



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

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

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

YEARS ENDED JUNE 30, 2018 AND 2017

MUELLER

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INDEPENDENT AUDITOR'S 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, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor's 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.

Auditor's 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 consolidated financial position of Wellness House and Wellness House Foundation, Inc. as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Muller & Co., LLP

Elgin, Illinois
September 14, 2018

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current assets:		
Cash and cash equivalents, current	\$ 947,214	953,754
Miscellaneous receivables	11,500	1,471
Prepaid expenses	85,372	58,579
Total current assets	1,044,086	1,013,804
Other assets:		
Property and equipment, net	2,305,448	2,413,500
Cash and cash equivalents, endowment	381,616	200,849
Investments, endowment	11,114,098	10,762,606
Total other assets	13,801,162	13,376,955
	\$ 14,845,248	14,390,759

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 68,700	24,979
Accrued expenses	96,435	74,768
Deferred income	2,500	5,000
Total current liabilities	167,635	104,747
Net assets:		
Unrestricted:		
Undesignated equity in property and equipment	2,305,448	2,413,500
Board-designated for endowment	5,332,903	4,898,067
Undesignated	663,079	649,630
	8,301,430	7,961,197
Temporarily restricted	384,697	502,590
Permanently restricted	5,991,486	5,822,225
Total net assets	14,677,613	14,286,012
	\$ 14,845,248	14,390,759

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, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Support and revenue:				
Contributions	\$ 1,069,315	82,833	169,261	1,321,409
Special events, net	1,066,102	-	-	1,066,102
Grants	128,310	110,000	-	238,310
In-kind contributions	257,155	-	-	257,155
Net realized and unrealized gains on investments	339,206	388,937	-	728,143
Interest and dividends	96,117	107,717	-	203,834
	<u>2,956,205</u>	<u>689,487</u>	<u>169,261</u>	<u>3,814,953</u>
Net assets released from restrictions	<u>807,380</u>	<u>(807,380)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,763,585</u>	<u>(117,893)</u>	<u>169,261</u>	<u>3,814,953</u>
Expenses:				
Program services	2,467,049	-	-	2,467,049
Administrative	294,531	-	-	294,531
Development	661,772	-	-	661,772
Total expenses	<u>3,423,352</u>	<u>-</u>	<u>-</u>	<u>3,423,352</u>
Change in net assets	340,233	(117,893)	169,261	391,601
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>
Balance of net assets, June 30, 2018	<u>\$ 8,301,430</u>	<u>384,697</u>	<u>5,991,486</u>	<u>14,677,613</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, 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
Total expenses	<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, June 30, 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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	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	\$ 232,652	142,177	306,918	117,025	294,094	206,500	1,299,366	96,266	299,130	1,694,762
Employee benefits	31,394	19,020	47,206	16,041	43,081	26,124	182,866	9,709	36,581	229,156
Payroll taxes	17,429	10,515	23,093	8,602	22,115	15,038	96,792	6,804	21,333	124,929
Total salaries and related expenses	281,475	171,712	377,217	141,668	359,290	247,662	1,579,024	112,779	357,044	2,048,847
Computer and phone	8,100	5,368	12,215	4,211	11,218	6,811	47,923	2,101	13,220	63,244
Dues and subscriptions	262	159	511	134	360	218	1,644	69	2,647	4,360
Insurance	2,123	2,229	8,849	1,850	4,445	1,782	21,278	2,202	1,979	25,459
Investment fees	-	-	-	-	-	-	-	98,789	-	98,789
Miscellaneous	634	505	1,321	389	992	546	4,387	1,911	9,541	15,839
Occupancy costs	2,783	5,957	28,968	4,805	10,576	2,416	55,505	1,446	3,133	60,084
Office supplies	1,033	1,020	1,601	624	1,554	954	6,786	856	5,793	13,435
Postage	2,028	4,711	3,474	1,890	3,993	2,525	18,621	325	4,958	23,904
Printing	6,505	15,140	11,577	6,180	13,168	8,614	61,184	1,884	16,074	79,142
Professional fees	5,024	5,582	8,548	3,256	7,924	4,764	35,098	65,390	48,038	148,526
Program costs	18,192	56,752	99,286	92,865	23,970	26,333	317,398	-	14,954	332,352
Publicity	5,174	18,093	9,604	6,313	12,299	7,956	59,439	-	5,657	65,096
Rent	575	2,011	1,067	702	1,367	878	6,600	-	19,800	26,400
Repairs and maintenance	1,967	3,399	13,176	2,417	5,508	1,696	28,163	805	3,118	32,086
Fundraising events	2,182	7,628	4,049	2,662	5,185	3,332	25,038	-	124,875	149,913
Special events	367	335	1,229	279	687	307	3,204	77	13,023	16,304
Staff activities	2,758	2,566	11,653	2,132	7,855	2,359	29,323	627	3,560	33,510
Utilities	691	1,463	7,300	1,200	2,644	592	13,890	397	397	14,684
Total expenses before depreciation	341,873	304,630	601,645	273,577	473,035	319,745	2,314,505	289,658	647,811	3,251,974
Depreciation	13,269	16,105	67,575	13,248	31,147	11,200	152,544	4,873	13,961	171,378
Total expenses	\$ 355,142	320,735	669,220	286,825	504,182	330,945	2,467,049	294,531	661,772	3,423,352

