

**NORTHPOINT HEALTH &
WELLNESS CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

PREPARED BY

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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O. Barry Rogers, CPA
Wylie R. Klawitter, CPA

BWK Rogers PC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
Minneapolis, Minnesota

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NorthPoint Health & Wellness Center, Inc.

We have audited the accompanying financial statements of NorthPoint Health & Wellness Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NorthPoint Health & Wellness Center, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the NorthPoint Health & Wellness Center, Inc.'s 2015 financial statements, and our report dated September 12, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "B. K. Rogers PC". The signature is written in dark ink and is positioned above the date.

June 12, 2017

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and Cash Equivalents	\$ 665,926	\$ 477,998
Investments	146,932	130,117
Accounts Receivable, net of allowance for doubtful accounts of \$8,283 and \$26,153 in 2016 and 2015, respectively	327,079	260,686
Grants Receivable	361,302	116,935
Prepaid Expenses	14,108	27,084
Inventory	<u>37,033</u>	<u>22,144</u>
Total Current Assets	1,552,380	1,034,964
Fixed Assets, net of accumulated depreciation of \$771,501 and \$742,162 in 2016 and 2015, respectively	<u>1,773,094</u>	<u>1,850,679</u>
Total Assets	<u>\$ 3,325,474</u>	<u>\$ 2,885,643</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 64,845	\$ 54,405
Accrued Expenses	110,449	117,217
Deferred Revenue	104,137	15,939
Current Portion Notes Payable	<u>-</u>	<u>38,000</u>
Total Current Liabilities	279,431	225,561
Non-Current Liabilities		
Security Deposits	<u>719</u>	<u>719</u>
Total Non-Current Liabilities	<u>719</u>	<u>719</u>
Total Liabilities	280,150	226,280
Net Assets		
Unrestricted	2,669,597	2,505,892
Temporarily Restricted	<u>375,727</u>	<u>153,471</u>
Total Net Assets	<u>3,045,324</u>	<u>2,659,363</u>
Total Liabilities and Net Assets	<u>\$ 3,325,474</u>	<u>\$ 2,885,643</u>

The accompanying notes are an integral part of these financial statements.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
Support and Revenue				
Support				
Hennepin County	\$ 3,773,803	\$ -	\$ 3,773,803	\$ 3,508,976
Other Government Grants	169,717	-	169,717	379,442
Foundations & Corporations	740,349	425,000	1,165,349	472,094
United Way Donations	164,926	-	164,926	63,133
Forgiveness of Debt	38,000	-	38,000	91,200
Individual Contributions	31,405	-	31,405	25,517
In-Kind Donations	<u>733,487</u>	<u>-</u>	<u>733,487</u>	<u>567,220</u>
Total Support	5,651,687	425,000	6,076,687	5,107,582
Revenue				
Chemical Dependency	199,189	-	199,189	176,923
Investment Income	16,976	-	16,976	(8,808)
Rents & Reimbursements	79,048	-	79,048	48,230
Program Service Fees	9,935	-	9,935	13,065
Other Revenue	<u>1,922</u>	<u>-</u>	<u>1,922</u>	<u>7,012</u>
Total Revenue	307,070	-	307,070	236,422
Net Assets Released from Restrictions	<u>202,744</u>	<u>(202,744)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	6,161,501	222,256	6,383,757	5,344,004
Expenses				
Program Services				
Family & Community Services	3,554,487	-	3,554,487	3,577,472
Community Outreach	<u>1,626,573</u>	<u>-</u>	<u>1,626,573</u>	<u>1,173,505</u>
Total Program Services	5,181,060	-	5,181,060	4,750,977
Supporting Activities				
Management & General	729,149	-	729,149	611,552
Fundraising	<u>87,587</u>	<u>-</u>	<u>87,587</u>	<u>54,241</u>
Total Supporting Activities	816,736	-	816,736	665,793
Total Expenses	<u>5,997,796</u>	<u>-</u>	<u>5,997,796</u>	<u>5,416,770</u>
Change in Net Assets	163,705	222,256	385,961	(72,766)
Net Assets, Beginning of Year	<u>2,505,892</u>	<u>153,471</u>	<u>2,659,363</u>	<u>2,732,129</u>
Net Assets, End of Year	<u>\$ 2,669,597</u>	<u>\$ 375,727</u>	<u>\$ 3,045,324</u>	<u>\$ 2,659,363</u>

