

NORTHERN CALIFORNIA CENTER FOR WELL-BEING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018

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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, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 auditor 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, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity 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, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 27, 2019
Sebastopol, California

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(with summarized comparative totals for December 31, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
ASSETS				
Current assets:				
Cash	\$ (15,111)	\$ 175,492	\$ 160,381	\$ 542,136
Accounts receivable	26,044	-	26,044	31,778
Grants receivable	107,502	-	107,502	50,843
Deposits	5,219	-	5,219	7,700
Prepaid expenses	<u>(1,166)</u>	<u>-</u>	<u>(1,166)</u>	<u>14,605</u>
Total current assets	<u>\$ 122,488</u>	<u>\$ 175,492</u>	<u>\$ 297,980</u>	<u>\$ 647,062</u>
Fixed assets:				
Equipment	191,241	-	191,241	191,241
Furniture & Fixtures	13,167	-	13,167	13,167
Less accumulated depreciation	<u>(198,057)</u>	<u>-</u>	<u>(198,057)</u>	<u>(184,837)</u>
Net fixed assets	<u>\$ 6,351</u>	<u>\$ -</u>	<u>\$ 6,351</u>	<u>\$ 19,571</u>
Total assets	<u>\$ 128,839</u>	<u>\$ 175,492</u>	<u>\$ 304,331</u>	<u>\$ 666,633</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 4,844	\$ -	\$ 4,844	\$ 27,999
Accrued expenses	<u>66,802</u>	<u>-</u>	<u>66,802</u>	<u>100,470</u>
Total liabilities	<u>\$ 71,646</u>	<u>\$ -</u>	<u>\$ 71,646</u>	<u>\$ 128,469</u>
Net assets:				
Without donor restrictions	57,193		57,193	366,905
With donor restrictions	<u>-</u>	<u>175,492</u>	<u>175,492</u>	<u>171,259</u>
Total net assets	<u>\$ 57,193</u>	<u>\$ 175,492</u>	<u>\$ 232,685</u>	<u>\$ 538,164</u>
Total liabilities and net assets	<u>\$ 128,839</u>	<u>\$ 175,492</u>	<u>\$ 304,331</u>	<u>\$ 666,633</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, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
SUPPORT AND REVENUE:				
Contract fees	\$ 292,253	\$ -	\$ 292,253	\$ 288,698
Participant fees	188,916		188,916	189,548
Grants	-	603,723	603,723	683,050
Donations	135,770		135,770	163,414
Third party fees	274,832		274,832	283,669
Worksite wellness	-	-	-	-
Special Event: Celebration of Dreams			-	
Contributions	111,580		111,580	130,013
Special events revenue			-	
Cost of direct benefits to donors			-	
Net fundraising revenue			-	
Fundraising event, net of expenses			-	
Other income	7,790		7,790	175
Net assets released from restriction	<u>599,490</u>	<u>(599,490)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>\$ 1,610,631</u>	<u>\$ 4,233</u>	<u>\$ 1,614,864</u>	<u>\$ 1,738,567</u>
EXPENSES:				
Program				
Clinic	\$ 379,201	\$ -	\$ 379,201	\$ 380,418
CHW	351,375		351,375	273,981
Heartworks	744,053		744,053	771,102
Tobacco	168,797		168,797	203,410
Youth	84,129		84,129	60,132
Management and general	176,341		176,341	-
Fundraising - Celebration of Dreams	<u>16,447</u>	<u>-</u>	<u>16,447</u>	<u>33,552</u>
Total expenses	<u>\$ 1,920,343</u>	<u>\$ -</u>	<u>\$ 1,920,343</u>	<u>\$ 1,722,595</u>
CHANGE IN NET ASSETS	(309,712)	4,233	(305,479)	15,972
NET ASSETS, BEGINNING	<u>366,905</u>	<u>171,259</u>	<u>538,164</u>	<u>522,192</u>
NET ASSETS, ENDING	<u>\$ 57,193</u>	<u>\$ 175,492</u>	<u>\$ 232,685</u>	<u>\$ 538,164</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, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	Clinic	CHW(Community Health Worker)	Heartworks	Tobacco	Youth	Total Program	Management and General	Fundraising	Supporting Subtotal	2018 Total	2017 Total
Salaries and wages	\$ 193,947	\$ 219,557	\$ 162,141	\$ 94,205	\$ 51,429	\$ 721,279	\$ 269,370	\$ 3,188	\$ 272,558	\$ 993,837	\$ 882,403
Personnel costs	46,553	45,091	35,956	30,309	9,340	167,249	70,136	424	70,560	237,809	178,208
Occupancy		16,023	71,244	11,102	4,275	102,644	58,754	-	58,754	161,398	156,774
Instructors/consultants						-		-	-	-	49,669
Newsletter expenses						-		-	-	-	1,391
Bank and credit card fees			1,738			1,738	8,736	1,667	10,403	12,141	8,359
Business Licenses and fees	1,448		5,398			6,846	15,708	800	16,508	23,354	23,823
Supplies and equipment	30,865	4,751	15,986	1,315	1,883	54,800	9,749	6,038	15,787	70,587	64,777
Professional fees	38,793	289	173,595			212,677	7,650	17,153	24,803	237,480	170,104
Bookkeeping/audit			17,892	1,400		19,292	39,623		39,623	58,915	42,820
Depreciation			10,587			10,587	2,633	-	2,633	13,220	17,039
Equipment lease		343				343	4,812		4,812	5,155	4,817
Postage		180		495		675	2,613	558	3,171	3,846	4,568
Telephone		977		2,288		3,265	1,399	-	1,399	4,664	4,455
Insurance			4,880			4,880	8,009		8,009	12,889	10,683
Printing and duplication	3,330	1,702	597	563	318	6,510	2,263	3,604	5,867	12,377	7,442
Refreshments	402	762		87	1,695	2,946	3,078	7,496	10,574	13,520	13,595
Staff development	479		510	840	500	2,329	2,023		2,023	4,352	3,698
Marketing and promotion	100		3,308	735		4,143	1,686	2,103	3,789	7,932	6,555
Mileage and travel	355	4,888		1,431	1,086	7,760	210	25	235	7,995	10,247
Repairs & Maintenance			11,954			11,954	6,842	-	6,842	18,796	20,602
Utilities		375				375	8,382	-	8,382	8,757	8,595
Property Taxes						-	1,037	-	1,037	1,037	-
Billing service						-		-	-	-	1,896
Books and subscriptions						-		-	-	-	665
Bad debt expense						-	-	-	-	-	10,825
Website						-		-	-	-	-
Client incentives						-		-	-	-	18,278
Other operating expenses	730		(50)			680	618	49	667	1,347	307
Shared expenses	62,199	56,437	228,317	24,027	13,603	384,583	(348,990)	(26,658)	(375,848)	8,935	-
Total expenses	\$ 379,201	\$ 351,375	\$ 744,053	\$ 168,797	\$ 84,129	\$ 1,727,555	\$ 176,341	\$ 16,447	\$ 192,788	\$ 1,920,343	\$ 1,722,595

