



MUELLER & CO., LLP

Certified Public Accountants ~ Business Advisors

ASSURANCE &

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

MUELLER

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CONTENTS

	<u>PAGE</u>
Consolidated Financial Statements	
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	9-24
Supplementary Information	
Independent Auditors' Report on Supplementary Information	25
Consolidating Statements of Financial Position.....	26-27
Consolidating Statements of Activities.....	28-29
Statements of Functional Expenses – Wellness House	30-31
Statements of Functional Expenses – Wellness House Foundation, Inc.	32-33



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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, 2017 and 2016, 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, 2017 and 2016, 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
September 11, 2017

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Current assets:		
Cash and cash equivalents, current	\$ 953,754	783,455
Receivables:		
Contributions receivable	-	8,500
Miscellaneous receivables	1,471	-
Prepaid expenses	58,579	88,179
Total current assets	1,013,804	880,134
Other assets:		
Property and equipment, net	2,413,500	2,418,772
Cash and cash equivalents, endowment	200,849	349,610
Investments, endowment	10,762,606	9,346,772
Total other assets	13,376,955	12,115,154
	\$ 14,390,759	12,995,288

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 24,979	12,460
Accrued expenses	74,768	91,003
Deferred income	5,000	4,138
Total current liabilities	104,747	107,601
Net assets:		
Unrestricted:		
Undesignated equity in property and equipment	2,413,500	2,418,772
Board-designated for endowment	4,898,067	4,285,725
Undesignated	649,630	635,815
	7,961,197	7,340,312
Temporarily restricted	502,590	136,602
Permanently restricted	5,822,225	5,410,773
Total net assets	14,286,012	12,887,687
	\$ 14,390,759	12,995,288

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, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Support and revenue:				
Contributions	\$ 1,122,356	174,733	411,452	1,708,541
Special events, net	973,554	-	-	973,554
Grants	107,350	240,000	-	347,350
Corporate donations	7,500	-	-	7,500
In-kind contributions	234,433	-	-	234,433
Net realized and unrealized gains on investments	477,413	622,024	-	1,099,437
Interest and dividends	86,663	109,585	-	196,248
	<u>3,009,269</u>	<u>1,146,342</u>	<u>411,452</u>	<u>4,567,063</u>
Net assets released from restrictions	<u>780,354</u>	<u>(780,354)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,789,623</u>	<u>365,988</u>	<u>411,452</u>	<u>4,567,063</u>
Expenses:				
Program services	2,278,135	-	-	2,278,135
Administrative	251,436	-	-	251,436
Development	639,167	-	-	639,167
	<u>3,168,738</u>	<u>-</u>	<u>-</u>	<u>3,168,738</u>
Change in net assets	620,885	365,988	411,452	1,398,325
Balance of net assets, July 1, 2016	<u>7,340,312</u>	<u>136,602</u>	<u>5,410,773</u>	<u>12,887,687</u>
Balance of net assets, June 30, 2017	<u>\$ 7,961,197</u>	<u>502,590</u>	<u>5,822,225</u>	<u>14,286,012</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, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Support and revenue:				
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>
Expenses:				
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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	PROGRAM SERVICES						ADMINISTRATIVE	DEVELOPMENT	TOTAL	
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	OFFSITE PROGRAMS				TOTAL PROGRAM SERVICES
Salaries and related expenses:										
Salaries	\$ 180,313	139,707	275,558	111,578	301,870	179,885	1,188,911	93,058	291,387	1,573,356
Employee benefits	35,856	17,310	37,299	14,837	38,741	20,401	164,444	8,800	32,827	206,071
Payroll taxes	13,270	10,267	20,660	8,125	22,609	12,945	87,876	6,507	21,065	115,448
Total salaries and related expenses	229,439	167,284	333,517	134,540	363,220	213,231	1,441,231	108,365	345,279	1,894,875
Computer and phone	10,687	6,046	13,282	4,821	12,193	6,325	53,354	2,137	16,032	71,523
Dues and subscriptions	353	170	367	146	381	201	1,618	111	1,427	3,156
Insurance	1,926	2,272	7,786	1,687	3,438	1,067	18,176	2,129	1,451	21,756
Investment fees	-	-	-	-	-	-	-	94,978	-	94,978
Miscellaneous	1,050	1,031	2,981	735	1,597	597	7,991	3,348	10,717	22,056
Occupancy costs	2,970	7,325	27,964	5,047	9,045	1,598	53,949	1,210	3,185	58,344
Office supplies	1,516	1,234	1,763	734	1,847	938	8,032	304	5,914	14,250
Postage	1,867	4,885	2,732	1,543	3,568	1,688	16,283	165	3,704	20,152
Printing	5,449	12,896	7,702	4,241	9,882	4,712	44,882	1,007	15,518	61,407
Professional fees	8,651	23,517	12,755	7,247	16,723	7,899	76,792	31,086	27,016	134,894
Program costs	12,188	55,289	61,260	92,250	3,370	26,872	251,229	-	17,784	269,013
Publicity	3,916	16,479	6,876	4,357	9,735	4,468	45,831	23	11,434	57,288
Rent	560	2,351	995	634	1,415	645	6,600	-	19,800	26,400
Repairs and maintenance	2,517	4,152	15,002	3,142	5,574	1,377	31,764	909	2,034	34,707
Fundraising events	2,652	11,136	4,711	3,004	6,700	3,057	31,260	-	136,228	167,488
Special events	928	2,029	7,775	1,432	2,600	524	15,288	24	6,714	22,026
Staff activities	2,729	4,360	5,014	1,398	4,446	1,910	19,857	982	3,408	24,247
Utilities	812	1,979	7,681	1,159	2,481	428	14,540	389	389	15,318
Total expenses before depreciation	290,210	324,435	520,163	268,117	458,215	277,537	2,138,677	247,167	628,034	3,013,878
Depreciation	12,999	17,866	62,773	12,987	25,655	7,178	139,458	4,269	11,133	154,860
Total expenses	\$ 303,209	342,301	582,936	281,104	483,870	284,715	2,278,135	251,436	639,167	3,168,738

