

WORKSITE WELLNESS LA  
FINANCIAL STATEMENTS

JUNE 30, 2014

(with summarized comparative totals at June 30, 2013)

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# *Guzman & Gray*

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Worksite Wellness LA

We have reviewed the accompanying statements of financial position of the Worksite Wellness LA (a nonprofit organization) as of June 30, 2014 and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 taken as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct a review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

The 2013 financial statements were previously reviewed by us and the summarized comparative information presented herein as of and for the year ended June 30, 2013 were derived from those reviewed financial statements. In the review report dated October 16, 2013 we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America. We have not performed any procedures in connection with that review engagement since that date.

**GUZMAN & GRAY CPAs**  
Long Beach, CA  
October 31, 2014

WORKSITE WELLNESS LA  
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalent	\$ 85,465	\$ 100,175
Grants receivable	33,057	1,620
Prepaid expenses	5,116	4,226
<b>TOTAL CURRENT ASSETS</b>	<b>123,638</b>	<b>106,021</b>
FURNITURE AND EQUIPMENT, net of accumulated depreciation	-	-
<b>OTHER ASSETS</b>	<b>3,444</b>	<b>3,444</b>
<b>TOTAL ASSETS</b>	<b>\$ 127,082</b>	<b>\$ 109,465</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,166	\$ 5,218
Accrued payroll wages and taxes	5,557	4,313
Accrued vacation payable	1,777	2,762
Grant advances	28,900	13,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,400</b>	<b>25,793</b>
<b>NET ASSETS</b>		
Unrestricted	85,682	83,672
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 127,082</b>	<b>\$ 109,465</b>

See accompanying notes and accountants' review report

WORKSITE WELLNESS LA  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

	2014	2013
Operating Revenue and Support		
Grants and contracts	\$ 248,646	\$ 209,861
Contributions	14,928	22,181
Program fees	25,302	8,880
Other	337	423
Interest	192	61
Total Operating Revenue and Support	289,405	241,406
Expenses		
Program services	255,324	211,933
Management and general	19,871	11,160
Fundraising	12,200	16,743
Total Expenses	287,395	239,836
Change in Net Assets	2,010	1,570
Net Assets - Beginning	83,672	82,102
Net Assets - Ending	\$ 85,682	\$ 83,672

See accompanying notes and accountants' review report

WORKSITE WELLNESS LA  
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

	Program Services	Management and General	Fundraising	2014	2013
Consultant	\$ 38,337		\$ 12,200	\$ 50,537	\$ 38,123
Employee benefits	19,426	\$ 1,689		21,115	15,503
Insurance	6,655	740		7,395	3,449
Accounting	9,698	1,077		10,775	11,194
Meetings & conferences		996		996	
Office expense	4,190	1,047		5,237	2,687
Professional fees	4,598	242		4,840	2,057
Payroll taxes	12,158	1,058		13,215	11,662
Rent	19,380	1,020		20,400	20,400
Salaries and wages	136,433	11,864		148,297	130,933
Telephone	2,624	139		2,763	2,611
Travel	1,825			1,825	1,217
	<u>255,324</u>	<u>19,871</u>	<u>12,200</u>	<u>287,395</u>	<u>239,836</u>
Totals	<u>\$ 255,324</u>	<u>\$ 19,871</u>	<u>\$ 12,200</u>	<u>\$ 287,395</u>	<u>\$ 239,836</u>

See accompanying notes and accountants' review report

WORKSITE WELLNESS LA  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,010	\$ 1,570
Changes in assets and liabilities		
(Increase) decrease in grants receivable	(31,437)	8,274
(Increase) decrease in prepaid expenses	(890)	(836)
Increase (decrease) in accounts payable	(52)	1,513
Increase (decrease) in accrued payroll wages and taxes	1,244	(794)
Increase (decrease) in accrued vacation payable	(985)	1,371
Increase (decrease) in grant advances	15,400	(66,000)
NET CASH FROM OPERATING ACTIVITIES	(14,710)	(54,902)
NET INCREASE IN CASH	(14,710)	(54,902)
CASH AT BEGINNING OF THE YEAR	100,175	155,077
CASH AT END OF YEAR	\$ 85,465	\$ 100,175
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	NONE	NONE
Income tax paid	NONE	NONE

See accompanying notes and accountants' review report

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

NOTE 1 – ORGANIZATION

General

Worksite Wellness LA (Organization) is a not-for-profit entity that strives to improve the health status of low income, medically underserved families through outreach and health education programs in workplaces in Los Angeles County, California.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets include those net assets that may be used by the Organization for any of its programs or administrative support.
- Temporarily restricted net assets are subject to donor imposed restrictions which will be met either by the Organization's actions or the passage of time. Items that increase this net asset category are contributions restricted as to time or purpose. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions have been met or expired. The Organization did not have any temporarily restricted net assets at June 30, 2014 and 2013, respectively.
- Permanently restricted net assets are subject to donor-imposed restrictions that do not expire. Funds held in perpetuity, while the income is available for general or designated program use. The Organization did not have permanently restricted net assets at June 30, 2014 and 2013, respectively.
- Net assets are released by incurring expenses satisfying the restriction or by the occurrence of events specified by the donors.

Basis of Accounting

The Financial statements of the Organization have been prepared in conformity with accounting principles applicable to nonprofit organization. Accordingly, the Organization's net assets are classified for financial reporting purposes and unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions.

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(with summarized comparative totals at June 30, 2013)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents. Short-term investments with an original maturity of three months or less are considered cash equivalents.

