

HEALING CALIFORNIA
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**HEALING CALIFORNIA
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Healing California
Pasadena, California

We have audited the accompanying financial statements of Healing California (the Organization), which comprise the statements of financial position as of December 31, 2018, and 2017, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2018, and period from inception to December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Healing California as of December 31, 2018, and 2017, and the changes in its net assets and its cash flows for the year ended December 31, 2018 and period from inception to December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 2 to the financial statements, the entity changed accounting policies related to presentation of its financial statements in 2018 as required by the provisions of FASB Accounting Standards Update 2016-14: Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Pasadena, California
July 25, 2019

**HEALING CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 150,927	\$ 168,835
Inventory	70,247	3,481
Prepaid Expenses and Other Assets	9,052	26,734
Total Current Assets	230,226	199,050
NON-CURRENT ASSETS		
Property and Equipment, Net	334,933	93,555
Total Assets	\$ 565,159	\$ 292,605
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 25,847	\$ 31,986
Accrued Expenses and Other Liabilities	7,773	9,148
Total Current Liabilities	33,620	41,134
NET ASSETS		
Without Donor Restrictions	531,539	126,213
With Donor Restrictions	-	125,258
Total Net Assets	531,539	251,471
Total Liabilities and Net Assets	\$ 565,159	\$ 292,605

See accompanying Notes to Financial Statements.

**HEALING CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions	\$ 694,427	\$ -	\$ 694,427
Donated Professional Services	166,977	-	166,977
Donated Goods	50,000	-	50,000
Net Assets Released from Restriction	<u>125,258</u>	<u>(125,258)</u>	<u>-</u>
Total Revenues	1,036,662	(125,258)	911,404
EXPENSES			
Program	510,195	-	510,195
Management and General	91,566	-	91,566
Fundraising	<u>29,575</u>	<u>-</u>	<u>29,575</u>
Total Expenses	<u>631,336</u>	<u>-</u>	<u>631,336</u>
CHANGE IN NET ASSETS	405,326	(125,258)	280,068
Net Assets - Beginning of Year	<u>126,213</u>	<u>125,258</u>	<u>251,471</u>
NET ASSETS - END OF YEAR	<u><u>\$ 531,539</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 531,539</u></u>

See accompanying Notes to Financial Statements.

**HEALING CALIFORNIA
STATEMENT OF ACTIVITIES
PERIOD FROM INCEPTION TO DECEMBER 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions	\$ 70,000	\$ 250,000	\$ 320,000
Donated Professional Services	30,000	-	30,000
Net Assets Released from Restriction	124,742	(124,742)	-
Total Revenues	<u>224,742</u>	<u>125,258</u>	<u>350,000</u>
EXPENSES			
Program	23,358	-	23,358
Management and General	75,171	-	75,171
Total Expenses	<u>98,529</u>	<u>-</u>	<u>98,529</u>
CHANGE IN NET ASSETS	126,213	125,258	251,471
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u><u>\$ 126,213</u></u>	<u><u>\$ 125,258</u></u>	<u><u>\$ 251,471</u></u>

See accompanying Notes to Financial Statements.

**HEALING CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program	Management and General	Fundraising	Total
SALARIES AND BENEFITS				
Salaries	\$ 89,149	\$ 4,692	\$ -	\$ 93,841
Payroll Taxes	6,900	363	-	7,263
Benefits	4,054	214	-	4,268
Total Salaries and Benefits	100,103	5,269	-	105,372
OTHER EXPENSES				
Professional Fees	38,905	69,973	19,452	128,330
Donated Medical Services	166,976	-	-	166,976
Depreciation	34,632	1,823	-	36,455
Rent	29,586	3,481	1,740	34,807
Travel	25,773	3,533	576	29,882
Medical Supplies	29,072	24	-	29,096
Shipping	17,181	2,021	1,011	20,213
Information Technology	11,629	1,591	407	13,627
Office	10,128	1,191	596	11,915
Equipment Rental	11,041	-	63	11,104
Insurance	8,792	1,034	517	10,343
Repairs & Maintenance	8,740	182	91	9,013
Marketing	1,613	840	4,911	7,364
Other Direct Program	6,676	87	-	6,763
Volunteer Costs	5,702	20	-	5,722
Utilities	3,589	422	211	4,222
Tax and License	-	75	-	75
Permits and Fees	57	-	-	57
Total Other Expenses	410,092	86,297	29,575	525,964
Total Expenses	\$ 510,195	\$ 91,566	\$ 29,575	\$ 631,336