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 STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 391,601	1,398,325
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation	171,378	154,860
Loss on disposal of equipment	821	4,271
Net realized and unrealized gains on investments	(728,143)	(1,099,437)
Contributions of investments	(112,313)	(230,030)
Contributions of property and equipment	(18,677)	(50,650)
Changes in:		
Contributions receivable	-	8,500
Miscellaneous receivables	(10,029)	(1,471)
Prepaid expenses	(26,793)	29,600
Accounts payable	43,721	12,519
Accrued expenses	21,667	(16,235)
Deferred income	(2,500)	862
	<u>(269,267)</u>	<u>211,114</u>
Cash provided by (applied to) investing activities:		
Proceeds from sales of investments	4,078,131	3,806,777
Purchases of investments	(3,589,167)	(3,893,144)
Purchases of property and equipment	(45,470)	(103,209)
	<u>443,494</u>	<u>(189,576)</u>
Net increase in cash and cash equivalents	174,227	21,538
Cash and cash equivalents, beginning of year	1,154,603	1,133,065
Cash and cash equivalents, end of year	\$ <u><u>1,328,830</u></u>	\$ <u><u>1,154,603</u></u>
Noncash investing transactions:		
Contributions of investments	\$ <u><u>112,313</u></u>	<u><u>230,030</u></u>
Contributions of property and equipment	\$ <u><u>18,677</u></u>	<u><u>50,650</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 3,500 people annually who make more than 37,000 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, 2018 and 2017.

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 unless restricted by donors.

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	5 - 40 years
Equipment and furniture	3 - 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 \$257,155 and \$234,433 for the years ended June 30, 2018 and 2017, 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 14 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 Corporation 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.

New Accounting Standard – Presentation of Financial Statements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 consolidated 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.

Subsequent Events

Management has evaluated subsequent events through September 14, 2018, 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. |
|---------|---|

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

- 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, 2018 and 2017.

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 (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.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

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

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018 and 2017:

	Assets at Fair Value as of June 30, 2018			
	<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	\$ 3,960,538	515,784	-	4,476,322
Bond and bond funds	2,753,989	-	-	2,753,989
Equity and exchange traded funds	<u>1,907,076</u>	<u>-</u>	<u>-</u>	<u>1,907,076</u>
Total assets in the fair value hierarchy	\$ <u>8,621,603</u>	<u>515,784</u>	<u>-</u>	9,137,387
Assets measured at NAV ^(a)				<u>1,976,711</u>
Total assets at fair value			\$	<u>11,114,098</u>

	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>	8,890,030
Assets measured at NAV ^(a)				<u>1,872,576</u>
Total assets at fair value			\$	<u>10,762,606</u>

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

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

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

^(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, 2018 and 2017, 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, 2018 and 2017.

