

**NORTHWOODS PARTNERS**

**Financial Statements  
For the Years Ended  
December 31, 2020 and 2019**

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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, 2020 and 2019, 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 19, 2021

# NORTHWOODS PARTNERS

## STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash - Checking	\$ 160,072	\$ 77,168
Cash - Savings	190,652	138,996
Certificate of deposit	30,885	30,174
Grants receivable	8,472	11,012
Interest receivable	-	13
Prepaid expenses	2,138	1,939
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Total Current Assets	392,219	259,302
<b>Furniture and Equipment</b> (net of depreciation of \$8,951 and \$11,079)	3,018	4,713
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<b>Total Assets</b>	<u>\$ 395,237</u>	<u>\$ 264,015</u>
 <b>Liabilities and Net Assets</b>		
<b>Current (All) Liabilities</b>		
Accounts payable	\$ 457	\$ 697
Accrued payroll	-	2,465
Accrued payroll taxes	-	32
Accrued compensated absences	7,520	3,375
Refundable advance	69,755	-
	<hr/>	<hr/>
Total Liabilities (All)	77,732	6,569
 <b>Net Assets</b>		
Without donor restrictions	224,585	174,526
Without donor restrictions - Board designated - Operating fund	92,920	82,920
	<hr/>	<hr/>
	317,505	257,446
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<b>Total Liabilities and Net Assets</b>	<u>\$ 395,237</u>	<u>\$ 264,015</u>

# NORTHWOODS PARTNERS

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Public Support and Revenue</b>		
Public Support		
Grants and donations	\$ 156,239	\$ 121,059
Donations - In-Kind	24,517	19,482
Special fund raising events (net of expenses of \$1,195 and \$8,386)	10,362	25,319
	<u>191,118</u>	<u>165,860</u>
Other Revenues		
Program services	17,508	17,001
Investment earnings	2,354	1,848
Paycheck Protection Program loan forgiveness (note 4)	20,244	-
	<u>40,106</u>	<u>18,849</u>
<b>Total Public Support and Other Revenues</b>	<u>231,224</u>	<u>184,709</u>
<b>Expenses</b>		
Program services	129,725	122,706
Supporting services		
Management and general	40,514	36,053
Fund raising	926	264
	<u>171,165</u>	<u>159,023</u>
<b>Total Expenses</b>		
	<u>171,165</u>	<u>159,023</u>
<b>Change in Net Assets - Without Donor Restrictions</b>	<u>\$ 60,059</u>	<u>\$ 25,686</u>
<b>Net Assets -Without Donor Restrictions - Beginning of Year</b>	\$ 257,446	\$ 231,760
Change in Net Assets	60,059	25,686
<b>Net Assets - Without Donor Restrictions - End of Year</b>	<u>\$ 317,505</u>	<u>\$ 257,446</u>

**NORTHWOODS PARTNERS**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2020

	Supporting Services			2020 Total
	Program	Management and General	Fund Raising	
<b>Salaries and Related Expenses</b>				
Salaries	\$ 80,825	\$ 23,356	\$ 786	\$ 104,967
Payroll taxes and fringe benefits	6,172	1,783	60	8,015
	86,997	25,139	846	112,982
<b>Other Expenses</b>				
Advertising	581	-	-	581
Communications	1,444	413	18	1,875
Dues and memberships	231	70	-	301
Insurance	-	4,537	-	4,537
Occupancy	18,801	5,616	-	24,417
Office expenses	3,049	871	40	3,960
Postage	-	2,258	22	2,280
Professional fees	2,160	1,100	-	3,260
Program expenses	5,476	-	-	5,476
Staff travel and meetings	9,143	-	-	9,143
Staff and board training	-	120	-	120
Volunteer expenses	538	-	-	538
Depreciation	1,305	390	-	1,695
	\$ 129,725	\$ 40,514	\$ 926	\$ 171,165

See accompanying notes and accountant's compilation report.

**NORTHWOODS PARTNERS**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2019

	Supporting Services			2019 Total
	Program	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
	79,358	23,704	-	103,062
<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
	\$ 122,706	\$ 36,053	\$ 264	\$ 159,023

See accompanying notes and accountant's compilation report.

# NORTHWOODS PARTNERS

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 60,059	\$ 25,686
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,695	2,412
Decrease (increase) in grants receivable	2,540	(2,990)
Decrease in interest receivable	13	99
Increase in prepaid expenses	(199)	(85)
Increase (decrease) in accounts payable	(240)	449
Increase (decrease) in accrued payroll	(2,465)	890
Decrease in accrued payroll taxes	(32)	(1,801)
Increase in accrued compensated absences	4,145	3,375
Increase (decrease) in refundable advances	69,755	(1,138)
Net Cash Provided by Operating Activities	135,271	26,897
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(711)	(174)
Payments for furniture and equipment	-	(819)
Net Cash Used in Investing Activities	(711)	(993)
<b>Cash Flows From Financing Activities</b>	-	-
Net Increase in Cash and Cash Equivalents	134,560	25,904
Cash and Cash Equivalents - Beginning of the Year	216,164	190,260
Cash and Cash Equivalents - End of the Year	\$ 350,724	\$ 216,164
Cash and Cash Equivalents consist of the following:		
Cash in Checking	\$ 160,072	\$ 77,168
Cash in Savings	190,652	138,996
	\$ 350,724	\$ 216,164
Supplemental Disclosures		
Noncash transactions - donations of in-kind rent and advertising	\$ 24,517	\$ 19,482

See accompanying notes and accountant's compilation report.



# NORTHWOODS PARTNERS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

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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 resources 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, 2020 and 2019, 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, 2020 and 2019, 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.

# NORTHWOODS PARTNERS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

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

#### *Revenue Recognition*

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance 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.

#### *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.

#### *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 2020 and 2019, advertising costs totaled \$581 and \$971, 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.

#### *Geographic Concentration*

The Organization conducts its operations solely in Northeastern Minnesota, and therefore, is subject to the risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization's services.

#### *Date of Management's Review*

Management has evaluated subsequent events through May 19, 2021, the date on which the financial statements were available to be issued.

# NORTHWOODS PARTNERS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 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:

	2,020	2019
Occupancy	\$ 24,417	\$ 19,382
Advertising	100	100
	<u>\$ 24,517</u>	<u>\$ 19,482</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 \$317,505 and \$257,446 as of December 31, 2020 and 2019, 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, 2020 and 2019, the Board has reported \$92,920 and \$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.

### NOTE 4 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

During the year, the Organization received proceeds under the paycheck protection program (PPP) in the amount of \$20,244. The Organization utilized the funds in accordance with the terms of the loan and as a result the loan was fully forgiven. The entity has recorded the loan in the accompanying financial statements as a nonreciprocal or non-exchange transaction as an allowable method of recognition under not-for-profit accounting standards.

### NOTE 5 REFUNDABLE ADVANCES

The Organization records grant awards as exchange transactions and refundable advances until the related services are performed, at which time they are recognized as revenue. During 2020, the Organization received funding for the Ely Coalition Community Planning and Care Coordination Project in which Northwoods Partners is the lead agency. They also received another grant for COVID-19 responses. The Organization received advance funding of \$80,000 during the year under these grants and had incurred expenses of \$10,245 through December 31, 2020. The remaining advances will be recognized as revenue in the subsequent year as the services are provided.

Refundable advances, beginning of the year	\$ -
Grant awards received	80,000
Grant expenditures incurred	(10,245)
	<u>\$ 69,755</u>