The accompanying notes are an integral part of these financial statements.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR 2015

	Family & Community Services	Community Outreach	Total Program Services	Management & General	Fundraising	Total Supporting Activities	2016	2015
Salaries & Related Expenses	\$ 2,816,907	\$ 573,388	3,390,295	\$ 495,288	\$ 71,097	\$ 566,385	\$ 3,956,680	\$ 3,668,841
Professional Fees	4,598	-	4,598	16,242	2,410	18,652	23,250	19,834
Food Shelf	7,384	874,869	882,253	-	-	-	882,253	719,898
Contracted Services	282,510	6,721	289,231	57,837	-	57,837	347,068	304,333
Insurance	28,181	8,639	36,820	10,418	403	10,821	47,641	42,864
Occupancy	67,532	46,456	113,988	16,622	2,073	18,695	132,683	128,232
Telephone & Communications	16,133	5,980	22,113	3,885	632	4,517	26,630	25,393
Vehicle Expenses	23,689	14,450	38,139	1,098	155	1,253	39,392	26,120
Program Supplies & Client Support	164,536	33,248	197,784	23,303	3,244	26,547	224,331	258,874
Depreciation	38,944	35,207	74,151	13,526	1,184	14,710	88,861	76,728
Advertising	10,328	215	10,543	-	-	-	10,543	12,072
Other Operating Expense	71,734	24,082	95,816	82,872	4,108	86,980	182,796	107,513
Community Involvement & Support	610	790	1,400	1,234	2,101	3,335	4,735	10,012
Employee Training	12,687	2,528	15,215	4,896	180	5,076	20,291	12,947
Bad Debt	8,283	-	8,283	-	-	-	8,283	2,085
Other	431	-	431	1,928	-	1,928	2,359	1,023
Total Expenses	\$ 3,554,487	\$ 1,626,573	\$ 5,181,060	\$ 729,149	\$ 87,587	\$ 816,736	\$ 5,997,796	\$ 5,416,769

The accompanying notes are an integral part of these financial statements.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 385,961	\$ (72,766)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	88,861	76,728
Bad Debt	8,283	2,085
Debt Forgiveness Income	(38,000)	(91,200)
Unrealized (Gain) Loss on Investments	(10,952)	15,660
Changes in Current Assets and Liabilities:		
(Increase) in Accounts Receivable	(74,676)	(44,647)
(Increase) in Grants Receivable	(244,367)	(40,001)
Decrease (Increase) in Prepaid Expenses	12,976	(5,722)
(Increase) Decrease in Inventory	(14,889)	822
Increase (Decrease) Accounts Payable	10,440	(14,804)
(Decrease) Increase in Accrued Expenses	(6,768)	37,509
Increase (Decrease) in Deferred Revenue	<u>88,198</u>	<u>(702)</u>
Net Cash Provided (Used) by Operating Activities	205,067	(137,038)
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	(11,276)	(60,866)
Purchase of Investments	<u>(5,863)</u>	<u>(5,721)</u>
Net Cash (Used) by Investing Activities	(17,139)	(66,587)
Cash Flows from Financing Activities		
Payments on Notes Payable	<u>-</u>	<u>(7,843)</u>
Net Cash (Used) by Financing Activities	-	(7,843)
Net Increase (Decrease) in Cash	187,928	(211,468)
Cash and Cash Equivalents, Beginning of Year	<u>477,998</u>	<u>689,466</u>
Cash and Cash Equivalents, End of Year	<u>\$ 665,926</u>	<u>\$ 477,998</u>
Supplemental Cash Flow Information		
Cash paid during the period for interest	<u>\$ 35</u>	<u>\$ 134</u>

The accompanying notes are an integral part of these financial statements.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NorthPoint Health & Wellness Center, Inc. (NPI) (the Organization) was incorporated in 2003 with the establishment of a Community Board comprised of 51% consumers and other community stakeholders. The Board entered into a co-applicant agreement with Hennepin County to oversee the operations and health outcomes of the clinic, NorthPoint Health & Wellness Center. Subsequently, the board merged with Pilot City Neighborhood Services Center in July 2004, and the net assets and operations were transferred to the Community Board of Directors. NorthPoint Health & Wellness Center, Inc. is focused on communal wholeness, health and wellness, strengths, possibilities and hope for the North Minneapolis community. The Organization plans to accomplish this through an integrated health and human services model. The Community Board has the responsibility of providing leadership for strategic, operational and programmatic direction of both the clinic (Hennepin County) and human services (NPI). This unique partnership between Hennepin County and the Community Board allows for co-ownership of resources and assets within the community.

