



# MUELLER & CO., LLP

*Certified Public Accountants ~ Business Advisors*

ASSURANCE &

MUELLER

Chicago & Elgin  
www.muellercpa.com  
847.888.8600 Phone  
847.888.0635 Fax

## WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

### AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

Beth A. Ulbrich

1707 N. Randall Road, Ste. 200

Elgin, Illinois 60123

## CONTENTS

	<u>PAGE</u>
<b>Consolidated Financial Statements</b>	
Independent Auditors' Report.....	1-2
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4-5
Consolidated Statements of Functional Expenses .....	6-7
Consolidated Statements of Cash Flows .....	8
Notes to Consolidated Financial Statements .....	9-22
<b>Supplementary Information</b>	
Independent Auditors' Report on Supplementary Information .....	23
Consolidating Statements of Financial Position.....	24-25
Consolidating Statements of Activities.....	26-27
Statements of Functional Expenses – Wellness House .....	28-29
Statements of Functional Expenses – Wellness House Foundation, Inc. ....	30-31



1707 N. Randall Rd., Suite 200 ■ Elgin, Illinois 60123  
847.888.8600 Fax: 847.888.0635 ■ www.muellercpa.com

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Wellness House and Wellness  
House Foundation, Inc.  
Hinsdale, Illinois

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Wellness House and Wellness House Foundation, Inc., which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

## **Auditors' Responsibility, Continued**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wellness House and Wellness House Foundation, Inc. as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Muller & Co., LLP*

Elgin, Illinois  
October 11, 2016

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS OF JUNE 30, 2016 AND 2015**

**ASSETS**

	<b>2016</b>	<b>2015</b>
<b>Current assets:</b>		
Cash and cash equivalents, current	\$ 783,455	624,656
Receivables:		
Contributions receivable	8,500	25,000
Other receivables	-	12,797
Prepaid expenses	88,179	63,190
 Total current assets	 880,134	 725,643
<b>Other assets:</b>		
Property and equipment, net	2,418,772	2,482,540
Cash and cash equivalents, endowment	349,610	282,597
Investments, endowment	9,346,772	8,478,277
Other	-	12,719
 Total other assets	 12,115,154	 11,256,133
	<b>\$ 12,995,288</b>	<b>11,981,776</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 12,460	3,730
Accrued expenses	91,003	78,462
Deferred income	4,138	5,000
Other	-	17,031
 Total current liabilities	 107,601	 104,223
<b>Net assets:</b>		
Unrestricted:		
Undesignated equity in property and equipment	2,418,772	2,482,540
Board-designated for endowment	4,285,725	4,652,381
Undesignated	635,815	584,139
Temporarily restricted	136,602	40,000
Permanently restricted	5,410,773	4,118,493
 Total net assets	 12,887,687	 11,877,553
	<b>\$ 12,995,288</b>	<b>11,981,776</b>

The accompanying notes are an integral part of the consolidated financial statements.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2016**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>Support and revenue:</b>				
Contributions	\$ 1,010,920	171,501	1,292,280	2,474,701
Special events, net	1,058,607	-	-	1,058,607
Grants	164,750	60,000	-	224,750
In-kind contributions	141,465	-	-	141,465
Net realized and unrealized losses on investments	(49,747)	(88,708)	-	(138,455)
Interest and dividends	103,854	88,708	-	192,562
	<u>2,429,849</u>	<u>231,501</u>	<u>1,292,280</u>	<u>3,953,630</u>
Net assets released from restrictions	<u>134,899</u>	<u>(134,899)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,564,748</u>	<u>96,602</u>	<u>1,292,280</u>	<u>3,953,630</u>
<b>Expenses:</b>				
Program services	2,048,251	-	-	2,048,251
Administrative	222,877	-	-	222,877
Development	672,368	-	-	672,368
	<u>2,943,496</u>	<u>-</u>	<u>-</u>	<u>2,943,496</u>
Change in net assets	(378,748)	96,602	1,292,280	1,010,134
Balance of net assets, July 1, 2015	<u>7,719,060</u>	<u>40,000</u>	<u>4,118,493</u>	<u>11,877,553</u>
Balance of net assets, June 30, 2016	<u>\$ 7,340,312</u>	<u>136,602</u>	<u>5,410,773</u>	<u>12,887,687</u>

The accompanying notes are an integral part of the consolidated financial statements.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2015**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>Support and revenue:</b>				
Contributions	\$ 1,024,404	10,000	3,055,970	4,090,374
Special events, net	904,095	-	-	904,095
Grants	167,250	30,000	-	197,250
In-kind contributions	159,202	-	-	159,202
Net realized and unrealized losses on investments	(182,394)	(22,518)	-	(204,912)
Interest and dividends	111,286	22,518	-	133,804
	<u>2,183,843</u>	<u>40,000</u>	<u>3,055,970</u>	<u>5,279,813</u>
Net assets released from restrictions	-	-	-	-
Total support and revenue	<u>2,183,843</u>	<u>40,000</u>	<u>3,055,970</u>	<u>5,279,813</u>
<b>Expenses:</b>				
Program services	1,901,617	-	-	1,901,617
Administrative	236,245	-	-	236,245
Development	575,780	-	-	575,780
	<u>2,713,642</u>	<u>-</u>	<u>-</u>	<u>2,713,642</u>
Change in net assets	(529,799)	40,000	3,055,970	2,566,171
Balance of net assets, July 1, 2014	<u>8,248,859</u>	<u>-</u>	<u>1,062,523</u>	<u>9,311,382</u>
Balance of net assets, June 30, 2015	<u>\$ 7,719,060</u>	<u>40,000</u>	<u>4,118,493</u>	<u>11,877,553</u>

