

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Northfield Healthy Community Initiative  
Northfield, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Northfield Healthy Community Initiative (a nonprofit organization) which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northfield Healthy Community Initiative as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northfield Healthy Community Initiative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northfield Healthy Community Initiative's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northfield Healthy Community Initiative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northfield Healthy Community Initiative's ability to continue as a going concern for a reasonable period of time.

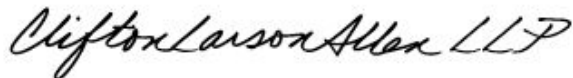
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the 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 GAAS. 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 March 22, 2023, on our consideration of Northfield Healthy Community Initiative’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Northfield Healthy Community Initiative’s 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 Northfield Healthy Community Initiative’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
March 22, 2023

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,031,691	\$ 1,208,558
Certificates of Deposits	366,325	789,166
Accounts Receivable, Net	114,329	107,467
Grants Receivable	295,308	284,451
Promises to Give, Net	3,625	3,625
Notes Receivable	9,428	12,719
Other Receivables	4,331	4,331
Prepaid Expenses	-	715
Property and Equipment, Net	19,564	25,924
Total Assets	\$ 2,844,601	\$ 2,436,956
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 78,358	\$ 55,530
Accrued Expenses and Other Liabilities	115,461	91,138
Funds Held for Others	34,536	15,444
Total Liabilities	228,355	162,112
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions:		
Undesignated	1,256,718	888,075
Board-Designated	1,242	1,242
Total Net Assets Without Donor Restrictions	1,257,960	889,317
Net Assets With Donor Restrictions	1,358,286	1,385,527
Total Net Assets	2,616,246	2,274,844
Total Liabilities and Net Assets	\$ 2,844,601	\$ 2,436,956

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 152,775	\$ 122,698	\$ 275,473
Grants	1,720,123	824,963	2,545,086
Program Service Revenue	434,198	-	434,198
Investment Income	26,156	-	26,156
Other Revenue	2,234	-	2,234
Net Assets Released from Restriction	974,902	(974,902)	-
Total Revenue, Support, and Gains	3,310,388	(27,241)	3,283,147
<b>EXPENSES AND LOSSES</b>			
Program Services Expense	2,881,657	-	2,881,657
Support Services Expense:			
Management and General	56,977	-	56,977
Fundraising and Development	3,111	-	3,111
Total Expenses and Losses	2,941,745	-	2,941,745
<b>CHANGE IN NET ASSETS</b>	368,643	(27,241)	341,402
Net Assets - Beginning of Year	889,317	1,385,527	2,274,844
<b>NET ASSETS - END OF YEAR</b>	\$ 1,257,960	\$ 1,358,286	\$ 2,616,246

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 123,283	\$ 60,637	\$ 183,920
Grants	1,194,830	1,427,469	2,622,299
Service Revenue	265,993	-	265,993
Investment Income	35,210	-	35,210
Other Revenue	9,569	-	9,569
Net Assets Released from Restriction	1,144,997	(1,144,997)	-
Total Revenue, Support, and Gains	2,773,882	343,109	3,116,991
<b>EXPENSES AND LOSSES</b>			
Program Services Expense	2,615,750	-	2,615,750
Support Services Expense:			
Management and General	51,871	-	51,871
Fundraising and Development	6,792	-	6,792
Total Expenses and Losses	2,674,413	-	2,674,413
<b>CHANGE IN NET ASSETS</b>	99,469	343,109	442,578
Net Assets - Beginning of Year	789,848	1,042,418	1,832,266
<b>NET ASSETS - END OF YEAR</b>	\$ 889,317	\$ 1,385,527	\$ 2,274,844

See accompanying Notes to Financial Statements.



**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,762,606	\$ 10,974	\$ 2,738	\$ 1,776,318
Payroll Taxes	134,173	255	215	134,643
Employee Benefits	46,786	100	84	46,970
Total	<u>1,943,565</u>	<u>11,329</u>	<u>3,037</u>	<u>1,957,931</u>
Advertising	-	4,897	-	4,897
Depreciation	6,360	-	-	6,360
Insurance	1,291	4,102	10	5,403
Intergenerational/Civic Engagement	2,134	-	-	2,134
Legal and Accounting	6,595	32,384	-	38,979
Memberships and Dues	3,120	384	-	3,504
Miscellaneous	40	-	-	40
Occupancy	48,839	26	-	48,865
Office Supplies	29,251	1	7	29,259
Outside Contract Services	316,042	3,166	-	319,208
Printing	24,720	-	57	24,777
Supplies	118,710	247	-	118,957
Support Services and Postsecondary	281,681	255	-	281,936
Training and Development	37,201	142	-	37,343
Transportation	29,967	-	-	29,967
Travel	32,141	44	-	32,185
Total Expenses by Function	<u>\$ 2,881,657</u>	<u>\$ 56,977</u>	<u>\$ 3,111</u>	<u>\$ 2,941,745</u>

