

Wellness Together



Audited Financial Statements

Years Ended June 30, 2023 and 2022



**Wellness Together
Financial Statements
Years Ended June 30, 2023 and 2022**

Table of Contents

	Page
Independent Auditors' Report	3-4
Statement of Financial Position	5
Statements of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-16

Independent Auditors' Report

To the Board of Directors of
Wellness Together

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Wellness Together (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Wellness Together as of June 30, 2022 and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated December 19, 2022.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wellness Together as of June 30, 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. 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 Wellness Together and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Wellness Together's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Wellness Together'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 Wellness Together'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.

GLENN BURDETTE ATTEST CORPORATION

Glenn Burdette Attest Corporation
San Luis Obispo, California

May 9, 2024

Wellness Together
Statement of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,911,747	\$ 673,753
Accounts receivable	891,040	479,158
Contributions receivable	872,500	750,000
Prepaid expenses	55,179	75,402
Deposits	5,160	5,214
Total current assets	3,735,626	1,983,527
Property and equipment, net of accumulated depreciation and amortization	1,046,606	1,031,678
Total assets	\$ 4,782,232	\$ 3,015,205
Liabilities		
Current liabilities:		
Accounts payable	\$ 78,636	\$ 60,964
Accrued expenses	290,952	236,961
Current portion of notes payable	34,524	56,254
Deferred revenue	274,323	226,354
Total current liabilities	678,435	580,533
Long-term liabilities:		
Notes payable, net of current portion and unamortized debt issuance costs	505,462	514,108
Total long-term liabilities:	505,462	514,108
Total liabilities	1,183,897	1,094,641
Net assets:		
Net assets without donor restrictions	1,253,335	377,150
Net assets with donor restrictions	2,345,000	1,543,414
Total net assets	3,598,335	1,920,564
Total liabilities and net assets	\$ 4,782,232	\$ 3,015,205

The accompanying notes are an integral part of these financial statements.

Wellness Together
Statement of Activities
Years Ended June 30, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restricted</u>	<u>2023 Total</u>	<u>2022 Total</u>
Revenues and support:				
Grants	\$ 235,746	\$ 2,345,000	\$ 2,580,746	\$ 695,240
Program service revenue	7,445,741		7,445,741	4,840,983
Conference revenue	588,043		588,043	308,398
Other revenue	6,906		6,906	11,268
Total revenues and support	<u>8,276,436</u>	<u>2,345,000</u>	<u>10,621,436</u>	<u>5,855,889</u>
Net assets released from restrictions	<u>1,543,414</u>	<u>(1,543,414)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services				
School-based therapy	5,798,302		5,798,302	4,807,023
Hear You	758,666		758,666	645,897
Events	988,287		988,287	606,884
Total program services	<u>7,545,255</u>		<u>7,545,255</u>	<u>6,059,804</u>
Supporting services:				
General and administrative	923,569		923,569	848,464
Fundraising	474,841		474,841	155,933
Total support services	<u>1,398,410</u>		<u>1,398,410</u>	<u>1,004,397</u>
Total expenses	<u>8,943,665</u>		<u>8,943,665</u>	<u>7,064,201</u>
Change in net assets	876,185	801,586	1,677,771	(1,208,312)
Net assets - beginning of year	<u>377,150</u>	<u>1,543,414</u>	<u>1,920,564</u>	<u>3,128,876</u>
Net assets - end of year	<u>\$ 1,253,335</u>	<u>\$ 2,345,000</u>	<u>\$ 3,598,335</u>	<u>\$ 1,920,564</u>

The accompanying notes are an integral part of these financial statements.