The accompanying notes are an integral part of the consolidated financial statements.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES						TOTAL PROGRAM SERVICES	ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	CANCER CARE COLLABORATIONS				
Salaries and related expenses:										
Salaries	\$ 189,786	143,565	212,642	106,031	264,819	154,437	1,071,280	64,100	294,585	1,429,965
Employee benefits	35,439	18,298	27,543	10,593	38,561	19,414	149,848	9,565	33,321	192,734
Payroll taxes	13,662	10,462	16,813	7,631	19,948	10,936	79,452	4,315	20,457	104,224
<b>Total salaries and related expenses</b>	<b>238,887</b>	<b>172,325</b>	<b>256,998</b>	<b>124,255</b>	<b>323,328</b>	<b>184,787</b>	<b>1,300,580</b>	<b>77,980</b>	<b>348,363</b>	<b>1,726,923</b>
Computer and phone	11,259	6,661	12,015	4,047	13,317	7,222	54,521	3,107	24,546	82,174
Dues and subscriptions	326	207	443	135	410	172	1,693	79	1,227	2,999
Insurance	1,509	1,702	7,509	1,659	3,328	728	16,435	1,664	775	18,874
Investment fees	-	-	-	-	-	-	-	88,570	-	88,570
Miscellaneous	1,000	1,139	1,349	484	1,371	614	5,957	2,040	17,800	25,797
Occupancy costs	4,004	6,552	30,475	6,400	11,603	1,884	60,918	1,571	3,735	66,224
Office supplies	1,765	1,406	1,528	641	2,110	1,023	8,473	498	6,697	15,668
Postage	2,322	3,231	3,913	1,369	3,454	1,436	15,725	411	2,590	18,726
Printing	5,610	10,312	6,535	3,333	8,491	4,031	38,312	745	19,602	58,659
Professional fees	3,171	7,702	4,656	2,392	5,663	6,501	30,085	38,027	76,943	145,055
Program costs	11,018	41,431	73,059	77,405	6,639	23,514	233,066	-	17,489	250,555
Publicity	3,807	12,794	6,827	3,681	8,024	3,699	38,832	42	4,918	43,792
Rent	641	2,250	1,083	629	1,368	629	6,600	-	19,800	26,400
Repairs and maintenance	3,490	4,233	16,658	3,595	7,373	1,973	37,322	1,565	2,695	41,582
Fundraising events	1,522	5,340	2,570	1,494	3,246	1,494	15,666	-	96,730	112,396
Special events	803	1,439	5,506	1,051	2,006	418	11,223	59	12,548	23,830
Staff activities	5,946	4,311	10,181	2,696	7,673	2,860	33,667	2,128	7,049	42,844
Utilities	1,124	1,674	8,488	1,794	3,251	501	16,832	443	443	17,718
<b>Total expenses before depreciation</b>	<b>298,204</b>	<b>284,709</b>	<b>449,793</b>	<b>237,060</b>	<b>412,655</b>	<b>243,486</b>	<b>1,925,907</b>	<b>218,929</b>	<b>663,950</b>	<b>2,808,786</b>
Depreciation	11,034	14,398	55,855	11,701	23,758	5,598	122,344	3,948	8,418	134,710
<b>Total expenses</b>	<b>\$ 309,238</b>	<b>299,107</b>	<b>505,648</b>	<b>248,761</b>	<b>436,413</b>	<b>249,084</b>	<b>2,048,251</b>	<b>222,877</b>	<b>672,368</b>	<b>2,943,496</b>

The accompanying notes are an integral part of the consolidated financial statements.



**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES						TOTAL PROGRAM SERVICES	ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	CANCER CARE COLLABORATIONS				
Salaries and related expenses:										
Salaries	\$ 171,517	85,816	291,088	78,836	303,688	75,373	1,006,318	51,754	178,645	1,236,717
Employee benefits	21,761	8,653	20,665	7,515	25,746	8,472	92,812	3,795	23,320	119,927
Payroll taxes	12,760	6,298	21,165	5,760	22,655	5,604	74,242	3,373	12,063	89,678
<b>Total salaries and related expenses</b>	<b>206,038</b>	<b>100,767</b>	<b>332,918</b>	<b>92,111</b>	<b>352,089</b>	<b>89,449</b>	<b>1,173,372</b>	<b>58,922</b>	<b>214,028</b>	<b>1,446,322</b>
Computer and phone	12,043	5,952	19,851	5,766	16,441	4,739	64,792	2,447	26,012	93,251
Dues and subscriptions	57	39	169	42	99	23	429	311	47	787
Insurance	1,386	1,287	6,448	1,495	3,027	572	14,215	1,615	904	16,734
Investment fees	-	-	-	-	-	-	-	56,358	-	56,358
Miscellaneous	797	463	1,170	356	1,051	311	4,148	3,680	11,200	19,028
Occupancy costs	3,145	4,044	23,127	4,942	8,986	1,348	45,592	1,167	1,136	47,895
Office supplies	1,606	754	2,332	714	2,118	630	8,154	974	6,208	15,336
Postage	1,511	995	4,103	1,041	2,497	605	10,752	935	5,215	16,902
Printing	3,182	4,588	13,304	3,128	6,504	1,286	31,992	372	18,725	51,089
Professional fees	4,666	2,568	9,463	2,602	6,847	1,835	27,981	97,519	112,132	237,632
Program costs	6,409	58,911	88,214	78,962	5,821	6,601	244,918	155	15,333	260,406
Publicity	2,257	5,804	12,249	2,780	5,402	943	29,435	103	6,207	35,745
Rent	462	594	3,300	726	1,320	198	6,600	-	19,800	26,400
Repairs and maintenance	4,431	3,340	15,215	3,709	8,218	1,795	36,708	1,093	5,571	43,372
Special events	1,887	22,420	5,181	2,859	6,294	30	38,671	-	117,607	156,278
Staff activities	2,852	1,998	4,871	1,262	3,474	948	15,405	6,371	3,931	25,707
Utilities	1,163	1,495	8,305	1,827	3,322	498	16,610	437	437	17,484
<b>Total expenses before depreciation</b>	<b>253,892</b>	<b>216,019</b>	<b>550,220</b>	<b>204,322</b>	<b>433,510</b>	<b>111,811</b>	<b>1,769,774</b>	<b>232,459</b>	<b>564,493</b>	<b>2,566,726</b>
Depreciation	13,310	11,946	59,039	13,783	28,289	5,476	131,843	3,786	11,287	146,916
<b>Total expenses</b>	<b>\$ 267,202</b>	<b>227,965</b>	<b>609,259</b>	<b>218,105</b>	<b>461,799</b>	<b>117,287</b>	<b>1,901,617</b>	<b>236,245</b>	<b>575,780</b>	<b>2,713,642</b>

