

# Annual Financial Report

## NorthPoint Health & Wellness Center Inc. (a Nonprofit Organization)

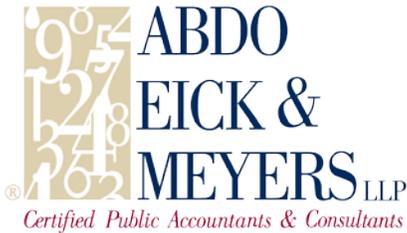
Minneapolis, Minnesota

For the Years Ended  
December 31, 2020 and 2019

NorthPoint Health & Wellness Center Inc.

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December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
NorthPoint Health & Wellness Center Inc.  
Minneapolis, Minnesota

### Reports on the Financial Statements

We have audited the accompanying financial statements of NorthPoint Health & Wellness Center Inc. (the Organization), a Minnesota not-for-profit corporation, which comprise the statement of financial position as of December 31, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization as of December 31, 2020, 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.

### Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2019 were audited by other auditors whose report dated August 10, 2020 expressed an unmodified opinion on those statements.

## Other Matters

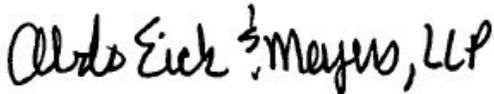
### ***Supplementary Information in Relation to the Financial Statements as a Whole***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 22 - 28 and the accompanying schedule of expenditures of federal awards is presented, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
August 9, 2021

## FINANCIAL STATEMENTS

NorthPoint Health & Wellness Center Inc.  
 Statements of Financial Position  
 December 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,356,069	\$ 1,495,535
Investments	182,469	173,358
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$26,083 in 2020 and 2019, respectively	851,536	705,024
Grants receivable	71,723	272,500
Employee receivable	131	8,742
Prepaid expenses	90,570	23,654
Inventory	67,391	48,901
Total Current Assets	3,619,889	2,727,714
<b>Fixed Assets</b>		
Building	1,565,491	1,565,491
Vehicles	158,321	87,133
Computer and related equipment	8,464	8,464
Total Fixed Assets	1,732,276	1,661,088
Less: Accumulated Depreciation	(199,279)	(130,615)
Fixed Assets, Net	1,532,997	1,530,473
Total Assets	\$ 5,152,886	\$ 4,258,187
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 148,276	\$ 115,160
Accrued expenses	235,663	138,806
Deferred revenue	21,760	12,671
Paycheck Protection Program note payable, current portion	399,540	-
Total Current Liabilities	805,239	266,637
Paycheck Protection Program note payable	100,771	-
Total Liabilities	906,010	266,637
<b>Net Assets</b>		
Without donor restrictions	3,689,495	3,237,678
With donor restrictions	557,381	753,872
Total Net Assets	4,246,876	3,991,550
Total Liabilities and Net Assets	\$ 5,152,886	\$ 4,258,187

See Independent Auditor's Report and Notes to the Financial Statements.