Wellness Together
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Supporting Services			2023 Total	2022 Total
	School-based Therapy	Hear You	Events	Total Program Services	General and Administrative	Fundraising	Total Support Services		
Advertising and promotion	\$ 10,171	\$ 4,623	\$ 46,148	\$ 60,942	\$ 23,555	\$ 21,158	\$ 44,713	\$ 105,655	\$ 75,915
Bad debt		570	4,061	4,631	254		254	4,885	8,714
Bank and payroll charges					66,098		66,098	66,098	52,214
Depreciation	28,132	3,540	1,852	33,524	3,184	2,073	5,257	38,781	37,905
Dues and subscriptions	532		3	535	9,532	17,791	27,323	27,858	29,959
Equipment purchases	85,403	10,748	5,622	101,773	9,666	6,294	15,960	117,733	202,779
Insurance	85,545	10,766	5,631	101,942	9,683	6,304	15,987	117,929	79,012
Interest paid	19,596	2,466	1,290	23,352	2,218	1,444	3,662	27,014	23,704
Miscellaneous					5,214		5,214	5,214	-
Office expenses	91,290	8,585	89,260	189,135	6,801	5,689	12,490	201,625	178,937
Professional fees	35,213	3,018	388,220	426,451	104,921	3,268	108,189	534,640	237,232
Rent and utilities	83,942	10,564	47,729	142,235	9,501	6,186	15,687	157,922	156,490
Repair and maintenance	24,475	3,080	1,611	29,166	2,770	1,804	4,574	33,740	54,793
Staff development	44,219	5,914	2,439	52,572	4,195	2,731	6,926	59,498	54,242
Software and IT	130,415	49,540	13,498	193,453	14,344	9,339	23,683	217,136	161,080
Tax and license	11,687	1,471	769	13,927	1,323	861	2,184	16,111	12,340
Telephone and internet	90,661	11,409	5,968	108,038	10,262	6,681	16,943	124,981	99,663
Travel and meetings	32,050		43,417	75,467	71,286	12,904	84,190	159,657	96,166
Salaries and wages	4,413,798	555,459	290,539	5,259,796	499,585	325,274	824,859	6,084,655	4,829,567
Payroll taxes	370,122	46,578	24,363	441,063	41,893	27,276	69,169	510,232	410,185
Employee benefits	241,051	30,335	15,867	287,253	27,284	17,764	45,048	332,301	263,304
Total expenses	\$ 5,798,302	\$ 758,666	\$ 988,287	\$ 7,545,255	\$ 923,569	\$ 474,841	\$ 1,398,410	\$ 8,943,665	\$ 7,064,201

The accompanying notes are an integral part of these financial statements.

Wellness Together
Statement of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flow from operating activities		
Grants, contributions, and program service revenue received	\$ 10,199,646	6,802,986
Payments for salaries, benefits and payroll taxes	(6,806,161)	(5,407,918)
Payments to vendors	(2,044,390)	(1,524,196)
Interest paid	(27,015)	(23,704)
Net cash provided by (used in) operating activities	<u>1,322,080</u>	<u>(152,832)</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(53,710)</u>	<u>(1,039,625)</u>
Net cash used in investing activities	<u>(53,710)</u>	<u>(1,039,625)</u>
Cash flows from financing activities		
Proceeds from loans		593,950
Principal payments on debt	<u>(30,376)</u>	<u>(23,588)</u>
Net cash (used in) provided by financing activities	<u>(30,376)</u>	<u>570,362</u>
Net increase (decrease) in cash	1,237,994	(622,095)
Cash and equivalents, beginning of year	<u>673,753</u>	<u>1,295,848</u>
Cash and equivalents, end of year	<u>\$ 1,911,747</u>	<u>673,753</u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 1,677,771	\$ (1,208,312)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	38,781	37,905
Changes in operating assets and liabilities:		
Accounts receivable	(411,882)	(307,875)
Contributions receivable	(122,500)	1,455,000
Prepaid expenses	20,223	(72,574)
Deposits	54	29,886
Accounts payable	17,672	18,028
Accrued expenses	53,991	95,139
Refundable advance		(365,240)
Deferred revenue	47,970	165,211
Net cash provided by (used in) operating activities	<u>\$ 1,322,080</u>	<u>\$ (152,832)</u>

The accompanying notes are an integral part of these financial statements.

