

Healthcare Foundation Northern Sonoma County
(a California Not-for-Profit Corporation)

Financial Statements
For the Years Ended December 31, 2020 and 2019

Together with Independent Accountants' Report

Healthcare Foundation Northern Sonoma County

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Independent Accountants' Review Report

To the Board of Directors of
Healthcare Foundation Northern Sonoma County
Healdsburg, California

We have reviewed the accompanying financial statements of Healthcare Foundation Northern Sonoma County, which comprise the statements of financial position as of December 31, 2020 and 2019, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Healthcare Foundation Northern Sonoma County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Dillwood Burkell & McAllar, LLP

Santa Rosa, California
July 20, 2021

Healthcare Foundation Northern Sonoma County

Statement of Financial Position As of December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 572,270	\$ -	\$ 572,270
Restricted cash	-	98,510	98,510
Contributions receivable, current portion, net of allowance for doubtful accounts	<u>65,066</u>	<u>185,000</u>	<u>250,066</u>
Total current assets	637,336	283,510	920,846
Contributions receivable , net of current portion and discount	17,639	80,000	97,639
Property and improvements , net	6,171	-	6,171
Deposits	<u>979</u>	<u>-</u>	<u>979</u>
Total assets	<u>\$ 662,125</u>	<u>\$ 363,510</u>	<u>\$ 1,025,635</u>
Liabilities and net assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 32,372</u>	<u>\$ -</u>	<u>\$ 32,372</u>
Total current liabilities	32,372	-	32,372
Net assets	<u>629,753</u>	<u>363,510</u>	<u>993,263</u>
Total liabilities and net assets	<u>\$ 662,125</u>	<u>\$ 363,510</u>	<u>\$ 1,025,635</u>

*The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.*

Healthcare Foundation Northern Sonoma County

Statement of Financial Position

As of December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 418,041	\$ -	\$ 418,041
Restricted cash	-	518,988	518,988
Contributions receivable, current portion, net of allowance for doubtful accounts	<u>110,086</u>	<u>200,000</u>	<u>310,086</u>
Total current assets	528,127	718,988	1,247,115
Contributions receivable, net of current portion and discount	39,539	100,000	139,539
Property and improvements, net	9,449	-	9,449
Deposits	<u>979</u>	<u>-</u>	<u>979</u>
Total assets	<u>\$ 578,094</u>	<u>\$ 818,988</u>	<u>\$ 1,397,082</u>
Liabilities and net assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 43,954</u>	<u>\$ -</u>	<u>\$ 43,954</u>
Total current liabilities	43,954	-	43,954
Net assets	<u>534,140</u>	<u>818,988</u>	<u>1,353,128</u>
Total liabilities and net assets	<u>\$ 578,094</u>	<u>\$ 818,988</u>	<u>\$ 1,397,082</u>

*The accompanying notes are an integral part of this statement.
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Healthcare Foundation Northern Sonoma County

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	159,014	\$ 295,780	\$ 454,794
Government grants	63,621	-	\$ 63,621
Special events	442,895	-	442,895
Management fees	23,329	-	23,329
Net assets released from restrictions	<u>751,258</u>	<u>(751,258)</u>	<u>-</u>
Total support and revenue	1,440,117	(455,478)	984,639
Expenses			
Program services	957,887	-	957,887
Management and general	275,511	-	275,511
Costs of direct benefits to donors	<u>111,106</u>	<u>-</u>	<u>111,106</u>
Total expenses	<u>1,344,504</u>	<u>-</u>	<u>1,344,504</u>
Changes in net assets	95,613	(455,478)	(359,865)
Net assets, beginning of year	<u>534,140</u>	<u>818,988</u>	<u>1,353,128</u>
Net assets, end of year	<u>\$ 629,753</u>	<u>\$ 363,510</u>	<u>\$ 993,263</u>

*The accompanying notes are an integral part of this statement.
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Healthcare Foundation Northern Sonoma County