NorthPoint Health & Wellness Center Inc.  
Statement of Activities  
For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
Support and Revenue				
Support				
Hennepin County	\$ 3,925,468	\$ -	\$ 3,925,468	\$ 3,420,522
Other government grants	1,930,701	-	1,930,701	1,513,092
Foundations and corporations	454,665	562,000	1,016,665	628,684
United Way donations	126,619	-	126,619	261,375
Individual contributions	307,194	-	307,194	34,178
In-kind donations	2,182,206	-	2,182,206	1,231,985
Total Support	<u>8,926,853</u>	<u>562,000</u>	<u>9,488,853</u>	<u>7,089,836</u>
Revenue				
Chemical dependency	68,365	-	68,365	158,442
Investment income	11,897	-	11,897	27,648
Rents and reimbursements	7,808	-	7,808	17,979
Other	80	-	80	-
Total Revenue	<u>88,150</u>	<u>-</u>	<u>88,150</u>	<u>204,069</u>
Net Assets Released from Restrictions	<u>758,491</u>	<u>(758,491)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>9,773,494</u>	<u>(196,491)</u>	<u>9,577,003</u>	<u>7,293,905</u>
Expenses				
Program Services				
Family and community services	4,646,627	-	4,646,627	3,862,656
Community outreach	3,525,324	-	3,525,324	2,371,127
Total Program Services	<u>8,171,951</u>	<u>-</u>	<u>8,171,951</u>	<u>6,233,783</u>
Supporting Activities				
Management and general	708,223	-	708,223	884,713
Fundraising	441,503	-	441,503	185,258
Total Supporting Activities	<u>1,149,726</u>	<u>-</u>	<u>1,149,726</u>	<u>1,069,971</u>
Total Expenses	<u>9,321,677</u>	<u>-</u>	<u>9,321,677</u>	<u>7,303,754</u>
Change in Net Assets	451,817	(196,491)	255,326	(9,849)
Net Assets, Beginning of Year	<u>3,237,678</u>	<u>753,872</u>	<u>3,991,550</u>	<u>4,001,399</u>
Net Assets, End of Year	<u>\$ 3,689,495</u>	<u>\$ 557,381</u>	<u>\$ 4,246,876</u>	<u>\$ 3,991,550</u>

See Independent Auditor's Report and Notes to the Financial Statements.

NorthPoint Health & Wellness Center Inc.  
Statement of Activities (Continued)  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Hennepin County	\$ 3,420,522	\$ -	\$ 3,420,522
Other government grants	1,513,092	-	1,513,092
Foundations and corporations	158,684	470,000	628,684
United Way donations	261,375	-	261,375
Individual contributions	33,678	500	34,178
In-kind donations	1,231,985	-	1,231,985
Total Support	<u>6,619,336</u>	<u>470,500</u>	<u>7,089,836</u>
Revenue			
Chemical dependency	158,442	-	158,442
Investment income	27,648	-	27,648
Rents and reimbursements	17,979	-	17,979
Total Revenue	<u>204,069</u>	<u>-</u>	<u>204,069</u>
Net Assets Released from Restrictions	<u>573,636</u>	<u>(573,636)</u>	<u>-</u>
Total Support and Revenue	<u>7,397,041</u>	<u>(103,136)</u>	<u>7,293,905</u>
Expenses			
Program Services			
Family and community services	3,862,656	-	3,862,656
Community outreach	2,371,127	-	2,371,127
Total Program Services	<u>6,233,783</u>	<u>-</u>	<u>6,233,783</u>
Supporting Activities			
Management and general	884,713	-	884,713
Fundraising	185,258	-	185,258
Total Supporting Activities	<u>1,069,971</u>	<u>-</u>	<u>1,069,971</u>
Total Expenses	<u>7,303,754</u>	<u>-</u>	<u>7,303,754</u>
Change in Net Assets	93,287	(103,136)	(9,849)
Net Assets, Beginning of Year	<u>3,144,391</u>	<u>857,008</u>	<u>4,001,399</u>
Net Assets, End of Year	<u>\$ 3,237,678</u>	<u>\$ 753,872</u>	<u>\$ 3,991,550</u>

See Independent Auditor's Report and Notes to the Financial Statements.

NorthPoint Health & Wellness Center Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)

