

BLACK Wellness & Prosperity Center | Fresno, CA

Financial Statements

For the Year Ended December 31, 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BLACK Wellness & Prosperity Center
Fresno, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of BLACK Wellness & Prosperity Center (the Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Clovis, California
October 1, 2025

FINANCIAL STATEMENTS

BLACK WELLNESS & PROSPERITY CENTER | DECEMBER 31, 2023
Statement of Financial Position

ASSETS

Current assets:

Cash	\$ 205,947
Grants receivable	406,406
Contracts receivable	74,281
Contributions receivable	212,000
Inventory	74,888
Prepaid expenses and other	<u>1,215</u>
Total current assets	974,737

Deposits	200,000
Property and equipment, net	388,486
Finance lease right-of-use asset, net	<u>2,208,339</u>

Total assets	<u><u>\$ 3,771,562</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 67,425
Salaries and related liabilities	42,582
Deferred revenue	35,440
Finance lease liability, current portion	125,062
Notes payable, current portion	<u>8,551</u>
Total current liabilities	279,060

Finance lease liability, net of current portion	2,118,035
Notes payable, net of current portion	81,828
SBA EIDL loan	<u>57,300</u>

Total liabilities	<u>2,536,223</u>
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Net assets:

Net assets without donor restrictions	480,453
Net assets with donor restrictions	<u>754,886</u>

Total net assets	<u>1,235,339</u>
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Total liabilities and net assets	<u><u>\$ 3,771,562</u></u>
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BLACK WELLNESS & PROSPERITY CENTER | FOR THE YEAR ENDED DECEMBER 31, 2023

Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions:			
Cash and other financial assets	\$ 1,308,817	\$ 573,260	\$ 1,882,077
Nonfinancial assets	95,250	-	95,250
Contract revenue	77,481	-	77,481
Other income	783	-	783
Total revenues and support before net assets released from restrictions	1,482,331	573,260	2,055,591
Net assets released from restrictions	164,348	(164,348)	-
Total revenues and support after net assets released from restrictions	1,646,679	408,912	2,055,591
Expenses:			
Program services:			
African American Coalition	290,711	-	290,711
Black Doula Network	376,238	-	376,238
Black Infant Health	316,091	-	316,091
Other programs	452,186	-	452,186
Supporting activities:			
Fundraising	47,639	-	47,639
Management and general	550,873	-	550,873
Total expenses	2,033,738	-	2,033,738
Changes in net assets	(387,059)	408,912	21,853
Net assets, beginning of year	867,512	345,974	1,213,486
Net assets, end of year	\$ 480,453	\$ 754,886	\$ 1,235,339

See Independent Auditor's Report and Notes to the Financial Statements.

