

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

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

PREPARED BY

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
<u>Financial Statements</u>	
Statements of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements	7-18



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.

Report on the Financial Statements

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, 2019, 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, 2019, 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 2018 financial statements, and our report dated June 10, 2019 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Berk Rogers PC

August 10, 2020

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,495,535	\$ 1,374,918
Investments	173,358	149,325
Accounts Receivable, net of allowance for doubtful accounts of \$26,083 and \$19,994 in 2019 and 2018, respectively	705,024	585,483
Grants Receivable	272,500	495,000
Employee Receivable	8,742	-
Prepaid Expenses	23,654	69,632
Inventory	<u>48,901</u>	<u>30,094</u>
Total Current Assets	2,727,714	2,704,452
Fixed Assets, net of accumulated depreciation of \$130,615 and \$892,649 in 2019 and 2018, respectively	<u>1,530,473</u>	<u>1,602,872</u>
Total Assets	<u>\$ 4,258,187</u>	<u>\$ 4,307,324</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 115,160	\$ 153,207
Accrued Expenses	138,806	124,515
Deferred Revenue	<u>12,671</u>	<u>27,484</u>
Total Current Liabilities	266,637	305,206
Security Deposits	<u>-</u>	<u>719</u>
Total Liabilities	266,637	305,925
Net Assets		
Without Donor Restrictions	3,237,678	3,144,391
With Donor Retrictions	<u>753,872</u>	<u>857,008</u>
Total Net Assets	<u>3,991,550</u>	<u>4,001,399</u>
Total Liabilities and Net Assets	<u>\$ 4,258,187</u>	<u>\$ 4,307,324</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, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019			<u>2018</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
Support and Revenue				
Support				
Hennepin County	\$ 3,420,522	\$ -	\$ 3,420,522	\$ 3,784,190
Other Government Grants	1,513,092	-	1,513,092	1,277,171
Foundations & Corporations	158,684	470,000	628,684	1,237,662
United Way Donations	261,375	-	261,375	314,333
Individual Contributions	33,678	500	34,178	26,912
In-Kind Donations	<u>1,231,985</u>	<u>-</u>	<u>1,231,985</u>	<u>889,143</u>
Total Support	6,619,336	470,500	7,089,836	7,529,411
Revenue				
Chemical Dependency	158,442	-	158,442	264,482
Investment Income	27,648	-	27,648	(7,609)
Rents & Reimbursements	17,979	-	17,979	52,786
Other Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,221</u>
Total Revenue	204,069	-	204,069	310,880
Net Assets Released from Restrictions	<u>573,636</u>	<u>(573,636)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	7,397,041	(103,136)	7,293,905	7,840,291
Expenses				
Program Services				
Family & Community Services	3,862,656	-	3,862,656	4,022,366
Community Outreach	<u>2,371,127</u>	<u>-</u>	<u>2,371,127</u>	<u>1,964,466</u>
Total Program Services	6,233,783	-	6,233,783	5,986,832
Supporting Activities				
Management & General	884,713	-	884,713	948,546
Fundraising	<u>185,258</u>	<u>-</u>	<u>185,258</u>	<u>160,301</u>
Total Supporting Activities	<u>1,069,971</u>	<u>-</u>	<u>1,069,971</u>	<u>1,108,847</u>
Total Expenses	<u>7,303,754</u>	<u>-</u>	<u>7,303,754</u>	<u>7,095,679</u>
Change in Net Assets	93,287	(103,136)	(9,849)	744,612
Net Assets, Beginning of Year	<u>3,144,391</u>	<u>857,008</u>	<u>4,001,399</u>	<u>3,256,787</u>
Net Assets, End of Year	<u>\$ 3,237,678</u>	<u>\$ 753,872</u>	<u>\$ 3,991,550</u>	<u>\$ 4,001,399</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, 2019
WITH COMPARATIVE TOTALS FOR 2018