Grants and Program Income

Grant and program revenues earned, but not yet received, are recorded as a receivable, and grant and program funds received before the revenue recognition criteria have been met are reported as grant advances. Grant and program expenditures are recorded when the liability is incurred. Grant revenue and expenses relating to each program are classified and recorded in the appropriate general ledger account. General operations and programs are also recorded in the appropriate general ledger account.

Contributions Receivable

Contributions, including unconditional promises, are recognized as revenue net of present value discount, when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded as contribution revenue in the appropriate net asset category when received. Promises of non-cash assets are recorded at fair value. Conditional promises are recorded when donor stipulations are substantially met. The Organization did not have any contributions receivable amounts at June 30, 2014 and 2013, respectively. Contributions receivable are reported net of allowance for doubtful accounts. No allowance for doubtful accounts has been established as management believes that all receivables are collectible at June 30, 2014 and 2013, respectively.

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture, Fixture and Equipment

Furniture, fixture and equipment are stated at cost when purchased and at fair market value when donated. Depreciation and amortization is provided on the straight-line method over estimated useful lives of two to five years. Repairs and maintenance are expenses as incurred. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized.

Accrued Vacation

Accruals for vacation are made on a monthly basis as such benefits become payable to employees. Pay rate increases are applied to the hours earned in prior periods, if any, and are reported in salaries and wages in the statement of functional expenses.

Income Taxes

Worksite Wellness LA a qualified nonprofit organization that is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701 of the California Revenue Code.

Uncertain Tax Provisions

The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of June 30, 2014, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years.

Donated Assets and Services

Contributed Assets

Donated assets and services received in-kind are recorded at their fair market value when the donations are received.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization that do not meet the requirements to be recognized for financial statement purposes.

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services benefited.

Fair Value of Financial Instruments

The Organization has adopted the provisions of Generally Accepted Accounting Principles (GAAP), *Fair Value Measurements and Disclosures* for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis.

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Reporting of Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 31, 2014, which represents the date the financial statements were available to be issued.

NOTE 3 – GRANTS RECEIVABLE AND GRANT ADVANCES

Grants receivable for the years ended June 30, 2014 and 2013 consist of amounts due from granting agencies for the services rendered. The management expects all amounts to be collected and has not set up an allowance for uncollectible amounts. Grant advances represent monies received from granting agencies in accordance with and in advance of the performance of the contract.

Grants receivable consists of the following at June 30,

	<u>2014</u>	<u>2013</u>
Grants and contracts	\$ 29,217	\$ NONE
Program fees	<u>3,840</u>	<u>1,620</u>
	<u>\$ 33,057</u>	<u>\$ 1,620</u>

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

NOTE 3 – GRANTS RECEIVABLE AND GRANT ADVANCES (Continued)

Grant advances consists of the following at June 30,

	2014	2013
Kaiser Permanente	\$ 10,000	\$ 13,500
California Wellness Foundation	18,900	NONE
	\$ 28,900	\$ 13,500

NOTE 4 – FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, Fixtures, and Equipment consists of the following:

	Years Ended June 30,	
	2014	2013
Office Furniture and Furniture	\$ 57,007	\$ 57,007
Less: Accumulated Depreciation	( 57,007)	( 57,007)
	\$ None	\$ None

Depreciation expense for the years ended June 30, 2014 and 2013 was \$0 and \$0, respectively.

NOTE 5 – LEASES

The Organization leases its operation facilities in Los Angeles, California on a month to month basis. Rent payments for the fiscal years 2014 and 2013 were approximately \$1,700 per month, respectively.

Total rent expense for the years ended June 30, 2014 and 2013 was \$20,400 and \$20,400, respectively.

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

NOTE 5 - CONCENTRATION OF CREDIT RISK

Worksite Wellness LA operates in Los Angeles County, California and is subject to fluctuations in the local economy; which could impact contributions, specifically grants and donations.

The Organization maintains interest and noninterest bearing cash equivalent accounts at a financial institution located in Southern California. Some account balances are fully insured by the Federal Deposit Insurance Corporation. Effective January 1, 2011 through December 31, 2013, the Federal Deposit Insurance Corporation (FDIC) will fully insure, without limit, all noninterest bearing transaction accounts. Insurance limit for interest bearing accounts is \$250,000 per depositor per institution. At some times during the year, cash balances may exceed this amount. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

Cash equivalent balances deposited and maintained by financial institutions differ from cash equivalents presented in the statement of financial position due to timing differences.

The Organization received approximately 87% and 88% of its support from grants and contracts for the years ended June 30, 2014 and 2013, respectively. Management believes they are in compliance with all terms and requirements of these contracts.

NOTE 6 – FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other observable inputs, which include quoted prices for similar assets and liabilities, and market support inputs. These inputs could include such items as interest rates, yield curves, auction prices for equipment or per square foot selling prices for real estate.

Level 3: Inputs that are unobservable inputs for assets and liabilities are based on the Organization's assumptions. These include inputs that are internally developed and estimated.

WORKSITE WELLNESS LA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014  
(with summarized comparative totals at June 30, 2013)

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair measurement in its entirety.

Fair Values Measured on a recurring Basis

The carrying value of cash, money market, certificate of deposits, accounts receivables, other assets, accounts payable, accrued expenses and grant advances are reasonable estimates of fair value due to the short term nature of these financial instruments and consequently these instruments are not presented as there are no changes in the valuation of any of these financial instruments.