Description of Programs

NPI advocates provide crisis intervention and assist clients with their immediate needs. Program Navigators provide crisis intervention by the use of a Healthy Lifestyle Assessment tool or HLA identifying the customer's immediate needs, determining the root causes of crises and developing a plan of prevention. Interventions include using community resources, information and liaison assistance such as referral to the food shelf, advocating on behalf of the customer for economic or utility assistance, providing support in court hearings and language interpretation, and connecting customers with area agencies or collaborative partners.

Health policy and advocacy department works to reduce the health disparities in communities of color through program development; policy and systems change; utilizing community organizing, education, policy, and advocacy strategies. The focus areas are reducing tobacco use among youth and priority populations, advocate for policies that create access to healthy foods and physical activity and other areas related to the social determinants of health.

Breathe Free North program engages youth and communities of color surrounding the harms of tobacco and educates about long-standing tobacco industry tactics of targeting communities of color. Breathe Free North led the charge in Minneapolis in 2015 for a successful initiative to restrict the sale of flavored tobacco to adult-only tobacco stores and to establish a minimum price for cigars. Additional goals include growing and supporting bicycle ridership, especially in underserved communities, Promote biking as a joyful, normal mode of transportation; grow bike share programs and reaching out and transforming the bike culture in North Minneapolis.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Description of Programs (continued)

NPI Food shelf embodies a long-standing history of concern and generosity that the people of Minnesota have when it comes to helping those who are hungry and in need in North Minneapolis and the surrounding area. The Food Shelf has steadily grown over the years to provide food assistance to the families in the North Minneapolis and surrounding areas. In 2013, a mobile food unit was introduced to bring produce and nutritional groceries to the senior citizen and vulnerable populations in the community. The Mobile Food Truck now has six locations to which it delivers food and health screening services monthly. The food shelf program provides emergency and supplemental food services to assist with immediate needs and provide resources and referrals to assist with the immediate crisis. NPI partners with Hunger Solutions, Minnesota FoodShare and Mattermore to promote the work of food shelves and purchases food at wholesale prices from Second Harvest Heartland and The Food Group (formerly known as the Emergency Food Network (EFN)). To further our mission of improving the health of our clients we only purchase and stock wholesome, nutritious foods in the food shelf. NPI also goes beyond providing food and basic needs—we work with clients to achieve self-sufficiency. At the food shelf, this means that clients learn about preparing nutritious foods, budgeting their food dollar and shopping for value.

Financial and Housing Counseling has a dual function, serving as both an educational and financial resource to customers. This includes serving as a resource for homeowners to prevent economic losses resulting from foreclosure, providing emergency financial assistance for delinquent rent, and financial assistance for damage or security deposits. One-on-one specialized counseling service areas include: pre-purchase, homeownership, rental delinquencies, home improvement and maintenance, delinquent and defaulted mortgages and contracts, financial counseling, budget assistance, debt extension, consumer education and information.

The Community Health Worker (CHW) program utilizes a multidimensional approach, serving as a bridge between the community residents and health and human service networks. They utilize basic concepts of health, human services and disease management to provide health promotion and disease prevention services in the community. CHW's are formally trained in the fundamental concepts of essential skills necessary for community outreach workers to serve as an effective and reliable community-based health care resource. The anticipated results of the CHW program are: lower health care costs due to increased use of preventive care rather than emergency room visits, lower incidents of disease because of healthier living habits, and increased access to services provided by NorthPoint Health & Wellness Center.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Description of Programs (continued)

MNsure NorthPoint uses full time bilingual (Spanish, Hmong, Somali) Community Health Workers/Navigators along with a coordinator to provide culturally appropriate outreach, in-reach, education and enrollment assistance to the various ethnic populations in Minneapolis. NorthPoint also has several additional certified Assistors that are able to answer health insurance related questions from individuals that are seeking clarification prior to enrolling.

COACH Under the case management of a bilingual Community Health Worker (CHW), in collaboration with the NorthPoint dental team, children age 0-5 and low-income pregnant women are encouraged to improve their oral health status through participation in a health education, dental screening and follow-up care if needed. The CHW partners with the dental hygienist as they attend community events together to provide information on oral/dental health and offer on-site screening as appropriate.