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, 2018
(with summarized comparative totals for the year ended December 31, 2017)**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (305,479)	\$ 15,972
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	13,220	17,039
(Increase) decrease in:		
Accounts receivable	(50,925)	78,866
Prepaid expenses and deposits	15,771	(2,135)
Deposits	2,480	-
Increase (decrease) in:		
Accounts payable	(23,155)	2,628
Accrued expenses	(33,668)	22,826
Total cash provided by operations	<u>\$ (381,756)</u>	<u>\$ 135,196</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>-</u>	<u>(4,279)</u>
NET CHANGE IN CASH	\$ (381,756)	\$ 130,917
CASH, beginning of year	<u>542,136</u>	<u>411,219</u>
CASH, end of year	<u>\$ 160,380</u>	<u>\$ 542,136</u>
Supplemental information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 5</u>

The accompanying notes are an integral part of these financial statements

**NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, where by 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 \$91,837 in one financial institution for the year ended December 31, 2017.

Measure of Operations - The statements of activities reports 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, 2018

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, 2018**

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are as follows on December 31, 2018:

Third party insurance	\$ 2,730
Heart Works	12,440
All others	<u>10,874</u>
Total	<u>\$ 26,044</u>

NOTE 4 GRANTS RECEIVABLE

Grants receivable are as follows on December 31, 2018:

State Tobacco Grant	\$ 56,522
SNAP	15,424
Community Engagement	14,467
All others	<u>21,089</u>
Total	<u>\$107,502</u>

NOTE 5 ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center. The value of accrued vacation at December 31, 2018 is \$19,342.

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 6.25 percent and there is no balance due at December 31, 2018.

NOTE 7 NET ASSETS – WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are available for the following purposes at December 31, 2018:

Clinic	\$ 19,214
Community Health Worker (CHW)	131,883
Youth	<u>24,395</u>
Total	<u>\$175,492</u>

**NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2018**

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. At December 31, 2018 monthly rent is \$7,442.82 and total rent expense is \$89,313.84 for 2018. Future minimum lease payments are as follows for December 31:

2019	\$ 92,149
2020	\$ 52,100

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. Future minimum lease payments for rent included in the contract are as follows for December 31:

2019	\$ 71,244
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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	\$160,381
Accounts receivable, net	26,044
Grant receivable	107,502
Deposit	<u>\$5,219</u>
	<u>\$299,146</u>

**NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2018**

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, 2018 called Celebration of Dreams:

Changes in net assets without donor restrictions:

Revenues:

Net revenues from special	\$111,580
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Expenses:

Special Event Expenses	<u>16,447</u>
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Increases in net assets without donor restrictions	<u>\$95,133</u>
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NOTE 12 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through September 27, 2019, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2018 that would have a material impact on the Center's results of operations or financial position.