

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**



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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, 2023 and 2022, 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, 2023 and 2022, 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 schedule of expenditures of federal awards 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 April 29, 2024, 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
April 29, 2024

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 968,087	\$ 2,031,691
Certificates of Deposits	1,890,935	366,325
Accounts Receivable, Net	92,917	114,329
Grants Receivable	264,797	295,308
Promises to Give, Net	3,625	3,625
Notes Receivable	9,378	9,428
Other Receivables	4,331	4,331
Property and Equipment, Net	13,204	19,564
Total Assets	\$ 3,247,274	\$ 2,844,601
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 65,340	\$ 78,358
Accrued Expenses and Other Liabilities	123,733	115,461
Funds Held for Others	23,363	34,536
Total Liabilities	212,436	228,355
NET ASSETS		
Net Assets Without Donor Restrictions:		
Undesignated	1,592,745	1,256,718
Board-Designated	1,242	1,242
Total Net Assets Without Donor Restrictions	1,593,987	1,257,960
Net Assets With Donor Restrictions	1,440,851	1,358,286
Total Net Assets	3,034,838	2,616,246
Total Liabilities and Net Assets	\$ 3,247,274	\$ 2,844,601

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 161,509	\$ 173,479	\$ 334,988
Grants	2,219,806	572,036	2,791,842
Program Service Revenue	541,914	-	541,914
Investment Income	49,513	-	49,513
Other Revenue	8,581	-	8,581
Special Events	13,500	-	13,500
Net Assets Released from Restriction	662,950	(662,950)	-
Total Revenue, Support, and Gains	<u>3,657,773</u>	<u>82,565</u>	<u>3,740,338</u>
EXPENSES AND LOSSES			
Program Services Expense	3,226,655	-	3,226,655
Support Services Expense:			
Management and General	93,369	-	93,369
Fundraising and Development	1,722	-	1,722
Total Expenses and Losses	<u>3,321,746</u>	<u>-</u>	<u>3,321,746</u>
CHANGE IN NET ASSETS	336,027	82,565	418,592
Net Assets - Beginning of Year	<u>1,257,960</u>	<u>1,358,286</u>	<u>2,616,246</u>
NET ASSETS - END OF YEAR	<u>\$ 1,593,987</u>	<u>\$ 1,440,851</u>	<u>\$ 3,034,838</u>

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
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 152,775	\$ 122,698	\$ 275,473
Grants	1,720,123	824,963	2,545,086
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	<u>3,310,388</u>	<u>(27,241)</u>	<u>3,283,147</u>
EXPENSES AND LOSSES			
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	<u>2,941,745</u>	<u>-</u>	<u>2,941,745</u>
CHANGE IN NET ASSETS	368,643	(27,241)	341,402
Net Assets - Beginning of Year	<u>889,317</u>	<u>1,385,527</u>	<u>2,274,844</u>
NET ASSETS - END OF YEAR	<u>\$ 1,257,960</u>	<u>\$ 1,358,286</u>	<u>\$ 2,616,246</u>

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,788,021	\$ 18,477	\$ 357	\$ 1,806,855
Payroll Taxes	136,244	1,423	27	137,694
Employee Benefits	47,901	527	10	48,438
Total	<u>1,972,166</u>	<u>20,427</u>	<u>394</u>	<u>1,992,987</u>
Advertising	1,022	-	60	1,082
Depreciation	6,360	-	-	6,360
Insurance	5,477	40	2	5,519
Intergenerational/Civic Engagement	2,860	-	-	2,860
Legal and Accounting	-	70,892	-	70,892
Memberships and Dues	3,333	-	-	3,333
Miscellaneous	970	-	-	970
Occupancy	38,569	-	647	39,216
Office Supplies	19,187	-	-	19,187
Outside Contract Services	464,857	854	6	465,717
Printing	15,865	71	63	15,999
Supplies	162,158	1,053	550	163,761
Support Services and Postsecondary	376,960	32	-	376,992
Training and Development	48,934	-	-	48,934
Transportation	55,547	-	-	55,547
Travel	52,390	-	-	52,390
Total Expenses by Function	<u>\$ 3,226,655</u>	<u>\$ 93,369</u>	<u>\$ 1,722</u>	<u>\$ 3,321,746</u>

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	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
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 418,592	\$ 341,402
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,360	6,360
(Increase) Decrease in Assets:		
Accounts Receivable, Net	21,412	(6,862)
Grants Receivable	30,511	(10,857)
Prepaid Expenses	-	715
Increase (Decrease) in Liabilities:		
Accounts Payable	(13,018)	22,828
Accrued Expenses and Other Liabilities	8,272	24,323
Funds Held for Others	(11,173)	19,092
Net Cash Provided by Operating Activities	460,956	397,001
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit and Reinvested Investment Income	(1,637,318)	(9,606)
Proceeds from Maturities of Certificates of Deposit	112,708	432,447
Payments on Notes Receivable	50	3,291
Net Cash Provided (Used) by Investing Activities	(1,524,560)	426,132
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,063,604)	823,133
Cash and Cash Equivalents - Beginning of Year	2,031,691	1,208,558
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 968,087	\$ 2,031,691

See accompanying Notes to Financial Statements.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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, 2023 and 2022, 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, 2023 and 2022. 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, 2023 AND 2022**

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:

	2023	2022
Northfield Skatepark Coalition	\$ 10,150	\$ 10,150
New Moms Network	-	426
Youthbank	13,213	23,960
Total	\$ 23,363	\$ 34,536

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, 2023 AND 2022**

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 \$1,416,913 and \$1,860,232 that have not been recognized at September 30, 2023 and September 30, 2022, 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, 2023 and 2022.