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,378,858	\$ 10,268	\$ 5,507	\$ 1,394,633
Payroll Taxes	103,342	529	418	104,289
Employee Benefits	35,426	2,838	119	38,383
Total	<u>1,517,626</u>	<u>13,635</u>	<u>6,044</u>	<u>1,537,305</u>
Advertising	-	2,993	-	2,993
Depreciation	2,401	3,159	-	5,560
Insurance	3,478	1,113	10	4,601
Intergenerational/Civic Engagement	1,636	-	-	1,636
Legal and Accounting	7,934	25,918	-	33,852
Memberships and Dues	5,769	129	-	5,898
Miscellaneous	3,458	-	-	3,458
Occupancy	41,223	390	-	41,613
Office Supplies	48,392	3,771	624	52,787
Outside Contract Services	425,310	198	20	425,528
Printing	21,183	166	94	21,443
Supplies	149,339	-	-	149,339
Support Services and Postsecondary	258,214	-	-	258,214
Training	84,936	235	-	85,171
Transportation	16,595	-	-	16,595
Travel	28,256	164	-	28,420
Total Expenses by Function	<u>\$ 2,615,750</u>	<u>\$ 51,871</u>	<u>\$ 6,792</u>	<u>\$ 2,674,413</u>

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 341,402	\$ 442,578
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,360	5,560
(Increase) Decrease in Assets:		
Accounts Receivable, Net	(6,862)	(57,625)
Grants Receivable	(10,857)	(59,162)
Promises to Give, Net	-	5,339
Other Receivables	-	9,476
Prepaid Expenses	715	5,266
Increase (Decrease) in Liabilities:		
Accounts Payable	22,828	42,501
Accrued Expenses and Other Liabilities	24,323	7,045
Funds Held for Others	19,092	864
Net Cash Provided by Operating Activities	397,001	401,842
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Certificates of Deposits and Reinvested Investment Income	422,841	506,467
Purchases of Property and Equipment	-	(16,005)
Issuance of Notes Receivable	-	(2,950)
Payments on Notes Receivable	3,291	7,292
Net Cash Provided by Investing Activities	426,132	494,804
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	823,133	896,646
Cash and Cash Equivalents - Beginning of Year	1,208,558	311,912
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,031,691	\$ 1,208,558

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Northfield Healthy Community Initiative (the Organization) is a coalition, run by a board consisting of community leaders, youth, parents, and school personnel that establishes and continues efforts to help ensure all youth thrive.

The Organization works with community partners to foster collaboration and to support community-driven efforts that benefit Rice County, Minnesota. Some of these initiatives work in areas like high school completion, college access, out-of-school-time programming, health promotion, and leadership development. The Organization helps leverage resources and builds capacity for youth-serving entities in the area.

**Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

**Certificates of Deposit**

Certificates of deposit are stated at cost which approximates fair value.

**Accounts and Grants Receivable**

Accounts receivable represents amounts awarded on grants and collaborations that the Organization has not yet received reimbursement on. The Organization provides an allowance for uncollectible receivables based on specific identification method. As of September 30, 2022 and 2021, the Organization expects all funds will be received.

**Promises to Give**

The Organization records unconditional promises to give at net realizable value. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The Organization has determined that an allowance is not necessary at September 30, 2022 and 2021. All outstanding pledges are to be received within one year.

**Property and Equipment**

The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Funds Held for Others**

The Organization has agreed to serve as fiscal agent for unrelated organizations. Included in cash and cash equivalents are the following amounts held for others:

	2022	2021
Northfield Skatepark Coalition	\$ 10,150	\$ 10,150
Human Rights Commission	-	67
New Moms Network	426	-
Youthbank	23,960	5,227
Total	\$ 34,536	\$ 15,444

**Basis of Presentation**

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. The governing board has designated, from net assets without donor restrictions, net assets for operating reserve.

