HARRIS
CPAs P.C.

Financial Statements

Northern California Center for Well-Being
(a nonprofit organization)
Years Ended December 31, 2023 and 2022

Helping you succeed, financially and beyond.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Northern California Center for Well-Being, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern California Center for Well-Being as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern California Center for Well-Being and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2022 Financial Statements Restated

As discussed in Note G to the financial statements, the 2022 financial statements have been restated to correct an accounting error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern California Center for Well-Being's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northern California Center for Well-Being's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern California Center for Well-Being's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Northern California Center for Well-Being's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs P.C.

Meridian, Idaho
August 15, 2024

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENTS OF FINANCIAL POSITION
December 31, 2023
With Comparative Totals as of December 31, 2022

	2023	2022 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,003,714	$ 2,970,510
Accounts receivable, net	33,278	57,441
Grants receivable	237,278	298,442
Prepaid expenses	24,522	26,062
Total Current Assets	3,298,792	3,352,455
Property and Equipment, net	8,225	6,742
Operating Lease Right-of-Use Asset	191,357	268,034
Total Assets	$ 3,498,374	$ 3,627,231
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 17,570	$ 65,297
Accrued liabilities	140,739	106,166
Current portion of operating lease liability	80,284	75,763
Total Current Liabilities	238,593	247,226
Operating Lease Liability, net of current portion	114,270	194,557
Total Liabilities	352,863	441,783
Net Assets		
Without donor restrictions	3,093,010	2,871,855
With donor restrictions	52,501	313,593
Total Net Assets	3,145,511	3,185,448
Total Liabilities and Net Assets	$ 3,498,374	$ 3,627,231

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023
With Comparative Totals For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total (Restated)
Revenue and Support				
Grants	$ 1,255,137	$ 65,000	$ 1,320,137	$ 2,772,596
Third-party fees	740,421		740,421	484,090
Donations	24,436		24,436	32,830
Participant fees	11,568		11,568	12,757
Special events income, net	47,146		47,146	0
Other revenue	11,013		11,013	14,718
	2,089,721	65,000	2,154,721	3,316,991
Net assets released from restrictions	326,092	(326,092)	0	0
Total Revenue	2,415,813	(261,092)	2,154,721	3,316,991
Expenses				
Program services				
Community health workers	602,138		602,138	745,007
Cardiac (Heartworks)	558,814		558,814	508,309
Clinical (Brookwood)	534,448		534,448	416,906
Other program services	422,770		422,770	438,804
Total Program Services	2,118,170	0	2,118,170	2,109,026
Supporting services				
Management and general	76,488		76,488	121,653
Total Supporting Services	76,488	0	76,488	121,653
Total Expenses	2,194,658	0	2,194,658	2,230,679
Change in Net Assets	221,155	(261,092)	(39,937)	1,086,312
Net Assets				
Beginning of Year	2,871,855	313,593	3,185,448	2,099,136
End of Year	$ 3,093,010	$ 52,501	$ 3,145,511	$ 3,185,448

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
With Comparative Totals For the Year Ended December 31, 2022

	Program Services				Supporting Services		
	Community Health Workers	Cardiac (Heartworks)	Clinical (Brookwood)	Other Program Services	Management & General	2023 Total	2022 Total
Salaries and benefits	$ 453,126	$ 397,469	$ 440,029	$ 351,123	$ 11,485	$ 1,653,232	$ 1,515,998
Occupancy	7,264	96,253	7,872	19,595	3,056	134,040	150,816
Professional fees	24,294	38,243	39,633	1,011	30,371	133,552	89,164
Instructors/consultants	70,250			25,500		95,750	315,111
Education and program materials	15,493	13,980	984	20,149	267	50,873	30,946
Licenses and fees		7,292	17,532		8,246	33,070	49,035
Insurance			1,896		19,010	20,906	18,622
Supplies and equipment	1,270	679	1,848	1,053	197	5,047	38,494
Depreciation		1,766	580			2,346	1,293
Marketing and promotion	979	312	337	451	237	2,316	6,406
Repairs and maintenance		1,411				1,411	3,370
Other expenses	29,462	1,409	23,737	3,888	3,619	62,115	11,424
Total Expenses	$ 602,138	$ 558,814	$ 534,448	$ 422,770	$ 76,488	$ 2,194,658	$ 2,230,679

