

MARIPOSA WOMEN & FAMILY CENTER

FINANCIAL STATEMENTS

Year ended June 30, 2014

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MARIPOSA WOMEN & FAMILY CENTER

FINANCIAL STATEMENTS

Year ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	7
Notes to Financial Statements	8

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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, 2014, 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, 2014, 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.

Report on Summarized Comparative Information

We have previously audited Mariposa Women & Family Center's June 30, 2013 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 27, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 20, 2014

FINANCIAL STATEMENTS

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF FINANCIAL POSITION

June 30, 2014

(with comparative information for the prior year)

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 215,506	97,996
Receivables, net (note 4):		
Accounts receivable	3,214	5,773
Pledges receivable	-	47,888
Grants receivable	8,388	4,737
County of Orange	101,963	135,406
Prepaid expenses	1,898	26,076
Security deposit	13,332	13,332
Fixed assets, net	3,000	-
Other assets	<u>3,017</u>	<u>6,435</u>
TOTAL ASSETS	<u>\$ 350,318</u>	<u>337,643</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 26,890	95,734
Accrued expenses (note 5)	77,300	68,646
Line of credit (note 10)	22,604	29,994
Deferred rent incentive (note 6)	<u>110,491</u>	<u>108,102</u>
TOTAL LIABILITIES	<u>237,285</u>	<u>302,476</u>

Net assets:

Unrestricted	103,433	(46,958)
Temporarily restricted	9,600	82,125
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>113,033</u>	<u>35,167</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 350,318</u>	<u>337,643</u>

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF ACTIVITIES

Year ended June 30, 2014
(with comparative information for the prior year)

	Temporarily		Totals	
	Unrestricted	Restricted	2014	2013
SUPPORT AND REVENUES:				
Contributions:				
Individual and corporate donations	\$ 50,777	-	50,777	37,009
Foundations	143,528	20,000	163,528	146,778
United Way	28,125	-	28,125	56,250
Donated services (note 2f)	296,550	-	296,550	213,003
Fees for service	281,538	-	281,538	271,009
Government contracts and grants (note 7)	1,292,248	-	1,292,248	1,101,388
Investment income (loss)	(580)	-	(580)	15
Rental income	16,069	-	16,069	15,659
Special events, net of direct expenses (note 8)	18,582	-	18,582	33,908
Released from restriction	92,525	(92,525)	-	-
	<u>2,219,362</u>	<u>(72,525)</u>	<u>2,146,837</u>	<u>1,875,019</u>
TOTAL SUPPORT AND REVENUES				
EXPENSES:				
Program services:				
CalWorks	939,148	-	939,148	776,886
Alcohol and drug abuse treatment	269,063	-	269,063	240,464
Family Counseling	584,143	-	584,143	564,416
	<u>1,792,354</u>	<u>-</u>	<u>1,792,354</u>	<u>1,581,766</u>
Supporting services:				
Management and general	251,755	-	251,755	185,642
Fundraising	24,862	-	24,862	20,603
	<u>276,617</u>	<u>-</u>	<u>276,617</u>	<u>206,245</u>
TOTAL SUPPORTING SERVICES	<u>276,617</u>	<u>-</u>	<u>276,617</u>	<u>206,245</u>
TOTAL EXPENSES	<u>2,068,971</u>	<u>-</u>	<u>2,068,971</u>	<u>1,788,011</u>
INCREASE (DECREASE) IN NET ASSETS	150,391	(72,525)	77,866	87,008
NET ASSETS AT BEGINNING OF YEAR,	<u>(46,958)</u>	<u>82,125</u>	<u>35,167</u>	<u>(51,841)</u>
NET ASSETS AT END OF YEAR	<u>\$ 103,433</u>	<u>9,600</u>	<u>113,033</u>	<u>35,167</u>

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2014
(with comparative information for the prior year)

	Program Services			
		Alcohol and Drug Abuse	Family	Total Program
	CalWorks	Prevention	Counseling	Services
Salary expense	\$ 658,505	185,031	184,639	1,028,175
Payroll taxes and fees	57,164	16,061	15,973	89,198
Employee benefits	31,696	11,468	8,716	51,880
Employee expenses	<u>1,790</u>	<u>501</u>	<u>504</u>	<u>2,795</u>
Total personnel expense	749,155	213,061	209,832	1,172,048
Accounting and audit	7,364	2,007	2,006	11,377
Professional fees	-	-	948	948
Postage & printing	880	377	449	1,706
Equipment service	41,570	8,929	12,237	62,736
Telephone, fax, and internet	9,923	1,413	2,288	13,624
Supplies	10,821	1,265	1,444	13,530
Subscriptions, dues, licenses	2,666	946	560	4,172
Other office expenses	181	57	60	298
Building lease	107,238	31,538	47,728	186,504
Building maintenance	122	81	81	284
Travel & meals	3,681	832	401	4,914
Insurance	5,547	1,571	2,505	9,623
Donated services	-	-	296,550	296,550
Interest expense	-	-	-	-
Bad debt expense	<u>-</u>	<u>6,986</u>	<u>7,054</u>	<u>14,040</u>
TOTAL EXPENSES	<u>\$ 939,148</u>	<u>269,063</u>	<u>584,143</u>	<u>1,792,354</u>

See accompanying notes to financial statements.

