

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

**Financial Statements
June 30, 2017
(With Comparative Totals for 2016)**

DRAFT COPY
FOR DISCUSSION PURPOSES ONLY

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

Table of Contents

	<u>PAGE</u>
Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

DRAFT COPY
FOR DISCUSSION PURPOSES ONLY

To the Board of Directors
Massachusetts Mental Health Counselors Association, Inc.
Foxboro, Massachusetts

Independent Accountants' Review Report

We have reviewed the accompanying statement of financial position of Massachusetts Mental Health Counselors Association, Inc., as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

GONZALEZ & ASSOCIATES, P.C.
Certified Public Accountants

Stoughton, Massachusetts
May 8, 2018

DRAFT COPY
FOR DISCUSSION PURPOSES ONLY

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash	\$ 107,406	\$ 72,208
Accounts receivable	150	
Total current assets	<u>107,556</u>	<u>72,208</u>
<u>Equipment</u>		
Equipment	15,928	14,771
Less: accumulated depreciation	<u>(14,887)</u>	<u>(14,771)</u>
Total property and equipment	1,041	0
<u>Other Assets</u>		
Deposits	<u>1,200</u>	<u>1,200</u>
Total other assets	<u>1,200</u>	<u>1,200</u>
<u>Total Assets</u>	<u>\$ 109,797</u>	<u>\$ 73,408</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 10,573	\$ 10,563
Accrued expenses	<u>9,991</u>	<u>9,756</u>
Total current liabilities	20,564	20,319
<u>Net Assets</u>		
Unrestricted	<u>89,233</u>	<u>53,089</u>
Total net assets	<u>89,233</u>	<u>53,089</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 109,797</u>	<u>\$ 73,408</u>

See accompanying notes and Independent Accountants' Review Report.

DRAFT COPY
FOR DISCUSSION PURPOSES ONLY

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017
 (WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<u>Support and Revenue</u>		
Contributions	\$ 5,972	\$ 4,749
Dues	108,604	120,240
Program service fees	205,998	197,358
Interest income	72	12
Sponsorships	5,270	4,139
Total support and revenue	<u>325,916</u>	<u>326,498</u>
 <u>Expenses</u>		
Program services	182,528	175,665
General and administrative	107,244	98,870
Total expenses	<u>289,772</u>	<u>274,535</u>
 <u>Change in Net Assets</u>	36,144	51,963
 <u>Net Assets - Beginning of Year</u>	<u>53,089</u>	<u>1,126</u>
 <u>Net Assets - End of Year</u>	<u>\$ 89,233</u>	<u>\$ 53,089</u>

See accompanying notes and Independent Accountants' Review Report.

DRAFT COPY
 FOR DISCUSSION PURPOSES ONLY

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016
	Program Services	General and Administrative	Total	Total
Salaries	\$ 68,688	\$ 58,278	\$ 126,966	\$ 122,884
Payroll taxes	5,871	5,001	10,872	11,004
Subtotal	<u>74,559</u>	<u>63,279</u>	<u>137,838</u>	<u>133,888</u>
Awards	2,402		2,402	2,274
Bank and credit card charges		1,876	1,876	2,941
Brochures	4,821		4,821	5,082
Board expenses		2,519	2,519	1,270
Conferences and meetings	48,190		48,190	50,809
Consultants	10,552	1,680	12,232	2,868
Depreciation	63	53	116	291
Dues and fees		295	295	489
Insurance	859	732	1,591	1,900
Miscellaneous				449
Office supplies	3,563	3,036	6,599	6,716
Payroll processing fees		2,853	2,853	4,785
Postage	7,087		7,087	6,997
Professional fees		6,250	6,250	6,281
Rent	15,120	12,880	28,000	25,800
Repairs and maintenance	1,086	888	1,974	1,143
Staff expenses		4,444	4,444	
Telephone and internet	1,872	1,594	3,466	3,190
Travel	1,534	3,210	4,744	3,231
Utilities	1,943	1,655	3,598	4,372
Website	8,877		8,877	9,759
Total expenses	<u>\$ 182,528</u>	<u>\$ 107,244</u>	<u>\$ 289,772</u>	<u>\$ 283,831</u>

DRAFT COPY
FOR DISCUSSION PURPOSES ONLY

See accompanying notes and Independent Accountants' Review Report.

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
 JUNE 30, 2017
 (WITH COMPARATIVE TOTALS FOR 2015)

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 36,144	\$ 51,963
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	116	291
(Increase) Decrease in:		
Accounts receivable	(150)	
Increase (Decrease) in:		
Accounts payable	10	(2,884)
Accrued expenses	235	1,256
	<u>36,355</u>	<u>(19,791)</u>
<u>Net Cash Provided (Used) by Operating Activities</u>		
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	<u>(1,157)</u>	<u>0</u>
<u>Net Cash (Used) by Investing Activities</u>	<u>(1,157)</u>	<u>0</u>
<u>Cash Flows From Financing Activities</u>	<u>0</u>	<u>0</u>
<u>Net Cash Provided by Financing Activities</u>	<u>0</u>	<u>0</u>
<u>Increase in Cash and Cash Equivalents</u>	35,198	50,626
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>72,208</u>	<u>21,582</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 107,406</u>	<u>\$ 72,208</u>

See accompanying notes and Independent Accountants' Review Report.

