

# THE HEALTHWORKS FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Healthworks Foundation, Inc.  
Boston, Massachusetts

We have audited the accompanying statements of financial position of The Healthworks Foundation Inc. as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of The Healthworks Foundation Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Forman, Itzkowitz, Berenson & Lagreca, P.C.*

September 15, 2010

THE HEALTHWORKS FOUNDATION INC.

STATEMENTS OF FINANCIAL POSITION

	<u>DECEMBER 31,</u>	
	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 326,892	\$ 380,251
Contributions receivable	<u>8,448</u>	<u>20,495</u>
Total Current Assets	335,340	400,746
Property and Equipment	<u>125,531</u>	<u>106,300</u>
	<u>\$ 460,871</u>	<u>\$ 507,046</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 1,539	\$ 19,820
Accrued expenses	<u>23,662</u>	<u>26,156</u>
Total Current Liabilities	<u>25,201</u>	<u>45,976</u>
Net Assets:		
Unrestricted:		
Undesignated	248,577	289,347
Board designated	<u>187,093</u>	<u>171,723</u>
	<u>435,670</u>	<u>461,070</u>
	<u>\$ 460,871</u>	<u>\$ 507,046</u>

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

THE HEALTHWORKS FOUNDATION INC

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2009</u>	<u>2008</u>
Support and Revenue:		
Contributions	\$ 141,080	\$ 215,108
Fundraising	24,645	24,237
Membership fees	111,389	10,393
Interest income	66	1,227
Miscellaneous revenue	<u>570</u>	<u>508</u>
Total Support and Revenue	<u>277,750</u>	<u>251,473</u>
Expenses:		
Program Services:		
Fitness Centers	<u>243,325</u>	<u>170,469</u>
Total Program Services	<u>243,325</u>	<u>170,469</u>
Support Services:		
Management and general	56,118	206,301
Fundraising	<u>3,707</u>	<u>668</u>
Total Support Services	<u>59,825</u>	<u>206,969</u>
Total Expenses	<u>303,150</u>	<u>377,438</u>
Change in Net Assets	(25,400)	(125,965)
Net Assets, Beginning of Year	<u>461,070</u>	<u>587,035</u>
Net Assets, End of Year	<u>\$ 435,670</u>	<u>\$ 461,070</u>

The accompanying notes are an integral part of these financial statements

THE HEALTHWORKS FOUNDATION INC  
STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009

	Program Services	Support Services		Total
	Fitness Centers	Management and General	Fundraising	
Salaries	\$ 158,299	\$ 14,756	\$ -	\$ 173,055
Payroll taxes	13,663	1,269	-	14,932
Employee benefits	2,937	273	-	3,210
Advertising	1,744	-	-	1,744
Bank fees	-	2,707	-	2,707
CAM charges	33,810	-	-	33,810
Depreciation	12,183	1,494	-	13,677
Donations and grants	-	3,325	-	3,325
Insurance	-	8,614	-	8,614
Licenses and fees	150	-	-	150
Meetings and seminars	-	-	-	-
Office expense	4,597	-	-	4,597
Printing	1,887	-	-	1,887
Professional fees	-	18,095	-	18,095
Rent	-	-	-	-
Repairs and maintenance	6,442	-	-	6,442
Sundry expenses	-	2,344	3,707	6,051
Supplies	4,764	-	-	4,764
Telephone and cable	2,849	3,241	-	6,090
	<u>\$ 243,325</u>	<u>\$ 56,118</u>	<u>\$ 3,707</u>	<u>\$ 303,150</u>

YEAR ENDED DECEMBER 31, 2008

Program Services	Support Services		
Fitness Centers	Management and General	Fundraising	Total
\$ 76,080	\$ 1,250	\$ 220	\$ 77,550
7,460	122	23	7,605
884	14	3	901
8,004	405	-	8,409
-	187	-	187
8,707	-	-	8,707
6,377	1,494	-	7,871
-	116,677	-	116,677
-	7,222	-	7,222
-	-	-	-
-	660	-	660
9,305	2,072	-	11,377
2,036	469	-	2,505
1,245	73,955	-	75,200
34,500	-	-	34,500
4,538	-	-	4,538
-	-	422	422
9,145	-	-	9,145
2,188	1,774	-	3,962
<u>\$ 170,469</u>	<u>\$ 206,301</u>	<u>\$ 668</u>	<u>\$ 377,438</u>

The accompanying notes are an integral part of these financial statements

THE HEALTHWORKS FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from support and revenue	\$ 289,731	\$ 268,643
Cash paid for program services and support services	(310,248)	(324,311)
Interest income received	66	1,227
	<u>          </u>	<u>          </u>
Net Cash Used in Operating Activities	<u>(20,451)</u>	<u>(54,441)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(32,908)</u>	<u>(61,949)</u>
	<u>          </u>	<u>          </u>
Net Cash Used in Investing Activities	<u>(32,908)</u>	<u>(61,949)</u>
Net Decrease in Cash	(53,359)	(116,390)
Cash, Beginning	<u>380,251</u>	<u>496,641</u>
Cash, Ending	<u>\$ 326,892</u>	<u>\$ 380,251</u>