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	OFFSITE PROGRAMS				
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
Total salaries and related expenses	238,887	172,325	256,998	124,255	323,328	184,787	1,300,580	77,980	348,363	1,726,923
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
Total expenses before depreciation	298,204	284,709	449,793	237,060	412,655	243,486	1,925,907	218,929	663,950	2,808,786
Depreciation	11,034	14,398	55,855	11,701	23,758	5,598	122,344	3,948	8,418	134,710
Total expenses	\$ 309,238	299,107	505,648	248,761	436,413	249,084	2,048,251	222,877	672,368	2,943,496

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

AS OF JUNE 30, 2017 AND 2016

	2017	2016
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 1,398,325	1,010,134
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation	154,860	134,710
Loss on disposal of equipment	4,271	6,687
Net realized and unrealized (gains) losses on investments	(1,099,437)	138,455
Contributions of investments	(230,030)	(58,124)
Changes in:		
Contributions receivable	8,500	16,500
Miscellaneous receivables	(1,471)	12,797
Prepaid expenses	29,600	(24,989)
Accounts payable	12,519	8,730
Accrued expenses	(16,235)	12,541
Deferred income	862	(862)
Employee severance obligation	-	(17,031)
	<u>261,764</u>	<u>1,239,548</u>
Cash provided by (applied to) investing activities:		
Return of principal on annuity	-	12,719
Proceeds from sales of investments	3,806,777	2,853,584
Purchases of investments	(3,893,144)	(3,802,410)
Purchases of property and equipment	(153,859)	(77,629)
	<u>(240,226)</u>	<u>(1,013,736)</u>
Net increase in cash and cash equivalents	21,538	225,812
Cash and cash equivalents, beginning of year	<u>1,133,065</u>	<u>907,253</u>
Cash and cash equivalents, end of year	\$ <u><u>1,154,603</u></u>	\$ <u><u>1,133,065</u></u>
Noncash investing transaction -		
Contribution of investments	\$ <u><u>230,030</u></u>	\$ <u><u>58,124</u></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 consolidated 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, 2017 and June 30, 2016.

