

NORTHERN CALIFORNIA CENTER FOR WELL-BEING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

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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, 2020, 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, 2020, 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 the Northern California Center for Well-Being's financial statements for the year ended December 31, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2021. In our opinion, the summarized comparative information presented herein as of the for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ann Marie Carinalli

February 15, 2022
Sebastopol, California

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(with summarized comparative totals for December 31, 2019)

	Without <u>Donor Restriction</u>	With <u>Donor Restriction</u>	2020 <u>Total</u>	2019 <u>Total</u>
ASSETS				
Current assets:				
Cash	\$ 979,543	\$ 280,596	\$ 1,260,139	\$ 356,092
Accounts receivable	138,769	-	138,769	131,082
Grants receivable	148,722	-	148,722	119,979
Deposits	7,700	-	7,700	7,700
Prepaid expenses	<u>22,662</u>	<u>-</u>	<u>22,662</u>	<u>9,897</u>
Total current assets	<u>1,297,396</u>	<u>280,596</u>	<u>1,577,992</u>	<u>624,750</u>
Fixed assets:				
Equipment	204,205	-	204,205	202,189
Furniture & Fixtures	13,167	-	13,167	13,167
Less accumulated depreciation	<u>(204,227)</u>	<u>-</u>	<u>(204,227)</u>	<u>(203,462)</u>
Net fixed assets	<u>13,145</u>	<u>-</u>	<u>13,145</u>	<u>11,894</u>
Total assets	<u>\$ 1,310,541</u>	<u>\$ 280,596</u>	<u>\$ 1,591,137</u>	<u>\$ 636,644</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 46,610		\$ 46,610	\$ 15,518
Accrued expenses	<u>84,998</u>		<u>84,998</u>	<u>64,005</u>
Total liabilities	<u>131,608</u>		<u>131,608</u>	<u>79,523</u>
Net assets:				
Without donor restrictions	1,178,934		1,178,934	331,954
With donor restrictions	<u>-</u>	<u>\$ 280,596</u>	<u>280,596</u>	<u>225,167</u>
Total net assets	<u>1,178,934</u>	<u>280,596</u>	<u>1,459,530</u>	<u>557,121</u>
Total liabilities and net assets	<u>\$ 1,310,541</u>	<u>\$ 280,596</u>	<u>\$ 1,591,137</u>	<u>\$ 636,644</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, 2020
(with summarized comparative totals for the year ended December 31, 2019)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2020 <u>Total</u>	2019 <u>Total</u>
SUPPORT AND REVENUE:				
Contract fees	\$ 505,234		\$ 505,234	\$ 768,755
Participant fees	168,112		168,112	187,068
Grants	261,442	\$ 836,422	1,097,864	585,330
Donations	174,871	-	174,871	84,172
Third party fees	280,895	-	280,895	343,270
Special events revenue	-	-	-	133,540
PPP loan forgiveness	240,839	-	240,839	-
Other income	6,894	-	6,894	103
Net assets released from restriction	<u>780,993</u>	<u>(780,993)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,419,280</u>	<u>55,429</u>	<u>2,474,709</u>	<u>2,102,238</u>
EXPENSES:				
Program				
Cardiac (Heartworks)	273,214		273,214	399,714
Clinical (Brookwood)	189,937		189,937	289,416
Other Programs	880,701		880,701	532,532
Tobacco	-		-	-
Youth	-		-	-
Management and general	224,400		224,400	516,119
Fundraising	<u>4,048</u>		<u>4,048</u>	<u>40,021</u>
Total expenses	<u>1,572,300</u>		<u>1,572,300</u>	<u>1,777,802</u>
CHANGE IN NET ASSETS	846,980	55,429	902,409	324,436
NET ASSETS, BEGINNING	<u>331,954</u>	<u>225,167</u>	<u>557,121</u>	<u>232,685</u>
NET ASSETS, ENDING	<u>\$ 1,178,934</u>	<u>\$ 280,596</u>	<u>\$ 1,459,530</u>	<u>\$ 557,121</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, 2020**

(with summarized comparative totals for the year ended December 31, 2019)

