240,464	232,776
Family Counseling	564,416	-	564,416	716,682
	1,581,766	-	1,581,766	1,360,147
Supporting services:				
Management and general	185,642	-	185,642	165,823
Fundraising	20,603	-	20,603	101,242
TOTAL SUPPORTING SERVICES	206,245	-	206,245	267,065
TOTAL EXPENSES	1,788,011	-	1,788,011	1,627,212
INCREASE (DECREASE) IN NET ASSETS	4,883	82,125	87,008	(162,924)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED (note 12)	(51,841)	-	(51,841)	136,737
NET ASSETS AT END OF YEAR	\$ (46,958)	\$ 82,125	\$ 35,167	\$ (26,187)

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2013
(with comparative information for the prior year)

	Program Services			
		Alcohol and Drug Abuse	Family Counseling	Total Program Services
	CalWorks	Prevention	Counseling	Services
Salary expense	\$ 520,822	\$ 160,155	\$ 239,337	\$ 920,314
Payroll taxes and fees	48,419	14,905	23,017	86,341
Employee benefits	24,789	10,597	11,210	46,596
Employee expenses	1,444	438	678	2,560
Total personnel expense	595,474	186,095	274,242	1,055,811
Accounting and audit	4,027	1,988	4,132	10,147
Professional fees	509	-	1,572	2,081
Postage & printing	2,521	560	754	3,835
Equipment service	35,634	7,161	10,288	53,083
Telephone, fax, and internet	9,528	1,064	1,951	12,543
Supplies	13,398	1,139	1,897	16,434
Subscriptions, dues, licenses	6,477	104	271	6,852
Other office expenses	105	40	67	212
Building lease	96,399	34,541	48,715	179,655
Building maintenance	2,315	33	-	2,348
Travel & meals	5,739	445	235	6,419
Insurance	4,760	1,388	2,193	8,341
Donated services	-	-	213,003	213,003
Interest expense	-	-	-	-
Bad debt expense	-	5,906	5,096	11,002
TOTAL EXPENSES	\$ 776,886	\$ 240,464	\$ 564,416	\$ 1,581,766

See accompanying notes to financial statements.

Supporting Services

Management and General	Fundraising	Total Supporting Services	Totals	
			2013	2012
\$ 82,240	\$ 18,512	\$ 100,752	\$ 1,021,066	\$ 900,093
8,669	-	8,669	95,010	81,332
3,432	2,091	5,523	52,119	48,416
333	-	333	2,893	2,114
<u>94,674</u>	<u>20,603</u>	<u>115,277</u>	<u>1,171,088</u>	<u>1,031,955</u>
953	-	953	11,100	10,551
36,000	-	36,000	38,081	82,540
70	-	70	3,905	5,414
5,366	-	5,366	58,449	36,577
617	-	617	13,160	6,422
-	-	-	16,434	15,826
609	-	609	7,461	4,445
7,171	-	7,171	7,383	8,701
34,630	-	34,630	214,285	166,788
-	-	-	2,348	1,135
89	-	89	6,508	6,751
827	-	827	9,168	7,694
-	-	-	213,003	234,126
4,636	-	4,636	4,636	3,846
-	-	-	<u>11,002</u>	<u>4,441</u>
<u>\$ 185,642</u>	<u>\$ 20,603</u>	<u>\$ 206,245</u>	<u>\$ 1,788,011</u>	<u>\$ 1,627,212</u>

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF CASH FLOWS

Year ended June 30, 2013
(with comparative information for the prior year)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 87,008	\$ (162,924)
Adjustments to reconcile change in net assets to net cash provided by operations		
Bad debts expense	11,002	4,441
Adjustments to net income for noncash transactions	(12,959)	-
Decrease (increase) in receivables	(123,384)	90,505
Decrease (increase) in security deposit	(2,000)	-
Decrease (increase) in prepaid expenses	(24,717)	145
Decrease (increase) in other assets	(7,092)	(2,060)
Increase (decrease) in accounts payable	(3,854)	84,032
Increase (decrease) in accrued expenses	13,006	(12,361)
Increase (decrease) in deferred rent	108,102	-
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 45,112	 1,778
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in credit line	(4,334)	14,328
Proceeds from loan	-	15,000
 NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	 (4,334)	 29,328
 Net increase in cash	40,778	31,106
 CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	54,501	23,395
 CASH AND CASH EQUIVALENT AT END OF YEAR	\$ 95,279	\$ 54,501
 <u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the year for interest	\$ 4,636	\$ 3,846
 Non-cash investing and financing activities for the year ended June 30, 2013 and 2012:		
Write off of fixed assets	\$ 2,041	\$ -
Loan forgiveness	(15,000)	-
	\$ (12,959)	\$ -