See accompanying Notes to Financial Statements.

**HEALING CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
PERIOD FROM INCEPTION TO DECEMBER 31, 2017**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
SALARIES AND BENEFITS			
Salaries	\$ 14,625	\$ 1,625	\$ 16,250
Payroll Taxes	1,250	140	1,390
Benefits	675	75	750
Total Salaries and Benefits	<u>16,550</u>	<u>1,840</u>	<u>18,390</u>
OTHER EXPENSES			
Professional Fees	-	41,716	41,716
Donated Professional Services	-	30,000	30,000
Travel	2,642	-	2,642
Information Technology	1,487	50	1,537
Depreciation	1,373	-	1,373
Equipment Rental	1,228	-	1,228
Tax and License	-	875	875
Shipping	-	509	509
Insurance	-	159	159
Office	78	22	100
Total Other Expenses	<u>6,808</u>	<u>73,331</u>	<u>80,139</u>
Total Expenses	<u>\$ 23,358</u>	<u>\$ 75,171</u>	<u>\$ 98,529</u>

See accompanying Notes to Financial Statements.

HEALING CALIFORNIA
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND PERIOD FROM INCEPTION TO DECEMBER 31, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 280,068	\$ 251,471
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	36,455	1,373
Changes in Assets and Liabilities:		
Inventory	(66,766)	(3,481)
Prepaid Expenses and Other Assets	17,682	(26,734)
Accounts Payable	(6,139)	31,986
Accrued Expenses and Other Liabilities	(1,375)	9,148
Net Cash Provided by Operating Activities	259,925	263,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(277,833)	(94,928)
NET CHANGE IN CASH	(17,908)	168,835
Cash - Beginning of Year	168,835	-
CASH - END OF YEAR	\$ 150,927	\$ 168,835
RECAP OF CASH		
Cash	\$ 150,927	\$ 43,577
Cash Restricted for Medical Equipment Purchases	-	125,258
Total Cash	\$ 150,927	\$ 168,835

See accompanying Notes to Financial Statements.

**HEALING CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 ORGANIZATION

Healing California (the Organization) is a nonprofit organization, incorporated in September 2017 (inception date) to provide free dental, vision and other health care services at Veteran Stand Downs and other events throughout California. Veteran Stand Down events are independent local community events that provide a common venue for a variety of nonprofit services to help homeless veterans. These events are relatively small (10-30 volunteers, 50-300 patients) and frequent. The Organization provides these services using portable dental, vision and health-care stations that are fully equipped, supplied and staffed. The volunteer dental, vision and medical professionals, with logistical help from general volunteers, perform basic services like teeth cleaning, fillings and extractions, full eye exams, fabrication of eye glasses, and blood pressure and glucose screening.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Net assets, revenue, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein have been classified and are reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations, including donor-restricted contributions whose restrictions are met in the same reporting period, and net assets designated by the board of directors or management for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or by the expiration of stipulated time and net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the Organizations to use all or part of the income earned on related investments for general or specific purposes.

Inventory

Inventory is comprised of program-related supplies and is stated at the lower of cost or net realizable value determined by the first-in first-out method.

