

Financial Statements

Northern California Center for Well-Being
(a nonprofit organization)
Year Ended December 31, 2021



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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 statements of financial position as of December 31, 2021, 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, 2021, 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 audits 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.

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.

Meridian, Idaho
September 19, 2022

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,003,347
Accounts receivable	64,089
Grants receivable	195,122
Prepaid expenses	<u>7,105</u>

Total Current Assets 2,269,663

Property and Equipment, net 2,575

Deposits 1,200

Total Assets \$ 2,273,438

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 59,615
Accrued liabilities	<u>98,020</u>

Total Liabilities 157,635

Net Assets

Without donor restrictions	1,919,146
With donor restrictions	<u>196,657</u>

Total Net Assets 2,115,803

Total Liabilities and Net Assets \$ 2,273,438

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Grants	\$ 1,328,641	\$ 340,000	\$ 1,668,641
Contract fees	442,985		442,985
Third party fees	343,913		343,913
Participant fees	49,893		49,893
Donations	68,628		68,628
Other revenue	<u>546</u>		<u>546</u>
	2,234,606	340,000	2,574,606
Net assets released from restrictions	<u>423,939</u>	<u>(423,939)</u>	<u>0</u>
Total Revenue	2,658,545	(83,939)	2,574,606
Expenses			
Program services			
Cardiac (Heartworks)	405,927		405,927
Clinical (Brookwood)	400,657		400,657
Other program services	<u>922,392</u>		<u>922,392</u>
Total Program Services	<u>1,728,976</u>		<u>1,728,976</u>
Supporting Services			
Management and general	188,307		188,307
Fundraising	<u>1,050</u>		<u>1,050</u>
Total Supporting Services	<u>189,357</u>		<u>189,357</u>
Total Expenses	<u>1,918,333</u>	<u>0</u>	<u>1,918,333</u>
Change in Net Assets	740,212	(83,939)	656,273
Net Assets			
Beginning of Year	<u>1,178,934</u>	<u>280,596</u>	<u>1,459,530</u>
End of Year	<u>\$ 1,919,146</u>	<u>\$ 196,657</u>	<u>\$ 2,115,803</u>

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services			Supporting Services		Total
	Clinical (Brookwood)	Cardiac (Heartworks)	Other Program Services	Management & General	Fundraising	
Salaries and benefits	\$ 348,007	\$ 302,342	\$ 682,218	\$ 3,900	\$	\$ 1,336,467
Occupancy	210	69,930	37,652	54,923		162,715
Professional fees		11,356	47,579	62,128		121,063
Instructors/consultants	2,983		91,267			94,250
Bad debt expense	42,983	51		4,483		47,517
Licenses and fees	6,195	4,193	1,454	32,627	5	44,474
Education and program materials		1,794	32,606			34,400
Supplies and equipment	1,049	6,557	20,458	2,740		30,804
Insurance	1,422	330		12,211		13,963
Depreciation				13,282		13,282
Marketing and promotion	150	911	6,569	107	595	8,332
Repairs and maintenance		3,118		108		3,226
Other expenses	2,928	75	2,589	1,798	450	7,840
Total Expenses	<u>\$ 405,927</u>	<u>\$ 400,657</u>	<u>\$ 922,392</u>	<u>\$ 188,307</u>	<u>\$ 1,050</u>	<u>\$ 1,918,333</u>

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

Cash Flows From Operating Activities

Change in net assets	\$ 656,273
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	13,282
Changes in operating assets and liabilities:	
Accounts receivable	79,338
Grants receivable	(46,400)
Prepaid expenses	15,558
Accounts payable	13,006
Accrued expenses	<u>13,020</u>
Net Cash Provided (Used) by Operating Activities	744,077

Cash Flows From Investing Activities

Purchase of property and equipment	<u>(2,711)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,711)</u>

Net Change in Cash and Cash Equivalents 741,366

Cash and Cash Equivalents - Beginning of Year 1,261,981

Cash and Cash Equivalents - End of Year \$ 2,003,347

See notes to financial statements.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING

NOTES TO FINANCIAL STATEMENT

Note A – Significant Accounting Policies

Nature of Organization

Northern California Center for Well-Being 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 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.

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 three 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.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING

NOTES TO FINANCIAL STATEMENT

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, 2021, the Organization's uninsured balances totaled \$1,219,630.

As of December 31, 2021, the Organization had three donors that comprised 37% of total revenue.

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.

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.

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.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING NOTES TO FINANCIAL STATEMENT

Note A – Significant Accounting Policies (Continued)

Net Patient Service Revenue

Net patient service 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.

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.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING

NOTES TO FINANCIAL STATEMENT

Note A – Significant Accounting Policies (Continued)

In-kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributed services are reflected in the financial statements at the fair value of the service received. The contributions of services are recognized if the service received (a) creates or enhances nonfinancial assets or (b) requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A number of volunteers have contributed significant amounts of their time to the Organization's programs and activities. The volunteer hours have not been recorded in the statement of activities for those services for the year ended December 31, 2021.

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 compensation and benefits, which are allocated on the basis of estimates of time and effort, occupancy costs and depreciation, which are allocated on square footage basis, and supplies and telephone costs, which are allocated based on usage studies conducted annually. General and administration 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.

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 \$44,838 for vacation at December 31, 2021 and 2020.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expenses totaled \$8,332 for the six month period ended December 31, 2021.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING NOTES TO FINANCIAL STATEMENT

Note A – Significant Accounting Policies (Continued)

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 2021.

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 2018.

Subsequent Events

The Organization has evaluated subsequent events through September 19, 2022, which is the date the financial statements were available to be issued.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT

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:

Cash and cash equivalents	\$ 2,003,347
Receivables	<u>259,211</u>
Total financial assets available within one year	2,262,558

Less amounts unavailable for general expenditures within one year, due to:

Restricted by donors with time and purpose restrictions	<u>(196,657)</u>
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Total financial assets available within one year after restriction	<u>\$ 2,065,901</u>
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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, 2021, all net assets with donor restrictions are available for payment of (any major expenditures incurred), except for contributions receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred.

Note C –Equipment

Property and equipment consisted of the following at December 31, 2021:

Furniture, fixtures and equipment	\$ 220,084
Less accumulated depreciation	<u>217,509</u>
Property and equipment, net	<u>\$ 2,575</u>

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT

Note D – Operating Leases

The Organization leases an office space in Santa Rosa under a lease agreement commencing July 24, 2015 and expiring July 30, 2020. On February 13, 2020, the Organization extended the lease until July 31, 2023. As of December 31, 2021, monthly rent is \$7,679.

The Organization entered into a lease agreement commencing on May 1, 2021 and expiring April 30, 2026 for the Cardiac Rehab Facility. As of December 31, 2021, monthly rent is \$6,887, which includes \$1,250 for leasehold improvements.

Rent expense recognized under operating leases was \$142,985 for the year ended December 31, 2021. Future minimum lease payments are summarized as follows:

2022	\$	176,119
2023		139,095
2024		86,741
2025		87,747
2026		<u>29,409</u>
	\$	<u>519,111</u>

Note E – Net Assets

The detail of the Organization’s net asset categories at December 31, 2021, is as follows:

Without donor restrictions:		
Net assets without donor restrictions		\$ 1,919,146
With donor restrictions:		
Workforce Feasibility		20,335
Healthy Schools		161,322
Restricted for other health programs		<u>15,000</u>
Total with donor restrictions		<u>196,657</u>
Total net assets		<u>\$ 2,115,803</u>

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT

Note F – Tax-Deferred Annuity 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.