The accompanying notes are an integral part of the consolidated financial statements.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ 1,010,134	2,566,171
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation	134,710	146,916
Loss on disposal of equipment	6,687	-
Net realized and unrealized losses on investments	138,455	204,912
Contributions of marketable securities	(58,124)	(3,055,970)
Changes in:		
Contributions receivable	16,500	15,123
Other receivables	12,797	(7,735)
Prepaid expenses	(24,989)	(14,188)
Accounts payable	8,730	(40,969)
Accrued expenses	12,541	66,029
Deferred income	(862)	5,000
Employee severance obligation	(17,031)	(18,733)
	<u>1,239,548</u>	<u>(133,444)</u>
<b>Net cash provided by (applied to) operating activities</b>		
<b>Cash provided by (applied to) investing activities:</b>		
Return of principal on annuity	12,719	17,003
Proceeds from sales of investments	2,853,584	2,752,270
Purchases of investments	(3,802,410)	(2,596,876)
Purchases of property and equipment	(77,629)	(39,344)
	<u>(1,013,736)</u>	<u>133,053</u>
<b>Net cash provided by (applied to) investing activities</b>		
Net increase (decrease) in cash and cash equivalents	225,812	(391)
Cash and cash equivalents, beginning of year	<u>907,253</u>	<u>907,644</u>
Cash and cash equivalents, end of year	<u>\$ 1,133,065</u>	<u>907,253</u>
<b>Noncash investing transaction -</b>		
Contribution of marketable securities	<u>\$ 58,124</u>	<u>3,055,970</u>

The accompanying notes are an integral part of the consolidated financial statements.

## WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 - NATURE OF ACTIVITIES

Wellness House, a not-for-profit 501(C)(3) organization, envisions a community where all people affected by cancer thrive. Offered at no cost, and as a complement to medical treatment, Wellness House programs educate, support and empower participants so they will improve their physical and emotional well-being.

Wellness House opened its doors in July 1990 in response to a movement within the local community to follow a national model of providing free psychosocial support to people affected by cancer. At the time, there was a growing body of evidence that tending to the psychological and emotional needs of cancer patients resulted in less anxiety and depression and greater quality of life. In the early years, Wellness House focused its attention on support groups and informational programs.

As the experience of cancer evolved with an emphasis on early detection, enhanced medical interventions and increases in survival rates so did the science regarding the impact of psychosocial programs in decreasing the burden of the cancer experience, not only with patients but with family members as well. The Wellness House program evolved, as well, to meet the changing needs of cancer patients. Programs grew to include healthy living behaviors with a focus on nutritional education as well as exercise classes designed with the special needs of the survivor. Stress reduction programs increased to not only enhance the patient's ability to cope with cancer but also aid in treatment compliance by positively affecting negative side effects of cancer treatment. In addition, programs focusing on children in a home with a cancer patient were developed to meet the specific needs of this population with the goal of keeping them on track developmentally.

Wellness House programs take place in a 15,000 sq. ft. "homelike" environment which welcomes more than 3,000 people annually who make more than 30,000 visits each year. Due to the growing recognition in the medical community of the importance of linking cutting edge medical care to excellent psychosocial support services, Wellness House is expanding its services to serve more people in the medical setting as well as in communities with little or no access to psychosocial support services. The goal is to ensure a seamless transition from the "patient" world to the "participant" world, where all people affected by cancer, including significant others, spouses and children actively participate in programs designed to improve their quality of life through cancer and beyond.

Wellness House Foundation, Inc. is a supporting organization to Wellness House. The majority of its Board of Directors are elected by the Wellness House Board of Directors.

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

Principles of Consolidation

The accompanying consolidated financial statements present the consolidated financial position, activities and cash flows of Wellness House and Wellness House Foundation, Inc. (together known as the "Organization"), which are under common control. All significant inter-entity balances and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable consist of unconditional promises to give that are expected to be collected in future years. Contributions receivable are reported at their discounted value reduced by the allowance for doubtful accounts, if any.

The allowance for doubtful accounts is increased by charges to income and decreased by write-offs. Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past collection experience, known and inherent risks of the contributors comprising the receivable balance, adverse situations that may affect the contributor's ability to pay and current economic conditions. Contributions receivable are written-off when management deems the receivable balance to be uncollectible. Based on a review of outstanding contributions receivable, management determined that allowances for doubtful accounts were not necessary at June 30, 2016 and June 30, 2015.

Investments

Investments are reported at fair value. Unrealized gains and losses are included in the change in net assets. Investment earnings on permanently restricted contributions are reported as increases in unrestricted net assets.

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Property and Equipment

Wellness House capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment are stated at cost or, if donated, at the estimated fair value upon receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed as incurred. The useful lives of property and equipment for purposes of computing depreciation are as follows:

Building and improvements	10 - 40 years
Equipment	5 - 10 years

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Unconditional promises to give are recognized as contribution support and receivables in the period in which the promise is received. Conditional promises to give are recognized as contribution support and receivables when the conditions are substantially met.

In-kind Contributions

A number of volunteers have donated their services to the programs of the Organization. Certain donated services, considered to be professional services, meet the criteria for revenue recognition. The amount of revenue recognized for donated services was \$141,465 and \$159,202 for the years ended June 30, 2016 and 2015, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Functional Allocation of Expenses

Salaries and related employee expenses are allocated to program and support service functions based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on salaries.

Sales Tax

The state of Illinois imposes a sales tax on all of the The Courtyard's sales to nonexempt customers. Refer to Note 15 for further information on The Courtyard. Wellness House collects that sales tax from its customers and remits the entire amount to the state. Wellness House's accounting policy is to record the collections and remittances of sales tax in a liability account.