The accompanying notes are an integral part of these financial statements

THE HEALTHWORKS FOUNDATION INC.  
STATEMENTS OF CASH FLOWS (Continued)

Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2009</u>	<u>2008</u>
Change in Net Assets	\$ (25,400)	\$ (125,965)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	13,677	7,871
Decrease in contributions receivable	12,047	18,397
Decrease in prepaid expenses	-	2,875
Increase (decrease) in accounts payable	(18,281)	19,318
Increase (decrease) in accrued expenses	<u>(2,494)</u>	<u>23,063</u>
Total Adjustments	<u>4,949</u>	<u>71,524</u>
Net Cash Used in Operating Activities	<u>\$ (20,451)</u>	<u>\$ (54,441)</u>

The accompanying notes are an integral part of these financial statements

THE HEALTHWORKS FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 1 - Description of Operations

The Healthworks Foundation Inc. is a non-profit organization dedicated to promoting the health and well-being of women and their children from all cultural and economic backgrounds, and to empowering women to realize their personal potential through strength, determination, and education. The Foundation operates two fitness centers in Dorchester, Massachusetts.

Note 2 - Summary of Significant Accounting Policies

a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. These principles require that net assets, support and revenues and expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

b) Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

c) Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of December 31, 2009. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Foundation's information returns are subject to examination by taxing authorities generally for the years ended December 31, 2006, 2007, 2008 and 2009.

THE HEALTHWORKS FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2009 AND 2008

Note 2 - Summary of Significant Accounting Policies (Continued)

d) Use of Estimates and Assumptions in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Contributions Receivable

The Foundation considers all contributions receivable to be fully collectible; accordingly, no allowance for doubtful collections is considered necessary. All receivables are expected to be collected within one year.

f) Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using accelerated and straight-line methods over the estimated useful lives of the respective assets.

g) Functional Allocation of Expenses

The cost of providing the Foundation's program and supporting services have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

h) Advertising Costs

The Foundation expenses advertising costs as they are incurred. Total advertising expenses for 2009 was \$1,744 and 2008 was \$8,409.

THE HEALTHWORKS FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2009 AND 2008

Note 3 - Property and Equipment

Property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 58,247	\$ 58,247
Fitness equipment	80,365	47,457
Television and audio equipment	<u>28,161</u>	<u>28,161</u>
	166,773	133,865
Less: accumulated depreciation	<u>(41,242)</u>	<u>(27,565)</u>
	<u>\$ 125,531</u>	<u>\$ 106,300</u>

Depreciation expense was \$13,677 in 2009 and \$7,871 in 2008.

Note 4 - Related Party Transactions

The Healthworks Foundation, Inc. receives contributions monthly from the Healthworks Fitness Centers, Inc., a related party. The Healthworks Fitness Centers, Inc. contributes funds at their discretion based on varying percentage rates of net membership fees from each of their five fitness center locations. During 2009 and 2008, the rates varied from 0.5% to 1.25%. The contribution from the Healthworks Fitness Centers, Inc. was \$128,080 for the year ended December 31, 2009 and \$187,711 for the year ended December 31, 2008. A contribution receivable was due the Foundation of \$5,597 at December 31, 2009 and \$15,192 at December 31, 2008.

The Foundation received 90.8% in 2009 and 87.3% in 2008 of its support and revenue from the Healthworks Fitness Centers, Inc. Contributions will occur only if the Board of Directors continues their financial commitment to the Foundation. There is no assurance that future contributions will occur, and any failure to commit funds may have a material adverse effect on the ability of the Foundation to support its programs.

Note 5 - CAM Agreement

Healthworks Foundation, Inc. has entered into an agreement with the owner of the property at their Codman Square fitness center to pay the Foundation's allocated share of costs for the operation of the property.

The property owner will calculate and bill the Foundation monthly for their respective share of common area maintenance (CAM) costs of the property. CAM charges of \$33,810 and \$8,707 were paid in 2009 and 2008, respectively.

THE HEALTHWORKS FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2009 AND 2008

Note 6 - Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, contributions receivable, accounts payable and accrued expenses approximate their fair market value due to the short term maturities of these instruments.

Note 7 - Subsequent Events

In May 2009, standards related to "Subsequent Events," effective for financial periods ending after June 15, 2009, were issued. These standards state that an entity is required to evaluate subsequent events through the date the financial statements are issued or are available to be issued. The Foundation has evaluated subsequent events through the date the report was available for issuance, September 15, 2010.