**HEALING CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 5-10 years for equipment and 5-7 years for furniture and fixtures. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Revenue and Expense Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Contributions

Contributions that are unconditional promises to give are recorded as receivables and revenues. For financial reporting purposes, the Organization distinguished between contributions with donor restrictions and without donor restrictions. Contributions on which donors have imposed restrictions which limit the use of the donated assets are reported as with donor restrictions. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributed assets which are subject to perpetual donor restrictions and from which only the current income may be used are classified as net assets with donor restrictions. Contributed assets for which donors have not stipulated restrictions, as well as contributions on which donors have placed restrictions which are met within the same reporting period, are reported as contributions without donor restrictions.

Credit Concentration

Financial instruments that potentially subject the Organization to concentration of credit risk is cash. The Organization's cash is principally held by a recognized institution. The Federal Deposit Insurance Corporation insures accounts held in a bank or financial institution up to the statutory limits.

For the year ended December 31, 2018 and period ended December 31, 2017, two donors and one donor accounted for 94% and 100% of the total contributions and grants, respectively.

**HEALING CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Professional Services

Contributions of donated non-cash assets are measured on a non-recurring basis and are recorded at fair value 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 fair values in the period received. Fair values are estimated based upon information provided by the donors of services.

Functional Expense Allocation Methodology

The functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full time equivalents within each department, and total direct expenses.

Income Taxes

The Organization has been granted exemption from income tax under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Organization are more likely than not to be sustained upon examination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through July 25, 2019, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

New Accounting Pronouncement Adopted during Current Accounting Period

In 2018, the Organization changed accounting policies related to presentation of financial statements by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the accounting change has been retrospectively applied to prior periods as presented as if the policy had always been used.

**HEALING CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Effective in Future Accounting Period

In August 2018, the FASB issued ASU 2018-08 Not-For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions received, the effective date is for annual periods beginning after December 15, 2018; for contributions made, the effective date is for annual periods beginning after December 15, 2019. Management will be evaluating the effects of this new standard.

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). This update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Management will be evaluating the effects of this new standard.

NOTE 3 LIQUIDITY

At December 31, 2018 and 2017, the Organization has the following financial assets available to meet cash needs for general expenditures within one year.

	<u>2018</u>	<u>2017</u>
Cash	<u>\$ 150,927</u>	<u>\$ 43,577</u>

Further, the Organization has the ability use all of its net assets without donor restrictions to meet its cash needs.

NOTE 4 INVENTORY

At December 31, 2018 and 2017, inventory consists of the following:

	<u>2018</u>	<u>2017</u>
Vision Inventory	\$ 55,624	\$ 3,481
Dental Inventory	14,623	-
Total Inventory	<u>\$ 70,247</u>	<u>\$ 3,481</u>

**HEALING CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 5 PROPERTY AND EQUIPMENT

At December 31, 2018 and 2017, property and equipment consists of the following:

	2018	2017
Equipment	\$ 353,919	\$ 94,928
Furniture and Fixtures	18,842	-
Less: Accumulated Depreciation	(37,828)	(1,373)
Total Property and Equipment, Net	\$ 334,933	\$ 93,555

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 and 2017, net assets with donor restrictions are restricted for the following purposes or periods:

	2018	2017
Subject to expenditure for specified purpose:		
Purchase of medical, dental and/or vision equipment	\$ -	\$ 125,258

During the years ended December 31, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	2018	2017
Satisfaction of purpose restrictions:		
Purchase of medical, dental and/or vision equipment	\$ 125,258	\$ 124,742

NOTE 7 DONATED PROFESSIONAL SERVICES

For the year ended December 31, 2018, donated services of \$166,976 consist of professional medical services from dentists, oral surgeons, registered nurses and optometrists. For the period ended December 31, 2017, donated services of \$30,000 consist of professional legal services.

**HEALING CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 LEASE COMMITMENTS

In April 2018, the Organization entered into a three year agreement for lease of facility for its administrative office in Pasadena. The monthly base rent is \$3,807 with 3% annual rent increase.

At December 31, 2018, future minimum lease payments under the noncancelable facility lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 46,596
2020	47,988
2021	<u>16,152</u>
Total	<u>\$ 110,736</u>