<u>June 30, 2018</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Limited partnership	\$ 1,976,711	N/A	Quarterly	45 days

<u>June 30, 2017</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Limited partnership	\$ 1,872,576	N/A	Quarterly	45 days

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment of the Organization at June 30, 2018 and 2017 was comprised of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 500,000	500,000
Building and improvements	2,993,141	2,952,203
Equipment and furniture	625,936	629,859
Total	4,119,077	4,082,062
Less accumulated depreciation	(1,813,629)	(1,668,562)
Net property and equipment	\$ <u>2,305,448</u>	<u>2,413,500</u>

Depreciation expense was \$171,378 and \$154,860 for the years ended June 30, 2018 and June 30, 2017, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

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

NOTE 5 - LINE OF CREDIT

The Organization has a \$200,000 line of credit, secured by certain assets of the Organization. This line expires on September 18, 2018 and bears interest at the Prime Rate (5.00% as of June 30, 2018). No balance is owed as of June 30, 2018, under this line of credit agreement. As of the date of this report, September 14, 2018, the renewal of this line of credit is in process.

NOTE 6 - 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 6 - 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, 2018 or 2017.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Composition by Type of Fund - Endowment net asset composition by type of fund as of June 30, 2018:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Board designated	\$ 5,332,903	-	-	5,332,903
Donor restricted	<u>-</u>	<u>181,462</u>	<u>5,991,486</u>	<u>6,172,948</u>
Total	\$ <u>5,332,903</u>	<u>181,462</u>	<u>5,991,486</u>	<u>11,505,851</u>

Changes in endowment net assets for the year ended June 30, 2018 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	\$ 4,898,067	249,282	5,822,225	10,969,574
Contributions	1,960	-	169,261	171,221
Net realized and unrealized gains on investments	338,992	388,937	-	727,929
Interest and dividends	93,884	107,717	-	201,601
Amount appropriated for expenditures:				
Management and general expenses	-	(110,176)	-	(110,176)
Contribution to Wellness House	<u>-</u>	<u>(454,298)</u>	<u>-</u>	<u>(454,298)</u>
Endowment net assets at end of year	\$ <u>5,332,903</u>	<u>181,462</u>	<u>5,991,486</u>	<u>11,505,851</u>

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

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

NOTE 6 - 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>

NOTE 7 - RETIREMENT PLAN

Wellness House sponsors an Internal Revenue Service (IRS) 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 (IRC) 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 \$54,523 and \$49,658 for the years ended June 30, 2018 and 2017, respectively.

WELLNESS HOUSE AND WELLNESS HOUSE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

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 IRC 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 2014, 2015 and 2016 tax years are open and subject to examination by the IRS, 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, 2018 and 2017.

NOTE 9 - RESTRICTIONS ON NET ASSETS

Temporary restrictions on net assets at June 30, 2018 and 2017 are related to donor contributions restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Offsite programs	\$ 20,000	10,000
Healthy living programming	18,333	50,380
Stress management programming	5,000	13,740
Wellness Beyond Walls	103,235	157,587
Information and education	6,667	18,320
Wig Boutique	-	3,281
General program services in next fiscal year	50,000	-
Endowment return available for future expenditures	<u>181,462</u>	<u>249,282</u>
	<u>\$ 384,697</u>	<u>502,590</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 ending June 2020. Expenses included in operations under these lease agreements totaled \$38,160 for the years ended June 30, 2018 and 2017.