*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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue and Revenue Recognition**

Program service revenue is recognized over time as the Organization performs the services. Program service revenue received in advance are deferred to the applicable period in which the related services are performed.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition (Continued)**

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$1,860,232 and \$415,162 that have not been recognized at September 30, 2022 and September 30, 2021, respectively, because qualifying expenditures have not yet been incurred.

**Donated Services and In-Kind Contributions**

Unpaid volunteers have made significant contributions of their time and service. The value of their time is not reflected in these financial statements due to the criteria for recognition of such volunteer efforts have not been satisfied. There were no services received for the years ended September 30, 2022 and 2021.

**Advertising Costs**

Advertising costs are expensed as incurred and were \$4,897 and \$2,993 during the years ended September 30, 2022 and 2021, respectively.

**Functional Allocation of Expenses**

The costs of providing the programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. Salaries and related benefits that are not directly identifiable are allocated based on the use of staff time. Other costs, such as insurance, professional services and office supplies are allocated based on employee hours.

**Income Taxes**

The Organization is exempt from federal and state income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Organization has evaluated its tax positions and has determined it has no uncertain tax positions as of September 30, 2022 and 2021.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2020-07, *Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The financial statements reflect the application of ASU 2020-07 guidance beginning in 2022. The adoption of 2020-07 did not significantly impact the Organization's financial statements.

**New Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB Accounting Standards Codification (ASC) Topic 842, *Leases (ASC 842)*, supersedes current lease requirements in FASB ASC Topic 840, *Leases*. When adopted, the amendments in the ASU must be applied using a modified retrospective approach, with certain practical expedients available. The new standard is effective for nonpublic companies with annual periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the provisions of ASC 842.

**Subsequent Events**

We have evaluated subsequent events through March 22, 2023, the date the financial statements were available to be issued.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	2022	2021
Leasehold Improvements	\$ 31,590	\$ 31,590
Furniture and Fixtures	19,642	19,642
Total	51,232	51,232
Less: Accumulated Depreciation and Amortization	31,668	25,308
Total Property and Equipment	<u>\$ 19,564</u>	<u>\$ 25,924</u>

The Organization leases its office space at the Northfield Community Resource Center (NCRC) in accordance with a lease agreement with the city of Northfield, which owns and operates the NCRC. The lease agreement requires the Organization to pay its proportionate share of the NCRC's operating costs as described in the agreement, which expired March 11, 2011, and has been extended through December 31, 2023. Payments are due the last day of the month which are based on a pro rata share of operating costs and capital reserve. The 2022 and 2021 rent rate was \$6.99 per square foot.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 2 PROPERTY AND EQUIPMENT (CONTINUED)**

Rent expense for the years ended September 30, 2022 and 2021 totaled \$36,375 and \$37,181, respectively.

**NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at September 30 consist of:

	2022	2021
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Received	\$ -	\$ 3,625
Restricted by Donors	258,281	304,677
Grants	1,100,005	1,077,225
Total Net Assets With Donor Restrictions	\$ 1,358,286	\$ 1,385,527

Net assets were released from restrictions as follows during the years ended September 30:

	2022	2021
Expiration of Time Restrictions	\$ 3,625	\$ 5,339
Restricted by Donors	21,612	68,393
Grants	949,665	1,071,265
Total	\$ 974,902	\$ 1,144,997

**NOTE 4 BENEFIT PLAN**

The Organization began sponsoring a Simple IRA retirement plan for eligible employees in October 2016. In order to be eligible to participate in the plan, employees must have earned over \$5,000 during the fiscal year. During the years ended September 30, 2022 and 2021 the match by the Organization was 3% for the plan. Contributions to the plan for the years ended September 30, 2022 and 2021 totaled \$40,664 and \$34,640, respectively.

**NOTE 5 NOTES RECEIVABLE**

The Organization began a program in 2019 whereby it began offering loans to college students who are unable to obtain loans through traditional means to complete school. The loans are unsecured with an interest rate of 4%. Interest does not begin accruing until the student completes school. Collection is fully expected and, accordingly, no allowance has been recorded.

Repayment of notes receivable are expected to be received as follows:

	2022	2021
Within One Year	\$ 9,428	\$ 12,719
Total	\$ 9,428	\$ 12,719



**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 6 CONTRACT ASSETS**

The beginning and ending contract assets were as follows as of September 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts Receivable	<u>\$ 114,329</u>	<u>\$ 107,467</u>	<u>\$ 49,842</u>

The Organization had no contract liabilities as of September 30, 2022, 2021, or 2020.