BLACK WELLNESS & PROSPERITY CENTER | FOR THE YEAR ENDED DECEMBER 31, 2023

Statement of Functional Expenses

	Program Services				Supporting Activities		
	African American Coalition	Black Doula Network	Black Infant Health	Other Programs	Fundraising	Management and General	Total
Costs and expenses:							
Personnel costs:							
Salaries and wages	\$ 199,826	\$ 172,990	\$ 99,477	\$ 113,039	\$ 38,084	\$ 166,693	\$ 790,109
Payroll taxes	16,720	13,620	8,071	7,343	2,794	13,515	62,063
Payroll benefits	2,356	-	568	1,830	-	1,716	6,470
Total personnel costs	218,902	186,610	108,116	122,212	40,878	181,924	858,642
Other costs and expenses:							
Advertising and marketing	6,750	25,835	70,117	7,900	1,200	399	112,201
Bad debt	-	-	-	-	-	151	151
Bank and merchant fees	-	14	-	172	359	924	1,469
Depreciation and amortization	-	-	-	104,781	-	14,924	119,705
Grant expenses	9,714	4,266	4,434	92,588	-	693	111,695
Insurance	2,934	614	-	5,612	-	8,226	17,386
Interest	-	-	-	-	-	98,480	98,480
Licenses and fees	-	250	-	1,484	-	2,355	4,089
Miscellaneous	5	815	-	54	-	424	1,298
Outreach and education	313	10,117	38,794	10,966	-	1,487	61,677
Professional fees	16,785	25,154	18,413	29,978	1,148	124,146	215,624
Rent expense	5,723	7,500	1,545	-	-	28,966	43,734
Repairs and maintenance	6,954	44,319	2,051	12,524	-	25,950	91,798
Staff development	610	2,661	2,260	2,025	-	1,226	8,782
Supplies	16,018	30,360	26,127	33,308	1,881	14,579	122,273
Taxes	141	-	-	-	-	18,640	18,781
Technology expenses	2,455	7,594	10,021	11,048	1,958	10,747	43,823
Travel and meetings	2,799	25,077	30,059	14,192	215	3,049	75,391
Utilities	608	5,052	4,154	3,342	-	13,583	26,739
Total other costs and expenses	71,809	189,628	207,975	329,974	6,761	368,949	1,175,096
Total costs and expenses	\$ 290,711	\$ 376,238	\$ 316,091	\$ 452,186	\$ 47,639	\$ 550,873	\$ 2,033,738

See Independent Auditor's Report and Notes to the Financial Statements.

BLACK WELLNESS & PROSPERITY CENTER | FOR THE YEAR ENDED DECEMBER 31, 2023
Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 21,853
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Bad debt expense	151
Depreciation	61,221
Amortization of right-of-use asset - finance lease	58,484
(Increase) decrease in assets:	
Grants receivable	(294,606)
Contracts receivable	51,666
Contributions receivable	24,000
Inventory	(74,888)
Deposits	4,500
Prepaid expenses and other	16,476
Increase (decrease) in liabilities:	
Accounts payable	50,689
Salaries and benefits payable	20,300
Deferred revenue	<u>(368,491)</u>
Net cash provided by (used in) operating activities	<u>(428,645)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(176,375)</u>
Net cash provided by (used in) investing activities	<u>(176,375)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on finance lease liability	(28,481)
Proceeds from issuance of notes payable	100,000
Principal payments on notes payable	<u>(9,621)</u>
Net cash provided by (used in) financing activities	<u>61,898</u>
Net increase (decrease) in cash and cash equivalents	(543,122)
Cash, beginning of year	<u>749,069</u>
Cash, end of year	<u>\$ 205,947</u>

Supplemental disclosures of cash flow information:

Interest paid	<u>\$ 98,480</u>
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See Independent Auditor's Report and Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

BLACK Wellness & Prosperity Center (the Organization) is a nonprofit organization which was incorporated in 2019. The Organization exists to serve the black community in California’s Central Valley focusing on black birthing persons with sustained efforts to improve black maternal and infant health outcomes, effectively unite and elevate black voices and build sustainable infrastructures to strengthen the capacity of the black community. The Organization continues to build multi-stakeholder alliances with local agencies, health plans, and universities to lead research and policy solutions that improve maternal and health outcomes for black families in the underserved region of California’s Central Valley and elsewhere.

Programs focus on overcoming preventable negative birth outcomes by filling knowledge gaps in power-sharing practices in community engagement, creating resources informed by those who are the most impacted, and developing equity-minded infrastructure.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets or net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Organization’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were grants and contracts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Concentration of Credit Risk

Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, there were no amounts uninsured.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivable

Grants receivable primarily represent amounts due under government contracts and grants. Management considers the amounts to be fully collectible; therefore no allowance for doubtful accounts has been recorded in the accompanying financial statements.

Contracts receivable consist of amounts owed by various organizations for services provided that have not yet been received by the Organization. The carrying amount of contracts receivable approximates net present value.

Receivables are written off through an allowance for credit losses when the Organization determines the payments will not be received. Management believes all receivables are fully collectible due to minimal historical write offs and consideration of existing and future economic conditions and financial stability of its customer base. Hence, no allowance for credit losses has been recorded at December 31, 2023.