Supporting Services

Management and General	Fundraising	Total Supporting Services	Totals	
			2014	2013
145,333	21,642	166,975	1,195,150	1,021,066
11,722	2,060	13,782	102,980	95,010
4,960	1,160	6,120	58,000	52,119
430	-	430	3,225	2,893
<u>162,445</u>	<u>24,862</u>	<u>187,307</u>	<u>1,359,355</u>	<u>1,171,088</u>
3,623	-	3,623	15,000	11,100
32,024	-	32,024	32,972	38,081
77	-	77	1,783	3,905
4,887	-	4,887	67,623	58,449
327	-	327	13,951	13,160
419	-	419	13,949	16,434
10,389	-	10,389	14,561	7,461
9,286	-	9,286	9,584	7,383
24,246	-	24,246	210,750	214,285
7	-	7	291	2,348
421	-	421	5,335	6,508
1,016	-	1,016	10,639	9,168
-	-	-	296,550	213,003
2,588	-	2,588	2,588	4,636
-	-	-	14,040	11,002
<u>251,755</u>	<u>24,862</u>	<u>276,617</u>	<u>2,068,971</u>	<u>1,788,011</u>

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

STATEMENT OF CASH FLOWS

Year ended June 30, 2014
(with comparative information for the prior year)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 77,866	87,008
Adjustments to reconcile change in net assets to net cash provided by operations		
Bad debts expense	14,040	11,002
Adjustments to net income for noncash transactions	(3,000)	(12,959)
Decrease (increase) in receivables	66,199	(123,384)
Decrease (increase) in security deposit	-	(2,000)
Decrease (increase) in prepaid expenses	24,178	(24,717)
Decrease (increase) in other assets	3,418	(7,092)
Increase (decrease) in accounts payable	(68,844)	(3,854)
Increase (decrease) in accrued expenses	8,654	13,006
Increase (decrease) in deferred rent	2,389	108,102
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 124,900	 45,112
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in credit line	(7,390)	(4,334)
 NET CASH USED FOR FINANCING ACTIVITIES	 (7,390)	 (4,334)
 Net increase in cash	 117,510	 40,778
 CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	 97,996	 57,218
 CASH AND CASH EQUIVALENT AT END OF YEAR	 \$ 215,506	 97,996
 <u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the year for interest	\$ 2,588	4,636
 Non-cash investing and financing activities for the year ended June 30, 2014 and 2013:		
Write off of fixed assets	\$ -	2,041
Donation of fixed assets	(3,000)	-
Loan forgiveness	-	(15,000)
	\$ (3,000)	(12,959)

See accompanying notes to financial statements.

MARIPOSA WOMEN & FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2014

(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 low cost individual and group counseling to the community relating to the prevention of substance abuse. This includes providing services to women, men, adolescents, and military veterans.
- c) Community Counseling Program (Family Counseling) – 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.
- d) AB109 Outpatient and Residential Services – This program stems from Assembly Bill 109 and is available to men and women released from prison under AB109, incarcerated for drug abuse related charges.

(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.

The Organization's federal Exempt Organization Information Income Tax Returns (Form 990) for 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed. At the time these audited financials were issued, the 2013 tax return had not been filed yet.

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 \$296,550 for the year ended June 30, 2014. These services were in the form of counseling services.

(g) Concentration of Revenues

Mariposa received approximately 60% of its total support and revenue from governmental agencies during the year ended June 30, 2014. Furthermore, approximately 98% of Mariposa's total government support during the year ended June 30, 2014 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. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

(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, 2014, accrued vacation liabilities were \$29,128 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 20, 2014 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, 2014 there was no cash held in excess of the insured limits.

(4) Receivables

At June 30, 2014, 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 \$5,600 was established at year end as an estimate of the amounts deemed uncollectible.

(5) Accrued Expenses

Accrued expenses at June 30, 2014 were made up of the following balances:

Accrued payroll expense	\$ 35,995
Employee payroll taxes payable	9,501
Employee voluntary deductions payable	2,676
Accrued vacation expense	29,128
	<u>\$ 77,300</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 \$110,491 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 May 1, 2014, Mariposa amended their lease agreement on their San Juan Capistrano location to provide for additional office space. The amendment extended the lease by one year and expires September 30, 2016. Included in security deposits is \$2,000, which represents the security deposit on the building.

The total lease expense amounted to \$210,750 for the year ended June 30, 2014.

At June 30, 2014, 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:

2015	\$ 246,936
2016	254,251
2017	203,756
2018	190,230
2019	196,209
Thereafter	<u>305,406</u>
Total	<u>\$1,396,787</u>

(7) Government Contracts and Grants

For the year ended June 30, 2014, revenue from government contracts and grants consisted of the following:

Government contracts:	
CalWorks	\$1,061,619
Substance Abuse Prevention	194,266
AB109	<u>15,689</u>
Total Government contracts	1,271,574
Government grants:	
Anaheim CDBG	16,993
Orange CDBG	<u>3,681</u>
Total Government grants:	<u>20,674</u>
Total Government contracts and grants	<u>\$1,292,248</u>

(8) Special Events

The fundraising activities were as follows for the year ended June 30, 2014:

	Annual
	<u>Fundraisers</u>
Gross revenue	\$ 32,498
Direct expenses	<u>(13,916)</u>
Net revenue	<u>\$ 18,582</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, 2014, the balance on the line of credit was \$22,604.

(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, 2014, 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, 2014, there were no fees charged by these attorneys for legal services.

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