

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

Financial Statements
For the Years Ended December 31, 2021 and 2020

Together with Independent Accountants' Report

Healthcare Foundation Northern Sonoma County

Table of Contents

	<u>Page</u>
Independent Accountants' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

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 (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 the Foundation 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 Burkel & Millar, LLP

Santa Rosa, California
July 20, 2022

Healthcare Foundation Northern Sonoma County

Statement of Financial Position

As of December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash	\$ 412,313	\$ -	\$ 412,313
Restricted cash	-	256,885	256,885
Contributions receivable, current portion, net of allowance for doubtful accounts	<u>139,419</u>	<u>167,500</u>	<u>306,919</u>
Total current assets	551,732	424,385	976,117
Contributions receivable , net of current portion and discount	98,450	-	98,450
Property and improvements , net	6,291	-	6,291
Deposits	<u>979</u>	<u>-</u>	<u>979</u>
Total assets	<u><u>\$ 657,452</u></u>	<u><u>\$ 424,385</u></u>	<u><u>\$ 1,081,837</u></u>
Liabilities and net assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 26,961</u>	<u>\$ -</u>	<u>\$ 26,961</u>
Total current liabilities	26,961	-	26,961
Net assets	<u>630,491</u>	<u>424,385</u>	<u>1,054,876</u>
Total liabilities and net assets	<u><u>\$ 657,452</u></u>	<u><u>\$ 424,385</u></u>	<u><u>\$ 1,081,837</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 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	65,066	185,000	250,066
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	979	-	979
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	\$ 32,372	\$ -	\$ 32,372
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 Activities and Changes in Net Assets

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 267,138	\$ 531,604	\$ 798,742
Government grants	59,901	-	59,901
Special events	481,430	-	481,430
Management fees	52,114	-	52,114
Net assets released from restrictions	229,987	(229,987)	-
Total support and revenue	1,090,570	301,617	1,392,187
Expenses			
Program services	945,169	-	945,169
Management and general	213,418	-	213,418
Costs of direct benefits to donors	171,987	-	171,987
Total expenses	1,330,574	-	1,330,574
Changes in net assets	(240,004)	301,617	61,613
Net assets, beginning of year	629,753	363,510	993,263
Net assets, end of year	\$ 389,749	\$ 665,127	\$ 1,054,876

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

Healthcare Foundation Northern Sonoma County

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 159,014	\$ 295,780	\$ 454,794
Government grants	63,621	-	
Special events	442,895	-	442,895
Management fees	23,329	-	
Net assets released from restrictions	751,258	(751,258)	-
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	111,106	-	111,106
Total expenses	1,344,504	-	1,344,504
Changes in net assets	95,613	(455,478)	(359,865)
Net assets, beginning of year	534,140	818,988	1,353,128
Net assets, end of year	\$ 629,753	\$ 363,510	\$ 993,263

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

Statement of Functional Expenses

For the Year Ended December 31, 2021

	Programing	Management and General	Fundraising	Total
Grants given	\$ 572,185	\$ -	\$ -	\$ 572,185
Salaries and wages	137,376	86,839	96,322	320,537
Event expenses	45,537	997	32,975	79,509
Professional services	38,329	28,800	-	67,129
Advertising	48,798	4,288	6,200	59,286
Consultants	50,337	5,867	-	56,204
Occupancy	15,053	15,053	12,902	43,008
Employee benefits	10,894	10,894	9,338	31,126
Payroll tax expenses	9,987	9,987	8,561	28,535
Printing and postage	12,043	6,184	5,426	23,653
Computers and software	-	19,127	-	19,127
Bad debt	4,630	-	-	4,630
Insurance	-	3,955	263	4,218
Equipment and supplies	-	3,730	-	3,730
Telephone	-	2,400	-	2,400
Donor cultivation	-	2,246	-	2,246
Other expenses	-	10,775	-	10,775
	<u>945,169</u>	<u>211,142</u>	<u>171,987</u>	<u>1,328,298</u>
Depreciation	-	2,276	-	2,276
Total Expenses	<u><u>\$ 945,169</u></u>	<u><u>\$ 213,418</u></u>	<u><u>\$ 171,987</u></u>	<u><u>\$ 1,330,574</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, 2020