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 323,603	\$ 699,078	\$ 1,022,681
Special events	405,068	-	405,068
Management fees	36,750	-	
Net assets released from restrictions	744,390	(744,390)	-
Total support and revenue	1,509,811	(45,312)	1,464,499
Expenses			
Program services	1,163,416	-	1,163,416
Management and general	149,762	-	149,762
Costs of direct benefits to donors	235,938	-	235,938
Total expenses	1,549,116	-	1,549,116
Changes in net assets	(39,305)	(45,312)	(84,617)
Net assets, beginning of year	573,445	864,300	1,437,745
Net assets, end of year	\$ 534,140	\$ 818,988	\$ 1,353,128

*The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.*

Healthcare Foundation Northern Sonoma County

Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Programing</u>	<u>Management and General</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total</u>
Grants given	\$ 684,724	\$ 25,823	\$ -	\$ 710,547
Salaries and wages	111,328	44,981	62,979	219,288
Consultants	37,258	41,821	-	79,079
Event expenses	43,043	-	31,148	74,191
Advertising	10,086	42,491	4,472	57,049
Occupancy	21,738	21,738	-	43,476
Professional Services	-	42,254	-	42,254
Computers and software	11,813	15,925	-	27,738
Employee benefits	11,245	4,498	6,747	22,490
Payroll tax expenses	9,476	3,790	5,686	18,952
Bad debt	13,718	-	-	13,718
Other expenses	25	9,361	-	9,386
Equipment and supplies	-	8,521	-	8,521
Insurance	-	5,774	-	5,774
Printing and postage	3,183	2,355	-	5,538
Donor cultivation	250	1,731	74	2,055
Telephone	-	1,170	-	1,170
	<u>957,887</u>	<u>272,233</u>	<u>111,106</u>	<u>1,341,226</u>
Depreciation	<u>-</u>	<u>3,278</u>	<u>-</u>	<u>3,278</u>
Total Expenses	<u><u>\$ 957,887</u></u>	<u><u>\$ 275,511</u></u>	<u><u>\$ 111,106</u></u>	<u><u>\$ 1,344,504</u></u>

*The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.*

Healthcare Foundation Northern Sonoma County

Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Programing</u>	<u>Management and General</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total</u>
Grants given	\$ 618,927	\$ -	\$ -	\$ 618,927
Salaries and wages	286,477	71,619	-	358,096
Event expenses	-	-	235,938	235,938
Professional Services	62,983	20,994	-	83,977
Advertising	65,242	16,311	-	81,553
Occupancy	24,960	6,240	-	31,200
Payroll tax expenses	24,171	6,043	-	30,214
Other expenses	21,551	7,185	-	28,736
Employee benefits	17,339	4,335	-	21,674
Computers and software	10,379	4,448	-	14,827
Printing and postage	12,703	1,411	-	14,114
Donor cultivation	6,537	4,358	-	10,895
Telephone	5,943	1,486	-	7,429
Equipment and supplies	2,902	726	-	3,628
Insurance	2,666	666	-	3,332
Consultants	636	212	-	848
	<u>1,163,416</u>	<u>146,034</u>	<u>235,938</u>	<u>1,545,388</u>
Depreciation	-	3,728	-	3,728
Total Expenses	<u>\$ 1,163,416</u>	<u>\$ 149,762</u>	<u>\$ 235,938</u>	<u>\$ 1,549,116</u>

*The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.*

Healthcare Foundation Northern Sonoma County

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
	<i>Increase (decrease) in Cash and Cash Equivalents</i>	
Cash flows from operating activities		
Decrease in net assets	\$ (359,865)	\$ (84,617)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,278	3,728
Changes in assets and liabilities affecting operating activities		
Decrease in assets:		
Contributions receivable	101,920	4,511
Decrease in liabilities:		
Accounts payable and accrued expenses	<u>(11,582)</u>	<u>(70,326)</u>
Net cash used in operating activities	<u>(266,249)</u>	<u>(146,704)</u>
Net decrease in cash and cash equivalents	(266,249)	(146,704)
Cash and cash equivalents, beginning of year	<u>937,029</u>	<u>1,083,733</u>
Cash and cash equivalents, end of year	<u>\$ 670,780</u>	<u>\$ 937,029</u>
Unrestricted cash and cash equivalents	\$ 572,270	\$ 418,041
Restricted cash and cash equivalents	<u>98,510</u>	<u>518,988</u>
Total cash and cash equivalents	<u>\$ 670,780</u>	<u>\$ 937,029</u>

*The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.*

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1. Nature of Activities

Healthcare Foundation Northern Sonoma County (the "Foundation") is a California not-for-profit corporation established in May 2001 to raise funds to support quality healthcare services for all residents of Northern Sonoma County. The Foundation receives its support and revenue primarily from the public. The Healthcare Foundation's focus areas for grant making, as well as leading and convening community, are health access, mental health and early childhood development. The Healthcare Foundation is the only grant maker with the exclusive lens of creating a healthier region for residents of northern Sonoma County.