	Program Services			Supporting Services			2020 Total	2019 Total
	Family & Community Services	Community Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and Related Expenses	\$ 3,090,328	\$ 679,986	\$ 3,770,314	\$ 516,596	\$ 196,950	\$ 713,546	\$ 4,483,860	\$ 4,211,807
Professional Fees	-	-	-	35,455	-	35,455	35,455	56,719
Food Shelf	-	2,309,278	2,309,278	-	-	-	2,309,278	1,405,927
Contracted Services	226,447	158,709	385,156	59,517	212,578	272,095	657,251	446,307
Insurance	22,348	12,865	35,213	18,736	302	19,038	54,251	53,710
Occupancy	19,924	118,231	138,155	2,176	152	2,328	140,483	119,990
Telephone and Communications	13,928	5,400	19,328	1,675	541	2,216	21,544	20,844
Vehicle Expenses	10,668	11,375	22,043	115	-	115	22,158	51,888
Program Supplies and Client Support	1,172,530	184,851	1,357,381	30,600	22,796	53,396	1,410,777	604,441
Depreciation	31,234	27,517	58,751	8,961	952	9,913	68,664	72,399
Advertising	15,817	718	16,535	1,370	3,341	4,711	21,246	12,813
Other Operating Expenses	32,106	10,813	42,919	8,702	3,157	11,859	54,778	192,738
Employee Training	11,293	5,581	16,874	20,975	733	21,708	38,582	48,082
Bad Debts	-	-	-	-	-	-	-	6,089
Other	4	-	4	3,345	1	3,346	3,350	-
<b>Total Expenses</b>	<b>\$ 4,646,627</b>	<b>\$ 3,525,324</b>	<b>\$ 8,171,951</b>	<b>\$ 708,223</b>	<b>\$ 441,503</b>	<b>\$ 1,149,726</b>	<b>\$ 9,321,677</b>	<b>\$ 7,303,754</b>

See Independent Auditor's Report and Notes to the Financial Statements.

NorthPoint Health & Wellness Center Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended December 31, 2019

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

See Independent Auditor's Report and Notes to the Financial Statements.

NorthPoint Health & Wellness Center Inc.  
Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 255,326	\$ (9,849)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	68,664	72,399
Bad debt	-	6,089
Unrealized (gain) loss on investments	(2,054)	(17,447)
Changes in current assets and liabilities		
Accounts receivable	(146,512)	(125,630)
Grants receivable	200,777	222,500
Employee receivable	8,611	(8,742)
Prepaid expenses	(66,916)	45,978
Inventory	(18,490)	(18,807)
Accounts payable	33,116	(38,047)
Accrued expenses	96,857	14,291
Deferred revenue	9,089	(14,813)
Security deposits	-	(719)
Net Cash Provided by Operating Activities	438,468	127,203
Cash Flows from Investing Activities		
Purchase of furniture and equipment	(71,188)	-
Purchase of investments	(7,057)	(6,586)
Net Cash Used by Investing Activities	(78,245)	(6,586)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program note payable	500,311	-
Net Increase in Cash and Cash Equivalents	860,534	120,617
Cash and Cash Equivalents, Beginning of Year	1,495,535	1,374,918
Cash and Cash Equivalents, End of Year	\$ 2,356,069	\$ 1,495,535
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest paid	\$ 3,345	\$ -
Noncash Investing Activity		
Acquisition of Property through Like-Kind Exchange	\$ -	\$ 1,565,491

See Independent Auditor's Report and Notes to the Financial Statements.

## NorthPoint Health & Wellness Center Inc.

Notes to the Financial Statements  
December 31, 2020 and 2019

### Note 1: Summary of Significant Accounting Policies

#### A. Nature of Activities

NorthPoint Health & Wellness Center Inc. (the Organization) is a 501(c)(3) nonprofit 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. Subsequently, the board merged with Pilot City Neighborhood Services Center in July 2004 and the net assets and operations transferred to the Community Board of Directors. 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.

The Organization's mission is "partnering to create a healthier community". The Organization is focused on communal wholeness, health and wellness, strengths, possibilities and hope for the North Minneapolis community. The Organization's vision is to set a standard of excellence in providing culturally responsive, integrated, holistic primary health and social services that strengthens our community and the lives of the people we serve. The Organization accomplishes this through an integrated health and human services model. 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 2020, NorthPoint Inc. served over 28,000 individuals and families through the following programs:

- **Community Food Shelf:** Over 800 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.
- **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 cam.