	Family & Community Services	Community Outreach	Total Program Services	Management & General	Fundraising	Total Supporting Activities	2019	2018
Salaries & Related Expenses	\$ 2,926,960	\$ 561,586	3,488,546	\$ 583,921	\$ 139,340	\$ 723,261	\$ 4,211,807	\$ 3,886,178
Professional Fees	1,890	-	1,890	54,829	-	54,829	56,719	33,997
Food Shelf	-	1,405,927	1,405,927	-	-	-	1,405,927	1,036,549
Contracted Services	238,099	102,050	340,149	73,833	32,325	106,158	446,307	685,682
Insurance	25,100	11,217	36,317	16,954	439	17,393	53,710	53,853
Occupancy	27,135	80,550	107,685	11,698	607	12,305	119,990	196,793
Telephone & Communications	12,669	3,379	16,048	4,374	422	4,796	20,844	19,853
Vehicle Expenses	27,334	21,477	48,811	2,962	115	3,077	51,888	36,804
Program Supplies & Client Support	456,148	111,249	567,397	31,015	6,029	37,044	604,441	764,454
Depreciation	33,172	28,804	61,976	9,412	1,011	10,423	72,399	84,484
Advertising	9,255	2,661	11,916	897	-	897	12,813	56,711
Other Operating Expenses	74,751	34,258	109,009	80,488	3,241	83,729	192,738	188,679
Employee Training	24,054	7,969	32,023	14,330	1,729	16,059	48,082	36,080
Bad Debt	6,089	-	6,089	-	-	-	6,089	14,973
Miscellaneous	-	-	-	-	-	-	-	589
Total Expenses	\$ 3,862,656	\$ 2,371,127	\$ 6,233,783	\$ 884,713	\$ 185,258	\$ 1,069,971	\$ 7,303,754	\$ 7,095,679

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (9,849)	\$ 744,612
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	72,399	84,484
Loss on Disposal	-	1,400
Bad Debt	6,089	14,973
Unrealized (Gain) Loss on Investments	(17,447)	15,354
Changes in Current Assets and Liabilities:		
(Increase) in Accounts Receivable	(125,630)	(60,670)
Decrease (Increase) in Grants Receivable	222,500	(315,000)
(Increase) in Employee Receivable	(8,742)	-
Decrease (Increase) in Prepaid Expenses	45,978	(68,408)
(Increase) Decrease in Inventory	(18,807)	3,100
(Decrease) Increase in Accounts Payable	(38,047)	43,045
Increase in Accrued Expenses	14,291	20,507
(Decrease) in Deferred Revenue	(14,813)	(35,819)
(Decrease) in Security Deposits	(719)	-
Net Cash Provided by Operating Activities	127,203	447,578
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	-	(5,086)
Purchase of Investments	(6,586)	(6,290)
Net Cash (Used) by Investing Activities	(6,586)	(11,376)
Net Increase in Cash	120,617	436,202
Cash and Cash Equivalents, Beginning of Year	1,374,918	938,716
Cash and Cash Equivalents, End of Year	\$ 1,495,535	\$ 1,374,918
Noncash Investing Activity		
Acquisition of Property through Like-Kind Exchange	\$ 1,565,491	\$ -

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, 2019 AND 2018**

NOTE 1. SUMMARY OF ACTIVITIES AND 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

From addressing basic needs like food and housing, to fostering self-reliance through job readiness and youth development programs, our approach to working with clients is culturally appropriate, trauma-informed, and respectful. In 2019, NorthPoint Inc. served nearly 16,000 individuals and families through the following programs:

- **Community Food Shelf:** Over 1,000 families per month receive nutritious food from our Food Shelf. Families are eligible to receive approximately a weeks' worth of food each month. The Food Shelf also serves as a point of referral and access to all of the health and wellness services available on the NorthPoint campus.
- **Mobile Food Program:** Northpoint's *Mobile Food Marketplace Program* brings healthy nutritious foods, directly to more than 90 low-income senior households per month who live in various public housing sites in Minneapolis.
- **Intake & Advocacy:** Client advocacy support provides information and liaison assistance to individuals and families facing an immediate crisis. In-take Navigators also provide resources and help leverage other community resources to assist in the prevention of future crises.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (continued)

