

**MARIPOSA WOMEN & FAMILY CENTER**

**FINANCIAL STATEMENTS**

Year ended June 30, 2015

**MARIPOSA WOMEN & FAMILY CENTER**

**FINANCIAL STATEMENTS**

Year ended June 30, 2015

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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, 2015, 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, 2015, 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***

The financial statements of Mariposa Women & Family Center the fiscal year ended June 30, 2014, were audited by other auditors whose report date November 20, 2014 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Irvine, California  
November 24, 2015

FINANCIAL STATEMENTS

**MARIPOSA WOMEN & FAMILY CENTER**

**STATEMENT OF FINANCIAL POSITION**

June 30, 2015

(with comparative information for the prior year)

	<u>2015</u>	<u>2014</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 507,086	215,506
Receivables, net (note 4):		
Accounts receivable	46,431	3,214
Pledges receivable	25,000	-
Grants receivable	8,564	8,388
County of Orange	115,971	101,963
Prepaid expenses	1,898	1,898
Security deposit	13,332	13,332
Fixed assets, net	9,569	3,000
Other assets	430	3,017
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 728,281</u>	<u>350,318</u>

**Liabilities and Net Assets**

Liabilities:		
Accounts payable	\$ 18,635	26,890
Accrued expenses	78,804	77,300
Line of credit (note 9)	-	22,604
Deferred rent incentive (note 5)	117,314	110,491
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>214,753</u>	<u>237,285</u>
Net assets:		
Unrestricted	356,028	103,433
Temporarily restricted	157,500	9,600
Permanently restricted	-	-
	<u>          </u>	<u>          </u>
TOTAL NET ASSETS	<u>513,528</u>	<u>113,033</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 728,281</u>	<u>350,318</u>

See accompanying notes to financial statements.

**MARIPOSA WOMEN & FAMILY CENTER**

**STATEMENT OF ACTIVITIES**

Year ended June 30, 2015  
(with comparative information for the prior year)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2015</u>	<u>2014</u>
<b>SUPPORT AND REVENUES:</b>				
Contributions:				
Individual and corporate donations	\$ 58,077	-	58,077	50,777
Foundations	257,548	157,500	415,048	163,528
United Way	-	-	-	28,125
Donated services (note 2f)	245,619	-	245,619	296,550
Fees for service	367,122	-	367,122	281,538
Government contracts and grants (note 6)	1,256,388	-	1,256,388	1,292,248
Investment income (loss)	196	-	196	(580)
Rental income	16,411	-	16,411	16,069
Special events, net of direct expenses (note 7)	41,147	-	41,147	18,582
Released from restriction	9,600	(9,600)	-	-
	<u>2,252,108</u>	<u>147,900</u>	<u>2,400,008</u>	<u>2,146,837</u>
<b>TOTAL SUPPORT AND REVENUES</b>				
<b>EXPENSES:</b>				
Program services:				
CalWorks	961,941	-	961,941	939,148
Alcohol and drug abuse prevention	224,210	-	224,210	269,063
Family Counseling	609,383	-	609,383	584,143
	<u>1,795,534</u>	<u>-</u>	<u>1,795,534</u>	<u>1,792,354</u>
Supporting services:				
Management and general	169,175	-	169,175	251,755
Fundraising	34,804	-	34,804	24,862
	<u>203,979</u>	<u>-</u>	<u>203,979</u>	<u>276,617</u>
<b>TOTAL SUPPORTING SERVICES</b>	<u>203,979</u>	<u>-</u>	<u>203,979</u>	<u>276,617</u>
<b>TOTAL EXPENSES</b>	<u>1,999,513</u>	<u>-</u>	<u>1,999,513</u>	<u>2,068,971</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	252,595	147,900	400,495	77,866
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>103,433</u>	<u>9,600</u>	<u>113,033</u>	<u>35,167</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 356,028</u>	<u>157,500</u>	<u>513,528</u>	<u>113,033</u>

See accompanying notes to financial statements.

**MARIPOSA WOMEN & FAMILY CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year ended June 30, 2015  
(with comparative information for the prior year)

	<b>Program Services</b>			<b>Total Program Services</b>
	<b>CalWorks</b>	<b>Alcohol and Drug Abuse Prevention</b>	<b>Family Counseling</b>	
Salary expense	\$ 643,024	148,333	222,552	1,013,909
Payroll taxes and fees	58,535	13,416	20,107	92,058
Employee benefits	29,835	9,676	7,644	47,155
Employee expenses	<u>1,930</u>	<u>445</u>	<u>664</u>	<u>3,039</u>
Total personnel expense	733,324	171,870	250,967	1,156,161
Accounting and audit	6,039	1,640	1,646	9,325
Professional fees	-	-	10,800	10,800
Postage & printing	1,147	163	306	1,616
Equipment service	26,909	6,975	11,862	45,746
Telephone, fax, and internet	10,714	1,582	2,562	14,858
Supplies	11,059	1,855	2,265	15,179
Subscriptions, dues, licenses	9,920	118	443	10,481
Other office expenses	225	63	63	351
Building lease	153,339	35,621	71,208	260,168
Building maintenance	442	-	33	475
Travel & meals	2,780	410	274	3,464
Insurance	6,043	2,425	3,419	11,887
Donated services	-	-	245,619	245,619
Interest expense	-	-	-	-
Bad debt expense	<u>-</u>	<u>1,488</u>	<u>7,916</u>	<u>9,404</u>
<b>TOTAL EXPENSES</b>	<b>\$ <u>961,941</u></b>	<b><u>224,210</u></b>	<b><u>609,383</u></b>	<b><u>1,795,534</u></b>

See accompanying notes to financial statements.