Use of Estimates

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

Concentration of Credit Risk

The Organization maintains its cash accounts in several financial institutions. The accounts in each institution are insured up to the applicable Federal Deposit Insurance limit. The Organization periodically has deposits in certain institutions in excess of the federal insured limits. The Organization has not experienced any losses in such accounts. The Organization does not believe it is exposed to any significant risk for cash.

Subsequent Events

Management has evaluated subsequent events through October 11, 2016, which is the date the consolidated financial statements were available to be issued.

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Accounting standards generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2            Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Mutual and exchange traded funds: Fair value is measured using quoted prices of the funds in active markets.

Limited partnership: Fair value is measured at the net asset value per share based on the fair value of the underlying investments.

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016 and 2015:

	<b>Assets at Fair Value as of June 30, 2016</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual and exchange traded funds:				
Equities	\$ 4,575,429	-	-	4,575,429
Bond funds	2,248,864	-	-	2,248,864
Equity funds	774,733	-	-	774,733
Limited partnership	-	-	<u>1,747,746</u>	<u>1,747,746</u>
Total assets at fair value	\$ <u>7,599,026</u>	<u>-</u>	<u>1,747,746</u>	<u>9,346,772</u>

	<b>Assets at Fair Value as of June 30, 2015</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual and exchange traded funds:				
Equities	\$ 3,854,205	-	-	3,854,205
Bond funds	2,155,010	-	-	2,155,010
Equity funds	735,826	-	-	735,826
Limited partnership	-	-	<u>1,733,236</u>	<u>1,733,236</u>
Total assets at fair value	\$ <u>6,745,041</u>	<u>-</u>	<u>1,733,236</u>	<u>8,478,277</u>

The following table sets forth a summary of changes in the fair value of the Level 3 investments for the years ended June 30, 2016 and 2015:

	<b>LIMITED PARTNERSHIP</b>	
	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 1,733,236	745,921
Purchase of new shares	-	1,733,236
Sales of shares	-	(718,013)
Net gain (loss) included in change in net assets	<u>14,510</u>	<u>(27,908)</u>
Balance at end of year	\$ <u>1,747,746</u>	<u>1,733,236</u>



WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment of the Organization at June 30, 2016 and 2015 was comprised of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 500,000	500,000
Building and improvements	2,908,384	2,871,745
Equipment	<u>579,704</u>	<u>607,542</u>
Total	3,988,088	3,979,287
Less accumulated depreciation	<u>(1,569,316)</u>	<u>(1,496,747)</u>
Net property and equipment	\$ <u>2,418,772</u>	<u>2,482,540</u>

Depreciation expense was \$134,710 and \$146,916 for the years ended June 30, 2016 and June 30, 2015, respectively.

**NOTE 5 - ENDOWMENT FUNDS**

Wellness House Foundation's endowment was established to provide support to Wellness House. Wellness House Foundation's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Wellness House Foundation, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Wellness House Foundation, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income associated with the permanent endowment is available for unrestricted purposes in accordance with applicable donor gift instrument. In accordance with UPMIFA, Wellness House Foundation, Inc. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Wellness House Foundation, Inc. and (7) Wellness House Foundation, Inc.'s investment policies.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 5 - ENDOWMENT FUNDS, CONTINUED**

*Investment Return Objectives, Risk Parameters and Strategies* – Wellness House Foundation, Inc. has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, Wellness House Foundation, Inc. expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy* – Wellness House Foundation, Inc. has a policy of appropriating for distribution each year to Wellness House, 5% of its endowment funds' average fair value of the prior 12 quarters through the fiscal year end preceding the fiscal year in which the distribution is planned. In establishing this policy, Wellness House Foundation, Inc. considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, certain of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. Additional appropriations are made from board-designated endowment assets each year to cover the management and general expenses of Wellness House Foundation, Inc. Wellness House Foundation, Inc. expects the current spending policies to allow its endowment funds to grow at a nominal average rate of 5% annually.

This is consistent with Wellness House Foundation, Inc.'s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 5 - ENDOWMENT FUNDS, CONTINUED**

*Composition by Type of Fund* - Endowment net asset composition by type of fund as of June 30, 2016:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Board designated	\$ 4,285,725	-	-	4,285,725
Donor restricted	-	-	5,410,773	5,410,773
Total	\$ <u>4,285,725</u>	-	<u>5,410,773</u>	<u>9,696,498</u>

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL ENDOWMENT ASSETS</u>
Endowment net assets at beginning of year	\$ 4,642,381	-	4,118,493	8,760,874
Contributions	1,049	-	1,292,280	1,293,329
Net realized and unrealized losses on investments	(49,194)	(88,708)	-	(137,902)
Interest and dividends	99,992	88,708	-	188,700
Amount appropriated for expenditures:				
Management and general expenses	(95,934)	-	-	(95,934)
Contribution to Wellness House	<u>(312,569)</u>	-	-	<u>(312,569)</u>
Endowment net assets at end of year	\$ <u>4,285,725</u>	-	<u>5,410,773</u>	<u>9,696,498</u>

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 5 - ENDOWMENT FUNDS, CONTINUED**

*Composition by Type of Fund* - Endowment net asset composition by type of fund as of June 30, 2015:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Board designated	\$ 4,642,381	-	-	4,642,381
Donor restricted	<u>-</u>	<u>-</u>	<u>4,118,493</u>	<u>4,118,493</u>
Total	\$ <u>4,642,381</u>	<u>-</u>	<u>4,118,493</u>	<u>8,760,874</u>

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL ENDOWMENT ASSETS</u>
Endowment net assets at beginning of year	\$ 5,047,708	-	1,062,523	6,110,231
Contributions	10,000	-	3,055,970	3,065,970
Net realized and unrealized losses on investments	(182,207)	(22,518)	-	(204,725)
Interest and dividends	106,973	22,518	-	129,491
Amount appropriated for expenditures:				
Management and general expenses	(64,236)	-	-	(64,236)
Contribution to Wellness House	<u>(275,857)</u>	<u>-</u>	<u>-</u>	<u>(275,857)</u>
Endowment net assets at end of year	\$ <u>4,642,381</u>	<u>-</u>	<u>4,118,493</u>	<u>8,760,874</u>