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

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	<i>Increase (decrease) in Cash and Cash Equivalents</i>	
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 61,613	\$ (359,865)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,276	3,278
Changes in assets and liabilities affecting operating activities		
(Increase) decrease in assets:		
Contributions receivable	(57,664)	101,920
Decrease in liabilities:		
Accounts payable and accrued expenses	<u>(5,411)</u>	<u>(11,582)</u>
Net cash provided by (used in) operating activities	814	(266,249)
Cash flows from investing activities		
Acquisition of property and improvements	<u>(2,396)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,396)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,582)	(266,249)
Cash and cash equivalents, beginning of year	<u>670,780</u>	<u>937,029</u>
Cash and cash equivalents, end of year	<u>\$ 669,198</u>	<u>\$ 670,780</u>
Unrestricted cash and cash equivalents	\$ 412,313	\$ 572,270
Restricted cash and cash equivalents	<u>256,885</u>	<u>98,510</u>
Total cash and cash equivalents	<u>\$ 669,198</u>	<u>\$ 670,780</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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020, the allowance for doubtful accounts was \$14,306 and \$18,451, 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, 2021 and 2020

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 \$59,286 and \$57,049 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020

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 Financial Accounting Standards Board (FASB) issued Accounting Standard Update (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 for the Organization beginning January 1, 2022. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

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>2021</u>	<u>2020</u>
Cash	\$ 669,198	\$ 670,780
Receivable, current portion, net	<u>306,919</u>	<u>250,066</u>
Total financial assets, at year end	976,117	920,846
Less those unavailable for general expenditure within one year, due to:		
Purpose restricted funds	(256,885)	(98,510)
Time restricted funds, current portion	<u>(167,500)</u>	<u>(185,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 551,732</u>	<u>\$ 637,336</u>

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.

See accompanying Independent Accountants' Review Report.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 4. Contributions Receivable

Contributions receivable consist of the following as of December 31:

	2021	2020
Contributions receivable	\$ 421,125	\$ 369,022
Less: allowance for doubtful accounts	(14,306)	(18,451)
Less: unamortized discount	<u>(1,450)</u>	<u>(2,866)</u>
	<u>\$ 405,369</u>	<u>\$ 347,705</u>

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

2022	\$ 321,225
2023	78,280
2024	<u>21,620</u>
	<u>\$ 421,125</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 \$15,537 and \$17,495 for the years ended December 31, 2021 and 2020, respectively.

Note 6. Net Assets with Donor Restrictions

As of December 31, 2021 net assets with donor restrictions consist of time restricted contributions in the amount of \$121,000 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 \$303,385. 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.

Net assets with donor restrictions are released from restriction when the purposes of the restrictions are met. Net assets released from restrictions amounted to \$229,987 and \$751,258 for the years ended December 31, 2021 and 2020, respectively.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 6. Net Assets with Donor Restrictions, *continued*

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

	2021	2020
Cash and cash equivalents	\$ 256,885	\$ 98,510
Contributions receivable	167,500	265,000
	<u>\$ 424,385</u>	<u>\$ 363,510</u>

Note 7. Government Grant under Paycheck Protection Program

In April 2020, the Foundation applied for and received a Paycheck Protection Program (“PPP”) loan through the Small Business Administration in relation to the coronavirus pandemic (see Note 10). The Foundation received \$63,200 in loan proceeds with interest bearing 1%. The proceeds from the PPP loan were used in full to cover eligible expenses in the year ending December 31, 2020 and was forgiven in full in January 2021.

In March 2021, the Foundation applied and received a second round of PPP loan in the amount of \$59,600 with similar repayment terms. The proceeds from the second PPP loan were used in full to cover eligible expenses in the year ending December 31, 2021 and was forgiven in full in September 2021.

The forgiven PPP loans are recognized as government grant revenue and reported on the Statement of Activities and Changes in Net Assets during the year in which management had reasonable assurance that the criteria were met and that all of the loan funds would be forgiven.

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 \$2,800 through July 2023. Future lease commitments are as follows for the years ending December 31:

2022	\$ 34,668
2023	18,114
2024	1,560
2025	130
	<u>\$ 54,472</u>

See accompanying Independent Accountants' Review Report.

Healthcare Foundation Northern Sonoma County

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 8. Commitment under Operating Leases, *continued*

Rent expense totaled \$32,622 and \$31,722 for years ended December 31, 2021 and 2020, respectively.

Note 9. Concentrations

At various times during the year ended December 31, 2021, 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, 2021 and 2019, the Foundation had approximately \$453,000 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.

Although not directly impacted through December 31, 2021, operations and business results of the Foundation could be materially adversely affected in the future, including a reduction in grant and contribution revenues, or an impact to the timing of cash flows. Further, some significant estimates, such as the fair value of investments may be materially adversely impacted by national, state and local events necessary to contain the coronavirus. Throughout the pandemic, the Foundation has implemented safety measures to protect employees and will continue to review them as needed.

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, 2022 through July 20, 2021, the date which the financial statements were available to be issued, and determined that there are no material subsequent events that required recognition or additional disclosure in these financial statements.