Note 2. Significant Accounting Policies

Basis of Presentation

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. Net assets, revenues, expenses, gains 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:

Net assets without donor restrictions – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations and, therefore, are available to carry out the Foundation's operations.

Net assets with donor restrictions – Net assets consist of funds and unconditional promises to give by donors that specify a specific use or the occurrence of a certain future event. When a restriction is met, net assets with restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed which limits the investment's use to long-term.

As of December 31, 2020 and 2019, the Foundation held cash and cash equivalents due to donor restrictions placed on the assets. The entire amount of the restricted cash and cash equivalents were designated for the purpose of healthcare grants and programs.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 2. Significant Accounting Policies, *continued*

Contributions Receivable

Verifiable pledges for contributions are recorded as contributions receivable. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are made. Amortization of the discount is included in contribution revenue. The Foundation uses the allowance method to reserve for uncollectible accounts. Management periodically evaluates the allowance. As of December 31, 2020 and 2019, the allowance for doubtful accounts was \$18,451 and \$20,000, respectively.

Property and Improvements

It is the Foundation's policy to capitalize all computers, equipment, furniture and computer software at costs greater than \$1,000. Property and improvements are recorded at acquisition cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from 3 to 7 years. Donated property is recorded at its estimated fair value at the day of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Long-lived assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless otherwise stated by the donor, the restriction expires when the asset is purchased.

Contribution Revenues

Contributions received are recorded as revenue without donor restrictions or revenue with donor restrictions, depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to make a gift to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donors are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation sometimes receives donations of marketable securities. Generally, the securities are sold within 7 days of receipt. Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 2. Significant Accounting Policies, *continued*

Financial Instruments

The carrying amount of financial instruments approximate fair value based on quoted market prices or discounted cash flow analysis for cash, restricted cash and time deposits and other financial instruments.

Donated Services

A substantial number of volunteers have donated significant amounts of time to the Foundation's program services and to its fundraising campaigns. No amounts have been recognized in the statement of activities since the work done by the volunteers does not fall under the criteria established by the Financial Accounting Standards Board (FASB).

Functional Expense Allocation

Expenses that are specifically identifiable are charged directly to the appropriate functional category. All other expenses are charged based on a reasonable allocation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Foundation.

Advertising Expense

Advertising costs associated with Foundation's promotion, various campaigns and special event fundraising are expensed as incurred. The Foundation incurred advertising expenses in the amount of \$57,049 and \$81,553 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Foundation is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and has been granted tax-exempt status by the Internal Revenue Service and the California Revenue and Taxation Code. These exemptions are subject to periodic reviewed by the taxing authorities. As of December 31, 2020 and 2019, the Foundation has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. In the opinion of management, there is no unrelated business income subject to income taxes.

The Foundation's exempt organization information returns, IRS Form 990 and California Form 199, are subject to review through three years after the date of filing for federal and four years after the date of filing for state.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 2. Significant Accounting Policies, *continued*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of contributions receivable and depreciable lives of property and improvements. Actual results could differ from those estimates.

Accounting Pronouncements Effective in the Future

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective beginning January 1, 2022. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported changes in net asset balances.

Note 3. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets reduced by amounts not available for general use because of contractual, donor imposed or board designated restrictions within one year of the balance sheet date, as of December 31,

	<u>2020</u>	<u>2019</u>
Cash	\$ 670,780	\$ 937,029
Receivable, current portion, net	250,066	310,086
Total Financial assets, at year end	920,846	1,247,115
Less those unavailable for general expenditures within one year, due to:		
Purpose restricted funds	(98,510)	(518,988)
Time restricted funds, current portion	(185,000)	(200,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 637,336</u>	<u>\$ 528,127</u>

See accompanying Independent Accountants' Review Report.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 3. Liquidity and Availability of Financial Assets, *continued*

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Foundation strives to maintain a minimum of 120 days of operating cash as its reserve.