**NOTE 6 - RETIREMENT PLAN**

Wellness House sponsors an Internal Revenue Service approved 403(b) type savings plan (Plan) covering all full-time employees who meet certain age and length of service requirements. Employees may contribute up to 100% of their salary to the Plan subject to Internal Revenue Code limitations. Wellness House is required to contribute a matching amount equal to 50% of the contributions made by the employee up to 8%. Contributions to the Plan were \$36,742 and \$18,690 for the years ended June 30, 2016 and 2015, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 7 - CONDITIONAL CONTRIBUTIONS RECEIVABLE**

During the year ended June 30, 2014, Wellness House received a grant of \$150,000, due in \$50,000 increments in February 2014, 2015 and 2016. Payment of the grant in subsequent years is contingent upon Wellness House's ability to match the donor organization's funds in the amount of \$100,000 for each year of the grant. It is also contingent upon Wellness House's ability to show progress in meeting the grant outcomes and objectives specified in the grant agreement. As of June 30, 2016 and 2015, \$150,000 and \$100,000 of this grant met the conditions specified, respectively.

**NOTE 8 - INCOME TAXES**

Both Wellness House and Wellness House Foundation, Inc. have been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit organization, and accordingly, no provision has been made for either federal or state income taxes.

Both Wellness House and Wellness House Foundation, Inc. have evaluated their tax positions taken for all open tax years. Currently, the 2012, 2013 and 2014 tax years are open and subject to examination by the Internal Revenue Service however, neither Wellness House nor Wellness House Foundation, Inc. is currently under audit or have been contacted by this jurisdiction.

Based on the evaluation of the Wellness House and Wellness House Foundation, Inc.'s tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2016 and 2015.

**NOTE 9 - RESTRICTIONS ON NET ASSETS**

Temporary restrictions on net assets at June 30, 2016 and 2015 are related to donor contributions restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
Exercise programming	\$ 15,000	15,000
Nutritional programming	10,000	10,000
Stress management programming	5,000	5,000
Wellness Beyond Walls	76,602	-
Transportation assistance	20,000	-
Cancer Care Collaborations	<u>10,000</u>	<u>10,000</u>
	\$ <u>136,602</u>	<u>40,000</u>

The restrictions are expected to expire and be released to unrestricted net assets in the following fiscal year.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 10 - OPERATING LEASES**

The Organization has entered into lease commitments for certain building space and equipment. The leases provide for monthly installments ranging from \$263 to \$2,200 over the terms of the leases, which have terminations dates ranging from August 2016 through June 2020. Rent expense included in operations under these lease agreements totaled \$38,998 and \$41,299 for the years ended June 30, 2016 and 2015, respectively.

The aggregate future minimum lease payments on these leases as of June 30, 2016 are as follows:

2017	\$	31,130
2018		3,156
2019		3,156
2020		3,156

**NOTE 11 - JOINT COST OF ACTIVITIES THAT INCLUDE A FUNDRAISING APPEAL**

Wellness House conducts the Walk for Wellness House for the purposes of increasing public awareness and to raise funds for its programs. Costs were allocated as follows:

		<u>2016</u>	<u>2015</u>
Family matters	\$	1,522	1,817
Healthy living		2,570	4,677
Info and education		5,340	6,951
Stress management		1,493	2,748
Support and networking		3,246	6,093
Cancer care collaboration		1,494	-
Development		<u>31,085</u>	<u>78,474</u>
	\$	<u>46,750</u>	<u>100,760</u>

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 11 - JOINT COST OF ACTIVITIES THAT INCLUDE A FUNDRAISING APPEAL,  
CONTINUED**

Wellness House operates a consignment shop for the purposes of raising awareness for customers about the work of the Wellness House, to provide volunteer opportunities for participants and to raise funds for its programs. Costs were allocated as follows:

	<u>2016</u>	<u>2015</u>
Family matters	\$ 2,586	2,876
Info and education	4,369	3,698
Healthy living	9,077	20,542
Stress management	2,538	4,519
Support and networking	5,518	8,217
Cancer care collaborations	2,538	1,233
Development	<u>79,881</u>	<u>113,062</u>
	\$ <u>106,507</u>	<u>154,147</u>

**NOTE 12 - SIGNIFICANT DONORS**

During the year ended June 30, 2016, the Foundation received a contribution to the endowment from one donor which represents 25% of the Organization's consolidated support and revenue. During the year ended June 30, 2015, the Foundation received a contribution to the endowment from another donor, which represents 56% of the Organization's consolidated support and revenue.

**NOTE 13 - RELATED PARTY TRANSACTIONS**

A member of the Board of Directors for Wellness House and Wellness House Foundation, Inc. is Chairman Emeritus of the Organization's Investment Advisor. His son is the founding partner and CEO of the Investment Advisor. Investments under management total \$9,346,772 and \$8,478,277 for the years ended June 30, 2016 and 2015, respectively.

A member of the Board of Directors for Wellness House Foundation, Inc. had an employment relationship with the Investment Advisor until July 31, 2015, and ownership interests in the limited partnerships during the period of July 2014 through January 31, 2015.

**WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 14 - SPECIAL EVENTS, NET**

Net revenue from special events for the years ended June 30, 2016 and 2015 are summarized as follows:

	2016		
	Walk for Wellness House	2015 Ball Gala	Total
Revenue	\$ 503,428	717,383	1,220,811
Less costs of direct benefit to donors	(26,824)	(135,380)	(162,204)
Net revenue from special events	\$ 476,604	582,003	1,058,607
	2015		
	Walk for Wellness House	2014 Ball Gala	Total
Revenue	\$ 597,953	387,404	985,357
Less costs of direct benefit to donors	(33,225)	(48,037)	(81,262)
Net revenue from special events	\$ 564,728	339,367	904,095

**NOTE 15 - THE COURTYARD**

Wellness House operates a social enterprise doing business as The Courtyard which is a consignment furnishings and accessories store located in Hinsdale, Illinois. The store sells donated and consigned furniture and accessories and 100% of the proceeds support the Organization and its mission. In addition to providing revenue for Wellness House, The Courtyard raises awareness for customers about the work of the Organization. The store is primarily staffed with volunteers under the management of two part-time Wellness House employees. Revenues from the store are recognized net of consignment fees and are included as contributions revenue for Wellness House.