The aggregate future minimum lease payments on these leases as of June 30, 2018 are as follows:

2019	\$	11,760
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>2018</u>	<u>2017</u>
Family matters	\$ 2,182	2,652
Info and education	7,628	11,136
Healthy living	4,049	4,711
Stress management	2,662	3,004
Support and networking	5,185	6,700
Offsite programs	3,332	3,057
Development	<u>53,208</u>	<u>63,467</u>
	\$ <u>78,246</u>	<u>94,727</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>2018</u>	<u>2017</u>
Family matters	\$ 2,194	2,307
Info and education	7,670	9,687
Healthy living	4,072	4,098
Stress management	2,676	2,613
Support and networking	5,214	5,828
Offsite programs	3,350	2,659
Development	<u>75,526</u>	<u>81,577</u>
	\$ <u>100,702</u>	<u>108,769</u>

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 \$11,114,098 and \$10,762,606 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 are summarized as follows:

	2018		
	Walk for Wellness House	Ball Gala	Total
Revenue	\$ 617,695	593,000	1,210,695
Less costs of direct benefit to donors	(31,475)	(113,118)	(144,593)
Net revenue from special events	\$ <u>586,220</u>	<u>479,882</u>	<u>1,066,102</u>
	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>

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 June 30, 2017 consolidated financial statements have been reclassified to conform to the June 30, 2018 presentation.

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 AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Wellness House and Wellness House Foundation, Inc. as of and for the years ended June 30, 2018 and 2017, and our report thereon dated September 14, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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 relates 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 as a whole.

Mueller & Co., LLP

Elgin, Illinois
September 14, 2018

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

	WELLNESS HOUSE	WELLNESS HOUSE FOUNDATION	ELIMINATIONS	TOTAL
Current assets:				
Cash and cash equivalents, current	\$ 947,214	-	-	947,214
Miscellaneous receivables	11,500	10,000	(10,000)	11,500
Prepaid expenses	85,235	137	-	85,372
Total current assets	1,043,949	10,137	(10,000)	1,044,086
Other assets:				
Property and equipment, net	2,305,448	-	-	2,305,448
Cash and cash equivalents, endowment	-	381,616	-	381,616
Investments, endowment	-	11,114,098	-	11,114,098
Total other assets	2,305,448	11,495,714	-	13,801,162
	\$ 3,349,397	11,505,851	(10,000)	14,845,248

LIABILITIES AND NET ASSETS

	WELLNESS HOUSE	WELLNESS HOUSE FOUNDATION	ELIMINATIONS	TOTAL
Current liabilities:				
Accounts payable	\$ 78,700	-	(10,000)	68,700
Accrued expenses	96,435	-	-	96,435
Deferred income	2,500	-	-	2,500
Total current liabilities	177,635	-	(10,000)	167,635
Net assets:				
Unrestricted:				
Undesignated equity in property and equipment	2,305,448	-	-	2,305,448
Board-designated for endowment	-	5,332,903	-	5,332,903
Undesignated	663,079	-	-	663,079
	2,968,527	5,332,903	-	8,301,430
Temporarily restricted	203,235	181,462	-	384,697
Permanently restricted	-	5,991,486	-	5,991,486
Total net assets	3,171,762	11,505,851	-	14,677,613
	\$ 3,349,397	11,505,851	(10,000)	14,845,248

See Independent Auditor's Report on Supplementary Information.

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

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

LIABILITIES AND NET ASSETS

	<u>WELLNESS HOUSE</u>	<u>WELLNESS HOUSE FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
Current liabilities:				
Accounts payable	\$ 30,279	-	(5,300)	24,979
Accrued expenses	74,768	-	-	74,768
Deferred income	5,000	-	-	5,000
Total current liabilities	110,047	-	(5,300)	104,747
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
	3,063,130	4,898,067	-	7,961,197
Temporarily restricted	253,308	249,282	-	502,590
Permanently restricted	-	5,822,225	-	5,822,225
Total net assets	3,316,438	10,969,574	-	14,286,012
	\$ 3,426,485	10,969,574	(5,300)	14,390,759

See Independent Auditor's Report on Supplementary Information.