- **Youth Programs:** NorthPoint operates three unique programs designed to empower youth and help them to reach their full potential. The BE@School Program provides education and support service to school age youth and their families to increase school attendance; the Nia Program provides trauma-based service for black male youth, primarily 12-17 who have been involved with the Juvenile Probation system; and our newest program Community Resource Navigation serves youth/young adults (17-24) who have also been involved with the Juvenile Probation system.
- **Housing Eviction Prevention Services:** NorthPoint's Housing Support and Eviction Prevention Programs are designed to assist residents of Hennepin County facing housing challenges avoid eviction through a variety of services that help residents maintained safe and stable housing.
- **Community Health Outreach:** High-risk populations benefit from health outreach provided by NorthPoint's Community Health Workers. Activities include preventative and oral health screenings for children, breast and cervical cancer screening for women of color, prostate and colorectal cancer education and screenings, along with SNAP and Health Insurance enrollment.
- **Integrated Care for High Risk Pregnancies (ICHRP),** is designed to increase and improve access to high-quality, culturally-responsive care for pregnant and postpartum African American women; and raise awareness of birth options within the African American community.
- **Community Engagement:** NorthPoint staff and volunteers partner with local businesses and nonprofits to distribute back to school supplies, conduct a Toys for Tots campaign, promote National Night Out, and co-host a variety of other community-building events.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (continued)

NorthPoint's **Family Empowerment Programs** work to eliminate barriers to family stability via workforce development and economic development programming. Programs equip individuals and families with the tools to shift from short-term, crisis-driven behaviors and attitudes to those that embrace and plan for long-term stable futures. Programs include:

- **The African American Men Project**, which supports adult men facing multiple barriers to becoming healthier and self-reliant through education, housing, employment, physical and mental health services.
- **On Point**, which provides employment readiness and job search support including GED/high school completion, degree attainment, and career placement.
- **Gateway**, which provides support to families with children in navigating the complex pathways to services to promote self-sufficiency and increase family strength.
- **The Co-Parent Program**, which works with unmarried parents to develop effective co-parenting relationships.
- **Project L.I.F.E.**, a proven approach to help reduce violence in vulnerable communities by joining together community members, with law enforcement and social service providers to deliver an anti-violence message.

Systems Change: To change the systems that perpetuate the status quo of racial disparities, NorthPoint addresses policy, systems and environmental change on the local and state level. NorthPoint's current coalitions and partnerships to promote systems change include:

- **Breathe Free North**, a project seeks to reduce the influence of tobacco products in the community. Coalition members are working to increase the number of smoke-free multifamily housing units in North Minneapolis and reduce the number of stores that target youth with single cigarettes and other tobacco products.
- **The Northside Fresh Coalition**, a community-based partnership born as a NorthPoint project in 2010 and currently incubated by nonprofit Appetite for Change. The coalition uses food as a pathway toward community well-being, economic and social justice.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (continued)

- **The Penn-Plymouth Partnership**, a new partnership involving landowners at the Penn & Plymouth intersection including businesses, government, and nonprofits. The partnership exists to maximize community benefit from planned public and private investments in the area over the next 2-3 years.
- **African American Workgroup on Child Protection**, 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.

NorthPoint Inc.'s largest contracts are with the clinic. The Human Services contract supports the 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.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect significant receivables, payables, and other liabilities.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable and Credit Policies

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. At December 31, 2019 and 2018, the allowance was \$26,083 and \$19,994, respectively.

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.

Deferred Revenue

Deferred revenue consists of support received prior to year end for the subsequent year. These amounts will be reflected as support in the period in which the revenue is earned.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Support & 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, securities 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.

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. During 2019 and 2018, 606 and 589 volunteers donated approximately 13,230 and 14,282 hours to NorthPoint Health & Wellness Center, Inc. In addition, NPI sponsored 18 and 13 unpaid internships for approximately 1,846 and 589 hours during 2019 and 2018, 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.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred and totaled \$12,813 and \$56,711 during the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Tax Exempt Status

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

The Organization follows the guidance of the Accounting Standard Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more than likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended December 31, 2019 and 2018, management of the Organization is not aware of any material uncertain tax positions.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates, and those differences could be material.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of our mission. Investments are monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Related Party

The Organization's CEO is also the CEO of NorthPoint Health and Wellness Center (the Clinic). The Clinic provides primarily community and medical services and is overseen by the Community Board of Directors. The Organization had receivables totaling \$0 and \$22,141 from the Clinic at December 31, 2019 and 2018, respectively.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were issued, August 10, 2020. The COVID-19 outbreak in the United States has caused business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

On April 30, 2020, the Organization obtained a \$797,100 loan under the provisions of the Paycheck Protection Program. The Organization anticipates the majority of this amount to be forgiven under the terms of the agreement. The Organization has not determined the exact amount to be forgiven, but any portion not forgiven will be payable over five years including interest at 1.00%

On February 1, 2020, the Organization signed a one-year lease for a vehicle with a purchase option at the expiration date. This lease will be recorded in 2020 using the provisions of Accounting Standards Update (ASU) 2016-02, Leases.