**S U P P L E M E N T A R Y   I N F O R M A T I O N**



1707 N. Randall Rd., Suite 200 ■ Elgin, Illinois 60123  
847.888.8600 Fax: 847.888.0635 ■ www.muellercpa.com

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Wellness House and Wellness  
House Foundation, Inc.  
Hinsdale, Illinois

Our report on our audits of the consolidated financial statements of Wellness House and Wellness House Foundation, Inc. for the years ended June 30, 2016 and 2015 appears on pages 1 and 2. Those audits were made for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The 2016 information on pages 24 through 31 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the years ended June 30, 2016 and 2015, taken as a whole.

*Mueller & Co., LLP*

Elgin, Illinois  
October 11, 2016

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**AS OF JUNE 30, 2016**

**ASSETS**

	<u>WELLNESS HOUSE</u>	<u>WELLNESS HOUSE FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b>Current assets:</b>				
Cash and cash equivalents, current	\$ 783,455	-	-	783,455
Receivables -				
Contributions receivable	8,500	-	-	8,500
Prepaid expenses	88,063	116	-	88,179
	<u>880,018</u>	<u>116</u>	<u>-</u>	<u>880,134</u>
<b>Total current assets</b>				
<b>Other assets:</b>				
Property and equipment, net	2,418,772	-	-	2,418,772
Cash and cash equivalents, endowment	-	349,610	-	349,610
Investments, endowment	-	9,346,772	-	9,346,772
	<u>2,418,772</u>	<u>9,696,382</u>	<u>-</u>	<u>12,115,154</u>
<b>Total other assets</b>				
	<u>\$ 3,298,790</u>	<u>9,696,498</u>	<u>-</u>	<u>12,995,288</u>

**LIABILITIES AND NET ASSETS**

	<u>WELLNESS HOUSE</u>	<u>WELLNESS HOUSE FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b>Current liabilities:</b>				
Accounts payable	\$ 12,460	-	-	12,460
Accrued expenses	91,003	-	-	91,003
Deferred income	4,138	-	-	4,138
	<u>107,601</u>	<u>-</u>	<u>-</u>	<u>107,601</u>
<b>Total current liabilities</b>				
<b>Net assets:</b>				
Unrestricted:				
Undesignated equity in property and equipment	2,418,772	-	-	2,418,772
Board-designated for endowment	-	4,285,725	-	4,285,725
Undesignated	635,815	-	-	635,815
Temporarily restricted	136,602	-	-	136,602
Permanently restricted	-	5,410,773	-	5,410,773
	<u>3,191,189</u>	<u>9,696,498</u>	<u>-</u>	<u>12,887,687</u>
<b>Total net assets</b>				
	<u>\$ 3,298,790</u>	<u>9,696,498</u>	<u>-</u>	<u>12,995,288</u>

See Independent Auditors' Report on Supplementary Information.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**AS OF JUNE 30, 2015**

**ASSETS**

	<u>WELLNESS HOUSE</u>	<u>WELLNESS HOUSE FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b>Current assets:</b>				
Cash and cash equivalents, current	\$ 624,656	-	-	624,656
Receivables:				
Contributions receivable	25,000	-	-	25,000
Other receivables	12,797	-	-	12,797
Prepaid expenses	63,190	-	-	63,190
	<u>725,643</u>	<u>-</u>	<u>-</u>	<u>725,643</u>
<b>Other assets:</b>				
Property and equipment, net	2,482,540	-	-	2,482,540
Cash and cash equivalents, endowment	-	282,597	-	282,597
Investments, endowment	-	8,478,277	-	8,478,277
Other	12,719	-	-	12,719
	<u>2,495,259</u>	<u>8,760,874</u>	<u>-</u>	<u>11,256,133</u>
	<u>\$ 3,220,902</u>	<u>8,760,874</u>	<u>-</u>	<u>11,981,776</u>

**LIABILITIES AND NET ASSETS**

	<u>WELLNESS HOUSE</u>	<u>WELLNESS HOUSE FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b>Current liabilities:</b>				
Accounts payable	\$ 3,730	-	-	3,730
Accrued expenses	78,462	-	-	78,462
Deferred income	5,000	-	-	5,000
Other	17,031	-	-	17,031
	<u>104,223</u>	<u>-</u>	<u>-</u>	<u>104,223</u>
<b>Net assets:</b>				
Unrestricted:				
Undesignated equity in property and equipment	2,482,540	-	-	2,482,540
Board-designated for endowment	-	4,652,381	-	4,652,381
Undesignated	584,139	-	-	584,139
Temporarily restricted	40,000	-	-	40,000
Permanently restricted	-	4,118,493	-	4,118,493
	<u>3,106,679</u>	<u>8,770,874</u>	<u>-</u>	<u>11,877,553</u>
	<u>\$ 3,210,902</u>	<u>8,770,874</u>	<u>-</u>	<u>11,981,776</u>

See Independent Auditors' Report on Supplementary Information.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2016**

