

**NORTHWOODS PARTNERS**

**Financial Statements  
For the Years Ended  
December 31, 2019 and 2018**

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To the Board of Directors  
Northwoods Partners  
Ely, MN 55731

Management is responsible for the accompanying financial statements of Northwoods Partners (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Sterle & Co, Ltd*

May 22, 2020

**NORTHWOODS PARTNERS****STATEMENTS OF FINANCIAL POSITION**

December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash - Checking	\$ 77,168	\$ 53,037
Cash - Savings	138,996	137,223
Certificate of deposit	30,174	30,000
Grants receivable	11,012	8,022
Interest receivable	13	112
Prepaid expenses	1,939	1,854
Total Current Assets	259,302	230,248
<b>Furniture and Equipment</b> (net of depreciation of \$11,079 and \$12,227)	4,713	6,306
<b>Total Assets</b>	<u>\$ 264,015</u>	<u>\$ 236,554</u>
<b>Liabilities and Net Assets</b>		
<b>Current (All) Liabilities</b>		
Accounts payable	\$ 697	\$ 248
Accrued payroll	2,465	1,575
Accrued payroll taxes	32	1,833
Accrued compensated absences	3,375	-
Refundable advance	-	1,138
Total Liabilities (All)	6,569	4,794
<b>Net Assets</b>		
Without donor restrictions	174,526	148,840
Without donor restrictions - Board designated - Operating fund	82,920	82,920
	257,446	231,760
<b>Total Liabilities and Net Assets</b>	<u>\$ 264,015</u>	<u>\$ 236,554</u>

# NORTHWOODS PARTNERS

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>Public Support and Revenue</b>		
Public Support		
Grants and donations	\$ 121,059	\$ 170,769
Donations - In-Kind	19,482	27,636
Special fund raising events (net of expenses of \$8,386 and \$4,880)	25,319	17,606
	<u>165,860</u>	<u>216,011</u>
Revenues		
Program services	17,001	13,101
Investment earnings	1,848	917
	<u>18,849</u>	<u>14,018</u>
<b>Total Public Support and Revenue</b>	<u>184,709</u>	<u>230,029</u>
<b>Expenses</b>		
Program services	122,706	131,368
Supporting services		
Management and general	36,053	39,820
Fund raising	264	1,781
	<u>159,023</u>	<u>172,969</u>
<b>Change in Net Assets - Without Donor Restrictions</b>	<u>\$ 25,686</u>	<u>\$ 57,060</u>
<b>Net Assets - Without Donor Restrictions - Beginning of Year</b>	\$ 231,760	\$ 174,700
Change in Net Assets	25,686	57,060
<b>Net Assets - Without Donor Restrictions - End of Year</b>	<u>\$ 257,446</u>	<u>\$ 231,760</u>

**NORTHWOODS PARTNERS**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2019

	Program	Supporting Services		2019 Total
		Management and General	Fund Raising	
<b>Salaries and Related Expenses</b>				
Salaries	\$ 73,865	\$ 22,063	-	\$ 95,928
Payroll taxes and fringe benefits	5,493	1,641	-	7,134
	<u>79,358</u>	<u>23,704</u>	<u>-</u>	<u>103,062</u>
<b>Other Expenses</b>				
Advertising	784	-	187	971
Communications	1,395	417	-	1,812
Dues and memberships	225	75	-	300
Insurance	-	4,614	-	4,614
Occupancy	15,108	4,274	-	19,382
Office expenses	3,701	1,028	77	4,806
Postage	-	146	-	146
Professional fees	-	1,100	-	1,100
Program expenses	8,180	-	-	8,180
Staff travel and meetings	10,656	-	-	10,656
Staff and board training	549	140	-	689
Volunteer expenses	893	-	-	893
Depreciation	1,857	555	-	2,412
	<u>\$ 122,706</u>	<u>\$ 36,053</u>	<u>\$ 264</u>	<u>\$ 159,023</u>

See accompanying notes and accountant's compilation report.

**NORTHWOODS PARTNERS**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2018

	Supporting Services				2018 Total
	Program	Management and General	Fund Raising		
<b>Salaries and Related Expenses</b>					
Salaries	\$ 70,723	\$ 21,125	\$ -	\$ -	\$ 91,848
Payroll taxes and fringe benefits	5,514	1,647	-	-	7,161
	<u>76,237</u>	<u>22,772</u>	<u>-</u>	<u>-</u>	<u>99,009</u>
<b>Other Expenses</b>					
Advertising	1,595	780	-	-	2,375
Communications	1,136	339	-	-	1,475
Dues and memberships	350	75	-	-	425
Insurance	-	5,244	-	-	5,244
Occupancy	21,193	6,330	-	-	27,523
Office expenses	6,742	1,255	760	-	8,757
Postage	2,199	955	1,000	-	4,154
Professional fees	-	1,220	-	-	1,220
Program expenses	7,228	-	-	-	7,228
Staff travel and meetings	8,807	-	-	-	8,807
Staff and board training	2,380	264	-	-	2,644
Volunteer expenses	1,538	-	21	-	1,559
Depreciation	1,963	586	-	-	2,549
	<u>\$ 131,368</u>	<u>\$ 39,820</u>	<u>\$ 1,781</u>	<u>\$ -</u>	<u>\$ 172,969</u>

See accompanying notes and accountant's compilation report.

