

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

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**PREPARED BY**

**BWK ROGERS PC**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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# BWK Rogers PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Minneapolis, Minnesota

*O. Barry Rogers, CPA*

*Wylie R. Klawitter, CPA*

## 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, 2017, 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, 2017, 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 2016 financial statements, and our report dated June 12, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "B. K. Rogers PC". The signature is written in a cursive style with a large, stylized "B" and "R".

June 11, 2018

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 938,716	\$ 665,926
Investments	158,389	146,932
Accounts Receivable, net of allowance for doubtful accounts of \$5,021 and \$8,283 in 2017 and 2016, respectively	539,786	327,079
Grants Receivable	180,000	361,302
Prepaid Expenses	1,224	14,108
Inventory	<u>33,194</u>	<u>37,033</u>
Total Current Assets	1,851,309	1,552,380
Fixed Assets, net of accumulated depreciation of \$860,925 and \$771,501 in 2017 and 2016, respectively	<u>1,683,670</u>	<u>1,773,094</u>
Total Assets	<u>\$ 3,534,979</u>	<u>\$ 3,325,474</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 110,162	\$ 64,845
Accrued Expenses	104,008	110,449
Deferred Revenue	<u>63,303</u>	<u>104,137</u>
Total Current Liabilities	277,473	279,431
Security Deposits	<u>719</u>	<u>719</u>
Total Liabilities	278,192	280,150
Net Assets		
Unrestricted	2,906,887	2,669,597
Temporarily Restricted	<u>349,900</u>	<u>375,727</u>
Total Net Assets	<u>3,256,787</u>	<u>3,045,324</u>
Total Liabilities and Net Assets	<u>\$ 3,534,979</u>	<u>\$ 3,325,474</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, 2017**  
**WITH COMPARATIVE TOTALS FOR 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
Support and Revenue				
Support				
Hennepin County	\$ 3,462,508	\$ -	\$ 3,462,508	\$ 3,773,803
Other Government Grants	510,195	-	510,195	169,717
Foundations & Corporations	799,660	225,000	1,024,660	1,165,349
United Way Donations	311,539	-	311,539	164,926
Forgiveness of Debt	-	-	-	38,000
Individual Contributions	16,071	-	16,071	31,405
In-Kind Donations	842,473	-	842,473	733,487
Total Support	5,942,446	225,000	6,167,446	6,076,687
Revenue				
Chemical Dependency	299,343	-	299,343	199,189
Investment Income	12,051	-	12,051	16,976
Rents & Reimbursements	58,064	-	58,064	79,048
Program Service Fees	6,857	-	6,857	9,935
Other Revenue	178	-	178	1,922
Total Revenue	376,493	-	376,493	307,070
Net Assets Released from Restrictions	250,827	(250,827)	-	-
Total Support and Revenue	6,569,766	(25,827)	6,543,939	6,383,757
Expenses				
Program Services				
Family & Community Services	3,478,799	-	3,478,799	3,554,487
Community Outreach	1,787,737	-	1,787,737	1,626,573
Total Program Services	5,266,536	-	5,266,536	5,181,060
Supporting Activities				
Management & General	920,804	-	920,804	729,149
Fundraising	145,136	-	145,136	87,587
Total Supporting Activities	1,065,940	-	1,065,940	816,736
Total Expenses	6,332,476	-	6,332,476	5,997,796
Change in Net Assets	237,290	(25,827)	211,463	385,961
Net Assets, Beginning of Year	2,669,597	375,727	3,045,324	2,659,363
Net Assets, End of Year	<u>\$ 2,906,887</u>	<u>\$ 349,900</u>	<u>\$ 3,256,787</u>	<u>\$ 3,045,324</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, 2017**  
**WITH COMPARATIVE TOTALS FOR 2016**