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

Revenue Recognition

The majority of funding for the Organization's operations is provided by contributions and grants. Contribution revenues and other support are recognized in the fiscal year in which they are received. Grant revenues are recognized in the fiscal year in which they are awarded. Conditional promises to give are recognized as contribution support and receivables when the conditions are substantially met. Payments received in advance for conditional promises to give are initially recorded as deferred revenue. Special event revenues are recognized in the fiscal year in which the event is conducted.

Support and Revenue

Contributions received are measured at their fair values and are reported as an increase in net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

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 \$234,433 and \$141,465 for the years ended June 30, 2017 and 2016, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Unrestricted Net Assets

Unrestricted net assets are net assets that are a) not subject to donor-imposed stipulations and b) those resources for which temporary donor imposed stipulations have been satisfied.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization pursuant to those stipulations and/or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that the resources be maintained permanently by the Organization. Earnings, gains and losses on permanently restricted net assets are included in unrestricted revenue and other support unless restricted by donors.

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.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Adoption of Accounting Policy – Net Asset Value Disclosures

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or its equivalent). The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the consolidated statements of financial position. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. The amendments in ASU No. 2015-07 are effective for public business entities for fiscal years beginning after December 15, 2015. For all other entities, the amendments in ASU No. 2015-07 are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented. The Organization adopted ASU No. 2015-07 for the year ended June 30, 2017, and it was retrospectively applied to the year ended June 30, 2016. Prior year disclosures have been revised to reflect the retrospective application of this update. The impact of adopting ASU No. 2015-07 is reflected in Note 3.

New Accounting Standard – Presentation of Financial Statements

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). ASU No. 2016-14 is intended to simplify how the Organization classifies its net assets, and also improve the information it presents in the consolidated financial statements and notes about liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods with fiscal years beginning after December 15, 2018. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-14 and the effect that ASU No. 2016-14 is expected to have on its financial position, results of operations and cash flows and related disclosures.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Management has evaluated subsequent events through September 11, 2017, which is the date the consolidated financial statements were available to be issued.

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.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

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

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

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, 2017 and 2016.

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 NAV per share based on the fair value of the underlying investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

Were the Organization to initiate a full redemption of the limited partnership, the investment adviser reserves the right to temporarily delay withdrawal from the limited partnership in order to ensure that securities liquidations will be carried out in an orderly business manner.

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, 2017 and 2016:

	Assets at Fair Value as of June 30, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets in the fair value hierarchy:				
Mutual and exchange traded funds:				
Equities	\$ 3,931,734	460,522	-	4,392,256
Bond and bond funds	3,251,580	-	-	3,251,580
Equity and exchange traded funds	<u>1,246,194</u>	<u>-</u>	<u>-</u>	<u>1,246,194</u>
Total assets in the fair value hierarchy	\$ <u>8,429,508</u>	<u>460,522</u>	<u>-</u>	<u>8,890,030</u>
Assets measured at NAV ^(a)				<u>1,872,576</u>
Total assets at fair value			\$	<u><u>10,762,606</u></u>

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Mutual and exchange traded funds:				
Equities	\$ 4,575,429	-	-	4,575,429
Bond and bond funds	2,248,864	-	-	2,248,864
Equity and exchange traded funds	<u>774,733</u>	<u>-</u>	<u>-</u>	<u>774,733</u>
Total assets in the fair value hierarchy	\$ <u>7,599,026</u>	<u>-</u>	<u>-</u>	<u>7,599,026</u>
Assets measured at NAV ^(a)				<u>1,747,746</u>
Total assets at fair value			\$	<u><u>9,346,772</u></u>

^(a) In accordance with subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

For the years ended June 30, 2017 and 2016, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of June 30, 2017 and 2016, respectively.

