

NORTHERN CALIFORNIA CENTER FOR WELL-BEING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern California Center for Well-Being
Santa Rosa, California

We have audited the accompanying financial statements of Northern California Center for Well-Being (a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern California Center for Well Being as of December 31, 2019, 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 Northern California Center for Well Being's financial statements for the year ended December 31, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ann Marie Carinalli

January 25, 2021

Sebastopol, California

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(with summarized comparative totals for December 31, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
ASSETS				
Current assets:				
Cash	\$ 130,925	\$ 225,167	\$ 356,092	\$ 160,381
Accounts receivable	131,082	-	131,082	26,044
Grants receivable	119,979	-	119,979	107,502
Deposits	7,700	-	7,700	5,219
Prepaid expenses	<u>9,897</u>	<u>-</u>	<u>9,897</u>	<u>(1,166)</u>
Total current assets	<u>\$ 399,583</u>	<u>\$ 225,167</u>	<u>\$ 624,750</u>	<u>\$ 297,980</u>
Fixed assets:				
Equipment	202,189	-	202,189	191,241
Furniture & Fixtures	13,167	-	13,167	13,167
Less accumulated depreciation	<u>(203,462)</u>	<u>-</u>	<u>(203,462)</u>	<u>(198,057)</u>
Net fixed assets	<u>\$ 11,894</u>	<u>\$ -</u>	<u>\$ 11,894</u>	<u>\$ 6,351</u>
Total assets	<u>\$ 411,477</u>	<u>\$ 225,167</u>	<u>\$ 636,644</u>	<u>\$ 304,331</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 15,518	\$ -	\$ 15,518	\$ 4,844
Accrued expenses	<u>64,005</u>	<u>-</u>	<u>64,005</u>	<u>66,802</u>
Total liabilities	<u>\$ 79,523</u>	<u>\$ -</u>	<u>\$ 79,523</u>	<u>\$ 71,646</u>
Net assets:				
Without donor restrictions	331,954		331,954	57,193
With donor restrictions	<u>-</u>	<u>225,167</u>	<u>225,167</u>	<u>175,492</u>
Total net assets	<u>\$ 331,954</u>	<u>\$ 225,167</u>	<u>\$ 557,121</u>	<u>\$ 232,685</u>
Total liabilities and net assets	<u>\$ 411,477</u>	<u>\$ 225,167</u>	<u>\$ 636,644</u>	<u>\$ 304,331</u>

The accompanying notes are an integral part of these financial statements

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(with summarized comparative totals for the year ended December 31, 2018)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2019 <u>Total</u>	2018 <u>Total</u>
SUPPORT AND REVENUE:				
Contract fees	\$ 768,755	\$ -	\$ 768,755	\$ 292,253
Participant fees	187,068	-	187,068	188,916
Grants	139,860	445,470	585,330	603,723
Donations	84,172	-	84,172	135,770
Third party fees	343,270	-	343,270	274,832
Worksite wellness	-	-	-	-
Special Event: Celebration of Dreams				
Special events revenue	133,540	-	133,540	111,580
Cost of direct benefits to donors	-	-	-	-
Net fundraising revenue	<u>133,540</u>	<u>-</u>	<u>133,540</u>	<u>133,540</u>
Fundraising event, net of expenses	-	-	-	-
Other income	103	-	103	7,790
Net assets released from restriction	<u>395,795</u>	<u>(395,795)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>\$ 2,052,563</u>	<u>\$ 49,675</u>	<u>\$ 2,102,238</u>	<u>\$ 1,614,864</u>
EXPENSES:				
Program				
Cardiac (Heartworks)	\$ 399,714	\$ -	\$ 399,714	\$ 379,201
Clinical (Brookwood)	289,416	-	289,416	351,375
Other Programs	532,532	-	532,532	744,053
Tobacco	-	-	-	168,797
Youth	-	-	-	84,129
Management and general	516,119	-	516,119	176,341
Fundraising - Celebration of Dreams	<u>40,021</u>	<u>-</u>	<u>40,021</u>	<u>16,447</u>
Total expenses	<u>\$ 1,777,802</u>	<u>\$ -</u>	<u>\$ 1,777,802</u>	<u>\$ 1,920,343</u>
CHANGE IN NET ASSETS	274,761	49,675	324,436	(305,479)
NET ASSETS, BEGINNING	<u>57,193</u>	<u>175,492</u>	<u>232,685</u>	<u>538,164</u>
NET ASSETS, ENDING	<u>\$ 331,954</u>	<u>\$ 225,167</u>	<u>\$ 557,121</u>	<u>\$ 232,685</u>

The accompanying notes are an integral part of these financial statements

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

(with summarized comparative totals for the year ended December 31, 2018)