	Family & Community Services	Community Outreach	Total Program Services	Management & General	Fundraising	Total Supporting Activities	2017	2016
Salaries & Related Expenses	\$ 2,626,427	\$ 464,678	3,091,105	\$ 597,317	\$ 131,588	\$ 728,905	\$ 3,820,010	\$ 3,956,680
Professional Fees	-	-	-	27,457	-	27,457	27,457	23,250
Food Shelf	-	948,504	948,504	-	-	-	948,504	882,254
Contracted Services	287,582	138,466	426,048	59,535	-	59,535	485,583	347,067
Insurance	39,622	11,221	50,843	14,841	524	15,365	66,208	47,641
Occupancy	91,768	51,250	143,018	17,212	1,995	19,207	162,225	132,683
Telephone & Communications	12,596	3,145	15,741	2,912	406	3,318	19,059	26,630
Vehicle Expenses	22,080	13,500	35,580	1,931	392	2,323	37,903	39,392
Program Supplies & Client Support	225,834	75,732	301,566	93,799	3,678	97,477	399,043	224,331
Depreciation	38,986	35,693	74,679	13,557	1,188	14,745	89,424	88,861
Advertising	49,513	1,000	50,513	7,835	-	7,835	58,348	10,543
Other Operating Expense	61,257	41,239	102,496	79,750	5,061	84,811	187,307	182,796
Community Involvement & Support	-	-	-	-	69	69	69	4,735
Employee Training	23,119	3,309	26,428	4,586	235	4,821	31,249	20,291
Bad Debt	-	-	-	-	-	-	-	8,283
Other	15	-	15	72	-	72	87	2,359
<b>Total Expenses</b>	<b>\$ 3,478,799</b>	<b>\$ 1,787,737</b>	<b>\$ 5,266,536</b>	<b>\$ 920,804</b>	<b>\$ 145,136</b>	<b>\$1,065,940</b>	<b>\$ 6,332,476</b>	<b>\$ 5,997,796</b>

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 211,463	\$ 385,961
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	89,424	88,861
Bad Debt	-	8,283
Debt Forgiveness Income	-	(38,000)
Unrealized (Gain) on Investments	(5,456)	(10,952)
Changes in Current Assets and Liabilities:		
(Increase) in Accounts Receivable	(212,707)	(74,676)
Decrease (Increase) in Grants Receivable	181,302	(244,367)
Decrease in Prepaid Expenses	12,884	12,976
Decrease (Increase) in Inventory	3,839	(14,889)
Increase in Accounts Payable	45,317	10,440
(Decrease) in Accrued Expenses	(6,441)	(6,768)
(Decrease) Increase in Deferred Revenue	<u>(40,834)</u>	<u>88,198</u>
Net Cash Provided by Operating Activities	278,791	205,067
<b>Cash Flows from Investing Activities</b>		
Purchase of Furniture and Equipment	-	(11,276)
Purchase of Investments	<u>(6,001)</u>	<u>(5,863)</u>
Net Cash (Used) by Investing Activities	<u>(6,001)</u>	<u>(17,139)</u>
Net Increase in Cash	272,790	187,928
Cash and Cash Equivalents, Beginning of Year	<u>665,926</u>	<u>477,998</u>
Cash and Cash Equivalents, End of Year	<u>\$ 938,716</u>	<u>\$ 665,926</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ 35</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, 2017 AND 2016**

**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

**Breathe Free North** works to reduce the health disparities in communities of color through program development, policy and systems change, through community organizing, education, policy, and advocacy strategies. Focus: (a) reducing tobacco use among youth and priority populations, (b) advocate for policies that create access to healthy foods and physical activity and (c) other areas related to the social determinants of health. *Funding from Blue Cross Blue Shield and Clearway MN*

**Orange Bike Neighborhood Program** promotes biking as a joyful normal mode of transportation. The program aims to grow bike share programs by reaching out and transforming the bike culture in North Minneapolis. *Funding from Nice Ride and McKnight Foundation*

**MNSure** uses full time bilingual (Spanish, Hmong, Somali) Community Health Workers (CHWs)/Navigators along with a coordinator to provide culturally appropriate outreach, in-reach, education and insurance enrollment assistance. *Funding from State of Minnesota*

**COACH** 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 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. *Funding from Delta Dental*

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

Description of Programs (continued)

**Gateway** 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. The primary goals of this project are to maximize economic and family outcomes while leveraging organizational and community resources. *Funding from Hennepin County*

**Co-Parent** 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 through North Point Inc. *Funding from Hennepin County and potential funding from State of Minnesota*

**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. *Funding from Hennepin County*

**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. *Funding from Patient Revenues*

**Department of Economic Development (DEED) Supportive Services** program addresses the disparities faced by African-American families working to transition to livable wage employment by utilizing a strengths-asset model. *Funding from State of Minnesota*