Gateway is a collaborative project between Hennepin County Human Services Public Health Department and NPI to redesign and integrate the delivery of employment, health, and human services to MFIP families in North Minneapolis. The project works with and across several programs to assist MFIP families that are involved in several systems that present multiple challenges to family stability and economic independence. Maximizing economic and family outcomes while leveraging organizational and community resources are the primary goals of this project.

AAMP (African American Men's Project) has been a long standing program through the clinic originally and now through NPI. AAMP helps African American men become healthy and successful wage earners, fathers and community leaders. AAMP provides encouragement, coaching, support, and assists men with medical needs.

Co Parent Court is a partnership with Hennepin County that works with unmarried parents who are establishing paternity (legal fatherhood) or parenting time for their child. It provides Co-Parent educational classes, gives individual support for moms and dads, and provides a customized parenting plan created just for each family. Many of these services are provided though NPI.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Description of Programs (continued)

On Point is an Employment Services Provider in partnership with Hennepin County Human Services. On Point employs a Culturally Responsive Services model to assist MFIP participants, especially African American participants, toward a path of personal and professional growth. Following a holistic approach centered on individual development and well-being, On Point provides empowerment coaches and program services that are tailored to address the challenges and opportunities unique to each participant.

Renaissance Outpatient Chemical Dependency Treatment Program is a licensed outpatient chemical dependency treatment program that provides primary, relapse prevention and co-occurring disorders treatment services to meet the diverse needs of adults with substance use disorders. Managed by NPI the Renaissance Program is dually licensed to serve adults with both a mental illness and substance use disorder. The Renaissance Program is licensed as a Rule 31 Chemical Dependency Treatment Program through the State of Minnesota, Division of Licensing.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debts based on its assessment of the current status of individual account balances that are still outstanding. The allowance for doubtful accounts represents management's best estimate of uncollectible accounts receivable.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and investments in debt and equity securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Inventory

Inventory consists of donated and purchased food and non-food items, including canned goods, frozen foods, and packaged items. Cost is determined by using an estimated value per pound of inventory on hand, which approximates market value.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Fixed Assets

Furniture and equipment are recorded at cost, or in the case of contributed property, at the fair market value at the date of contribution. Items that cost \$5,000 or greater are capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and Equipment	3-5 years
Transportation Vehicles	5 years
Computers	3 years
Roof	7 years
Buildings	39 years

When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Renewals and betterments that materially extend the life of an asset are capitalized.

Financial Statement Presentation

The financial statements of NorthPoint Health & Wellness Center, Inc. have been prepared on an accrual basis in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NorthPoint Health & Wellness Center, Inc. and changes therein are classified and reported as follows:

Unrestricted – Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues that the Board has set aside for a particular purpose.

Temporarily Restricted – Resources subject to a donor-imposed restriction that will be satisfied by actions of the Organization and/or the passage of time.

Permanently Restricted – Resources subject to a donor-imposed restriction that they be maintained permanently. The Organization has no permanently restricted resources at December 31, 2016 or 2015.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions with restrictions that are met in the year they are received are reported as unrestricted contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05, except for taxes that might accrue if the Organization were to earn any unrelated business income. The Organization is a non-private foundation, and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Related Party

The Organization's CEO is also the CEO of NorthPoint Health and Wellness Center (the Clinic). The Clinic is overseen by Hennepin County and provides primarily community and medical services. The Organization had receivables totaling \$21,299 and \$2,453 from the Clinic at December 31, 2016 and 2015, respectively.

Concentration of Credit Risk

The Organization maintains its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Organization has not experienced any losses in such accounts. The Organization held funds at a local bank in excess of FDIC insurance limits. The Organization has not incurred any losses in recent years.

Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Donated Services, Materials and Equipment

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. See Note 3. During 2016, 559 volunteers donated approximately 11,517 hours to NorthPoint Health & Wellness Center, Inc. In addition, NPI sponsored 8 unpaid internships for approximately 3,061 hours during 2016. The value of these donated services is not reflected in the financial statement since these services do not meet the criteria for recognition under GAAP.