	Management						2019	2018	
	Cardiac (Heartw orks)	Clinical (Brookw ood)	Other Programs	Total Program	and General	Fundraising	Supporting Subtotal	Total	Total
Salaries and wages	\$ 295,540	\$ 196,333	\$ 429,502	\$ 921,375	\$ 243,346	\$ -	\$ 243,346	\$ 1,164,721	\$ 993,837
Personnel costs	13,595	44,571	47,829	\$ 105,995	81,905	-	81,905	187,900	237,809
Occupancy	71,244	33,941	21,232	\$ 126,417	42,853	-	42,853	169,270	161,398
Instructors/consultants	-	6,228	-	\$ 6,228	6,185	15,750	21,935	28,163	-
Newsletter expenses	-	-	-	\$ -	-	-	-	-	-
Bank and credit card fees	158	-	-	\$ 158	9,956	380	10,336	10,494	12,141
Business Licenses and fees	-	-	-	\$ -	22,445	-	22,445	22,445	23,354
Supplies and equipment	11,309	4,532	9,137	\$ 24,978	7,739	16,434	24,173	49,151	70,587
Professional fees	574	-	2,914	\$ 3,488	10,225	-	10,225	13,713	237,480
Bookkeeping/audit	-	-	1,400	\$ 1,400	30,884	-	30,884	32,284	58,915
Depreciation	-	-	-	\$ -	5,405	-	5,405	5,405	13,220
Equipment lease	-	-	58	\$ 58	3,164	509	3,673	3,731	5,155
Postage	11	-	612	\$ 623	1,299	-	1,299	1,922	3,846
Telephone	-	-	2,458	\$ 2,458	4,089	-	4,089	6,547	4,664
Insurance	2,450	-	-	\$ 2,450	17,027	-	17,027	19,477	12,889
Printing and duplication	225	906	2,487	\$ 3,618	6,626	1,869	8,495	12,113	12,377
Refreshments	-	1,172	1,113	\$ 2,285	2,490	-	2,490	4,775	13,520
Staff development	155	-	167	\$ 322	611	-	611	933	4,352
Marketing and promotion	255	824	607	\$ 1,686	30	2,511	2,541	4,227	7,932
Mileage and travel	4	875	7,173	\$ 8,052	314	18	332	8,384	7,995
Repairs & Maintenance	4,114	-	-	\$ 4,114	4,850	-	4,850	8,964	18,796
Utilities	-	-	396	\$ 396	8,634	-	8,634	9,030	8,757
Property Taxes	-	-	-	\$ -	874	-	874	874	1,037
Billing service	-	-	-	\$ -	1,580	-	1,580	1,580	-
Books and subscriptions	80	50	-	\$ 130	115	-	115	245	-
Bad debt expense	-	-	-	\$ -	-	2,550	2,550	2,550	-
Website	-	-	-	\$ -	-	-	-	-	-
Client incentives	-	-	-	\$ -	-	-	-	-	-
Other operating expenses	-	(16)	5,447	\$ 5,431	3,473	-	3,473	8,904	1,347
Shared expenses	-	-	-	\$ -	-	-	-	-	8,935
Total expenses	\$ 399,714	\$ 289,416	\$ 532,532	\$ 1,221,662	\$ 516,119	\$ 40,021	\$ 556,140	\$ 1,777,802	\$ 1,920,343

The accompanying notes are an integral part of these financial statements

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with summarized comparative totals for the year ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 324,436	\$ (305,479)
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	5,405	13,220
(Increase) decrease in:		
Accounts receivable	(117,515)	(50,925)
Prepaid expenses and deposits	(11,063)	15,771
Deposits	(2,482)	2,480
Increase (decrease) in:		
Accounts payable	10,674	(23,155)
Accrued expenses	(2,796)	(33,668)
Total cash provided by operations	<u>\$ 206,659</u>	<u>\$ (381,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(10,948)</u>	<u>-</u>
NET CHANGE IN CASH	\$ 195,711	\$ (381,756)
CASH, beginning of year	<u>160,381</u>	<u>542,137</u>
CASH, end of year	<u>\$ 356,092</u>	<u>\$ 160,381</u>

The accompanying notes are an integral part of these financial statements

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 ORGANIZATION

Northern California Center for Well-Being (Center) is a tax-exempt nonprofit corporation established in 1996. Northern California Center for Well-Being, North Bay's premier health education and wellness center assists in improving the quality of life and health of our Sonoma County Community through evidence-based preventive services and self-care classes. The Center offers a broad range of wellness education programs and works in collaboration with many local medical groups and hospitals. The Center received revenue from patient fees paid by both participants and medical groups. The Center also receives corporate, foundation and individual grants and donations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk – The Center has funds over the Federally Deposit Insurance Corporation (FDIC) of \$250,000 by \$52,532 in one financial institution for the year ended December 31, 2019.

Measure of Operations - The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Non-Profit Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable – Receivables are stated at the amount management expects to collect from outstanding balances. Allowances for non-payment of receivables are provided based on management's estimates.