June 30, 2017	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited Partnership	\$ 1,872,576	N/A	Quarterly	45 days
June 30, 2016	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited Partnership	\$ 1,747,746	N/A	Quarterly	45 days

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, 2017 and 2016 was comprised of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 500,000	500,000
Building and improvements	2,952,203	2,908,384
Equipment	<u>629,859</u>	<u>579,704</u>
Total	4,082,062	3,988,088
Less accumulated depreciation	<u>(1,668,562)</u>	<u>(1,569,316)</u>
Net property and equipment	\$ <u>2,413,500</u>	<u>2,418,772</u>

Depreciation expense was \$154,860 and \$134,710 for the years ended June 30, 2017 and June 30, 2016, 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.

Funds with Deficiencies – From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the historic dollar value at the date of the gift.

There were no such deficiencies at June 30, 2017 or 2016.

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, 2017:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Board designated	\$ 4,898,067	-	-	4,898,067
Donor restricted	<u>-</u>	<u>249,282</u>	<u>5,822,225</u>	<u>6,071,507</u>
Total	\$ <u>4,898,067</u>	<u>249,282</u>	<u>5,822,225</u>	<u>10,969,574</u>

Changes in endowment net assets for the year ended June 30, 2017 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	\$ 4,285,725	-	5,410,773	9,696,498
Contributions	50,773	-	411,452	462,225
Net realized and unrealized gains on investments	477,453	622,024	-	1,099,477
Interest and dividends	84,116	109,585	-	193,701
Amount appropriated for expenditures:				
Management and general expenses	-	(103,627)	-	(103,627)
Contribution to Wellness House	<u>-</u>	<u>(378,700)</u>	<u>-</u>	<u>(378,700)</u>
Endowment net assets at end of year	\$ <u>4,898,067</u>	<u>249,282</u>	<u>5,822,225</u>	<u>10,969,574</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, 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>-</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>-</u>	<u>-</u>	<u>(312,569)</u>
Endowment net assets at end of year	\$ <u>4,285,725</u>	<u>-</u>	<u>5,410,773</u>	<u>9,696,498</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 \$49,658 and \$36,742 for the years ended June 30, 2017 and 2016, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 7 - 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 2013, 2014 and 2015 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, 2017 and 2016.

NOTE 8 - RESTRICTIONS ON NET ASSETS

Temporary restrictions on net assets at June 30, 2017 and 2016 are related to donor contributions restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
Offsite programs	\$ 10,000	10,000
Healthy living programming	50,380	10,000
Stress management programming	13,740	5,000
Wellness Beyond Walls	157,587	76,602
Information and education	18,320	-
Wig Boutique	3,281	-
Exercise programming	-	15,000
Transportation assistance	-	20,000
Endowment return available for future expenditures	<u>249,282</u>	<u>-</u>
	<u>\$ 502,590</u>	<u>136,602</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 9 - 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 ending June 2020. Expenses included in operations under these lease agreements totaled \$38,160 and \$38,998 for the years ended June 30, 2017 and 2016, respectively.

The aggregate future minimum lease payments on these leases as of June 30, 2017 are as follows:

2018	\$	38,160
2019		11,760
2020		3,156

NOTE 10 - 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>2017</u>	<u>2016</u>
Family matters	\$ 2,652	1,522
Healthy living	4,711	2,570
Info and education	11,136	5,340
Stress management	3,004	1,493
Support and networking	6,700	3,246
Offsite programs	3,057	1,494
Development	<u>63,467</u>	<u>31,085</u>
	\$ <u>94,727</u>	<u>46,750</u>

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

**NOTE 10 - 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>2017</u>	<u>2016</u>
Family matters	\$ 2,307	2,586
Info and education	4,098	4,369
Healthy living	9,687	9,077
Stress management	2,613	2,538
Support and networking	5,828	5,518
Offsite programs	2,659	2,538
Development	<u>81,577</u>	<u>79,881</u>
	\$ <u>108,769</u>	<u>106,507</u>

NOTE 11 - SIGNIFICANT DONORS

During the year ended June 30, 2017, there were no significant donor concentrations. 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.