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

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	WELLNESS HOUSE			WELLNESS HOUSE FOUNDATION			ELIMINATIONS	TOTAL	
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED			
Support and revenue:									
Contributions	\$ 1,521,652	82,833	1,604,485	1,960	-	169,261	171,221	(454,297)	1,321,409
Special events, net	1,066,102	-	1,066,102	-	-	-	-	-	1,066,102
Grants	128,310	110,000	238,310	-	-	-	-	-	238,310
In-kind contributions	257,155	-	257,155	104,775	-	-	104,775	(104,775)	257,155
Net realized and unrealized gains on investments	214	-	214	338,992	388,937	-	727,929	-	728,143
Interest and dividends	2,233	-	2,233	93,884	107,717	-	201,601	-	203,834
	2,975,666	192,833	3,168,499	539,611	496,654	169,261	1,205,526	(559,072)	3,814,953
Net assets released from restrictions	242,906	(242,906)	-	564,474	(564,474)	-	-	-	-
Total support and revenue	3,218,572	(50,073)	3,168,499	1,104,085	(67,820)	169,261	1,205,526	(559,072)	3,814,953
Expenses:									
Program services	2,571,824	-	2,571,824	454,297	-	-	454,297	(559,072)	2,467,049
Administrative	171,469	-	171,469	123,062	-	-	123,062	-	294,531
Development	569,882	-	569,882	91,890	-	-	91,890	-	661,772
	3,313,175	-	3,313,175	669,249	-	-	669,249	(559,072)	3,423,352
Change in net assets	(94,603)	(50,073)	(144,676)	434,836	(67,820)	169,261	536,277	-	391,601
Balance of net assets, June 30, 2017	3,063,130	253,308	3,316,438	4,898,067	249,282	5,822,225	10,969,574	-	14,286,012
Balance of net assets, June 30, 2018	\$ 2,968,527	203,235	3,171,762	5,332,903	181,462	5,991,486	11,505,851	-	14,677,613

See Independent Auditor's 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	\$ 1,450,283	174,733	1,625,016	50,789	-	411,452	462,241	(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>2,775,627</u>	<u>414,733</u>	<u>3,190,360</u>	<u>714,258</u>	<u>731,609</u>	<u>411,452</u>	<u>1,857,319</u>	<u>(480,616)</u>	<u>4,567,063</u>
Net assets released from restrictions	<u>298,027</u>	<u>(298,027)</u>	<u>-</u>	<u>482,327</u>	<u>(482,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,073,654</u>	<u>116,706</u>	<u>3,190,360</u>	<u>1,196,585</u>	<u>249,282</u>	<u>411,452</u>	<u>1,857,319</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	135,291	-	135,291	116,161	-	-	116,161	(16)	251,436
Development	549,785	-	549,785	89,382	-	-	89,382	-	639,167
	<u>3,065,111</u>	<u>-</u>	<u>3,065,111</u>	<u>584,243</u>	<u>-</u>	<u>-</u>	<u>584,243</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, 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>
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 Auditor's Report on Supplementary Information.

