

NORTHWOODS PARTNERS

**Financial Statements
For the Years Ended
December 31, 2023 and 2022**

Table of Contents

	<u>Page No.</u>
Accountant's Compilation Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to the Financial Statements	7



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, 2023 and 2022, 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 20, 2024

NORTHWOODS PARTNERS

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash - Checking	\$ 63,040	\$ 31,598
Cash - Savings	50,950	261,050
Short term investment - Stock contribution	-	2,576
Certificates of deposit	386,534	169,466
Interest receivable	4,335	-
Grants receivable	10,859	14,702
Prepaid expenses	2,340	2,358
Total Current Assets	518,058	481,750
Furniture and Equipment (net of depreciation of \$14,695 and \$12,944)	1,744	3,495
Total Assets	\$ 519,802	\$ 485,245
Liabilities and Net Assets		
Current (All) Liabilities		
Accounts payable	\$ -	\$ 3,380
Accrued compensated absences	2,298	1,809
Refundable advance	20,066	23,496
Total Liabilities (All)	22,364	28,685
Net Assets		
Without donor restrictions	246,724	325,542
Without donor restrictions - Board designated - Operating fund	250,714	131,018
	497,438	456,560
Total Liabilities and Net Assets	\$ 519,802	\$ 485,245

NORTHWOODS PARTNERS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2023 and 2022

	2023	2022
Public Support and Revenue		
Public Support		
Grants and donations	\$ 195,653	\$ 238,614
Donations - In-Kind	27,219	21,357
Special fund raising events (net of expenses of \$13,472 and \$9,370)	40,285	29,086
	<u>263,157</u>	<u>289,057</u>
Other Revenues		
Program services	16,443	21,233
Investment earnings	11,359	2,936
Other income	625	-
	<u>28,427</u>	<u>24,169</u>
Total Public Support and Other Revenues	291,584	313,226
Expenses		
Program services	197,312	198,161
Supporting services		
Management and general	51,457	44,917
Fund raising	1,937	1,405
	<u>250,706</u>	<u>244,483</u>
Total Expenses		
	<u>\$ 40,878</u>	<u>\$ 68,743</u>
Change in Net Assets - Without Donor Restrictions		
Net Assets -Without Donor Restrictions - Beginning of Year	\$ 456,560	\$ 387,817
Change in Net Assets	40,878	68,743
Net Assets - Without Donor Restrictions - End of Year	<u>\$ 497,438</u>	<u>\$ 456,560</u>

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2023 and 2022

	Program	Supporting Services		2023 Total
		Management and General	Fund Raising	
Salaries and Related Expenses	\$ 104,969	\$ 29,991	\$ 1,364	\$ 136,324
Salaries				
Payroll taxes and fringe benefits	15,228	4,351	197	19,776
	120,197	34,342	1,561	156,100
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
	\$ 197,312	\$ 51,457	\$ 1,937	\$ 250,706

NORTHWOODS PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2023 and 2022

	Supporting Services			2022 Total
	Program	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
	<u>105,658</u>	<u>30,188</u>	<u>1,373</u>	<u>137,219</u>
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
	<u>\$ 198,161</u>	<u>\$ 44,917</u>	<u>\$ 1,405</u>	<u>\$ 244,483</u>

See accompanying notes and accountant's compilation report.

NORTHWOODS PARTNERS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Increase in net assets	\$ 40,878	\$ 68,743
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,751	2,318
Decrease in grants receivable	3,843	7,242
Decrease (increase) in prepaid expenses	18	(127)
Increase in interest receivable	(4,335)	-
Increase (decrease) in accounts payable	(3,380)	2,202
Increase (decrease) in accrued compensated absences	489	(301)
Decrease in refundable advances	(3,430)	(80,431)
Net Cash Provided by (Used in) Operating Activities	35,834	(354)
Cash Flows From Investing Activities		
Purchases of investments	(482,320)	(2,103)
Maturities of investments	265,252	-
Payments for furniture and equipment	-	(2,132)
Net Cash Used in Investing Activities	(217,068)	(4,235)
Cash Flows From Financing Activities		
Net Decrease in Cash and Cash Equivalents	(181,234)	(4,589)
Cash and Cash Equivalents - Beginning of the Year	295,224	299,813
Cash and Cash Equivalents - End of the Year	<u>\$ 113,990</u>	<u>\$ 295,224</u>
Cash and Cash Equivalents consist of the following:		
Cash in Checking	\$ 63,040	\$ 31,598
Cash in Savings	50,950	261,050
Short term investments	-	2,576
	<u>\$ 113,990</u>	<u>\$ 295,224</u>
Supplemental Disclosures		
Noncash transactions - donations of in-kind rent and advertising	\$ 27,219	\$ 21,357

NORTHWOODS PARTNERS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023 and 2022

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, 2023 and 2022, 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 the Organization held a short term investment consisting of stock contributed during the year. The stock was sold and converted to cash during 2023. 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, 2023 and 2022

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 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 twelve 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, 2023 and 2022

NOTE 3 CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$386,534 and \$169,466 as of December 31, 2023 and 2022, respectively, are included in the accompanying financial statements. The certificates bear interest ranging from 1.256% to 5.22% and have maturity dates all in the upcoming year.

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:

	2023	2022
Occupancy	\$ 27,175	\$ 21,257
Advertising	44	100
	<u>\$ 27,219</u>	<u>\$ 21,357</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 \$497,438 and \$456,560 as of December 31, 2023 and 2022, 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, 2023 and 2022, the Board has reported \$205,846 and \$131,018 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 as well as through Medica for 2024 programming. 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.

	2023	2022
Refundable advances, beginning of the year	\$ 23,496	\$ 103,927
Grant awards received	10,000	-
Grant expenditures incurred	(13,430)	(80,431)
Refundable advances, end of the year	<u>\$ 20,066</u>	<u>\$ 23,496</u>

NOTE 7 EVALUATION OF SUBSEQUENT EVENTS

Date of Management's Review

Management has evaluated subsequent events through May 20, 2024, 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 years ended December 31, 2023 and 2022.