	Cardiac (Heartworks)	Clinical (Brookwood)	Other Programs	Total Program	Management and General	Fundraising	Supporting Subtotal	2020 Total	2019 Total
Salaries and wages	\$ 136,740	\$ 153,682	\$ 594,536	\$ 884,958	\$ 209,800	\$ 709	\$ 210,509	\$ 1,095,467	\$ 1,164,721
Personnel & fringe costs	24,858	22,368	87,690	134,916	-	141	141	135,057	187,900
Occupancy	90,247	-	27,961	118,208	32,487	-	32,487	150,695	169,270
Instructors/consultants	653	6,236	50,097	56,986	-	-	-	56,986	28,163
Newsletter expenses	-	-	-	-	-	-	-	-	-
Bank and credit card fees	-	158	-	158	13,740	228	13,968	14,126	10,494
Business Licenses and fees	-	2,300	2,404	4,704	22,061	-	22,061	26,765	22,445
Supplies and equipment	7,507	1,588	7,697	16,792	4,975	-	4,975	21,767	49,151
Professional fees	7,795	2,552	33,209	43,556	26,081	-	26,081	69,637	45,997
Depreciation	-	-	-	-	765	-	765	765	5,405
Equipment lease	250	-	-	250	4,778	-	4,778	5,028	3,731
Postage	-	-	579	579	307	-	307	886	1,922
Telephone	100	1,362	1,715	3,177	6,288	-	6,288	9,465	6,547
Insurance	110	-	110	220	14,052	-	14,052	14,272	19,477
Refreshments	34	-	99	133	(99)	-	(99)	34	4,775
Staff development	-	36	-	36	93	-	93	129	933
Marketing and promotion	-	-	10,148	10,148	254	595	849	10,997	4,227
Mileage and travel	18	149	1,059	1,226	(40)	10	(30)	1,196	8,384
Repairs & Maintenance	2,391	-	-	2,391	4,203	-	4,203	6,594	8,964
Utilities	-	-	580	580	4,029	-	4,029	4,609	9,030
Property Taxes	-	-	-	-	947	-	947	947	874
Billing service	-	-	-	-	-	-	-	-	1,580
Books and subscriptions	1,195	261	59	1,515	2,323	-	2,323	3,838	245
Bad debt expense	-	-	-	-	-	-	-	-	2,550
Education and program materials	1,128	1,177	4,433	6,738	(1,673)	-	(1,673)	5,065	-
Client incentives	-	329	1,924	2,253	(64)	-	(64)	2,189	-
Other operating expenses	344	-	-	344	299	-	299	643	8,904
Shared expenses	(156)	(2,261)	56,401	53,984	(121,206)	2,365	(118,841)	(64,857)	-
Total expenses	\$ 273,214	\$ 189,937	\$ 880,701	\$ 1,343,852	\$ 224,400	\$ 4,048	\$ 228,448	\$ 1,572,300	\$ 1,765,689

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, 2020
(with summarized comparative totals for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 902,409	\$ 324,436
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	765	5,405
(Increase) decrease in:		
Accounts receivable	(36,430)	(117,515)
Prepaid expenses and deposits	(12,765)	(11,063)
Deposits	(1)	(2,482)
Increase (decrease) in:		
Accounts payable	31,092	10,674
Accrued expenses	20,994	(2,796)
Total cash provided by operations	906,063	206,659
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,016)	(10,948)
NET CHANGE IN CASH	904,047	195,711
CASH, beginning of year	356,092	160,381
CASH, end of year	\$ 1,260,139	\$ 356,092

The accompanying notes are an integral part of these financial statements

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 \$439,110 in multiple financial institutions for the year ended December 31, 2020.

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, 2020

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, 2020

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are \$176,916 on December 31, 2020. Accounts receivable reflect invoices to third party vendors for fees for services rendered.

NOTE 4 GRANTS RECEIVABLE

Grants receivable is \$110,575 on December 31, 2020. Grants receivables 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, 2020 is \$39,948.

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 had a \$100,000 line of credit which matured November 30, 2020 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, 2020. 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, 2020:

Workforce Feasibility	\$ 120,797
Healthy Schools	51,383
Other Programs	<u>108,416</u>
Total	<u>\$ 280,596</u>

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
 NOTES TO FINANCIAL STATEMENT
 DECEMBER 31, 2020

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, 2020, monthly rent is \$7,443 and total rent expense is \$98,025 for 2020. The monthly rent payment increases in January 2020 to \$7,679. Future minimum lease payments are as follows for December 31:

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, 2020, 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:

2021	\$	14,228
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NORTHERN CALIFORNIA CENTER FOR WELL-BEING
 NOTES TO FINANCIAL STATEMENT
 DECEMBER 31, 2020

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,260,139	\$ 356,092
Accounts receivable, net	138,769	131,082
Grants receivable	<u>148,722</u>	<u>119,979</u>
Total	1,547,630	607,153
Less cash unavailable with donor restriction	<u>(280,596)</u>	<u>(225,167)</u>
Total available	<u>\$ 1,267,034</u>	<u>\$ 381,986</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.

NOTE 11 COVID-19 IMPACT

The Center applied for and was granted a Paycheck Protection Program loan in the amount of \$238,474. This loan is reflected on the Statement of Activities as "PPP loan forgiveness." All funds were used for approved expenses including payroll, rent and utilities. The application was applied for in 2020 and approved for forgiveness in full in 2021. We recorded this transaction using the Conditional Contribution Model, in which one or more specific barriers must be overcome to be recognized as income. The Center substantially met specific barriers for forgiveness, such as qualifying expenses incurred, FTE requirement satisfied, applied for forgiveness, and approved by the bank prior to year-end, therefore Grant Revenue was recognized in the year-ended December 31, 2020.

The Center also received the Employee Retention Credit throughout the year ended December 31, 2020. The total for the year came to \$74,503 which was used to reduce the amount of payroll taxes paid.

NORTHERN CALIFORNIA CENTER FOR WELL-BEING
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020

NOTE 12 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through February 15, 2022, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic, resulting in federal, state, and local governments and private entities mandating various restrictions. This could have a material effect on the Center's operations, financial position, and cash flows.