

NORTHWOODS PARTNERS

**Financial Statements
For the Years Ended
December 31, 2022 and 2021**

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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, 2022 and 2021, 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 7, 2023

NORTHWOODS PARTNERS

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash - Checking	\$ 31,598	\$ 44,371
Cash - Savings	261,050	250,216
Short term investment - Stock contribution	2,576	5,226
Certificates of deposit	169,466	167,363
Grants receivable	14,702	21,944
Prepaid expenses	2,358	2,231
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Total Current Assets	481,750	491,351
Furniture and Equipment (net of depreciation of \$12,944 and \$10,626)	3,495	3,681
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Total Assets	<u>\$ 485,245</u>	<u>\$ 495,032</u>
 Liabilities and Net Assets		
Current (All) Liabilities		
Accounts payable	\$ 3,380	\$ 1,178
Accrued compensated absences	1,809	2,110
Refundable advance	23,496	103,927
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Total Liabilities (All)	28,685	107,215
Net Assets		
Without donor restrictions	325,542	271,487
Without donor restrictions - Board designated - Operating fund	131,018	116,330
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	456,560	387,817
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Total Liabilities and Net Assets	<u>\$ 485,245</u>	<u>\$ 495,032</u>

NORTHWOODS PARTNERS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2022 and 2021

	2022	2021
Public Support and Revenue		
Public Support		
Grants and donations	\$ 238,614	\$ 179,655
Donations - In-Kind	21,357	22,322
Special fund raising events (net of expenses of \$9,370 and \$7,948)	29,086	33,729
	<u>289,057</u>	<u>235,706</u>
Other Revenues		
Program services	21,233	15,732
Investment earnings	2,936	2,031
	<u>24,169</u>	<u>17,763</u>
Total Public Support and Other Revenues	<u>313,226</u>	<u>253,469</u>
Expenses		
Program services	198,161	142,579
Supporting services		
Management and general	44,917	39,413
Fund raising	1,405	1,165
	<u>244,483</u>	<u>183,157</u>
Change in Net Assets - Without Donor Restrictions	<u>\$ 68,743</u>	<u>\$ 70,312</u>
Net Assets -Without Donor Restrictions - Beginning of Year	\$ 387,817	\$ 317,505
Change in Net Assets	<u>68,743</u>	<u>70,312</u>
Net Assets - Without Donor Restrictions - End of Year	<u>\$ 456,560</u>	<u>\$ 387,817</u>

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2022 and 2021

	Program	Supporting Services		2022 Total
		Management and General	Fund Raising	
Salaries and Related Expenses				
Salaries	\$ 97,989	\$ 27,997	\$ 1,273	\$ 127,259
Payroll taxes and fringe benefits	7,669	2,191	100	9,960
	105,658	30,188	1,373	137,219
Other Expenses				
Communications	1,485	396	18	1,899
Dues and memberships	347	230	-	577
Insurance	-	5,298	-	5,298
Occupancy	16,368	4,889	-	21,257
Office expenses	1,056	301	14	1,371
Postage	-	761	-	761
Professional fees	-	1,200	-	1,200
Program expenses	57,821	-	-	57,821
Staff travel and meetings	1,182	-	-	1,182
Staff and board training	114	1,121	-	1,235
Volunteer expenses	12,345	-	-	12,345
Depreciation	1,785	533	-	2,318
	\$ 198,161	\$ 44,917	\$ 1,405	\$ 244,483

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2022 and 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				
Communications	1,789	383	17	2,189
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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Increase in net assets	\$ 68,743	\$ 70,312
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,318	1,675
Decrease (increase) in grants receivable	7,242	(13,472)
Increase in prepaid expenses	(127)	(93)
Increase in accounts payable	2,202	721
Decrease in accrued compensated absences	(301)	(5,410)
Increase (decrease) in refundable advances	(80,431)	34,172
Net Cash Provided by (Used in) Operating Activities	(354)	87,905
Cash Flows From Investing Activities		
Purchases of investments	(2,103)	(136,478)
Payments for furniture and equipment	(2,132)	(2,338)
Net Cash Used in Investing Activities	(4,235)	(138,816)
Cash Flows From Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	(4,589)	(50,911)
Cash and Cash Equivalents - Beginning of the Year	299,813	350,724
Cash and Cash Equivalents - End of the Year	\$ 295,224	\$ 299,813
Cash and Cash Equivalents consist of the following:		
Cash in Checking	\$ 31,598	\$ 44,371
Cash in Savings	261,050	250,216
Short term investments	2,576	5,226
	\$ 295,224	\$ 299,813
Supplemental Disclosures		
Noncash transactions - donations of in-kind rent and advertising	\$ 21,357	\$ 22,322

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021 the Organization held a short term investment consisting of stock contributed during the year. The stock was 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, 2022 and 2021

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 services for food access, home health care, 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 finance 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. The Organization does not have formal, long term lease arrangement requiring recognition in the accompanying financial statements.

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.

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 3 CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$169,466 and \$167,363 as of December 31, 2022 and 2021, respectively, are included in the accompanying financial statements. The certificates bear interest of 1.256% and have maturity dates of October 23, 2023 and June 22, 2024.

NOTE 4 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:

	2022	2021
Occupancy	\$ 21,257	\$ 22,222
Advertising	100	100
	<u>\$ 21,357</u>	<u>\$ 22,322</u>

NOTE 5 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 \$456,560 and \$387,817 as of December 31, 2022 and 2021, 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.

As of December 31, 2022 and 2021, the Board has reported \$131,018 and \$116,330 as internally designated funds. These funds will not be available for general operational purposes without Board approval.

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 in prior years and have incurred expenses of \$80,431 and \$35,828 through December 31, 2022 and 2021. The remaining advances will be recognized as revenue in the subsequent year as the services are provided.

	2022	2021
Refundable advances, beginning of the year	\$ 103,927	\$ 69,755
Grant awards received	-	70,000
Grant expenditures incurred	(80,431)	(35,828)
Refundable advances, end of the year	<u>\$ 23,496</u>	<u>\$ 103,927</u>

NOTE 7 EVALUATION OF SUBSEQUENT EVENTS

Date of Management's Review

Management has evaluated subsequent events through June 7, 2023, the date on which the financial statements were available to be issued. The Financial Accounting Standard's Board Accounting Standards Codification (ASC) 842, *Leases*, did not have a significant impact on the statement of financial position, statement of activities or cash flows for the year ended December 31, 2022.