Inventory

Inventory consists of items to be disbursed to the Organization's community on an as needed basis and is stated at the lower of cost or fair market. Inventory consists of car seats, booster seats, Plan B pills, and COVID tests at December 31, 2023.

Property and Equipment

Property and equipment are stated at cost. Donated equipment is stated at the estimated fair market value at the date of donation. All assets acquired by the Organization whose individual initial value or cost exceeds \$1,500 are capitalized and depreciated. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is computed using straight-line method over the following estimated useful lives:

Leasehold improvements	5-20 years
Machinery and equipment	7 years
Vehicles	5 years

Deferred Revenue

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position.

Revenue and Revenue Recognition

The Organization recognizes revenue from contract revenue at a point in time. Contract revenue recognition is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are generally recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Net assets released from restrictions during the year ended December 31, 2023, were \$164,348.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. During the year ended December 31, 2023, the Organization received and recognized \$95,250 of contributed nonfinancial assets.

Donated services are recognized as contributions if they significantly enhance non-financial assets or involve a professional service that would otherwise have been purchased and whose values can be objectively measured.

Discounted rent is recognized as a contribution in the period the benefit is first received. Fair value is determined based on comparable market rental rates for similar properties in the local area. These contributions are reported as unrestricted support unless donor stipulations specify otherwise.

Contributed nonfinancial assets recognized within the Statement of Activities consist of donated goods of \$95,250 for the year ended December 31, 2023.

Advertising and Marketing

The Organization expenses all advertising and marketing costs as incurred. Total advertising and marketing expense was \$173,878 for the year ended December 31, 2023.

Functional Expense Allocation

The costs for providing the Organization's program and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, direct and indirect expenses are allocated by management to program services and other activities based on their specific identification or the personnel utilized in the function.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Payroll benefits	Time and effort

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of 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. Accordingly, actual results could differ from those estimates.

Leases

The Organization determines if an arrangement is or contains a lease at inception. At the commencement date of a lease, the Organization recognizes a lease liability and a corresponding right-of-use (ROU) asset for leases with terms greater than 12 months. Lease liabilities are initially measured at the present value of future lease payments, discounted using the Organization's incremental borrowing rate unless the implicit rate is readily determinable. The ROU assets are initially measured at the amount of the lease liability, adjusted for any lease payments made at or before the commencement date and other initial direct costs.

Leases that transfer substantially all of the risks and rewards of ownership to the Organization are classified as finance leases. Finance lease ROU assets are amortized over the estimated useful life of the underlying asset if ownership transfers to the Organization at the end of the lease term; otherwise, they are amortized over the shorter of the lease term or the useful life. Amortization and interest expense on finance leases are presented separately in the Statement of Activities. Lease liabilities are reduced as payments are made, and interest expense is recognized using the effective interest method over the lease term. The lease includes terms that require below-market payments and as such has recognized in-kind contributions equal to the difference between the fair market value of the lease payments and the actual lease payments.

Income Taxes

The Organization is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d under California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in these statements.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization has evaluated its current tax positions and has concluded that as of December 31, 2023, it does not have any significant uncertain tax positions for which a reserve would be necessary. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets as of December 31, 2023:

Cash	\$	205,947
Grants receivable		406,406
Contracts receivable		<u>74,281</u>
 Total financial assets		 686,634
 Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>(542,886)</u>
 Financial assets available to meet general expenditures within twelve months	\$	 <u>143,748</u>

The Organization has donor-restricted assets limited to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been excluded in the quantitative information above for financial assets to meet general expenditures within one year.