	WELLNESS HOUSE			WELLNESS HOUSE FOUNDATION				ELIMINATIONS	TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL		
<b>Support and revenue:</b>									
Contributions	\$ 1,322,440	171,501	1,493,941	1,049	-	1,292,280	1,293,329	(312,569)	2,474,701
Special events, net	1,058,607	-	1,058,607	-	-	-	-	-	1,058,607
Grants	164,750	60,000	224,750	-	-	-	-	-	224,750
In-kind contributions	141,465	-	141,465	133,107	-	-	133,107	(133,107)	141,465
Net realized and unrealized losses on investments	(553)	-	(553)	(49,194)	(88,708)	-	(137,902)	-	(138,455)
Interest and dividends	3,862	-	3,862	99,992	88,708	-	188,700	-	192,562
	2,690,571	231,501	2,922,072	184,954	-	1,292,280	1,477,234	(445,676)	3,953,630
Net assets released from restrictions	134,899	(134,899)	-	-	-	-	-	-	-
Total support and revenue	<u>2,825,470</u>	<u>96,602</u>	<u>2,922,072</u>	<u>184,954</u>	<u>-</u>	<u>1,292,280</u>	<u>1,477,234</u>	<u>(445,676)</u>	<u>3,953,630</u>
<b>Expenses:</b>									
Program services	2,181,358	-	2,181,358	312,569	-	-	312,569	(445,676)	2,048,251
Administrative	126,943	-	126,943	95,934	-	-	95,934	-	222,877
Development	539,261	-	539,261	133,107	-	-	133,107	-	672,368
	<u>2,847,562</u>	<u>-</u>	<u>2,847,562</u>	<u>541,610</u>	<u>-</u>	<u>-</u>	<u>541,610</u>	<u>(445,676)</u>	<u>2,943,496</u>
Change in net assets	(22,092)	96,602	74,510	(356,656)	-	1,292,280	935,624	-	1,010,134
Balance of net assets, July 1, 2015	<u>3,076,679</u>	<u>40,000</u>	<u>3,116,679</u>	<u>4,642,381</u>	<u>-</u>	<u>4,118,493</u>	<u>8,760,874</u>	<u>-</u>	<u>11,877,553</u>
Balance of net assets, June 30, 2016	<u>\$ 3,054,587</u>	<u>136,602</u>	<u>3,191,189</u>	<u>4,285,725</u>	<u>-</u>	<u>5,410,773</u>	<u>9,696,498</u>	<u>-</u>	<u>12,887,687</u>

See Independent Auditors' Report on Supplementary Information.

**WELLNESS HOUSE AND  
WELLNESS HOUSE FOUNDATION, INC.**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2015**

	WELLNESS HOUSE			WELLNESS HOUSE FOUNDATION				ELIMINATIONS	TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL		
<b>Support and revenue:</b>									
Contributions	\$ 1,290,261	10,000	1,300,261	10,000	-	3,055,970	3,065,970	(275,857)	4,090,374
Special events, net	904,095	-	904,095	-	-	-	-	-	904,095
Grants	167,250	30,000	197,250	-	-	-	-	-	197,250
In-kind contributions	159,202	-	159,202	134,186	-	-	134,186	(134,186)	159,202
Net realized and unrealized losses on investments	(187)	-	(187)	(182,207)	(22,518)	-	(204,725)	-	(204,912)
Interest and dividends	4,313	-	4,313	106,973	22,518	-	129,491	-	133,804
	2,524,934	40,000	2,564,934	68,952	-	3,055,970	3,124,922	(410,043)	5,279,813
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Total support and revenue	2,524,934	40,000	2,564,934	68,952	-	3,055,970	3,124,922	(410,043)	5,279,813
<b>Expenses:</b>									
Program services	2,035,803	-	2,035,803	275,857	-	-	275,857	(410,043)	1,901,617
Administrative	172,010	-	172,010	64,235	-	-	64,235	-	236,245
Development	451,593	-	451,593	124,187	-	-	124,187	-	575,780
	2,659,406	-	2,659,406	464,279	-	-	464,279	(410,043)	2,713,642
Change in net assets	(134,472)	40,000	(94,472)	(395,327)	-	3,055,970	2,660,643	-	2,566,171
Balance of net assets, July 1, 2014	3,201,151	-	3,201,151	5,047,708	-	1,062,523	6,110,231	-	9,311,382
Balance of net assets, June 30, 2015	\$ 3,066,679	40,000	3,106,679	4,652,381	-	4,118,493	8,770,874	-	11,877,553

See Independent Auditors' Report on Supplementary Information.

WELLNESS HOUSE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES						TOTAL PROGRAM SERVICES	ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	CANCER CARE COLLABORATIONS				
Salaries and related expenses:										
Salaries	\$ 189,786	143,565	212,642	106,031	264,819	154,437	1,071,280	64,100	207,224	1,342,604
Employee benefits	35,439	18,298	27,543	10,593	38,561	19,414	149,848	9,565	21,658	181,071
Payroll taxes	13,662	10,462	16,813	7,631	19,948	10,936	79,452	4,315	13,774	97,541
Total salaries and related expenses	238,887	172,325	256,998	124,255	323,328	184,787	1,300,580	77,980	242,656	1,621,216
Contribution to Wellness House Foundation, Inc.	7,285	17,832	69,226	12,461	22,393	3,910	133,107	-	-	133,107
Computer and phone	11,259	6,661	12,015	4,047	13,317	7,222	54,521	3,107	24,546	82,174
Dues and subscriptions	326	207	443	135	410	172	1,693	79	1,227	2,999
Insurance	1,509	1,702	7,509	1,659	3,328	728	16,435	385	775	17,595
Miscellaneous	1,000	1,139	1,349	484	1,371	614	5,957	1,943	17,800	25,700
Occupancy costs	4,004	6,552	30,475	6,400	11,603	1,884	60,918	1,571	3,735	66,224
Office supplies	1,765	1,406	1,528	641	2,110	1,023	8,473	498	6,697	15,668
Postage	2,322	3,231	3,913	1,369	3,454	1,436	15,725	411	2,590	18,726
Printing	5,610	10,312	6,535	3,333	8,491	4,031	38,312	745	19,602	58,659
Professional fees	3,171	7,702	4,656	2,392	5,663	6,501	30,085	32,039	49,543	111,667
Program costs	11,018	41,431	73,059	77,405	6,639	23,514	233,066	-	17,489	250,555
Publicity	3,807	12,794	6,827	3,681	8,024	3,699	38,832	42	4,918	43,792
Rent	641	2,250	1,083	629	1,368	629	6,600	-	19,800	26,400
Repairs and maintenance	3,490	4,233	16,658	3,595	7,373	1,973	37,322	1,565	2,695	41,582
Fundraising events	1,522	5,340	2,570	1,494	3,246	1,494	15,666	-	96,730	112,396
Special events	803	1,439	5,506	1,051	2,006	418	11,223	59	12,548	23,830
Staff activities	5,946	4,311	10,181	2,696	7,673	2,860	33,667	2,128	7,049	42,844
Utilities	1,124	1,674	8,488	1,794	3,251	501	16,832	443	443	17,718
Total expenses before depreciation	305,489	302,541	519,019	249,521	435,048	247,396	2,059,014	122,995	530,843	2,712,852
Depreciation	11,034	14,398	55,855	11,701	23,758	5,598	122,344	3,948	8,418	134,710
	\$ 316,523	316,939	574,874	261,222	458,806	252,994	2,181,358	126,943	539,261	2,847,562

See Independent Auditors' Report on Supplementary Information.