There are no additional subsequent events required to be disclosed in accordance with accounting standards.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization’s financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions. Amounts not available include net assets with donor restrictions of \$753,872 and \$857,008 at December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$1,495,535	\$1,374,918
Investments	173,358	149,325
Contributions Receivable	<u>986,266</u>	<u>1,080,483</u>
Total Financial Assets	2,655,159	2,604,726
Net Assets With Donor Restrictions	<u>(753,872)</u>	<u>(857,008)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$1,901,287</u>	<u>\$1,747,718</u>

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In addition, the Organization has a line of credit at their disposal, see **Note 6**.

NOTE 3. 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.

NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3. FAIR VALUE (CONTINUED)

The Mutual Funds held by NorthPoint Health & Wellness Center, Inc. at December 31, 2019 and 2018 are Level 1 assets valued using a market approach. There were no changes in the valuations techniques during the current year.

NOTE 4. INVESTMENTS

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

	<u>2019</u>	<u>2018</u>
Unrealized Gains (Losses)	\$17,447	\$(15,354)
Interest and Dividends	<u>10,201</u>	<u>7,745</u>
	<u>\$27,648</u>	<u>\$ (7,609)</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:

	<u>2019</u>	<u>2018</u>
Mutual Funds	<u>\$173,358</u>	<u>\$149,325</u>

NOTE 5. FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ -	\$ 136,300
Building	1,565,491	2,221,948
Furniture & Fixtures	-	41,676
Vehicles	87,133	87,133
Computer & Related Equipment	<u>8,464</u>	<u>8,464</u>
Fixed Assets, Gross	1,661,088	2,495,521
Less: Accumulated Depreciation	<u>(130,615)</u>	<u>(892,649)</u>
Fixed Assets, Net	<u>\$1,530,473</u>	<u>\$1,602,872</u>

Depreciation expense of \$72,399 and \$84,484 was recorded for the years ended December 31, 2019 and 2018, respectively.

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 6. LINE OF CREDIT

In December 2019, 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 6.0% at December 31, 2019 and 2018, respectively) is payable monthly. The note is secured by all current assets. No borrowings occurred during 2019 and 2018, and none have occurred in 2020, through the date of the independent auditor's report.

NOTE 7. LEASES

During 2019, the Organization entered into a 60-month lease for phones. During 2018, the Organization entered into a 60-month lease for a copier.

Future minimum payments under the two existing leases are as follows for the years ending December 31:

2020	\$17,827
2021	17,827
2022	17,827
2023	15,964
2024	<u>2,439</u>
Total	<u>\$71,884</u>

Lease expense for office equipment under these leases was \$17,459 and \$12,972 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Homelessness	\$261,438	\$400,000
Food Shelf	---	38,434
Health Access	---	33,333
Delta Dental COACH	145,393	210,000
Menthol Education	88,291	91,908
Capital Campaign	500	---
Access to Coverage	142,478	---
Health Power	115,772	---
Core Services	<u>---</u>	<u>83,333</u>
Total	<u>\$753,872</u>	<u>\$857,008</u>

**NORTHPOINT HEALTH & WELLNESS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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 year ended December 31:

	<u>2019</u>	<u>2018</u>
Homelessness	\$138,562	\$ ---
Food Shelf	38,434	35,802
Health Access	33,333	16,667
Delta Dental COACH	64,607	40,241
Menthol Education	173,617	155,182
Access to Coverage	7,522	---
Health Power	34,228	---
Core Services	<u>83,333</u>	<u>100,000</u>
Total	<u>\$573,636</u>	<u>\$347,892</u>

NOTE 9. IN-KIND DONATIONS

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

	<u>2019</u>	<u>2018</u>
Food	\$1,187,077	\$831,930
Subscriptions	<u>44,908</u>	<u>57,213</u>
Total In-Kind Support	<u>\$1,231,985</u>	<u>\$889,143</u>

NOTE 10. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and related expenses, insurance, occupancy, telephone and communications, other operating expenses, and depreciation which are allocated on the basis of estimates of time and effort or square footage.

NOTE 11. 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 \$65,771 and \$61,154 for the years ended December 31, 2019 and 2018, respectively.