The Organization has not adopted an official liquidity management plan or cash maintenance policy. Consistent with previous years, the Organization maintains sufficient liquidity to meet its operating requirements and perform its mission. Management and the Board of Directors may consider adopting more formal plans/policies as the need arises

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, 2023 :

Leasehold improvements	\$	155,527
Furniture and equipment		128,580
Vehicles		181,021
Accumulated depreciation		<u>(76,642)</u>
 Total property and equipment, net	\$	 <u>388,486</u>

Total depreciation expense was \$61,221 for the year ended December 31, 2023.

NOTE 5 – LEASES

The Organization entered into a lease agreement for a building used in its operations, which is classified as a finance lease. The lease commenced on November 1, 2022, and has a term of 10 years, expiring on October 1, 2032. Under the terms of the lease, legal title to the building will be transferred to the Organization at the end of the lease term. The lease includes a final balloon payment of \$1,500,000 due upon expiration, which includes application of the \$200,000 good faith deposit. The Organization has the option to purchase the building prior to the end of the lease term.

At lease commencement, the Organization recognized a right-of-use asset and a corresponding lease liability of \$2,276,438, based on the present value of lease payments using a discount rate of 4%. Because ownership transfers at the end of the lease, the ROU asset is being amortized over the estimated useful life of the building, which is 39 years, rather than the lease term. As of December 31, 2023, the finance lease right-of-use asset totaled \$2,208,339, net of accumulated amortization of \$68,099, and the lease liability totaled \$2,243,097.

Future minimum lease payments under the finance lease are as follows as of December 31:

2024	\$	125,062
2025		129,522
2026		134,139
2027		138,884
Thereafter		<u>2,319,545</u>
Total lease payments		2,847,152
Less present value adjustment		<u>(604,055)</u>
Present value of lease liability	\$	<u>2,243,097</u>

Total amortization expense for the year ended December 31, 2023 was \$58,484.

NOTE 6 – NOTES PAYABLE

Notes payable consisted of the following at December 31, 2023:

Note payable to Ellis Family Partnership III, due in aggregate monthly payments of \$1,100, including interest at 5.00% and matures July 2032.

	\$	90,379
Amounts due within one year		<u>(8,551)</u>
Total notes payable, long-term portion	\$	<u>81,828</u>

NOTE 6 – NOTES PAYABLE (Continued)

Principal payments consist of the following for the years ending December 31:

2024	\$	8,551
2025		9,022
2026		9,519
2027		10,043
Thereafter		<u>53,244</u>
Total	\$	<u>90,379</u>

NOTE 7 – SMALL BUSINESS ADMINISTRATION LOAN

On June 10, 2020, the Organization received a Small Business Administration Economic Injury Disaster Loan (SBA EIDL) in the amount of \$57,400, bearing interest at 2.750% per annum, with a maturity of 30 years.

The SBA EIDL is a federal loan program that provides working capital to businesses and nonprofits located in low-income communities that suffered a reduction in revenue of greater than 30% and have 300 or fewer employees.

The SBA offered a payment deferral period, and the Organization elected to defer payments for 30 months from the loan origination date. Interest continued to accrue during the deferment period. Monthly principal and interest payments of approximately \$246 began in December 2022.

Future commitments to the SBA EIDL are as follows for the years ending December 31:

2024	\$	2,952
2025		2,952
2026		2,952
2027		2,952
Thereafter		<u>45,492</u>
Total	\$	<u>57,300</u>

NOTE 8 – CONTRACTS WITH CUSTOMERS

The following table provides a listing of revenue recognized from contracts with customers at a point in time and disaggregated to show the nature, amount and timing of those revenue categories at December 31, 2023:

Fresno County Superintendent of Schools	\$	53,200
Fresno Metropolitan Ministry		<u>24,281</u>
Total	\$	<u>77,481</u>

NOTE 8 – CONTRACTS WITH CUSTOMERS (Continued)

Contract assets include contracts receivable resulting from revenue under contracts with customers. Contract assets are as follows:

	12/31/2023 <u>Closing Balance</u>	1/1/2023 <u>Opening Balance</u>
Contract assets:		
Contracts receivable	\$ 74,281	\$ 126,098