**Supporting Services**

<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Totals</b>	
			<b>2015</b>	<b>2014</b>
73,194	31,877	105,071	1,118,980	1,195,150
6,983	2,689	9,672	101,730	102,980
2,813	238	3,051	50,206	58,000
321	-	321	3,360	3,225
<u>83,311</u>	<u>34,804</u>	<u>118,115</u>	<u>1,274,276</u>	<u>1,359,355</u>
925	-	925	10,250	15,000
19,890	-	19,890	30,690	32,972
277	-	277	1,893	1,783
9,606	-	9,606	55,352	67,623
336	-	336	15,194	13,951
584	-	584	15,763	13,949
31,300	-	31,300	41,781	14,561
11,113	-	11,113	11,464	9,584
8,240	-	8,240	268,408	210,750
100	-	100	575	291
1,145	-	1,145	4,609	5,335
700	-	700	12,587	10,639
-	-	-	245,619	296,550
1,648	-	1,648	1,648	2,588
-	-	-	<u>9,404</u>	<u>14,040</u>
<u>169,175</u>	<u>34,804</u>	<u>203,979</u>	<u>1,999,513</u>	<u>2,068,971</u>

See accompanying notes to financial statements.

**MARIPOSA WOMEN & FAMILY CENTER**

**STATEMENT OF CASH FLOWS**

Year ended June 30, 2015  
(with comparative information for the prior year)

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 400,495	77,866
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation expense	934	-
Bad debts expense	9,404	14,040
Donated fixed assets	(7,503)	(3,000)
Decrease (increase) in receivables	(91,805)	66,199
Decrease (increase) in prepaid expenses	-	24,178
Decrease (increase) in other assets	2,587	3,418
Increase (decrease) in accounts payable	(8,255)	(68,844)
Increase (decrease) in accrued expenses	1,504	8,654
Increase (decrease) in deferred rent	6,823	2,389
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 314,184	 124,900
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment on credit line	(22,604)	(7,390)
 NET CASH USED FOR FINANCING ACTIVITIES	 (22,604)	 (7,390)
 Net increase in cash	 291,580	 117,510
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	215,506	97,996
CASH AND CASH EQUIVALENT AT END OF YEAR	\$ 507,086	215,506
 <u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the year for interest	\$ 1,648	2,588
 Non-cash investing and financing activities for the year ended June 30, 2015 and 2014:		
Donation of fixed assets	\$ 7,503	3,000

See accompanying notes to financial statements.

## MARIPOSA WOMEN & FAMILY CENTER

### NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2015

#### (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 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.

#### (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 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed. At the time these audited financials were issued, the 2014 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 \$245,619 for the year ended June 30, 2015. These services were in the form of counseling services.

##### (g) Concentration of Revenues

Mariposa received approximately 66% of its total support and revenue from governmental agencies during the year ended June 30, 2015. Furthermore, approximately 98% of Mariposa's total government support during the year ended June 30, 2015 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, 2015, accrued vacation liabilities were \$26,793 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**

Management has evaluated subsequent events through November 24, 2015 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, 2015 there was no cash held in excess of the insured limits.

(4) **Receivables**

At June 30, 2015, 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) **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 term 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 \$117,314 resulting from the deferral of past due amounts and amortization of rent on the straight line basis over the life of the lease.

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.

**MARIPOSA WOMEN & FAMILY CENTER**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**(5) Operating Leases. (Continued)**

The total lease expense amounted to \$268,408 for the year ended June 30, 2015.

At June 30, 2015, 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:

2016	\$ 268,903
2017	216,362
2018	196,737
2019	197,343
2020	202,098
Thereafter	<u>120,526</u>
Total	<u>\$1,201,969</u>

**(6) Government Contracts and Grants**

For the year ended June 30, 2015, revenue from government contracts and grants consisted of the following:

Government contracts:	
CalWorks	\$1,022,687
Substance Abuse Prevention	191,175
AB109	<u>14,940</u>
Total Government contracts	1,228,802
Government grants:	
Anaheim CDBG	19,313
Mission Viejo CDBG	1,550
Orange CDBG	<u>6,723</u>
Total Government grants:	<u>27,586</u>
Total Government contracts and grants	<u>\$1,256,388</u>

**(7) Special Events**

The fundraising activities were as follows for the year ended June 30, 2015:

Gross revenue	\$ 52,014
Direct expenses	<u>(10,867)</u>
Net revenue	<u>\$ 41,147</u>



## MARIPOSA WOMEN & FAMILY CENTER

### NOTES TO FINANCIAL STATEMENTS

(Continued)

(8) **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.

(9) **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, 2015, the balance on the line of credit was \$0.

(10) **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, 2015, 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, 2015, there were no fees charged by these attorneys for legal services.