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2013

(1) **Organization and nature of services**

Mariposa Women & Family Center (Mariposa) is a nonprofit agency founded in April 25, 1977 and was incorporated on May 8, 1981 under the California Nonprofit Benefit Corporation Law. Mariposa provides mental health and recovery counseling, life skills education, and supportive services to women and families. Originally *Mariposa Women's Center, Inc.*, the organization formalized the change in name to *Mariposa Women and Family Center, Inc.* by amending the Articles of Incorporation and filing with the State of California on July 12, 2005.

Mariposa's program services are as follows:

- a) CalWORKs Program – This program provides behavioral health services to Welfare to Work recipients from the North Orange County area and is funded by the Social Services Administration through Orange County's Health Care Agency. The goal of the CalWORKs Program is to provide mental health counseling to recipients who are experiencing mental health barriers to entering the workforce.
- b) Alcohol and Drug Abuse Prevention Program – This program provides workshops to the community at no cost with topics relating to the prevention of drug and alcohol abuse. In addition, this program provides substance abuse treatment for women, men, adolescents, military veterans, eating disorder treatment and individual and group counseling.
- c) Community Counseling Program – This program offers a wide range of mental health counseling services for low income clients. It is open to women, men, and children. In addition to the counseling, this program provides trainings for facilitators and offers continuing education units accepted by the Board of Behavioral Sciences and other professional boards.

(2) **Summary of significant accounting policies**

Management determines the accounting principles to be used in the preparation of the accompanying financial statements. A description of significant accounting policies employed in the preparation of these financial statements are as follows:

(a) Basis of Presentation

The financial statements of Mariposa have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of significant accounting policies, (Continued)

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, liabilities, revenues, and expenses, as well as contingent assets and liabilities. Actual results could differ from those estimates.

(c) Financial Statement Presentation

Mariposa has implemented the financial statement presentation recommended by the Financial Accounting Standards Board in its Auditing Standards Codification (ASC) ASC 958-205, *Presentation of Financial Statements*. In accordance with ASC 958-205, Mariposa reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, Mariposa considers all unrestricted, highly liquid investments with a maturity of three months or less to be cash equivalents.

(e) Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701d. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an Organization, Management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal jurisdiction and the State of California.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of significant accounting policies, (Continued)

(f) Donated Materials and Services

Donated materials and other noncash contributions, if received, are reflected in the accompanying statements at their estimated market values at the date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis of deriving their value. Volunteer services received by Mariposa meeting the above criteria were valued at \$213,003 for the year ended June 30, 2013. These services were in the form of counseling services.

(g) Concentration of Revenues

Mariposa received approximately 62% of its total support and revenue from governmental agencies during the year ended June 30, 2013. Furthermore, approximately 98% of Mariposa's total government support during the year ended June 30, 2013 was received from two government contracts with the County of Orange.

(h) Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(i) Government Contracts

Mariposa receives significant revenue in the form of governmental contracts. These amounts represent contracts with governmental agencies to assist those governmental agencies in the performance of essential community programs. For accounting purposes, these contracts are considered to be exchange transactions whereby the funding agencies benefit by entering into contracts with Mariposa to perform program services on behalf of the funding agencies.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of significant accounting policies, (Continued)

(j) Property and Equipment

Fixed assets are capitalized at historical cost or fair market value at the date of donation, if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Mariposa reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor.

(k) Accrued Vacation and Sick Leave

Accrued employee vacation represents vacation time earned by Mariposa employees which has not yet been taken. Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave is not recognized since payment of such benefits is not rendered upon termination of employment. Therefore, sick leave benefits are recorded as expenses during the period the sick leave is taken. As of June 30, 2013, accrued vacation liabilities were \$23,145 and are included in accrued expenses on the accompanying statement of financial position.