WELLNESS HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	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	\$ 232,652	142,177	306,918	117,025	294,094	206,500	1,299,366	85,652	223,438	1,608,456
Employee benefits	31,394	19,020	47,206	16,041	43,081	26,124	182,866	8,250	26,173	217,289
Payroll taxes	17,429	10,515	23,093	8,602	22,115	15,038	96,792	5,992	15,543	118,327
Total salaries and related expenses	281,475	171,712	377,217	141,668	359,290	247,662	1,579,024	99,894	265,154	1,944,072
Contributions to										
Wellness House Foundation, Inc.	6,511	11,844	52,508	9,835	19,263	4,814	104,775	-	-	104,775
Computer and phone	8,100	5,368	12,215	4,211	11,218	6,811	47,923	2,101	13,220	63,244
Dues and subscriptions	262	159	511	134	360	218	1,644	69	2,647	4,360
Insurance	2,123	2,229	8,849	1,850	4,445	1,782	21,278	558	1,979	23,815
Miscellaneous	634	505	1,321	389	992	546	4,387	1,901	9,541	15,829
Occupancy costs	2,783	5,957	28,968	4,805	10,576	2,416	55,505	1,446	3,133	60,084
Office supplies	1,033	1,020	1,601	624	1,554	954	6,786	856	5,793	13,435
Postage	2,028	4,711	3,474	1,890	3,993	2,525	18,621	325	4,958	23,904
Printing	6,505	15,140	11,577	6,180	13,168	8,614	61,184	1,884	16,074	79,142
Professional fees	5,024	5,582	8,548	3,256	7,924	4,764	35,098	55,656	48,038	138,792
Program costs	18,192	56,752	99,286	92,865	23,970	26,333	317,398	-	14,954	332,352
Publicity	5,174	18,093	9,604	6,313	12,299	7,956	59,439	-	5,657	65,096
Rent	575	2,011	1,067	702	1,367	878	6,600	-	19,800	26,400
Repairs and maintenance	1,967	3,399	13,176	2,417	5,508	1,696	28,163	805	3,118	32,086
Fundraising events	2,182	7,628	4,049	2,662	5,185	3,332	25,038	-	124,875	149,913
Special events	367	335	1,229	279	687	307	3,204	77	13,023	16,304
Staff activities	2,758	2,566	11,653	2,132	7,855	2,359	29,323	627	3,560	33,510
Utilities	691	1,463	7,300	1,200	2,644	592	13,890	397	397	14,684
Total expenses before depreciation	348,384	316,474	654,153	283,412	492,298	324,559	2,419,280	166,596	555,921	3,141,797
Depreciation	13,269	16,105	67,575	13,248	31,147	11,200	152,544	4,873	13,961	171,378
Total expenses	\$ 361,653	332,579	721,728	296,660	523,445	335,759	2,571,824	171,469	569,882	3,313,175

See Independent Auditor's Report on Supplementary Information.

WELLNESS HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	PROGRAM SERVICES						PROGRAM SERVICES	ADMINISTRATIVE	DEVELOPMENT	TOTAL
	FAMILY MATTERS	INFORMATION AND EDUCATION	HEALTHY LIVING	STRESS MANAGEMENT	SUPPORT NETWORKING	OFFSITE PROGRAMS				
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
Contributions to Wellness House Foundation, Inc.	5,072	10,731	53,556	8,800	19,398	4,343	101,900	-	-	101,900
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	131,022	538,652	2,910,251
Depreciation	12,999	17,866	62,773	12,987	25,655	7,178	139,458	4,269	11,133	154,860
Total expenses	\$ 308,281	353,032	636,492	289,904	503,268	289,058	2,380,035	135,291	549,785	3,065,111

See Independent Auditor's Report on Supplementary Information.

WELLNESS HOUSE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	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	\$ -	-	-	-	-	-	-	10,614	75,692	86,306
Employee benefits	-	-	-	-	-	-	-	1,459	10,408	11,867
Payroll taxes	-	-	-	-	-	-	-	812	5,790	6,602
Total salaries and related expenses	-	-	-	-	-	-	-	12,885	91,890	104,775
Contributions to Wellness House	28,230	51,356	227,673	42,640	83,523	20,875	454,297	-	-	454,297
Insurance	-	-	-	-	-	-	-	1,644	-	1,644
Investment fees	-	-	-	-	-	-	-	98,789	-	98,789
Miscellaneous	-	-	-	-	-	-	-	10	-	10
Professional fees	-	-	-	-	-	-	-	9,734	-	9,734
Total expenses	\$ 28,230	51,356	227,673	42,640	83,523	20,875	454,297	123,062	91,890	669,249

See Independent Auditor's Report on Supplementary Information.

WELLNESS HOUSE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	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	\$ -	-	-	-	-	-	-	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
Contributions to Wellness House	32,127	134,905	57,075	36,392	81,170	37,031	378,700	16	-	378,716
Insurance	-	-	-	-	-	-	-	1,614	-	1,614
Investment fees	-	-	-	-	-	-	-	94,978	-	94,978
Miscellaneous	-	-	-	-	-	-	-	120	-	120
Professional fees	-	-	-	-	-	-	-	6,915	-	6,915
Total expenses	\$ 32,127	134,905	57,075	36,392	81,170	37,031	378,700	116,161	89,382	584,243

See Independent Auditor's Report on Supplementary Information.