# NORTHWOODS PARTNERS

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 25,686	\$ 57,060
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,412	2,549
Decrease (increase) in grants receivable	(2,990)	1,147
Decrease (increase) in interest receivable	99	(112)
Increase in prepaid expenses	(85)	(77)
Increase (decrease) in accounts payable	449	(73)
Increase (decrease) in accrued payroll	890	(131)
Decrease in accrued payroll taxes	(1,801)	(85)
Increase in accrued compensated absences	3,375	-
Decrease in refundable advances	(1,138)	(3,862)
Net Cash Provided by Operating Activities	26,897	56,416
<b>Cash Flows From Investing Activities</b>		
Purchases of short-term investments	(174)	(30,000)
Payments for furniture and equipment	(819)	(2,123)
Net Cash Used in Investing Activities	(993)	(32,123)
<b>Cash Flows From Financing Activities</b>	-	-
Net Increase in Cash and Cash Equivalents	25,904	24,293
Cash and Cash Equivalents - Beginning of the Year	190,260	165,967
Cash and Cash Equivalents - End of the Year	<u>\$ 216,164</u>	<u>\$ 190,260</u>
Cash and Cash Equivalents consist of the following:		
Cash in Checking	\$ 77,168	\$ 53,037
Cash in Savings	138,996	137,223
	<u>\$ 216,164</u>	<u>\$ 190,260</u>
Supplemental Disclosures		
Noncash transactions - donations of in-kind rent and advertising	\$ 19,482	\$ 27,636



# NORTHWOODS PARTNERS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Activities*

Northwoods Partners was organized under Minnesota Statutes as a nonprofit corporation. The mission of the Organization is to provide support services that promote independence and healthy aging by offering access to services for families in surrounding communities.

#### *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### *Basis of Presentation*

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: without donor restrictions and with donor restrictions.

Without donor restricted net assets are resources available to support operations. The only limits on the use of the unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net assets with donor restrictions are not available for operations and are limited to activities specified by the donor. As of December 31, 2019 and 2018, the Organization did not hold any net assets with donor restrictions.

#### *Use of 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.

#### *Cash and Cash Equivalents*

Cash equivalents include certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. As of December 31, 2019 and 2018, the Organization did not hold any cash equivalents. All funds were held in checking or money market savings accounts with the exception of one certificate of deposit which had a maturity date that exceeded three months.

#### *Furniture and Equipment*

Capital assets are carried at cost and are comprised of office furniture and equipment. The provision for depreciation is computed using the straight-line method, based upon the estimated lives of the assets. Donations of equipment are recorded at their estimated fair value at the date of donation. The Organization has adopted a capitalization threshold of \$750 or more.

#### *Income Taxes*

The Organization is exempt from federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization has not been audited by the Internal Revenue Service or the Minnesota Department of Revenue. Accordingly, the tax returns for the past three years are open to examination.

#### *Allocated Expenses*

Expenses are charged to program services on the basis of the Organization's purpose. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated, based on estimates, among the programs and supporting services benefited.

# NORTHWOODS PARTNERS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### *Prepaid Expenses*

Expenses that have been paid for in the current fiscal year that apply to future periods have been reported as prepaid expenses in the accompanying financial statements and consist primarily of insurance premiums.

#### *Advertising*

The Organization uses advertising to promote its programs among the community it serves. The costs are expensed as incurred. During 2019 and 2018, advertising costs totaled \$971 and \$2,375, respectively.

#### *Board Designated Net Assets - Operating Fund*

The Board has set aside funds for future operations. The amount is determined annually by reviewing the upcoming year's budget and designating six months of operating expenses accordingly.

### NOTE 2 DONATED FACILITIES AND SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No amounts have been reflected in the accompanying financial statements for donated services. Many individuals volunteer their time and perform a variety of tasks that assist the Organization but do not require specialized skills meeting the above criteria for recognition. However, the Organization does receive in-kind donations of facility usage and other costs that meet the criteria for recognition. The following are reported in the accompanying financial statements as contributions and a corresponding expense based on an estimated fair value for the years ending December 31:

	2019	2018
Occupancy	\$ 19,382	\$ 18,547
Advertising	100	113
Office expenses	-	8,976
	<u>\$ 19,482</u>	<u>\$ 27,636</u>

### NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization does not hold any net assets that are restricted by the donor. Therefore the total net assets of \$257,446 and \$231,760 as of December 31, 2019 and 2018, respectively, is available for operations. However the Board has further designated the use of the assets by formally establishing, within its operating documents, the requirement to set aside approximately six months of operating costs. As of December 31, 2019 and 2018, the Board has reported \$82,920 as internally designated funds. These funds will not be available for general operational purposes without Board approval. The Organization has placed these funds in a dedicated savings account held at a local bank.

# NORTHWOODS PARTNERS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

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### NOTE 4 SUBSEQUENT EVENT

*Date of Management's Review*

Management has evaluated subsequent events through May 22, 2020, the date on which the financial statements were available to be issued.

*COVID-19*

Subsequent to year end, the outbreak of COVID-19 resulted in disruptions or restrictions within the geographic area serviced by the Organization due to declarations of emergency or government ordered restrictions. As a result, the Organization was eligible and received funding under the Paycheck Protection Program to assist with cash flow and maintain its obligations to its employees. The Organization continued to operate during this time but subsequent impacts on its operations and future funding through grants and contributions are unknown.