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Activities

Wellness Together (the Organization) is a not-for-profit corporation established in 2016 under the laws of the State of California. Our primary mission is to provide innovative mental health solutions to promote mental health awareness, advocacy, and access. We are primarily funded by client fees and donor contributions.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

Our financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents

We consider demand deposits with financial institutions, money market funds, and certificates of deposits with an original maturity date of three months or less, to be cash equivalents for the statement of cash flows.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of non-interest-bearing amounts due for school mental health services. We provide an allowance for uncollectible accounts receivable based upon prior experience and management's assessment of the collectability of specific existing accounts. Based on a review of accounts receivable, we have determined that an allowance for doubtful accounts was unnecessary at June 30, 2023. For the year ended June 30, 2023, we had \$4,885 in bad debt expense. Any bad debts in the future would be charged to expense as incurred.

Property and Equipment

Property and equipment is recorded at historical cost when purchased or estimated fair market value when donated. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance costs are expensed when incurred. Capital expenditures over \$5,000 are recorded as property and equipment. Estimated useful lives of assets range from 3 to 40 years.

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Our governing board may from time to time designate a portion of this asset class for specific projects or activities. There were no board restricted net assets at June 30, 2023.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

We recognize revenue from providing mental health services at the time the services are performed. The performance obligation consists of providing our clients continuous access to mental health services, and is recognized ratably, as the services are simultaneously received and consumed by the clients. Revenue from the annual conference is recognized when the conference is held. All amounts received prior to the services is being provided or the conference being held are deferred to the applicable period.

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance, or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Federal grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Income Taxes

We are organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Annually, we file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. Management has determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Additionally, management has evaluated the tax positions and related income tax contingencies and does not believe that any material uncertain tax positions exist. Management also has in place processes to ensure our tax-exempt status remains in place.

Donated Materials and Services

We receive donations of time and services from members of the community and volunteers assisting in leadership, committees, and both fundraising and program service activities. The value of this donated time is not reflected in our accompanying financial statements since it does not meet the criteria for recognition.

Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

We maintain cash balances with Federal Deposit Insurance Corporation (FDIC) insured financial institutions. At times the balances may exceed federally insured limits. The FDIC insures deposit accounts and certificates of deposit up to \$250,000 at each financial institution. At June 30, 2023, we had \$1,411,747 on deposit that exceeded the insured limit.

As of June 30, 2023, 100% of contributions receivable are due from one donor. In addition, 28% of the school-based therapy revenue recognized for the year ended June 30, 2023 was attributed to 2 resource providers.

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Functional Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocation of shared expenses are based on estimates of time and effort, an estimated use percentage, or on an estimated square-foot basis.

Advertising Costs

Advertising and promotion costs are expensed as incurred. For the years ended June 30, 2023 and 2022, advertising expense totaled \$105,655 and \$79,915, respectively.

Litigation

From time to time, in the normal course of operations, we may become involved in litigation for which we may or may not have additional insurance coverage, depending upon the individual circumstances of the claim.

Reclassifications

Certain prior year amounts may have been reclassified to conform to our current year financial statement presentation. The nature of such reclassifications had no impact on the previously reported net assets.

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 3: Property and Equipment

At June 30, 2023 and 2022, property and equipment consisted of the following:

	2023	2022
Land	\$ 60,000	\$ 60,000
Building	834,591	834,591
Equipment	80,031	68,870
Vehicles	46,450	46,450
Furniture	7,125	7,125
Software development costs	118,220	75,671
	<u>1,146,417</u>	<u>1,092,707</u>
Less accumulated depreciation and amortization	<u>(99,811)</u>	<u>(61,029)</u>
Property and equipment, net of accumulated depreciation and amortization	<u>\$ 1,046,606</u>	<u>\$ 1,031,678</u>

Depreciation expense was \$38,781 and \$37,905 for the years ended June 30, 2023 and 2022, respectively.