Note 4. Contributions Receivable

Contributions receivable consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Contributions receivable	\$ 369,022	\$ 472,491
Less: allowance for doubtful accounts	(18,451)	(20,000)
Less: unamortized discount	<u>(2,866)</u>	<u>(2,866)</u>
	<u>\$ 347,705</u>	<u>\$ 449,625</u>

Contributions are expected to be collected according to the following schedule for the years ending December 31:

2021	\$ 250,066
2022	96,034
2023	<u>1,605</u>
	<u>\$ 347,705</u>

Note 5. Accrued Vacation

Accumulated employee paid absences benefits are recognized as liabilities of the Foundation when earned by employees. Accumulated unpaid absences liability totaled \$17,495 and \$10,626 for the years ended December 31, 2020 and 2019, respectively.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 6. Net Assets with Donor Restrictions

As of December 31, 2020 net assets with donor restrictions consist of time restricted contributions in the amount of \$200,000 and funds raised to make grants to nonprofit organizations and collaborative coalitions providing health access, mental health and early childhood development programs and services that serve residents of northern, Sonoma County in the amount of \$163,510. As of December 31, 2019 net assets with donor restrictions consist of time restricted contributions in the amount of \$200,000 and funds raised to make grants to nonprofit organizations and collaborative coalitions providing health access, mental health and early childhood development programs and services that serve residents of northern, Sonoma County in the amount of \$618,988.

Net assets with donor restrictions are released from restriction when the purposes of the restrictions are met. Net assets released from restrictions amounted to \$751,258 and \$744,390 for the years ended December 31, 2020 and 2019, respectively.

Following are the net assets with donor restrictions as included on the statement of financial position at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 98,510	\$ 518,988
Contributions receivable	<u>265,000</u>	<u>300,000</u>
	<u>\$ 363,510</u>	<u>\$ 818,988</u>

Note 7. Government Grant under Paycheck Protection Program

In April 2020, the Foundation applied for a Paycheck Protection Program (“PPP”) loan through the Small Business Administration in relation to the coronavirus pandemic (See Note 9) and received \$63,200 in loan proceeds. The proceeds from the PPP loan were used in full to cover eligible expenses in the year ending December 31, 2020. As of December 31, 2020, the Foundation is reasonably assured that it meets the criteria for the loan to be fully forgiven. As such, the proceeds from the PPP loan have been recorded as grant contribution for the year ended December 31, 2020 in the Statement of Activities and Changes in Net Assets.

Subsequent to the year end, on January 6th, 2021 the loan was forgiven in full.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 8. Commitment under Operating Leases

The Foundation has a non-cancellable lease agreement for office equipment rent requiring minimum monthly payments of \$130 through January 2025.

The Foundation leases its administrative office under an operating lease agreement, which requires monthly payments of approximately \$2,600 through June 2022. Future lease commitments are as follows for the years ending December 31:

2021	\$	34,153
2022		18,110
2023		1,560
2024		1,560
2025		<u>130</u>
	\$	<u>55,513</u>

Rent expense totaled \$31,722 and \$31,200 for years ended December 31, 2020 and 2019, respectively.

Note 9. Concentrations

At various times during the year ended December 31, 2020, the Foundation had deposit amounts with a financial institution in excess of the \$250,000 Federal Deposit Insurance Corporation ("FDIC") insurance limit. At December 31, 2020 and 2019, the Foundation had approximately \$417,000 and \$358,000 in excess of the FDIC insured amount, respectively.

Note 10. Contingencies

On March 11, 2020, The World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closing and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Foundation. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 11. Subsequent Events

The Foundation evaluated subsequent events from January 1, 2021 through July 20, 2021, the date which the financial statements were available to be issued, and determined that other than the loan forgiveness discussed in Note 7, there are no material subsequent events that required recognition or additional disclosure in these financial statements.