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023 :

Purpose restricted:	
Anthem BCBS	\$ 22,654
Central Valley Community Foundation	123,085
Community Health System	6,283
Flora Family Foundation	10,000
Kaiser Permanente	25,000
Sierra Health Foundation	17,620
Silicon Valley Community Foundation	30,000
The California Wellness Foundation	283,244
The Campbell Foundation	25,000
Time restricted:	
Discounted rent	<u>212,000</u>
 Total net assets with donor restrictions	 <u>\$ 754,886</u>

NOTE 10 – RELATED PARTIES

A member of the Board of Directors is the spouse of the Organization's President & CEO. The Board member does not participate in any discussions or votes related to the CEO's compensation or performance evaluation, and appropriate conflict of interest policies are in place and followed to ensure compliance with governance best practices and applicable regulations.

During the year ended December 31, 2023, the Organization made a pass-through disbursement of \$40,000 to a member of the Board of Directors. The payment was related to their role as Community Champion and was approved in advance by disinterested members of the Board of Directors in accordance with the Organization's conflict of interest policy. Management has determined that the transaction was conducted at the request of the grantor and in the ordinary course of operations.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from December 31, 2023 through the date the financial statements were available to be issued at October 1, 2025 that would require disclosure or adjustment.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
BLACK Wellness & Prosperity Center
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of BLACK Wellness & Prosperity Center (the Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2023-001 that we consider to be a significant deficiency.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California
October 1, 2025

FINDINGS AND RECOMMENDATIONS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to financial statement noted?	<u> </u> Yes	<u> X </u> No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001 – Bank Reconciliation (Significant Deficiency)

Condition: Bank reconciliations were not prepared and reviewed in a timely manner. Bank statements accumulated for several months before they were reconciled to the appropriate general ledger accounts.

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to adequate supporting documentation during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cause: The accounting department had limited accounting staff during 2023. Accordingly, the bank reconciliation procedure was not followed timely.

Effect: Without timely preparation of the bank reconciliations and a review by management, errors or fraud may not be recognized and resolved in a timely manner.

Recommendation: We recommend bank reconciliations are prepared and reviewed monthly as quickly as possible, but no later than 30 days after month-end, and recommend they are reviewed by management on a regular basis.

Management’s Response: See Corrective Action Plan.

FINANCIAL STATEMENT FINDINGS

None reported.



2201 Calaveras St. Fresno, CA. 93721
Shantay@black-enterprises.com

Management's Response:

We acknowledge the auditor's finding regarding the untimely preparation and review of bank reconciliations during fiscal year 2023.

As a young organization in only its fourth year of operations, we were still in the process of building out our internal controls and staff capacity. Due to budgetary constraints, we were unable to hire executive-level finance staff and instead sought to manage costs through outsourced accounting services. These limitations, along with a lean internal team, contributed to delays in performing timely bank reconciliations throughout 2023, and the issue persisted into 2024 and much of 2025.

In late 2023, we hired a dedicated finance staff member and initiated a phased corrective plan. This plan included financial cleanup, process evaluation, and the implementation of improved financial management tools. We also began training a lower-level staff member to take on routine bookkeeping tasks to build redundancy and sustainability within our team. From Q4 2023 through Q4 2025, our focus has been on capacity building, systems development, and internal training to ensure the long-term integrity of our financial operations.

While we had not yet completed all corrective actions as of the end of 2023, we are fully committed to meeting best practices. Reconciliations are now being brought current, and we are implementing a formal timeline and review process to ensure bank reconciliations are prepared and reviewed monthly—no later than 30 days after month-end—with oversight from management. We expect to be in full compliance with these standards by the end of 2025 and will continue to strengthen our internal financial controls moving forward.

Shantay R. Davies-Balch

Shantay R. Davies-Balch, MBA, CLE, Doula
President & CEO
shantay@black-enterprises.com
(559) 790-1905