

NORTHWOODS PARTNERS

**Financial Statements
For the Years Ended
December 31, 2024 and 2023**

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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, 2024 and 2023, 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
July 28, 2025

NORTHWOODS PARTNERS

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash - Checking	\$ 46,239	\$ 63,040
Cash - Savings	41,955	50,950
Certificates of deposit	437,538	386,534
Interest receivable	3,366	4,335
Grants receivable	10,213	10,859
Prepaid expenses	3,044	2,340
Total Current Assets	542,355	518,058
Long Term Assets		
Furniture and Equipment (net of depreciation of \$1,645 and \$14,695)	7,728	1,744
Right-of-Use Asset - Leased facility (net of \$8,311 amortization)	102,548	-
	110,276	1,744
Total Assets	\$ 652,631	\$ 519,802
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 3,761	\$ -
Accrued payroll	1,720	-
Accrued payroll taxes	6,105	-
Right-of Use lease liability - current	19,767	-
Accrued compensated absences	4,072	2,298
Refundable advance	10,000	20,066
Total Current Liabilities	45,425	22,364
Long Term Liabilities		
Right-of-Use Liability (less current portion)	82,781	-
Total Liabilities	128,206	22,364
Net Assets		
Without donor restrictions	205,287	246,724
Without donor restrictions - Board designated - Operating funds	309,072	250,714
Without donor restrictions - Board designated - Northland funds	10,066	-
	524,425	497,438
Total Liabilities and Net Assets	\$ 652,631	\$ 519,802

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2024 and 2023

	2024	2023
Public Support and Revenue		
Public Support		
Grants and donations	\$ 194,850	\$ 195,653
Donations - In-Kind	14,526	27,219
Special fundraising events (net of expenses of \$12,729 and \$13,472)	39,397	40,285
	<u>248,773</u>	<u>263,157</u>
Other Revenues		
Program services	7,588	16,443
Investment earnings	21,138	11,359
Other income	500	625
	<u>29,226</u>	<u>28,427</u>
Total Public Support and Other Revenues	<u>277,999</u>	<u>291,584</u>
Expenses		
Program services	182,275	197,312
Supporting services		
Management and general	61,550	51,457
Fundraising	7,187	1,937
	<u>251,012</u>	<u>250,706</u>
Change in Net Assets - Without Donor Restrictions	<u>\$ 26,987</u>	<u>\$ 40,878</u>
Net Assets -Without Donor Restrictions - Beginning of Year	\$ 497,438	\$ 456,560
Change in Net Assets	<u>26,987</u>	<u>40,878</u>
Net Assets - Without Donor Restrictions - End of Year	<u>\$ 524,425</u>	<u>\$ 497,438</u>

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2024 and 2023

	Program	Supporting Services		2024 Total
		Management and General	Fund Raising	
Salaries and Related Expenses				
Salaries	\$ 92,991	\$ 32,289	\$ 3,874	\$ 129,154
Payroll taxes and fringe benefits	13,486	4,683	561	18,730
	<u>106,477</u>	<u>36,972</u>	<u>4,435</u>	<u>147,884</u>
Other Expenses				
Advertising/marketing	442	-	353	795
Communications	2,200	764	92	3,056
Dues and memberships	345	1,010	-	1,355
Insurance	-	4,948	-	4,948
Occupancy	17,527	7,512	-	25,039
Office expenses	15,542	5,397	2,307	23,246
Postage	-	1,672	-	1,672
Professional fees	-	1,380	-	1,380
Program expenses	18,690	-	-	18,690
Staff travel and meetings	757	-	-	757
Staff and board training	61	878	-	939
Volunteer expenses	17,862	-	-	17,862
Depreciation	1,422	610	-	2,032
Loss on disposition of assets no longer in use	950	407	-	1,357
	<u>\$ 182,275</u>	<u>\$ 61,550</u>	<u>\$ 7,187</u>	<u>\$ 251,012</u>

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2024 and 2023

	Supporting Services			2023 Total
	Program	Management and General	Fund Raising	
Salaries and Related Expenses				
Salaries	\$ 104,969	\$ 29,991	\$ 1,364	\$ 136,324
Payroll taxes and fringe benefits	15,228	4,351	197	19,776
	<u>120,197</u>	<u>34,342</u>	<u>1,561</u>	<u>156,100</u>
Other Expenses				
Communications	1,248	356	16	1,620
Dues and memberships	325	425	-	750
Insurance	-	5,254	-	5,254
Occupancy	20,925	6,250	-	27,175
Office expenses	5,661	1,617	360	7,638
Postage	-	885	-	885
Professional fees	-	1,200	-	1,200
Program expenses	24,738	-	-	24,738
Staff travel and meetings	1,770	-	-	1,770
Staff and board training	563	725	-	1,288
Volunteer expenses	20,537	-	-	20,537
Depreciation	1,348	403	-	1,751
	<u>\$ 197,312</u>	<u>\$ 51,457</u>	<u>\$ 1,937</u>	<u>\$ 250,706</u>