**WELLNESS HOUSE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	PROGRAM SERVICES						TOTAL PROGRAM SERVICES	ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	CANCER CARE COLLABORATIONS				
Salaries and related expenses:										
Salaries	\$ 171,517	85,816	291,088	78,836	303,688	75,373	1,006,318	51,754	128,965	1,187,037
Employee benefits	21,761	8,653	20,665	7,515	25,746	8,472	92,812	3,795	18,849	115,456
Payroll taxes	12,760	6,298	21,165	5,760	22,655	5,604	74,242	3,373	8,089	85,704
<b>Total salaries and related expenses</b>	<b>206,038</b>	<b>100,767</b>	<b>332,918</b>	<b>92,111</b>	<b>352,089</b>	<b>89,449</b>	<b>1,173,372</b>	<b>58,922</b>	<b>155,903</b>	<b>1,388,197</b>
Contribution to Wellness House Foundation, Inc.	9,393	12,077	67,093	14,761	26,837	4,025	134,186	-	-	134,186
Computer and phone	12,043	5,952	19,851	5,766	16,441	4,739	64,792	2,447	26,012	93,251
Dues and subscriptions	57	39	169	42	99	23	429	311	47	787
Insurance	1,386	1,287	6,448	1,495	3,027	572	14,215	321	904	15,440
Miscellaneous	797	463	1,170	356	1,051	311	4,148	1,597	11,200	16,945
Occupancy costs	3,145	4,044	23,127	4,942	8,986	1,348	45,592	1,167	1,136	47,895
Office supplies	1,606	754	2,332	714	2,118	630	8,154	974	6,208	15,336
Postage	1,511	995	4,103	1,041	2,497	605	10,752	935	5,215	16,902
Printing	3,182	4,588	13,304	3,128	6,504	1,286	31,992	372	18,725	51,089
Professional fees	4,666	2,568	9,463	2,602	6,847	1,835	27,981	93,019	46,070	167,070
Program costs	6,409	58,911	88,214	78,962	5,821	6,601	244,918	155	15,333	260,406
Publicity	2,257	5,804	12,249	2,780	5,402	943	29,435	103	6,207	35,745
Rent	462	594	3,300	726	1,320	198	6,600	-	19,800	26,400
Repairs and maintenance	4,431	3,340	15,215	3,709	8,218	1,795	36,708	1,093	5,571	43,372
Special events	1,887	22,420	5,181	2,859	6,294	30	38,671	-	117,607	156,278
Staff activities	2,852	1,998	4,871	1,262	3,474	948	15,405	6,371	3,931	25,707
Utilities	1,163	1,495	8,305	1,827	3,322	498	16,610	437	437	17,484
<b>Total expenses before depreciation</b>	<b>263,285</b>	<b>228,096</b>	<b>617,313</b>	<b>219,083</b>	<b>460,347</b>	<b>115,836</b>	<b>1,903,960</b>	<b>168,224</b>	<b>440,306</b>	<b>2,512,490</b>
Depreciation	13,310	11,946	59,039	13,783	28,289	5,476	131,843	3,786	11,287	146,916
<b>Total expenses</b>	<b>\$ 276,595</b>	<b>240,042</b>	<b>676,352</b>	<b>232,866</b>	<b>488,636</b>	<b>121,312</b>	<b>2,035,803</b>	<b>172,010</b>	<b>451,593</b>	<b>2,659,406</b>

See Independent Auditors' Report on Supplementary Information.



WELLNESS HOUSE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES						ADMINISTRATIVE	DEVELOPMENT	TOTAL	
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	CANCER CARE COLLABORATIONS				TOTAL PROGRAM SERVICES
Salaries and related expenses:										
Salaries	\$ -	-	-	-	-	-	-	87,361	87,361	
Employee benefits	-	-	-	-	-	-	-	11,663	11,663	
Payroll taxes	-	-	-	-	-	-	-	6,683	6,683	
Total salaries and related expenses	-	-	-	-	-	-	-	105,707	105,707	
Contribution to Wellness House	30,362	106,554	51,291	29,796	64,770	29,796	312,569	-	312,569	
Insurance	-	-	-	-	-	-	-	1,279	1,279	
Investment fees	-	-	-	-	-	-	-	88,570	88,570	
Miscellaneous	-	-	-	-	-	-	-	97	97	
Professional fees	-	-	-	-	-	-	-	5,988	33,388	
	\$ 30,362	106,554	51,291	29,796	64,770	29,796	312,569	95,934	133,107	541,610

See Independent Auditors' Report on Supplementary Information.

WELLNESS HOUSE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES						ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	CANCER CARE COLLABORATIONS			
Salaries and related expenses:									
Salaries	\$ -	-	-	-	-	-	-	49,680	49,680
Employee benefits	-	-	-	-	-	-	-	4,471	4,471
Payroll taxes	-	-	-	-	-	-	-	3,974	3,974
Total salaries and related expenses	-	-	-	-	-	-	-	58,125	58,125
Contribution to Wellness House	19,310	24,827	137,929	30,344	55,171	8,276	275,857	-	275,857
Insurance	-	-	-	-	-	-	-	1,294	1,294
Investment fees	-	-	-	-	-	-	-	56,358	56,358
Miscellaneous	-	-	-	-	-	-	-	2,083	2,083
Professional fees	-	-	-	-	-	-	-	4,500	70,562
	\$ 19,310	24,827	137,929	30,344	55,171	8,276	275,857	64,235	124,187
									464,279

See Independent Auditors' Report on Supplementary Information.