NorthPoint Health & Wellness Center Inc.  
Notes to the Financial Statements  
December 31, 2020 and 2019

## Note 1: Summary of Significant Accounting Policies (Continued)

### A. Nature of Activities (Continued)

**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.
- **Project Launch** leverages NorthPoint's existing relationships with justice-involved youth and adults to provide hard-to-employ individuals with work experience and soft skills training through paid internships at NorthPoint.
- **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.
- **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.
- **Domestic Violence and Prevention** is two distinct programs; one that provide support for current criminal court involved domestic perpetrators, and a second program that provides community-based resources for families to assist with domestic issues before they rise to the level of justice system intervention.
- **Preschool Development** is an early childhood development program that focuses on creating early childhood resource hubs for families located in Hennepin County that are pregnant or parenting infants or toddlers.

**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 multi-family 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.
- **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 Health & Wellness Center Inc.

Notes to the Financial Statements

December 31, 2020 and 2019

## Note 1: Summary of Significant Accounting Policies (Continued)

### B. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of NorthPoint Health & Wellness Center Inc. and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions (Unrestricted) - Those resources over which the Board of Directors has discretionary control.

Net Assets With Donor Restrictions (Restricted) - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time or that are to be maintained permanently by the Organization. There are no net assets to be maintained permanently.

### C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

### D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents.

### E. Investments

Investments are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenue and support without donor restrictions unless the income or loss is restricted by donor or law.

### F. Accounts and Employee Receivable

Accounts receivable consist primarily of amounts billed for earned income projects, are unsecured, and are stated at the amount management expects to collect from outstanding balances. Employee receivable consists of advances made to employees. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on the assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes all accounts receivable are collectible at December 31, 2020, and accordingly, no allowance is necessary. The allowance at December 31, 2019 was \$26,083.

### G. Grants Receivable

Grants receivable consist primarily of amounts the Organization has been notified they'll receive but have not yet been received. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on the assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Management believes all grants receivable are collectible at December 31, 2020 and 2019, and accordingly, no allowance is necessary.

# NorthPoint Health & Wellness Center Inc.

Notes to the Financial Statements

December 31, 2020 and 2019

## Note 1: Summary of Significant Accounting Policies (Continued)

### H. 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.

### I. 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:

Computers	3 years
Furniture and Equipment	3 - 5 years
Vehicles	5 years
Roof	7 years
Buildings	26 years

Depreciation expense at December 31, 2020 and 2019 was \$68,664 and \$72,399, respectively.

### J. Deferred Revenue

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

### K. 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. Contribution 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.

### L. Donated Services, Materials and Equipment

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt.

The Organizations has a large amount of labor provided through volunteers throughout the year. The value of these contributed services is not reflected in the financial statements since it does not meet the standard for general accepted accounting standards.

In-kind donations are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Food	\$ 2,137,895	\$ 1,187,078
Subscriptions	44,311	44,907
Total	<u>\$ 2,182,206</u>	<u>\$ 1,231,985</u>

NorthPoint Health & Wellness Center Inc.  
Notes to the Financial Statements  
December 31, 2020 and 2019

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **M. Promotion and Advertising**

Promotion and advertising costs are expensed as incurred and total \$21,246 and \$12,813 for the period ending December 31, 2020 and 2019, respectively.

### **N. Functional Expense Allocation**

The Organization allocates its expenses on a functional basis among its various programs and support services. Salaries and related costs are allocated between program and supporting service categories based upon the estimated time expended by the employee on the expenditure classification. Non-salary costs are directly allocated according to the actual expense and are reviewed annually by the Finance Committee.

### **O. Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Accordingly, no provision for income taxes is included in these financial statements. Because the Organization is a public charity, contributions may qualify for tax deductions by the contributors.

### **P. New Accounting Pronouncements**

In March 2016, the FASB issued ASU No. 2016-02, Leases, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization for the year ended December 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized, a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The new guidance is effective for NorthPoint Health & Wellness Center Inc. in 2022. The Organization is currently evaluating the impact this standard will have on its financial statements.