**NOTE 7 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program-related activities as well as the conduct of services undertaken to support those programs to be general expenditures.

At September 30, 2022 and 2021, the following financial assets could be readily made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,031,691	\$ 1,208,558
Certificates of Deposit	366,325	789,166
Accounts Receivable	114,329	107,467
Grants Receivable	295,308	284,451
Promises to Give	3,625	3,625
Other Receivables	4,331	4,331
Total Financial Assets at Year-End	<u>2,815,609</u>	<u>2,397,598</u>
Less: Amount Not Available to Meet General Expenditures Within One Year:		
Funds Held for Others	(34,536)	(15,444)
Designated Net Assets Without Donor Restrictions	(1,242)	(1,242)
Net Assets With Donor Restrictions	<u>(1,358,286)</u>	<u>(1,385,527)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,421,545</u>	<u>\$ 995,385</u>



**INDEPENDENT AUDITORS' 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  
Northfield Healthy Community Initiative  
Northfield, 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 Northfield Healthy Community Initiative (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, 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 March 22, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Northfield Healthy Community Initiative's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northfield Healthy Community Initiative's internal control. Accordingly, we do not express an opinion on the effectiveness of Northfield Healthy Community Initiative'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 Organization'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.

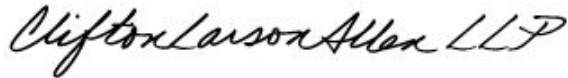
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Northfield Healthy Community Initiative'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
March 22, 2023



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

Board of Directors  
Northfield Healthy Community Initiative  
Northfield, Minnesota

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

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

We have audited Northfield Healthy Community Initiative's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Northfield Healthy Community Initiative's major federal programs for the year ended September 30, 2022. Northfield Healthy Community Initiative's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northfield Healthy Community Initiative complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northfield Healthy Community Initiative and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northfield Healthy Community Initiative's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Northfield Healthy Community Initiative's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northfield Healthy Community Initiative's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northfield Healthy Community Initiative's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northfield Healthy Community Initiative's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northfield Healthy Community Initiative's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Northfield Healthy Community Initiative's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Northfield Healthy Community Initiative's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Northfield Healthy Community Initiative's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Northfield Healthy Community Initiative's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs Northfield Healthy Community Initiative's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
March 22, 2023

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Justice</b>				
Pass-Through South Central Minnesota EMS Comprehensive Opioid Abuse Site-Based Program	16.838	2019-AR-BX-K050		\$ 29,270
Total AL 16.838				<u>29,270</u>
Total Department of Justice				<u>29,270</u>
<b>Department of Treasury</b>				
Pass-Through Minnesota Department of Education COVID-19 American Rescue Plan State Fiscal Recovery Funds	21.027	None		330,733
Total AL 21.027				<u>330,733</u>
Total Department of Treasury				<u>330,733</u>
<b>Department of Education</b>				
Pass-Through Northfield Public Schools Twenty-First Century Community Learning Centers	84.287	None		3,910
Total AL 84.287				<u>3,910</u>
Pass-Through Ignite Afterschool COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	None		112,999
Pass-Through Jewish Family and Children's Service COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	None		25,419
Total AL 84.425U				<u>138,418</u>
Total Department of Education				<u>142,328</u>
<b>Department of Health and Human Services</b>				
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (direct received)	93.243	H79SM081777		70,916
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (direct received)	93.243	H79SP081056		28,000
Total AL 93.243				<u>98,916</u>
Pass-Through Minnesota Department of Human Services ESSA-Preschool Development Grants Birth through Five	93.434	None	\$ 112,443	273,882
Total AL 93.434			<u>112,443</u>	<u>273,882</u>
Pass-Through Minnesota Department of Human Services Child Care and Development Block Grant	93.575	None		34,518
Total AL 93.575 and CCDF Cluster				<u>34,518</u>
Total Department of Health and Human Services			<u>112,443</u>	<u>407,316</u>
Total Expenditures of Federal Awards			<u>\$ 112,443</u>	<u>\$ 909,647</u>

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 US. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the 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**

Expenditures reported on the schedule are reported on the basis of accounting principles generally accepted in the United States of America. 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

Northfield Healthy Community Initiative has elected to use the approved indirect cost rate of 5.92% allowed under Early Childhood Hubs grant based on the approved grant budget.



