

NORTHWOODS PARTNERS

**Financial Statements
For the Years Ended
December 31, 2021 and 2020**

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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, 2021 and 2020, 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
June 10, 2022

NORTHWOODS PARTNERS

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash - Checking	\$ 44,371	\$ 160,072
Cash - Savings	250,216	190,652
Short term investment - Stock contribution	5,226	-
Certificates of deposit	167,363	30,885
Grants receivable	21,944	8,472
Prepaid expenses	2,231	2,138
Total Current Assets	491,351	392,219
Furniture and Equipment (net of depreciation of \$10,626 and \$8,951)	3,681	3,018
Total Assets	<u>\$ 495,032</u>	<u>\$ 395,237</u>
Liabilities and Net Assets		
Current (All) Liabilities		
Accounts payable	\$ 1,178	\$ 457
Accrued compensated absences	2,110	7,520
Refundable advance	103,927	69,755
Total Liabilities (All)	107,215	77,732
Net Assets		
Without donor restrictions	271,487	224,585
Without donor restrictions - Board designated - Operating fund	116,330	92,920
	387,817	317,505
Total Liabilities and Net Assets	<u>\$ 495,032</u>	<u>\$ 395,237</u>

NORTHWOODS PARTNERS**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2021 and 2020

	2021	2020
Public Support and Revenue		
Public Support		
Grants and donations	\$ 179,655	\$ 156,239
Donations - In-Kind	22,322	24,517
Special fund raising events (net of expenses of \$7,948 and \$1,195)	33,729	10,362
	<u>235,706</u>	<u>191,118</u>
Other Revenues		
Program services	15,732	17,508
Investment earnings	2,031	2,354
Paycheck Protection Program loan forgiveness (note 5)	-	20,244
	<u>17,763</u>	<u>40,106</u>
Total Public Support and Other Revenues	<u>253,469</u>	<u>231,224</u>
Expenses		
Program services	142,579	129,725
Supporting services		
Management and general	39,413	40,514
Fund raising	1,165	926
	<u>183,157</u>	<u>171,165</u>
Total Expenses	<u>183,157</u>	<u>171,165</u>
Change in Net Assets - Without Donor Restrictions	<u>\$ 70,312</u>	<u>\$ 60,059</u>
Net Assets -Without Donor Restrictions - Beginning of Year	\$ 317,505	\$ 257,446
Change in Net Assets	70,312	60,059
Net Assets - Without Donor Restrictions - End of Year	<u>\$ 387,817</u>	<u>\$ 317,505</u>

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program	Supporting Services			2021 Total
		Management and General	Fund Raising		
Salaries and Related Expenses					
Salaries	\$ 79,660	\$ 22,760	\$ 1,034	\$	103,454
Payroll taxes and fringe benefits	6,514	1,861	85		8,460
	86,174	24,621	1,119		111,914
Other Expenses					
Advertising	450	-	-		450
Communications	1,339	383	17		1,739
Dues and memberships	553	180	-		733
Insurance	-	4,946	-		4,946
Occupancy	17,110	5,112	-		22,222
Office expenses	2,245	642	29		2,916
Postage	-	1,461	-		1,461
Professional fees	-	1,200	-		1,200
Program expenses	20,583	-	-		20,583
Staff travel and meetings	1,036	-	-		1,036
Staff and board training	100	483	-		583
Volunteer expenses	11,699	-	-		11,699
Depreciation	1,290	385	-		1,675
	\$ 142,579	\$ 39,413	\$ 1,165	\$	183,157

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program	Supporting Services			2020 Total
		Management and General	Fund Raising		
Salaries and Related Expenses					
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
Other Expenses					
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**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	\$ 70,312	\$ 60,059
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,675	1,695
Decrease (increase) in grants receivable	(13,472)	2,540
Decrease in interest receivable	-	13
Increase in prepaid expenses	(93)	(199)
Increase (decrease) in accounts payable	721	(240)
Decrease in accrued payroll	-	(2,465)
Decrease in accrued payroll taxes	-	(32)
Increase (decrease) in accrued compensated absences	(5,410)	4,145
Increase in refundable advances	34,172	69,755
Net Cash Provided by Operating Activities	87,905	135,271
Cash Flows From Investing Activities		
Purchases of investments	(136,478)	(711)
Payments for furniture and equipment	(2,338)	-
Net Cash Used in Investing Activities	(138,816)	(711)
Cash Flows From Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(50,911)	134,560
Cash and Cash Equivalents - Beginning of the Year	350,724	216,164
Cash and Cash Equivalents - End of the Year	<u>\$ 299,813</u>	<u>\$ 350,724</u>
Cash and Cash Equivalents consist of the following:		
Cash in Checking	\$ 44,371	\$ 160,072
Cash in Savings	250,216	190,652
Short term investments	5,226	-
	<u>\$ 299,813</u>	<u>\$ 350,724</u>
Supplemental Disclosures		
Noncash transactions - donations of in-kind rent and advertising	\$ 22,322	\$ 24,517

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 the Organization held a short term investment consisting of stock contributed during the year. The stock was subsequently sold and converted to cash. All other cash funds were held in checking or money market savings accounts.

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.

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.

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Organization is also the recipient of grants that require expenditures for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursed costs is reported as refundable advances.

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. The expenses that are allocated include occupancy, depreciation, personnel costs, office, and communications expenses which are allocated on the basis of estimates of time and effort.

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 2021 and 2020, advertising costs totaled \$450 and \$581, 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 eight 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 June 10, 2022, the date on which the financial statements were available to be issued.

NOTE 2 CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$167,363 (\$30,885 as of December 31, 2020) are included in the accompanying financial statements as of December 31, 2021. The certificates bear interest ranging from .03% to 1.256% and have maturity dates of October 23, 2023 and June 22, 2024.

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 3 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:

	2021	2020
Occupancy	\$ 22,222	\$ 24,417
Advertising	100	100
	<u>\$ 22,322</u>	<u>\$ 24,517</u>

NOTE 4 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 \$387,817 and \$317,505 as of December 31, 2021 and 2020, 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 eight months of operating costs. The Board previously established a designation of six months of operating costs for 2020 and increased it to eight months per board action during 2021.

As of December 31, 2021 and 2020, the Board has reported \$116,330 and \$92,920 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 5 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In the previous 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 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 6 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. 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 under these grants and have incurred expenses of \$35,828 and \$10,245 through December 31, 2021 and 2020. The remaining advances will be recognized as revenue in the subsequent year as the services are provided.

	2021	2020
Refundable advances, beginning of the year	\$ 69,755	\$ -
Grant awards received	70,000	80,000
Grant expenditures incurred	(35,828)	(10,245)
	<u>\$ 103,927</u>	<u>\$ 69,755</u>