### **Q. 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 Organizations had no receivables from the Clinic at December 31, 2020 and 2019.

### **R. Reclassification**

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net income.

## NorthPoint Health & Wellness Center Inc.

Notes to the Financial Statements

December 31, 2020 and 2019

### Note 1: Summary of Significant Accounting Policies (Continued)

#### S. Subsequent Events

Subsequent events have been evaluated through August 9, 2021, the date of the financial statements were available for issuance.

### Note 2: Concentrations

#### A. Credit Risk Concentration

The Organization maintains cash balances at three financial institutions and 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.

#### B. Revenue Concentration

The Organization received 41% and 48% of total support from Hennepin County for the years ending December 31, 2020 and 2019, respectively.

### Note 3: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.

**Level 2** - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NorthPoint Health & Wellness Center Inc.

Notes to the Financial Statements

December 31, 2020 and 2019

**Note 3: Fair Value Measurements (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

*Cash Equivalents:* Valued at \$1 per share.

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following at December 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2020				
Investments - Mutual Funds	\$ 182,466	\$ -	\$ -	\$ 182,466
Investments - Cash equivalents	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total	<u>\$ 182,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,469</u>
December 31, 2019				
Investments - Mutual Funds	<u>\$ 173,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,358</u>

The income associated with the Organizations investments consists of the following for the years end December 31:

	<u>2020</u>	<u>2019</u>
Interest/Dividend Income	\$ 9,843	\$ 17,447
Unrealized Gain on Investments	<u>2,054</u>	<u>10,201</u>
Total Investment Income	<u>\$ 11,897</u>	<u>\$ 27,648</u>

**Note 4: Paycheck Protection Program**

In April 2020, the Organization entered into a promissory note agreement with Bremer Bank in the amount of \$797,100 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature April 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). In December 2020, \$296,789 was considered forgiven and the remaining amount was recorded as a notes payable.

Minimum principal payments on long-term debt are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 399,540
2022	<u>100,771</u>
Total	<u>\$ 500,311</u>

NorthPoint Health & Wellness Center Inc.

Notes to the Financial Statements

December 31, 2020 and 2019

**Note 5: Net Assets with Donor Restriction**

Net assets with donor restrictions were restricted for the following purposes for the years ending December 31:

	2020	2019
Homelessness	\$ 214,630	\$ 261,438
Health Power	92,534	115,772
Delta Dental COACH	86,822	145,393
Time restricted, gun safety	65,032	-
Access to coverage	50,804	142,478
COVID Relief	33,333	-
Foodshelf and housing	13,726	-
Capital campaign	500	500
Menthol education	-	88,291
	\$ 557,381	\$ 753,872
Total	\$ 557,381	\$ 753,872

**Note 6: Operating Lease Agreements**

In January 2020, the Organization entered into a 12-month lease for a van with monthly payments of \$575. In February 2021, the Organization entered into another lease for the van with monthly payments of \$497 which will expire in February 2022.

In May 2019, the Organization entered into a 39-month lease for a postage machine with monthly payments of \$105 that is set to expire in August 2023.

During 2018, the Organization entered into a 60-month lease for copier with monthly payments of \$266 that is set to expire in June 2023.

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

Years Ending December 31,	Amount
2021	\$ 10,501
2022	4,956
2023	2,440
Total	\$ 17,897

**Note 7: Line of Credit**

In December 2019, the Organization renewed a \$150,000 revolving line of credit. The line has a two-year term that matures in October 2021, 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% at December 31, 2020 and 2019, and is payable monthly. Interest expense incurred on the line of credit was \$0 in 2020 and 2019. There was no outstanding balance as of December 31, 2020 and 2019.

NorthPoint Health & Wellness Center Inc.