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2023
With Comparative Totals as of December 31, 2022

	2023	2022 (Restated)
Cash Flow From Operating Activities		
Change in net assets	$ (39,937)	$ 1,086,312
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,346	1,293
Noncash lease expense	76,677	73,736
Changes in operating assets and liabilities:		
Accounts receivable	24,163	6,648
Grants receivable	61,164	(103,320)
Prepaid expenses	1,540	(18,957)
Other current assets	0	1,200
Accounts payable	(47,727)	(10,985)
Accrued payroll costs	34,573	8,146
Operating lease liability	(75,766)	(71,450)
Net Cash Provided (Used) by Operating Activities	37,033	972,623
Cash Flow From Investing Activities		
Purchase of property and equipment	(3,829)	(5,460)
Net Change in Cash and Cash Equivalents	33,204	967,163
Cash and Cash Equivalents – Beginning of Year	2,970,510	2,003,347
Cash and Cash Equivalents – End of Year	$ 3,003,714	$ 2,970,510

See notes to financial statements.

Note A – Significant Accounting Policies

Nature of Organization

Northern California Center for Well-Being (the Organization) is a tax-exempt nonprofit corporation established in 1994. 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 Sonoma County Community through evidence-based preventive services and self-care classes. The Organization offers a broad range of wellness education programs and works in collaboration with many local medical groups and hospitals. The Organization received revenue from patient fees paid by both participants and medical groups. The Organization also receives corporate, foundation, and individual grants and donations.

Basis of Accounting

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor imposed, time and/or purpose restrictions.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Note A – Significant Accounting Policies (Continued)

Concentrations of Credit Risk and Revenue

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of financial institution balances. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to $250,000. At December 31, 2023 and 2022, the Organization's uninsured balances totaled $0 and $1,975,572 respectively.

As of December 31, 2023 and 2022, the Organization had three donors that comprised 38% and four donors that comprised 55% of total revenue, respectively.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principle payments are not received in accordance with the contractual terms or how recently payments have been received. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of December 31, 2023 and 2022, management determined all accounts are collectible and there is no need for an allowance of doubtful accounts.

Property and Equipment

Property and equipment is stated at cost, or, if donated, at the estimated fair market value at the date of donation. All equipment with a fair market value in excess of $5,000 and a useful life of more than one year is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to forty years.

Leases

Northern California Center for Well-Being determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Northern California Center for Well-Being does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Note A – Significant Accounting Policies (Continued)

Compensated Absences

Employees of the Organization are entitled to be paid for unused vacation days, depending on job classification, length of service and other factors. Employees who terminate their employment during the year are entitled to receive payment for any unused annual vacation at the date of termination. The Organization accrued a liability of $61,222 and $55,911 for vacation at December 31, 2023 and 2022, respectively.

Grant Revenues and Receivables

All grants, except for expenditure reimbursement grants, are recognized as income when the grantor agency agrees to provide the funds to the Organization. Expenditure reimbursement grants are recognized as income when the related expenditures are made. Conditional promises to give, that is those with a measurable performance or other barrier, are not recognized until the conditions on which they depend have been substantially met.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Contributions and grants received with donor restrictions that are met in the same reporting period are reported as without donor restriction support and increase net assets without donor restrictions.

Note A – Significant Accounting Policies (Continued)

Third Party and Participant Fees

Third party and participant revenues are recognized at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including commercial and governmental programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services incurred in relation to total expected (or actual) payments. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time are recognized when services are provided and the Organization does not believe it is required to provide additional services to the patient.

