THE WELL

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

AND

INDEPENDENT AUDITOR'S REPORT

R & Co
RUST & COMPANY CPAs
certified public accountants | business advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Well

We have audited the accompanying financial statements of The Well (a New Hampshire non-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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 The Well as of June 30, 2020, 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.

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THE WELL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

		2021		2020
ASSETS				
CURRENT ASSETS				
Cash, operating	$	764,482	$	547,381
Certificate of deposit with maturity of less than 1 year		157,279		156,356
Accounts receivable-tuition (net of allowance for doubtful accounts)		4,471		42,030
Prepaid expenses		34,188		9,427
Other asset		6,000		6,000
Total current assets		966,420		761,194
LONG-TERM ASSETS				
Investments		9,686		3,713
Property and equipment, net of accumulated depreciation		1,530,720		1,590,939
Loan fees, net of accumulated amortization		8,672		9,185
Total long-term assets		1,549,078		1,603,837
TOTAL ASSETS	$	2,515,498	$	2,365,031
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$	15,231	$	5,390
Accrued payroll and payroll taxes		46,036		34,443
Deferred tuition revenue		160,123		73,512
Paycheck protection program loan		-		189,500
Current portion of long-term debt		36,462		33,103
Total current liabilities		257,852		335,948
LONG-TERM DEBT, less current portion shown above		1,017,251		905,639
TOTAL LIABILITIES		1,275,103		1,241,587
NET ASSETS				
Without donor restrictions				
Operating		1,192,386		1,083,444
Board designated for capital improvements		45,000		40,000
Total without donor restrictions		1,237,386		1,123,444
With donor restrictions		1,020		-
TOTAL NET ASSETS		1,238,406		1,123,444
TOTAL LIABILITIES AND NET ASSETS	$	2,513,509	$	2,365,031

See notes to financial statements and independent auditor's report.

THE WELL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Revenue				
Tuition and fees	$ 1,501,352	$ -	$ 1,501,352	$ 1,781,697
Less internally financed				
Tuition remission	263,866	-	263,866	420,606
Scholarships	114,601	-	114,601	70,400
Affiliate marketing	-	-	-	600
Total tuition and fees	1,122,885	-	1,122,885	1,290,091
Room and board income	4,000	-	4,000	4,000
School activities	3,543	-	3,543	4,161
Summer camp	62,716	-	62,716	71,176
Total revenue from operations	1,193,144	-	1,193,144	1,369,428
Support				
Annual giving	146,622	20	146,642	44,140
Grant income	266,052	1,000	267,052	10,000
Other contributions	11	-	11	262
Interest and dividends	1,216	-	1,216	1,779
Gain (loss) on sale of assets	5,385	-	5,385	(117)
Unrealized gain on investments	584	-	584	-
Miscellaneous	5,782	-	5,782	15,683
Total support	425,652	1,020	426,672	71,747
NET ASSETS RELEASED FROM RESTRICTIONS	-	-	-	-
TOTAL SUPPORT AND REVENUE	1,618,796	1,020	1,619,816	1,441,175
EXPENSES				
Program services	1,013,058	-	1,013,058	1,035,133
General and administrative expenses	489,468	-	489,468	480,637
Fundraising expenses	2,328	-	2,328	896
Total expenses	1,504,854	-	1,504,854	1,516,666
CHANGE IN NET ASSETS	113,942	1,020	114,962	(75,491)
NET ASSETS, beginning of year	1,123,444	-	1,123,444	1,198,935
NET ASSETS, end of year	$ 1,237,386	$ 1,020	$ 1,238,406	$ 1,123,444

See notes to financial statements and independent auditor's report.

THE WELL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021				2020
	Program Services	General and Administrative Expenses	Fundraising Expenses	Total	Total
EXPENSES					
Salaries and wages	$ 776,401	$ 194,100	$ -	$ 970,501	$ 955,646
Payroll taxes	60,782	15,196	-	75,978	75,425
Employee benefits	32,447	8,111	-	40,558	39,441
Bad debt	12,800	-	-	12,800	4,000
Bank and credit card fees	-	4,879	-	4,879	4,042
Cafeteria expense	51,725	1,055	-	52,780	50,264
Classroom expense	17,186	10,094	-	27,280	50,903
Closing costs	-	100	-	100	-
Depreciation and amortization	-	60,732	-	60,732	60,394
Development and publicity	7,556	7,556	-	15,112	12,207
Dues and fees	134	2,550	-	2,684	2,879
Fundraising expense	-	-	2,328	2,328	953
Insurance	-	45,085	-	45,085	37,450
Interest	-	46,092	-	44,103	47,777
Office expense	1,122	2,277	-	3,399	8,060
Professional fees	53	18,380	-	18,433	27,200
Rent	-	1,500	-	1,500	3,000
Repairs and maintenance	13,028	39,085	-	52,113	51,814
Room and board expense	4,000	-	-	4,000	4,000
School activities expense	7,043	-	-	7,043	33,254
Summer camp expense	7,454	1,316	-	8,770	11,697
Telephone	-	4,376	-	4,376	3,805
Utilities	-	23,227	-	23,227	24,219
Vehicle expense	5,701	1,478	-	7,179	5,434
Miscellaneous	252	2,279	-	2,531	2,802
Covid expenses	15,374	-	-	15,374	-
Total expenses	$ 1,013,058	$ 489,468	$ 2,328	$ 1,502,865	$ 1,516,666

See notes to financial statements and independent auditor's report.