DRAFT COPY
 FOR DISCUSSION PURPOSES ONLY

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

Note 1. Organization

Massachusetts Mental Health Counselors Association, Inc. was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on July 16, 1998. The purpose of the Organization is to promote mental health counseling, provide training programs to mental health counselors and promote legislation which claims to improve mental health education, training and licensing of mental health counselors.

Note 2. Summary of Significant Accounting Policies

a. Standards of Accounting and Reporting

The organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' "Audit and Accounting Guide for Not-for-Profit Organizations".

b. Financial Statement Presentation

The Organization is required to report 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. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the organization is subject to donor-imposed restrictions that can be fulfilled by actions of the organization pursuant to those restrictions or that expire by the passage of time. No temporarily restricted assets were received or held during 2017 and 2016 and accordingly, these financials do not reflect any activity related to this class of net assets for 2017 and 2016.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization. No permanently restricted assets were received or held during 2017 and 2016 and accordingly, these financials do not reflect any activity related to this class of net assets for 2017 and 2016.

c. Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

d. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method. Office equipment and furniture are being depreciated over 3-5 years.

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- e. Allocation of Expenses
Expenses by function have been allocated among program and supporting services classifications directly or on the basis of time records and estimates made by the organization's management.

- f. Use of Estimates
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- g. Summarized Comparative Financial Statements
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

- h. Cash and Cash Equivalents
For purposes of the statement of cash flows, Massachusetts Mental Health Counselors Association, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Note 3. Tax Status

Massachusetts Mental Health Counselors Association, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Note 4. Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. Upon termination, the employee is compensated for any accrued but unused vacation pay. No liability has been recorded in the accompanying financial statements.

Note 5. Security Deposits

Security deposit consists of the following:

Rental Security Deposit	<u>\$ 1,200</u>
-------------------------	-----------------

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(Continued)

Note 6. Lease Commitment

The Organization has entered into a lease dated December 3, 2013 and expiring February 28, 2018 with a monthly payment of \$1,750, subject to annual CPI increases. Future minimum lease payments are as follows:

Fiscal year 2018	\$ 14,000
------------------	-----------

Occupancy expense for 2017 and 2016 totaled \$28,000 and \$25,800, respectively.

The Organization is in the process of signing a new lease, which will increase the rent to \$2,365 per month beginning September 2017. The details of the lease have not been established at the time of these financials.

Note 8. Related Party Transactions

The President and a Director of the Board of Directors were paid as employees during the year ended June 30, 2017. Salaries paid to board members were approved by the board prior to the hire date.

Note 9. Subsequent Events

Subsequent events were evaluated through May 8, 2018, which is the date the financial statements were available to be issued.

DRAFT COPY
FOR DISCUSSION PURPOSES ONLY

MASSACHUSETTS MENTAL HEALTH COUNSELORS ASSOCIATION, INC.

17 Cocasset Street
Foxboro, MA 02035

May 8, 2018

Gonzalez & Associates, P.C.
14 Page Terrace
Stoughton, MA 02072

We are providing this letter in connection with your review of the financial statements of Massachusetts Mental Health Counselors Association, Inc. as of June 30, 2017 and for the year then ended for the purpose of obtaining limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of May 8, 2018, the following representations made to you during your review:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the Board of Directors, and committees of directors (or similar bodies, as applicable), or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. No material transactions exist that have not been properly reflected in the accounting records underlying the financial statements.
5. We confirm that we are responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America presentation in the financial statements of financial position, changes in net assets, and cash flow in accordance with accounting principles generally accepted in the United States of America and the selection and application of the accounting policies.
6. We acknowledge our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.
7. We acknowledge our responsibility to prevent and detect fraud.

8. We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements, including any communications from employees, former employees, or others.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
10. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.
11. The Organization has satisfactory title of all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
12. There are no designations of net assets that were not properly authorized and approved or reclassifications of net assets that have not been properly reflected in the financial statements.
13. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, *Risks and Uncertainties*.
14. There are no estimates that may be subject to material change in the near-term that have not been properly disclosed in the financial statements. We understand that *near-term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Organization vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements. We believe the estimates and the bases for allocation of indirect costs by function are reasonable in the circumstances.

We understand that *concentrations* include individual or group concentrations of contributors, grantors, clients, customers, suppliers, lenders, products, services, fund-raising events, sources of labor or materials, licenses or other rights, or operating areas or markets. We further understand that *severe impact* means significant financially disruptive effect on the normal functioning of the Organization.
15. No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
16. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the organization's account. You have also assisted in the preparation of our financial statements and tax returns.

In regards to the financial statement and tax preparation services performed by you, we have:

- Made all management decisions and performed all management functions.
- Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

17. We have responded fully and truthfully to all inquiries made to us by you during your review.

Signed: _____
Executive Director

Signed: _____
Board Member