Basis of Accounting

The Organization uses the accrual basis of accounting, whereby revenue and support are recognized when earned or contributed and expenses are recognized when incurred.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Comparative Information

The audited financial statements include certain prior year summarized expense information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

NOTE 2. IN-KIND DONATIONS

In-kind donations consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Food	\$671,833	\$504,030
Subscriptions	<u>61,654</u>	<u>63,190</u>
Total In-Kind Support	<u>\$733,487</u>	<u>\$567,220</u>

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3. FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 136,300	\$ 136,300
Building	2,221,948	2,216,873
Furniture & Fixtures	41,676	62,258
Vehicles	87,133	114,197
Computer & Related Equipment	<u>57,538</u>	<u>63,213</u>
Fixed Assets, Gross	2,544,595	2,592,841
Less: Accumulated Depreciation	<u>(771,501)</u>	<u>(742,162)</u>
Fixed Assets, Net	<u>\$1,773,094</u>	<u>\$1,850,679</u>

Depreciation expense of \$88,861 and \$76,728 was recorded for the years ended December 31, 2016 and 2015, respectively.

NOTE 4. RETIREMENT PLAN

The Organization has a 401(k) plan for its employees. When eligibility requirements are satisfied, employees can elect to contribute a percentage of their biweekly wage starting at 1% and will receive a dollar for dollar employer match up to 5% of their biweekly wages. As such, a maximum contribution of 5% can be made by the Organization. The contributions totaled \$59,676 and \$42,175 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5. OPERATING LEASES

During 2013, the Organization entered into a 48-month lease for two copiers. Lease expense for office equipment was \$6,155 in 2016 and \$6,155 in 2015.

The minimum lease payments required under the above operating leases as of December 31, 2016, for 2017 is \$4,617.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Health Education and Training	\$ 15,627	\$ 20,116
School Nutrition	---	9,751
Food Shelf	---	71,348
Chemical Dependency	---	2,601
Gateway/AAMP	---	1,075
Delta Dental COACH	15,830	---
Menthol Education	60,937	---
Emergency Assistance	---	22,083
Core Services	283,333	---
Linking Schools-Dental Schools	<u>---</u>	<u>26,497</u>
Total	<u>\$375,727</u>	<u>\$153,471</u>

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the years ended December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Health Education and Training	\$ 4,490	\$ 5,879
School Nutrition	9,751	---
Core Services	16,666	---
Food Shelf	71,348	75,400
Chemical Dependency	2,601	5,890
Menthol Education	39,063	---
Gateway/AAMP	1,075	4,694
Delta Dental COACH	9,170	26,850
Breast Cancer Education/Screening	---	70,445
Emergency Assistance	22,083	2,917
Linking Schools-Dental Schools	<u>26,497</u>	<u>1,503</u>
Total	<u>\$202,744</u>	<u>\$193,578</u>

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NOTE 8. INCOME TAX UNCERTAINTIES

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for the uncertainty in income taxes recognized in the entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's financial statements.

The Organization's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2012 to 2016 are open to examination by federal, state, and local authorities.

NOTE 9. INVESTMENTS

Investment income consists of the following for the year ended December 31:

	<u>2016</u>	<u>2015</u>
Unrealized Gains (Losses)	\$10,952	\$(15,660)
Interest and Dividends	<u>6,024</u>	<u>6,852</u>
	<u>\$16,976</u>	<u>\$ (8,808)</u>

The Organization's investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual Funds	<u>\$146,932</u>	<u>\$130,117</u>

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NOTE 10. FAIR VALUE

NorthPoint Health & Wellness Center, Inc. adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 820, “fair value” is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in these three broad levels:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The Mutual Funds held by NorthPoint Health & Wellness Center, Inc. at December 31, 2016 and 2015 are Level 1 assets valued using a market approach. There were no changes in the valuations techniques during the current year.

NOTE 11. LINE OF CREDIT

In July 2015, the Organization renewed a \$150,000 revolving line of credit. The line has a two-year term, provisions for annual extensions, and includes a due on demand feature. Interest at a rate of 1% over the Index as provided by Bremer Bank, National Association (which was 4.75% and 4.50% at December 31, 2016 and 2015, respectively) is payable monthly. The note is secured by all current assets. No borrowings occurred during 2016 and 2015, and none have occurred in 2017, through the date of the independent auditor’s report.

NOTE 12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, June 12, 2017. There are no subsequent events required to be disclosed in accordance with accounting standards.