THE WELL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 114,962	$ (75,491)
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	60,732	60,394
Paycheck protection loan forgiveness	(189,500)	
Loss (gain) on disposal of assets	(584)	117
Change in operating accounts:		
Accounts receivable-parents	37,559	34,765
Prepaid expenses	(24,761)	2,273
Accounts payable	9,841	(4,137)
Accrued payroll and payroll taxes	11,593	4,339
Deferred tuition revenue	86,611	(88,909)
Net cash (used for) provided by operating activities	106,453	(66,649)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets	-	750
Purchase of property and equipment	-	(42,480)
Donated stock	(5,389)	(3,713)
Purchase of short-term investments	(923)	(1,329)
Net cash used for investing activities	(6,312)	(46,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(33,040)	(31,355)
Paycheck protection program loan	-	189,500
Proceeds from new debt	150,000	-
Net cash provided by financing activities	116,960	158,145
NET INCREASE IN CASH	217,101	44,724
CASH, beginning of year	547,381	502,657
CASH, end of year	$ 764,482	$ 547,381
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest	$ 44,103	$ 47,777

See notes to financial statements and independent auditor's report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Well (the Organization) is a New Hampshire not-for-profit, tax-exempt organization formed for the purpose of providing educational services from pre-school to 8th grade. The Organization grants credit to families, substantially all of whom are local residents. The School's primary source of revenue is tuition fees. Revenues from operations include net tuition and fees, room and board, school activities, and summer camp.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and are prepared under the guidance of the Financial Accounting Standards Board *Accounting Standards Codification ("FASB ASC").*

FASB ASC 958-605 requires the Organization to distinguish between contributions that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of contributed services that meet certain criteria at fair values. Additionally, under the guidance of FASB ASC 958-905, unconditional promises to give that are expected to be paid in less than one year are measured at net realizable value (settlement value). Conditional promises to give, which depend on the occurrence of a specific future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a Statement of Financial Position, a Statement of Activities and Changes in Net Assets, and a Statement of Cash Flows.

The Organization reports information regarding its financial position and activities according to two classes of net assets, based upon the absence or existence of donor-imposed restrictions on use: net assets without donor restrictions and net assets with donor restrictions:

<u>Net assets without donor restrictions</u> - not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired.

<u>Net assets with donor restrictions</u> - subject to donor-imposed stipulations that may be fulfilled by actions of the Organization or become unrestricted by the passage of time, or must be retained and invested permanently by the Organization.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debts and a credit to accounts receivable. The Organization's allowance for doubtful accounts was $9,000 for the years ended June 30, 2021 and 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include all petty cash and funds on deposit at financial institutions. These balances are insured by the Federal Deposit Insurance Corporation. The Organization's cash and cash equivalents were $764,482 and $547,381 for the years ended June 30, 2021 and 2020, respectively.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization to fulfill its charitable mission. The Organization receives more than 1,500 volunteer hours per year.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Property and Equipment

Expenditures for acquisition, renewal and betterments in excess of $2,500 are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resulting gain or loss is recognized.

The Organization charges to expenses annual amounts of depreciation using the straight-line method of depreciation, which allocates the costs over the following estimated useful lives:

	Years
Building and building improvements	39
Land improvements	15
Equipment and fixtures	7
Vehicles	5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Revenue Recognition

Revenue is recognized when earned. Performance obligations are satisfied at the end of the period through which tuition is paid. Tuition payments are made on a chosen interval of month, semester, or full year. If the performance obligations are not met in the a given period the organization is subject to refund a portion of the tuition of unsatisfied performance obligations on a prorata basis. Summer camp performance obligations are met at the end of each week enrolled. Tuition and fees received in advance applicable to the next school year are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. If restrictions expire in the same period the revenues are recorded they are reported as a simultaneous increase in net assets with donor restrictions and decrease in net assets with donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions, unless a donor restricts their use. Expenses are reported as decreases in net assets without donor restrictions.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis on the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are directly allocated to between program and management functions based on estimates of time and effort, while all fundraising expenses are directly allocated to that function.

2. CONCENTRATION OF RISK

The Organization maintains cash balances in multiple accounts at local banks. These accounts are insured by the Federal Deposit Insurance Corporation and the National Credit Union Administration up to $250,000. At June 30, 2021 and 2020, the Organization had uninsured cash balances of $358,042 and $92,154, respectively. Management believes there is minimal risk of loss from uninsured balances.