**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes       X  no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes       X  no
  - Significant deficiency(ies) identified?  X  yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  X  yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

**Federal Assistance  
Listing Number(s)**

**Name of Federal Program or Cluster**

21.027

American Rescue Plan State Fiscal Recovery Funds

93.434

ESSA-Preschool Development Grants Birth through Five

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes       X  no

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2022**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Financial and Questioned Costs for Federal Awards***

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**2022-001: Suspension and Debarment**

Federal Agency: Department of the Treasury and Department of Health and Human Services

Federal Program: Education Partnership Coalition Grant and ESSA – Preschool Development Grants Birth through Five

Federal Assistance Listing Number: 21.027 and 93.434

Pass-Through Agency: MN Department of Education and MN Department of Health and Human Services

Pass-Through Number(s): None

Award Period: November 1, 2021 through June 30, 2023 and February 8, 2021 through December 30, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

**Criteria or specific requirement:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of procurement, suspension, and debarment. The Organization should have internal controls designed to ensure compliance with those provisions.

**Condition:** During our testing, we noted the Organization did not have adequate internal controls designed to ensure vendors and subrecipients were not suspended or debarred.

**Questioned costs:** None

**Context:** During our testing, it was noted that the Organization was not reviewing vendors or subrecipients prior to entering into a contract to ensure the vendor or subrecipient was not on the suspended or debarred vendor list maintained by the General Services Administration.

**Cause:** The Organization has not followed its formal procurement policy manual as it relates to suspension and debarment.

**Effect:** The auditor noted no instances of noncompliance with the provisions of procurement, suspension, and debarment; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2022**

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***Section III – Financial and Questioned Costs for Federal Awards (Continued)***

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**Repeat Finding:** No

**Recommendation:** We recommend the Organization design controls to ensure an adequate review process is in place to review potential contractors to determine they are not suspended or debarred.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the finding.

**2022-002: Period of Performance**

Federal Agency: U.S. Department of the Treasury

Federal Program: Education Partnership Coalition Grant

Federal Assistance Listing Number: 21.027

Pass-Through Agency: MN Department of Education

Pass-Through Number(s): None

Award Period: November 1, 2021 through June 30, 2023

Type of Finding: Significant Deficiency over Compliance and Other Matter

**Criteria or specific requirement:** Per Uniform Guidance 200.214 Period of Performance, the Organization is subject to period of performance regulations, which requires allowable expenses under the grant to be incurred within the grant award period.

**Condition:** There were two disbursements for which reimbursement requests were submitted under the grant that the expenses were incurred prior to the grant award period start date.

**Questioned costs:** \$1,829

**Context:** For a sample of disbursements within the grant period start date, there were two out of six disbursements for which the expense was incurred prior to the start of the grant period.

**Cause:** The Organization submitted expenses for reimbursement that were incurred prior to the grant award period start date.

**Effect:** Without the proper procedure in place, the Organization may incur unallowable costs outside of the grant award period.

**Repeat Finding:** No

**Recommendation:** We recommend the Organization review the expense incurred date for disbursements within the grant award period start date.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2022**

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***Section III – Financial and Questioned Costs for Federal Awards (Continued)***

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**Views of responsible officials and planned corrective actions:** There is no disagreement with the finding.

**2022-003: Indirect Costs**

Federal Agency: U.S. Department of Health and Human Services

Federal Program: ESSA – Preschool Development Grants Birth through Five

Federal Assistance Listing Number: 93.434

Pass-Through Agency: MN Department of Health and Human Services

Pass-Through Number(s): None

Award Period: February 8, 2021 through December 30, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** Per Uniform Guidance 200.214 Indirect Costs, the Organization is subject to indirect cost regulations, which under the Organization's internal control structure requires approval of indirect costs prior to submission of reimbursement requests.

**Condition:** There was no documentation of approval of reimbursement requests retained.

**Questioned costs:** None

**Context:** For a three out of five of indirect cost disbursements tested there was no documentation of approval of reimbursement requests retained.

**Cause:** The Organization did not implement a process for reviewing monthly reports prior to submission.

**Effect:** Without the proper procedure in place, there is a heightened risk that drawdowns could be made that are incorrectly calculated, or an erroneous amount not supported by expenditures made by the Organization.

**Repeat Finding:** No

**Recommendation:** We recommend the Organization follow their process to approve reimbursement requests prior to submission and retain documentation of such approval.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the finding.



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