**Group Violence Intervention** is designed to provide prevention and intervention services to individuals who are at risk of involvement with gun violence and have been identified as being affiliated with a group (to include gangs, cliques, robbery crews, etc.) Services provided include intensive, individualized case management with identified youth and their families. Services also include engagement in supplemental individual and group offerings, which is intended to reduce risk factors for involvement with violence while increasing protective factors. *Funding from the City of Minneapolis*

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

Description of Programs (continued)

**Health is Me** supports our integrated intake area by providing referrals and health education during initial intake for Human Services. *Funding from the United Way*

**LifeCourse**, a late life supportive care approach for people living with serious illness, provides a trained health care professional to visit patients in their home every month. They provide assistance in connecting to needed resources and navigating the health care system to help individuals get valuable information and care. *Funding from Allina Health*

**African American Workgroup on Child Protection** is a grassroots coalition of organizations, advocates and community members focused on reducing the number of African American children and families involved in the child protection system in Hennepin County. *Funding from State of Minnesota*

NorthPoint Inc.'s largest contracts are with the clinic. Our Human Services contract supports our food shelf, community outreach, community health workers, African American Men Project and the Computer Lab. The Professional Services contract enables Inc. to recruit, hire, and retain position specific and culturally responsive staffing to work in the clinic.

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.

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

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.

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, 2017 or 2016.

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 \$30,683 and \$21,299 from the Clinic at December 31, 2017 and 2016, 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 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, 2017 AND 2016**

**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 2. During 2017 and 2016, 624 and 448 volunteers donated approximately 10,657 and 7,427 hours to NorthPoint Health & Wellness Center, Inc. In addition, NPI sponsored 8 and 8 unpaid internships for approximately 3,699 and 3,061 hours during 2017 and 2016, respectively. 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.

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, 2016, from which the summarized information was derived.

**NOTE 2. IN-KIND DONATIONS**

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

	<u>2017</u>	<u>2016</u>
Food	\$753,065	\$671,833
Software	32,120	---
Subscriptions	<u>57,288</u>	<u>61,654</u>
Total In-Kind Support	<u>\$842,473</u>	<u>\$733,487</u>

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 3. FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 136,300	\$ 136,300
Building	2,221,948	2,221,948
Furniture & Fixtures	41,676	41,676
Vehicles	87,133	87,133
Computer & Related Equipment	<u>57,538</u>	<u>57,538</u>
Fixed Assets, Gross	2,544,595	2,544,595
Less: Accumulated Depreciation	<u>(860,925)</u>	<u>(771,501)</u>
Fixed Assets, Net	<u>\$1,683,670</u>	<u>\$1,773,094</u>

Depreciation expense of \$89,424 and \$88,861 was recorded for the years ended December 31, 2017 and 2016, 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 \$62,977 and \$59,676 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 5. OPERATING LEASES**

During 2013, the Organization entered into a 48-month lease for two copiers. Lease expense for office equipment was \$4,617 in 2017 and \$6,155 in 2016.

The lease was not renewed during 2017 and the Organization is leasing on a month-to-month basis.

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 6. TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Health Education and Training	\$ ---	\$ 15,627
Food Shelf	29,236	---
Delta Dental COACH	40,241	15,830
Menthol Education	97,090	60,937
Core Services	<u>183,333</u>	<u>283,333</u>
Total	<u>\$349,900</u>	<u>\$375,727</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, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Health Education and Training	\$ 15,627	\$ 4,490
School Nutrition	---	9,751
Core Services	100,000	16,666
Food Shelf	15,764	71,348
Chemical Dependency	---	2,601
Menthol Education	93,848	39,063
Gateway/AAMP	---	1,075
Delta Dental COACH	25,588	9,170
Emergency Assistance	---	22,083
Linking Schools-Dental Schools	<u>---</u>	<u>26,497</u>
Total	<u>\$250,827</u>	<u>\$202,744</u>



**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 2013 to 2017 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>2017</u>	<u>2016</u>
Unrealized Gains (Losses)	\$5,456	\$10,952
Interest and Dividends	<u>6,595</u>	<u>6,024</u>
	<u>\$12,051</u>	<u>\$16,976</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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mutual Funds	<u>\$158,389</u>	<u>\$146,932</u>

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016 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 October 2017, 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 4.25% and 4.75% at December 31, 2017 and 2016, respectively) is payable monthly. The note is secured by all current assets. No borrowings occurred during 2017 and 2016, and none have occurred in 2018, 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 11, 2018. There are no subsequent events required to be disclosed in accordance with accounting standards.