3. CERTIFICATES OF DEPOSIT

As of June 30, 2021 and 2020 certificates of deposit totaling $157,279 and $156,356, respectively. The certificates bear interest at 0.45% and have maturity dates of August 8, 2021.

4. OTHER ASSET

The Organization previously received a diamond engagement ring with a historical value of $6,000 on the date of receipt as payment of tuition and is holding it.

5. FAIR VALUE MEASUREMENTS

FASB ASC 820 establishes a framework for measuring fair value. The 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarch under FASB ASC 820 are described below.

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

Level 2 - Inputs to the valuation methodology include; quoted prices of 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 that asset or liability, inputs that are derived principally from or corroborated for the asset or liability, or if the asset or liability has a specific (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 methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth, by level, the fair value hierarchy of the Organization's financial assets as of June 30:

	2021		2020	
	Fair Value	**Level 1 Inputs**	**Fair Value**	**Level 1 Inputs**
Government money market	3,742	3,742	3,713	3,713
Domestic large-cap stocks	$ 5,944	$ 5,944	$ -	$ -
	$ 9,686	$ 9,686	$ 3,713	$ 3,713

The following summarizes the investment return and classification in the Statements of Activities and Changes in Net Assets for year ended June 30:

	2021	2020
Dividends	$ 30	$ -
Unrealized gain on investments	584	-
	$ 614	$ -

See independent auditor's report.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Buildings and improvements	$ 1,605,345	$ 1,605,345
Equipment and fixtures	501,967	503,815
Land	334,704	334,704
Vehicles	65,863	65,863
	2,507,879	2,509,727
Less: accumulated depreciation	977,159	918,788
	$ 1,530,720	$ 1,590,939

Depreciation expense was $60,219 and $59,882 for the years ended June 30, 2021 and 2020, respectively.

7. LOAN FEES

The Organization is amortizing loan fees over the life of the mortgage. Total cost of loan fees were $10,253 at June 30, 2021 and 2020. Accumulated amortization was $1,581 and $1,068 at June 30, 2021 and 2020, respectively.

Total amortization expense for the years ended June 30, 2021 and 2020 was $513.

Expected amortization of loan costs is as follows as of June 30:

2022	$ 513
2023	513
2024	513
2025	513
2026	513
Thereafter	6,107
	$ 8,672

8. PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a Paycheck Protection Program Loan payable to Savings Bank of Walpole, unsecured, interest payable at 1.00% through payoff in April 2022. This loan was forgiven as of June 30, 2021.

9. LONG-TERM DEBT

The following are the details of long-term debt as of June 30:

	2021	2020
Mortgage note payable to Savings Bank of Walpole, secured by certain real estate, payable monthly at $6,594, including interest at 4.99%, through June 2023, when the monthly payment becomes $7,042, including interest at 6% through payoff in June 2038.	$ 905,702	$ 938,742
Economic injury disaster loan (EIDL) payable to Small Business Administration, due in monthly installments of $641 beginning January 2022 including interest at 2.75% per annum through January 2052	148,011	-
Less: current portion	36,462	33,103
	$ 1,017,251	$ 905,639

Maturities of long-term debt are as follows:

2022	36,462
2023	40,044
2024	38,988
2025	41,388
2026	43,744
Thereafter	46,312
	$ 246,938

10. DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS

The governing board of the Organization has designated net assets without donor restrictions for the following purposes as of June 30:

	2021	2020
Board designated capital improvements	$ 45,000	$ 40,000

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30:

	2021	2020
Ski program	$ 20	$ -
Greenhouse and garden	1,000	-
	$ 1,020	$ -

12. INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize that tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for years 2021 or 2020. The Organization files its form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Services for years before 2018.

13. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2020, the Center adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-18 - Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This update establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The standard requires an entity determine whether or not a contribution is conditional on the basis of whether or not the underlying agreement includes (1) a "barrier" that must be overcome, and (2) either a right of return of the assets transferred or a right of release of the donor's obligation to transfer the asset. The presence of both elements would represent a condition for the contribution. There are no significant changes to the financial statements because of the adoption.

In May 2014, the FASB issued ASU 2014-09, Revenue Recognition (Topic 606): Revenue from Contracts with Customers. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for fiscal years beginning after December 31, 2018, including interim periods within that reporting period.

14. RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statements presentation.

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts that are not available for general use within one year of the Statement of Financial Position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include board designated amounts that could be utilized if the Board of Trustees approved the use. The Board of Trustees has designated funds without restrictions for capital improvements.

	2021	2020
Financial assets, at year end		
Cash, operating	$ 764,482	$ 547,381
Certificate of deposit with maturity of less than 1 year	157,279	156,356
Accounts receivable-parents (net of allowance for doubtful accounts)	4,471	42,030
Investments	9,686	3,713
Total financial assets, at year end	935,918	749,480
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(1,020)	-
Board designations		
Amounts set aside for capital improvements	(45,000)	(40,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 889,898	$ 709,480

16. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 10, 2022, which is the date the financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to have negative impact on the results of the operations of the Organization. The potential impact is unknown at this time.