(l) Expense Allocation

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

(m) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's prior year financial statements, from which this selected data was derived.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of significant accounting policies, (Continued)

(n) Subsequent Events

In accordance with ASC 855, subsequent events have been evaluated by management of the Organization through November 27, 2013 which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

(3) Concentration of Credit Risk

Mariposa Women and Family Center, Inc. maintains cash at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of year ended June 30, 2013 there was no cash held in excess of the insured limits.

(4) Receivables

At June 30, 2013, a significant portion of Mariposa Women and Family Center, Inc.'s accounts receivable consisted of funds due from the various foundations and government contracts and grants. The remaining amounts represent fees that are due from the individuals seeking counseling. An allowance for doubtful accounts of \$4,048 was established at year end as an estimate of the amounts deemed uncollectible.

(5) Accrued Expenses

Accrued expenses at June 30, 2013 were made up of the following balances:

Accrued payroll expense	\$ 34,450
Employee payroll taxes payable	8,375
Employee voluntary deductions payable	2,676
Accrued vacation expense	23,145
	<u>\$ 68,646</u>

(6) Operating Leases

On April 11, 2013, Mariposa amended their lease agreement on their Orange location resulting in a deferral of past due amounts and an extension of the lease. As amended, the new lease agreement is for a ninety-three month lease agreement for its existing office space. The lease is effective April 11, 2013 and expires January 31, 2021. Included in security deposits is \$11,332, which represents the security deposit on the building. The financial statements include deferred rent of \$108,102 resulting from the deferral of past due amounts and amortization of rent on the straight line basis over the life of the lease.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

(6) Operating Leases, (Continued)

On August 21, 2012, Mariposa entered into a thirty-six month lease agreement for its San Juan Capistrano location. The lease is effective October 1, 2012 and expires September 30, 2015. Included in security deposits is \$2,000, which represents the security deposit on the building.

The total lease expense amounted to \$214,285 for the year ended June 30, 2013.

At June 30, 2013, Mariposa also held several equipment leases. Future minimum lease payments are as follows for the building and equipment leases for the years ended June 30:

2014	\$ 213,265
2015	219,658
2016	195,042
2017	183,762
2018	188,724
Thereafter	<u>550,395</u>
Total	<u>\$1,550,846</u>

(7) Government Contracts and Grants

For the year ended June 30, 2013, revenue from government contracts and grants consisted of the following:

Government contracts:	
CalWorks	\$ 889,421
Substance Abuse Prevention	<u>194,267</u>
Total Government contracts	1,083,688
Government grants:	
Anaheim CDBG	<u>17,700</u>
Total Government grants:	<u>17,700</u>
Total Government contracts and grants	<u>\$1,101,388</u>

(8) Special Events

The fundraising activities were as follows for the year ended June 30, 2013:

	Annual
	<u>Fundraisers</u>
Gross revenue	\$ 43,226
Direct expenses	<u>(9,318)</u>
Net revenue	<u>\$ 33,908</u>

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Contingencies

Financial assistance from federal, state and local government entities in the form of contracts are subject to special audit. Such audits could result in claims against Mariposa Women and Family Center, Inc. for disallowed costs or noncompliance with contract restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(10) Credit Line

The Organization has a \$40,000 line of credit with Wells Fargo. Payments on the outstanding balance are due monthly. The annual interest on the line of credit is 10%. As of June 30, 2013, the balance on the line of credit was \$29,994.

(11) Related Party Transactions

The Organization maintains an account at the securities brokerage firm of Ameritrade. A member of the Finance Committee of the Organization is an Independent Advisor at Ameritrade and manages the Organization's account. For the fiscal year ending June 30, 2013, there were no fees charged by Ameritrade for account transactions.

Three members of the Board of Directors provide legal advice on an as needed basis. For fiscal year ending June 30, 2013, there were no fees charged by these attorneys for legal services.

(12) Prior Period Adjustment

During the fiscal year ended June 30, 2013, beginning nets assets were restated to record an adjustment to correct year-end payroll accrual and accounts receivable at fiscal year end June 30, 2012.

Net assets at beginning of year, as previously reported	\$ (26,187)
Adjustment:	
Accrued payroll	(5,515)
Accounts receivable	<u>(20,139)</u>
Net assets at beginning of year, as restated	<u>\$ (51,841)</u>

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