Notes to the Financial Statements

December 31, 2020 and 2019

**Note 8: Liquidity and Availability of Resources**

The Organization has the following assets available to meet financial needs for one year:

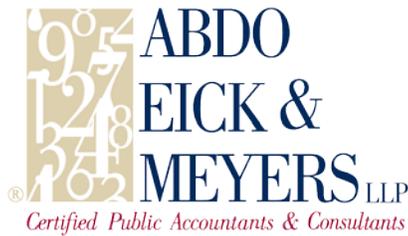
	<u>2020</u>	<u>2019</u>
Financial assets available for general expenditures within one year:		
Cash and cash equivalents	\$ 2,356,069	\$ 1,495,535
Investments	182,469	173,358
Accounts receivable	851,536	705,024
Grants receivable	71,723	272,500
Employee receivable	131	8,742
Total Financial Assets	<u>3,461,928</u>	<u>2,655,159</u>
Less those unavailable for general expenditure within one year, due to:		
Net Assets With Donor Restrictions	<u>(492,349)</u>	<u>(753,872)</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 2,969,579</u>	<u>\$ 1,901,287</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. The Organization also has a line of credit that they can draw on.

**Note 9: COVID-19**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine the impact to its future operations.

## OTHER REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
NorthPoint Health & Wellness Center Inc.  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NorthPoint Health & Wellness Center Inc. (the Organization) which comprise the statement of financial position as of and for the year ended December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Abdo Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
August 9, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
NorthPoint Health & Wellness Center Inc.  
Minneapolis, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited NorthPoint Health & Wellness Center Inc. (the Organization), (a Minnesota not-for-profit corporation), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, contracts, and terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## Report on Internal Control over Compliance

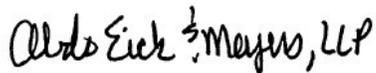
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
August 9, 2021

NorthPoint Health & Wellness Center Inc.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

Federal Grantor/Program Title Pass-Through Grantor/Pass-Through Entity Identifying Number	Federal Domestic Assistance Number	Pass-Through Identification Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Passed-Through MN Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	163800	<u>\$ 58,025</u>
<b>U.S. Department of Homeland Security:</b>			
Passed-Through MN Department of Human Services:			
Crisis Counseling	97.032	179630	<u>37,624</u>
<b>U.S. Department of the Treasury:</b>			
Passed-Through Hennepin County:			
Coronavirus Relief Fund	21.019	PR00002574	<u>825,568</u>
<b>U.S. Department of Justice</b>			
Passed-Through MN Department of Public Safety:			
Project Safe Neighborhoods	16.609	993708	83,730
Passed-Through the Minneapolis Health Department:			
Children Exposed to Violence	16.818	C-40427	<u>300,070</u>
<i>Total U.S. Department of Justice</i>			<u><u>383,800</u></u>
<b>Department of Health and Human Services</b>			
Passed-Through the MN Department of Human Services:			
Opioid STR	93.788	159560	28,097
Mental Health Disaster Assistance and Emergency Mental Health	93.982	187043	25,884
Temporary Assistance for Needy Families (477 Cluster)	93.558	167501	<u>164,802</u>
<i>Total Department of Health and Human Services</i>			<u><u>218,783</u></u>
Total Federal Expenditures			<u><u>\$ 1,523,800</u></u>

NorthPoint Health & Wellness Center Inc.  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, and *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**Note 2: Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Pass-Through Entity Identifying Numbers**

Pass-through entity identifying numbers are presented where available.

**Note 4: Subrecipients**

No federal expenditures presented in this schedule were provided to subrecipients.

**Note 5: Indirect Cost Rate**

During the year ended December 31, 2020, the Organization did not elect to use the 10% de minimis indirect cost rate.

NorthPoint Health & Wellness Center Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2020

**Section I - Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	No

**Federal  
CFDA  
Number**

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Identification of Major Federal Programs:

Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance	No

**Section II - Findings - Financial Statement Audit**

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**Section III - Findings and Questioned Costs - Major Federal Award Programs Audit**

There are no significant deficiencies, material weaknesses, or instances of material noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Other Issues**

The Summary Schedule of Prior Audit Findings is not required because there were no prior year audit findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.