The Organization determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and /or implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and benefits, which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note A – Significant Accounting Policies (Continued)

Special Events

Revenue and expenditures related to special events are presented together on the statement of activities. Special event revenue and expenses for the period ended December 31, 2023 was $104,972 and $(57,826) respectively. For the period ended December 31, 2022, there were no special event revenue and expenses recognized.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expense totaled $2,316 and $6,406 for the period ended December 31, 2023 and 2022, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year 2023.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2020.

Comparative Data

The financial statements include certain 2022 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2022 financial statements from which the summarized information was derived.

Note A – Significant Accounting Policies (Continued)

Reclassifications

Certain amounts at December 31, 2022 have been reclassified to conform to the current year presentation. These reclassifications did not have an effect on the change in net assets for the year ended December 31, 2022.

Subsequent Events

The Organization has evaluated subsequent events through August 15, 2024 which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets available within one year	
Cash and cash equivalents	$ 3,003,714
Receivables	270,556
Total financial assets available within one year	3,274,270
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time and purpose restrictions	(52,501)
Total financial assets available within one year after restrictions	$ 3,221,769

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2023, all net assets with donor restrictions are available for payment of any major expenditures incurred, except for accounts and grants receivable which are available when the receivable is collected, which is expected within one year, and the expenditure is incurred.

Note C –Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Furniture, fixtures and equipment	$ 229,372	$ 225,544
Less accumulated depreciation	(221,147)	(218,802)
Property and equipment, net	$ 8,225	$ 6,742

For the year ended December 31, 2023 and 2022, depreciation expense was $2,346 and $1,293, respectively.

Note D – Operating Leases

Northern California Center for Well-Being evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Northern California Center for Well-Being's right to use underlying assets for the lease term, and the lease liabilities represent Northern California Center for Well-Being's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Northern California Center for Well-Being has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2023, was 4.00%.

The Organization's operating lease is for the Cardiac Rehab Facility located in Santa Rosa, California. The Organization entered into a lease agreement commencing on May 1, 2021 and expiring April 30, 2026. Included with the lease terms is $1,250 for leasehold improvements. Payments associated with the leasehold improvement are included in the ROU asset and lease liability recognized as of December 31, 2023.

For the years ended December 31, 2023 and 2022, total operating lease expense was $85,834 and $82,655, respectively. As of December 31, 2023 and 2022, the weighted-average remaining lease terms for the Organization's operating lease was approximately 3.33 and 2.33 years, respectively.

Cash paid for operating leases for the years ended December 31, 2023 and 2022 was $84,920 and $83,551, respectively. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note A.

Note D – Operating Leases

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

2024	86,324
2025	87,748
2026	29,408
Total lease payments	203,480
Less present value discount	(8,926)
Total lease obligations	194,554
Less current portion	(80,284)
Long-term portion of leases	$ 114,270

Note E – Net Assets

The detail of the Organization's net asset categories at December 31, is as follows:

	2023	2022 (Restated)
Without donor restrictions:		
Net assets without donor restrictions	$ 3,093,010	$ 2,871,855
With donor restrictions:		
Workforce Feasibility	0	279,317
Community Outreach	35,000	18,750
Healthy Schools	17,501	15,526
Total with donor restrictions	52,501	313,593
Total net assets	$ 3,145,511	$ 3,185,448

Note F – Retirement Plan

The Organization 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 Organization does not make any contributions to the plan.

Note G – Restatement

During 2023, Management determined that $65,032 of revenue was improperly excluded from the 2022 financial statements. The effect of the correction of this accounting error on the 2022 financial statements is summarized as follows:

	As Previously Reported	Restated
Grants	$ 2,707,564	$ 2,772,596
Accounts Receivable	$ 233,410	$ 298,442
Net Assets without donor restrictions	$ 2,806,823	$ 2,871,855