NOTE 12 - 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 \$10,762,606 and \$9,346,772 for the years ended June 30, 2017 and 2016, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

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

NOTE 13 - SPECIAL EVENTS, NET

Net revenue from special events for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017		
	Walk for Wellness House	Ball Gala	Total
Revenue	\$ 629,393	496,227	1,125,620
Less costs of direct benefit to donors	(27,343)	(124,723)	(152,066)
Net revenue from special events	\$ <u>602,050</u>	<u>371,504</u>	<u>973,554</u>
	2016		
	Walk for Wellness House	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	\$ <u>476,604</u>	<u>582,003</u>	<u>1,058,607</u>

NOTE 14 - 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; 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.

NOTE 15 - RECLASSIFICATIONS

Certain amounts in the 2016 financial statements have been reclassified to conform to the year 2017 presentation.

During 2017 Cancer Care Collaborations was renamed Offsite programs. The name change was designed to more accurately reflect the type of work the Organization performs for these programs. This name change is reflected in Notes 8 and 10 and the consolidated statements of functional expenses.

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



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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, 2017 and 2016 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 2017 and 2016 information on pages 26 through 33 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, 2017 and 2016, taken as a whole.

Mueller & Co., LLP

Elgin, Illinois
September 11, 2017

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2017

ASSETS

	WELLNESS HOUSE	WELLNESS HOUSE FOUNDATION	ELIMINATIONS	TOTAL
Current assets:				
Cash and cash equivalents, current	\$ 953,754	-	-	953,754
Receivables -				
Miscellaneous receivables	1,471	5,300	(5,300)	1,471
Prepaid expenses	57,760	819	-	58,579
	<u>1,012,985</u>	<u>6,119</u>	<u>(5,300)</u>	<u>1,013,804</u>
Total current assets				
	<u>1,012,985</u>	<u>6,119</u>	<u>(5,300)</u>	<u>1,013,804</u>
Other assets:				
Property and equipment, net	2,413,500	-	-	2,413,500
Cash and cash equivalents, endowment	-	200,849	-	200,849
Investments, endowment	-	10,762,606	-	10,762,606
	<u>2,413,500</u>	<u>10,963,455</u>	<u>-</u>	<u>13,376,955</u>
Total other assets				
	<u>2,413,500</u>	<u>10,963,455</u>	<u>-</u>	<u>13,376,955</u>
	<u>\$ 3,426,485</u>	<u>10,969,574</u>	<u>(5,300)</u>	<u>14,390,759</u>

LIABILITIES AND NET ASSETS

	WELLNESS HOUSE	WELLNESS HOUSE FOUNDATION	ELIMINATIONS	TOTAL
Current liabilities:				
Accounts payable	\$ 30,279	-	(5,300)	24,979
Accrued expenses	74,768	-	-	74,768
Deferred income	5,000	-	-	5,000
	<u>110,047</u>	<u>-</u>	<u>(5,300)</u>	<u>104,747</u>
Total current liabilities				
	<u>110,047</u>	<u>-</u>	<u>(5,300)</u>	<u>104,747</u>
Net assets:				
Unrestricted:				
Undesignated equity in				
property and equipment	2,413,500	-	-	2,413,500
Board-designated for endowment	-	4,898,067	-	4,898,067
Undesignated	649,630	-	-	649,630
Temporarily restricted	253,308	249,282	-	502,590
Permanently restricted	-	5,822,225	-	5,822,225
	<u>3,316,438</u>	<u>10,969,574</u>	<u>-</u>	<u>14,286,012</u>
Total net assets				
	<u>3,316,438</u>	<u>10,969,574</u>	<u>-</u>	<u>14,286,012</u>
	<u>\$ 3,426,485</u>	<u>10,969,574</u>	<u>(5,300)</u>	<u>14,390,759</u>

See Independent Auditors' Report on Supplementary Information.