Fixed Assets - The Center capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are stated at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Income Taxes - The Center is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Center is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Center considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to Center's status as a not-for-profit entity. Management believes the Center met the requirements to maintain its tax-exempt status and has not income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The Center's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Donated Services and Items - Many people have contributed significant amounts of time to the activities of the Center without compensation. The financial statements do not reflect the value of those contributed services, because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

Comparative Financial Statements – The financial statements are presented in a comparative format with the previous year's information included in a summarized form in one column. The notes to the financial statements only include current year information because the prior year information is summarized in the financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are \$131,082 on December 31, 2019. There is \$2,220 over 90 days due, but all are expected to be received. Accounts receivable reflect invoices to third party vendors for fees for services rendered.

NOTE 4 GRANTS RECEIVABLE

Grants receivable is \$119,979 on December 31, 2019. There is \$20,874 over 90 days due, but all are expected to be received. Grants receivable reflect invoices for awarded grants that have not been received as of year-end.

NOTE 5 ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center. The value of accrued vacation on December 31, 2019 is \$37,046.

Sick leave benefits are accumulated for each qualified employee. Those employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are not recognized as liabilities since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period taken.

NOTE 6 LINE OF CREDIT

The Center has a \$100,000 line of credit which matures November 30, 2019 and is secured by a security agreement dated August 14, 2009. Bank advances on the credit line are payable on demand and carry an interest rate of two per cent over the bank's index rate. The interest rate is 7.25 percent and there is no balance due on December 31, 2019. The Center did not extend the line of credit after the maturity date.

NOTE 7 NET ASSETS – WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are available for the following purposes on December 31, 2019:

Cardiac	\$ 40,000
Clinical	93,000
Other Programs	<u>92,167</u>
Total	<u>\$225,167</u>

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2019

NOTE 8 TAX-DEFERRED ANNUITY PLAN

The Center provides a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code (IRS). Employees may make contributions to the plan up to the maximum amount allowed by the IRS. The Center does not make any contributions to the plan.

NOTE 9 LEASE COMMITMENTS

The Center leased office space in Santa Rosa under a lease agreement commencing July 24, 2015 and expiring July 30, 2020. On February 13, 2020, the Center extended the lease until July 31, 2023. As of December 31, 2019, monthly rent is \$7,442.82 and total rent expense is \$98,025.38 for 2019. The monthly rent payment increases in January 2020 to \$7,679.10. Future minimum lease payments are as follows for December 31:

2020	\$ 92,148
2021	\$ 92,148
2022	\$ 92,148
2023	\$ 53,754

The Center entered into an Independent Contractor Agreement on September 1, 2014 for the Cardiac Rehab Facility. The agreement covers monthly facility lease, which includes phone, utilities, IT and janitorial and maintenance. It also covers the cost for the professional staff and insurance, it is not to exceed \$18,292 per month, this contract expired December 31, 2015. A new contract was signed and will extend from January 1, 2018 - December 31, 2019, with monthly costs not to exceed \$20,124. This includes professional fees and rent of \$5,937. The Center signed a new contract effective March of 2020 through February 2021, with professional fees and rent increasing to \$7,114 per month. Future minimum lease payments for rent included in the contract are as follows for December 31:

2020	\$ 83,014
2021	\$ 14,228

NOTE 10 LIQUIDITY

Non-Profit Organization, Inc.'s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$356,092
Accounts receivable, net	131,082
Grant receivable	119,979
Deposit	<u>\$7,700</u>
	<u>\$614,853</u>

The Center has adequate financial assets available to cover expenses in the event of circumstances beyond their control occurring that would cause a decrease in revenues for the organization.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2019

NOTE 11 SPECIAL EVENTS

Special events generate revenue for the Organization as well as raise awareness about the organization's mission. Some events are annual, and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded net in the accompanying Statement of Activities.

The Organization held one annual event during the year ended December 31, 2019 called Celebration of Dreams:

Changes in net assets without donor restrictions:

Revenues:	
Net revenues from special	\$133,540
Expenses:	
Special Event Expenses	<u>31,381</u>
Increases in net assets without donor restrictions	<u>\$102,159</u>

NOTE 12 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through January 25, 2021, the date the financial statements were available to be issued and determined that there is one event occurring after December 31, 2019 that could have a material impact on the Center's results of operations or financial position. (See Note 13)

NOTE 13 COVID-19 IMPACT

Accounting principles require evaluating subsequent events to determine whether they should be considered in the measurements and disclosures in the financial statements. Management has evaluated subsequent events through January 25, 2021 the date on which the financial statements were available to be issued and does not find any circumstances that would give doubt to the Center's continued operations. That being considered management must consider the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

While the impact of COVID-19 on future performance a therefore on the measurement of some assets and liabilities or on liquidity might be significant and may therefore require disclosure in the financial statements, but at this time management has determined that they do not create a material uncertainty that would place significant doubt upon the entity's ability to continue as a going concern.