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Increase in net assets	\$ 26,987	\$ 40,878
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,032	1,751
Loss on disposition of assets	1,357	-
Amortization of right-of-use asset (included in occupancy costs)	8,311	-
Decrease in grants receivable	646	3,843
Decrease (increase) in prepaid expenses	(704)	18
Decrease (increase) in interest receivable	969	(4,335)
Increase (decrease) in accounts payable	3,761	(3,380)
Increase in accrued payroll	1,720	-
Increase in accrued payroll taxes	6,105	-
Increase in accrued compensated absences	1,774	489
Decrease in refundable advances	(10,066)	(3,430)
Net Cash Provided by Operating Activities	42,892	35,834
Cash Flows From Investing Activities		
Purchases of investments	(556,030)	(482,320)
Maturities of investments	505,026	265,252
Payments for furniture and equipment	(9,373)	-
Net Cash Used in Investing Activities	(60,377)	(217,068)
Cash Flows From Financing Activities		
Payments made on facility lease agreements	(8,311)	-
Net Decrease in Cash and Cash Equivalents	(25,796)	(181,234)
Cash and Cash Equivalents - Beginning of the Year	113,990	295,224
Cash and Cash Equivalents - End of the Year	\$ 88,194	\$ 113,990
Cash and Cash Equivalents consist of the following:		
Cash in Checking	\$ 46,239	\$ 63,040
Cash in Savings	41,955	50,950
	\$ 88,194	\$ 113,990
Supplemental Disclosures		
Noncash transactions - donations of in-kind rent and advertising	\$ 14,526	\$ 27,219
Noncash transactions - Recognition of Right-of-Use Asset	110,859	-
Noncash transactions - Recognition of Lease Liability	(110,859)	-

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2024 and 2023, 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.

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.

Right-of-Use Assets

Right-of-Use assets consist of facility usage under a lease agreement exceeding one year. Amortization of the assets is estimated using a systematic and allocable method over the term of the lease.

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, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Refundable Advances

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.

Description of Programs and Supporting Services

The Organization includes several programming and supporting services in the accompanying financial statements under programming expenses. Those programs include community coordination, outreach, social engagement, technology, and several programs promoting elder services, exercise, grocery deliveries, and memory care.

Supporting services include those functions necessary to maintain the programs and manage the financial and budgetary responsibilities of the Organization.

Fundraising provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

Advertising

The Organization uses advertising to promote its programs among the community it serves. The costs are expensed as incurred. Advertising costs for special events or for direct programming are reported as a direct functional cost.

Leases

The Organization calculates lease liabilities using the rate implicit in the agreement, or the Organization's incremental borrowing rate if the implicit rate cannot be readily determined. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. For leases exceeding one year, the Organization reflects a right-of-use asset and a corresponding liability. The leased asset is amortized over the lease term.

Board Designated Net Assets - Operating and Northland Funds

The Board has set aside funds for future operations. The amount is determined annually by reviewing the upcoming year's budget and designating twelve months of operating expenses accordingly. In addition, the Board has set aside funds for a previous collaboration grant that were released during the year and will be used by the Board for dedicated purposes assigned annually during the budget process.

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.

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 3 CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$437,538 and \$386,534 as of December 31, 2024 and 2023, respectively, are included in the accompanying financial statements. The certificates bear interest ranging from 4.5% to 4.98% and have maturity dates all in the upcoming year.

NOTE 4 LEASES - ACCOUNTING STANDARDS CODIFICATION (ASC) 842

The Organization entered into a lease agreement dated May 11, 2023 for the rental of office space in which they exercised during 2024. The agreement calls for an initial 5 year term with annual rents of \$23,783. Annual increases to the rent during this initial term will be 2% per year effective on the anniversary date of the lease. The agreement allows options to extend the lease for (2) consecutive five (5) year terms with a 180 day written notification before the initial term will expire.

Right-of-Use Asset

The Organization is reflecting an initial right of use assets of \$110,859 based on a discount rate of 4.5%. The right-of-use asset is being amortized in accordance to the lease terms in a systematic method. For the year ending December 31, 2024, the Organization is reflecting \$8,311 in amortization of these assets leaving a balance of \$102,548 reported in the accompanying financial statements.

Lease Liability

Accordingly, the Organization has also reflected a long term liability for this lease term of \$102,548 as of December 31, 2024, and anticipates annual reductions in the principal based on the discount rate of 4.5% as follows:

For the year ending:

2025	\$	19,767
2026		21,165
2027		22,637
2028		24,186
2029		14,793
	\$	<u>102,548</u>

The Organization is reflecting \$8,311 in principal payments and interest payments of \$1,598 under the lease agreement within the occupancy line of the accompanying Statement of Functional Expenses for the year ending December 31, 2024.

NOTE 5 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:

	2024	2023
Occupancy	\$ 14,504	\$ 27,175
Advertising	22	44
	<u>\$ 14,526</u>	<u>\$ 27,219</u>

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 6 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 \$524,425 and \$497,348 as of December 31, 2024 and 2023, 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 twelve months of operating costs.

As of December 31, 2024 and 2023, the Board has reported \$319,138 and \$250,714 as internally designated funds. These funds will not be available for general operational purposes without Board approval.

NOTE 7 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 as well as through Medica for 2024 programming. The Organization received advance funding under these grants in prior years. The Organization recognized final grant dollars under the Coordination Project during 2024. The Organization anticipates the remaining Medica grant will be recognized as revenue in the subsequent year as the services are provided.

	2024	2023
Refundable advances, beginning of the year	\$ 20,066	\$ 23,496
Grant awards received	10,000	10,000
Grant expenditures incurred	(20,066)	(13,430)
Refundable advances, end of the year	\$ 10,000	\$ 20,066

NOTE 8 EVALUATION OF SUBSEQUENT EVENTS

Date of Management's Review

Management has evaluated subsequent events through July 28, 2025, the date on which the financial statements were available to be issued.