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2016

ASSETS

	WELLNESS HOUSE	WELLNESS HOUSE FOUNDATION	ELIMINATIONS	TOTAL
Current assets:				
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>
Total current assets				
	<u>880,018</u>	<u>116</u>	<u>-</u>	<u>880,134</u>
Other assets:				
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>
Total other assets				
	<u>2,418,772</u>	<u>9,696,382</u>	<u>-</u>	<u>12,115,154</u>
	<u>\$ 3,298,790</u>	<u>9,696,498</u>	<u>-</u>	<u>12,995,288</u>

LIABILITIES AND NET ASSETS

	WELLNESS HOUSE	WELLNESS HOUSE FOUNDATION	ELIMINATIONS	TOTAL
Current liabilities:				
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>
Total current liabilities				
	<u>107,601</u>	<u>-</u>	<u>-</u>	<u>107,601</u>
Net assets:				
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>
Total net assets				
	<u>3,191,189</u>	<u>9,696,498</u>	<u>-</u>	<u>12,887,687</u>
	<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 ACTIVITIES

YEAR ENDED JUNE 30, 2017

	WELLNESS HOUSE			WELLNESS HOUSE FOUNDATION			ELIMINATIONS	TOTAL	
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED			
Support and revenue:									
Contributions	\$ 1,450,299	174,733	1,625,032	50,773	-	411,452	462,225	(378,716)	1,708,541
Special events, net	973,554	-	973,554	-	-	-	-	-	973,554
Grants	107,350	240,000	347,350	-	-	-	-	-	347,350
Corporate donations	7,500	-	7,500	-	-	-	-	-	7,500
In-kind contributions	234,433	-	234,433	101,900	-	-	101,900	(101,900)	234,433
Net realized and unrealized gains (losses) on investments	(40)	-	(40)	477,453	622,024	-	1,099,477	-	1,099,437
Interest and dividends	2,547	-	2,547	84,116	109,585	-	193,701	-	196,248
	<u>2,775,643</u>	<u>414,733</u>	<u>3,190,376</u>	<u>714,242</u>	<u>731,609</u>	<u>411,452</u>	<u>1,857,303</u>	<u>(480,616)</u>	<u>4,567,063</u>
Net assets released from restrictions	298,027	(298,027)	-	482,327	(482,327)	-	-	-	-
Total support and revenue	<u>3,073,670</u>	<u>116,706</u>	<u>3,190,376</u>	<u>1,196,569</u>	<u>249,282</u>	<u>411,452</u>	<u>1,857,303</u>	<u>(480,616)</u>	<u>4,567,063</u>
Expenses:									
Program services	2,380,035	-	2,380,035	378,700	-	-	378,700	(480,600)	2,278,135
Administrative	135,307	-	135,307	116,145	-	-	116,145	(16)	251,436
Development	549,785	-	549,785	89,382	-	-	89,382	-	639,167
	<u>3,065,127</u>	<u>-</u>	<u>3,065,127</u>	<u>584,227</u>	<u>-</u>	<u>-</u>	<u>584,227</u>	<u>(480,616)</u>	<u>3,168,738</u>
Change in net assets	8,543	116,706	125,249	612,342	249,282	411,452	1,273,076	-	1,398,325
Balance of net assets, July 1, 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>
Balance of net assets, June 30, 2017	<u>\$ 3,063,130</u>	<u>253,308</u>	<u>3,316,438</u>	<u>4,898,067</u>	<u>249,282</u>	<u>5,822,225</u>	<u>10,969,574</u>	<u>-</u>	<u>14,286,012</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			
Support and revenue:									
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>
Expenses:									
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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	PROGRAM SERVICES						ADMINISTRATIVE	DEVELOPMENT	TOTAL	
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	OFFSITE PROGRAMS				TOTAL PROGRAM SERVICES
Salaries and related expenses:										
Salaries	\$ 180,313	139,707	275,558	111,578	301,870	179,885	1,188,911	82,712	217,518	1,489,141
Employee benefits	35,856	17,310	37,299	14,837	38,741	20,401	164,444	7,419	22,965	194,828
Payroll taxes	13,270	10,267	20,660	8,125	22,609	12,945	87,876	5,716	15,414	109,006
Total salaries and related expenses	229,439	167,284	333,517	134,540	363,220	213,231	1,441,231	95,847	255,897	1,792,975
Contribution to Wellness House Foundation, Inc.	5,072	10,731	53,556	8,800	19,398	4,343	101,900	16	-	101,916
Computer and phone	10,687	6,046	13,282	4,821	12,193	6,325	53,354	2,137	16,032	71,523
Dues and subscriptions	353	170	367	146	381	201	1,618	111	1,427	3,156
Insurance	1,926	2,272	7,786	1,687	3,438	1,067	18,176	515	1,451	20,142
Miscellaneous	1,050	1,031	2,981	735	1,597	597	7,991	3,228	10,717	21,936
Occupancy costs	2,970	7,325	27,964	5,047	9,045	1,598	53,949	1,210	3,185	58,344
Office supplies	1,516	1,234	1,763	734	1,847	938	8,032	304	5,914	14,250
Postage	1,867	4,885	2,732	1,543	3,568	1,688	16,283	165	3,704	20,152
Printing	5,449	12,896	7,702	4,241	9,882	4,712	44,882	1,007	15,518	61,407
Professional fees	8,651	23,517	12,755	7,247	16,723	7,899	76,792	24,171	27,016	127,979
Program costs	12,188	55,289	61,260	92,250	3,370	26,872	251,229	-	17,784	269,013
Publicity	3,916	16,479	6,876	4,357	9,735	4,468	45,831	23	11,434	57,288
Rent	560	2,351	995	634	1,415	645	6,600	-	19,800	26,400
Repairs and maintenance	2,517	4,152	15,002	3,142	5,574	1,377	31,764	909	2,034	34,707
Fundraising events	2,652	11,136	4,711	3,004	6,700	3,057	31,260	-	136,228	167,488
Special events	928	2,029	7,775	1,432	2,600	524	15,288	24	6,714	22,026
Staff activities	2,729	4,360	5,014	1,398	4,446	1,910	19,857	982	3,408	24,247
Utilities	812	1,979	7,681	1,159	2,481	428	14,540	389	389	15,318
Total expenses before depreciation	295,282	335,166	573,719	276,917	477,613	281,880	2,240,577	131,038	538,652	2,910,267
Depreciation	12,999	17,866	62,773	12,987	25,655	7,178	139,458	4,269	11,133	154,860
	\$ 308,281	353,032	636,492	289,904	503,268	289,058	2,380,035	135,307	549,785	3,065,127