Note 4: Notes Payable

At June 30, 2023 and 2022 notes payable consisted of the following:

	2023	2022
Note payable to a bank, secured by a first deed of trust, including interest at 7.65% due in monthly installments of \$583 with a maturity date of August 2025.	\$ 13,747	\$ 19,447
Note payable to a bank, secured by a first deed of trust, including interest at 4.83% due in monthly installments of \$4,474 with a maturity date of August 2036.	<u>526,239</u>	<u>550,915</u>
Total notes payable	<u>539,986</u>	<u>570,362</u>
Less current portion	<u>(34,524)</u>	<u>(33,354)</u>
Notes payable, net of current portion	<u>\$ 505,462</u>	<u>\$ 537,008</u>

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 4: Notes Payable (Continued)

At June 30, 2023, estimated future minimum principal payments and amortization of debt issuance costs were as follows:

<u>For the Year Ending June 30,</u>	
2024	\$ 34,524
2025	36,026
2026	33,411
2027	33,354
2028	34,972
Thereafter	<u>367,699</u>
Total	<u>\$ 539,986</u>

Note 5: Leasing Activities

Short Term Leases

We rent office space under a non-cancellable operating lease that expires in January 2024 in which \$10,337 in lease payments are due for the year ending June 30, 2024.

Note 6: Net Assets

At June 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Purpose restriction:		
Mental health services in specific school districts	\$ 2,345,000	\$ 1,434,664
Mental health services - summer program		<u>108,750</u>
Total net assets with donor restrictions	<u>\$ 2,345,000</u>	<u>\$ 1,543,414</u>
Satisfaction of purpose restriction:		
Mental health services in specific school districts	\$ 1,434,664	\$ 1,565,336
Mental health services - summer program	<u>108,750</u>	<u>36,250</u>
Total net assets with donor restrictions	<u>\$ 1,543,414</u>	<u>\$ 1,601,586</u>

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 7: Retirement Plans

We sponsor a 403(b) plan which allows all employees to defer a portion of their salary up to Internal Revenue Code limits. Employees are eligible immediately but are expected to complete a minimum of 1000 hours. We provide 100% of the employee contributions up to 3% of their compensation, with straight line vesting over four years, and a first time vesting event occurring after year one. Loans and hardship distributions are allowed, and employees can contribute to either a traditional for 403(b) or a Roth 403(b). We made contributions to the 403B plan in the amount of \$88,954 and \$71,042 for the years and June 30, 2023 and 2022.

Note 8: Commitments and Contingencies

We have been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. Any expenses, which may be disallowable by the granting agencies, cannot be determined at this time, although our management does not expect such amounts, if any, to materially affect, the financial statements.

Note 9: Liquidity

Financial assets available for general expenditures within one year, that is, without donor or other restrictions limiting their use as of June 30, 2023, are comprised by the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,911,747	\$ 673,753
Accounts receivable	891,040	314,157
Contributions receivable	<u>872,500</u>	<u>915,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,675,287</u>	<u>\$ 1,902,910</u>

We have as a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of general operating expenditures, as well as access to a committed line of credit in the amount of \$500,000 which we could draw upon, if needed (See Note 10).

Note 10: Line of Credit

We have a \$500,000 line of credit available to us through a local financial institution that renewed in January 2024 and now matures in January 2025. The credit line is unsecured as of June 30, 2023 and bears a variable interest rate. As of June 30, 2023 and 2022, there was no balance outstanding on the line of credit.

Wellness Together
Notes to Financial Statements
June 30, 2023 and 2022

Note 11: Related Parties

The manager of our Hear You program is the spouse of a member of our board of directors. The manager was paid approximately \$90,000 and \$87,000 in combined salary and benefits for the years ended June 30, 2023 and 2022, respectively. The manager also was due accrued salary and paid time off of \$5,695 and \$5,600 as of June 30, 2023 and 2022, respectively.

Note 12: Subsequent Events

Events subsequent to June 30, 2023 have been evaluated through May 9, 2024, which is the date of our financial statements were available to be issued. Management did not identify any subsequent events requiring disclosure.