See Independent Auditors' Report on Supplementary Information.

WELLNESS HOUSE
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	OFFSITE PROGRAMS				
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
	\$ <u>316,523</u>	<u>316,939</u>	<u>574,874</u>	<u>261,222</u>	<u>458,806</u>	<u>252,994</u>	<u>2,181,358</u>	<u>126,943</u>	<u>539,261</u>	<u>2,847,562</u>

See Independent Auditors' Report on Supplementary Information.

WELLNESS HOUSE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	PROGRAM SERVICES							ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	OFFSITE PROGRAMS	TOTAL PROGRAM SERVICES			
Salaries and related expenses:										
Salaries	\$ -	-	-	-	-	-	-	10,346	73,869	84,215
Employee benefits	-	-	-	-	-	-	-	1,381	9,862	11,243
Payroll taxes	-	-	-	-	-	-	-	791	5,651	6,442
Total salaries and related expenses	-	-	-	-	-	-	-	12,518	89,382	101,900
Contribution to Wellness House	32,127	134,905	57,075	36,392	81,170	37,031	378,700	-	-	378,700
Insurance	-	-	-	-	-	-	-	1,614	-	1,614
Investment fees	-	-	-	-	-	-	-	94,978	-	94,978
Miscellaneous	-	-	-	-	-	-	-	120	-	120
Professional fees	-	-	-	-	-	-	-	6,915	-	6,915
	\$ 32,127	134,905	57,075	36,392	81,170	37,031	378,700	116,145	89,382	584,227

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	OFFSITE PROGRAMS			
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	541,610

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