Advertising Costs

Advertising costs are expensed as incurred and were \$1,082 and \$4,897 during the years ended September 30, 2023 and 2022, 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, 2023 and 2022.

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, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-us (ROU) assets and lease liability, and finance leases are included in finance lease ROU asset and lease liability in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In the event leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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 requires monthly payments of \$2,723 through December 31, 2022 and payments of \$2,734 through December 31, 2023. The Organization determined the lease was immaterial and chose to not record as a ROU asset and liability. In January 2024, the Organization entered into a new lease agreement through December 2024 requiring monthly payments of \$3,033.

The following table summarizes the future commitments for the space lease as of September 30, 2023.

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	<u>\$ 8,203</u>

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirement of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption with certain practical expedients available. There was no impact on the Church's financial position and change in net assets as a result of the adoption of this accounting standard.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB Accounting Standards Codification 840.

Subsequent Events

We have evaluated subsequent events through April 29, 2024, 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:

	2023	2022
Leasehold Improvements	\$ 31,590	\$ 31,590
Furniture and Fixtures	19,642	19,642
Total	51,232	51,232
Less: Accumulated Depreciation and Amortization	38,028	31,668
Total Property and Equipment	<u>\$ 13,204</u>	<u>\$ 19,564</u>

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30 consist of:

	<u>2023</u>	<u>2022</u>
Restricted by Donors	\$ 356,029	\$ 258,281
Grants	1,084,822	1,100,005
Total Net Assets With Donor Restrictions	<u>\$ 1,440,851</u>	<u>\$ 1,358,286</u>

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

	<u>2023</u>	<u>2022</u>
Expiration of Time Restrictions	\$ -	\$ 3,625
Restricted by Donors	56,961	21,612
Grants	605,989	949,665
Total	<u>\$ 662,950</u>	<u>\$ 974,902</u>

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, 2023 and 2022 the match by the Organization was 3% for the plan. Contributions to the plan for the years ended September 30, 2023 and 2022 totaled \$39,408 and \$40,664, 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 organization uses a simple interest method of adding 4% interest to the loan balance at the beginning of the loan. Collection is fully expected and, accordingly, no allowance has been recorded.

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

	<u>2023</u>	<u>2022</u>
Within One Year	\$ 9,378	\$ 9,428
Total	<u>\$ 9,378</u>	<u>\$ 9,428</u>

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 6 CONTRACT ASSETS

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts Receivable	<u>\$ 92,917</u>	<u>\$ 114,329</u>	<u>\$ 107,467</u>

The Organization had no contract liabilities as of September 30, 2023, 2022, or 2021.

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, 2023 and 2022, the following financial assets could be readily made available within one year of the balance sheet date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 968,087	\$ 2,031,691
Certificates of Deposit	1,890,935	366,325
Accounts Receivable	92,917	114,329
Grants Receivable	264,797	295,308
Promises to Give	3,625	3,625
Other Receivables	4,331	4,331
Total Financial Assets at Year-End	<u>3,224,692</u>	<u>2,815,609</u>
Less: Amount Not Available to Meet General Expenditures Within One Year:		
Funds Held for Others	(23,363)	(34,536)
Designated Net Assets Without Donor Restrictions	(1,242)	(1,242)
Net Assets With Donor Restrictions	<u>(1,440,851)</u>	<u>(1,358,286)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,759,236</u>	<u>\$ 1,421,545</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, 2023, 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 April 29, 2024.

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.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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*.

Northfield Healthy Community Initiative’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Northfield Healthy Community Initiative’s response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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
April 29, 2024



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, 2023. 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, 2023.

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 item 2023-002. 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 item 2023-002 to be a significant deficiency.

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
April 29, 2024

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Treasury				
Pass-Through Minnesota Department of Education COVID-19 American Rescue Plan State Fiscal Recovery Funds	21.027	None		\$ 167,470
Pass-Through City of Northfield Mobile Home Rehab	21.027	None		13,661
Total AL 21.027				<u>181,131</u>
Total Department of Treasury				<u>181,131</u>
Department of Education				
Pass-Through Ignite Afterschool COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	None		303,137
Pass-Through Jewish Family and Children's Service COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	None		155,375
Total AL 84.425U				<u>458,512</u>
Total Department of Education				<u>458,512</u>
Department of Health and Human Services				
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (direct received)	93.243	H79SM084187		93,297
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (direct received)	93.243	H79P081056		43,704
Total AL 93.243				<u>137,001</u>
Pass-Through Minnesota Department of Health COVID-19 Community Engagement and Diverse Media Grants	93.323	None		26,609
Total AL 93.323				<u>26,609</u>
Pass-Through Minnesota Department of Human Services ESSA-Preschool Development Grants Birth through Five	93.434	None	\$ 120,568	199,317
Pass-Through Minnesota Department of Education ESSA-Preschool Development Grants Birth through Five	93.434	None		3,277
Total AL 93.434			<u>120,568</u>	<u>202,594</u>
Pass-Through Minnesota Department of Human Services Child Care and Development Block Grant	93.575	None		152,255
Total AL 93.575 and CCDF Cluster				<u>152,255</u>
Pass-Through Minnesota Department of Human Services Substance Abuse Prevention & Treatment of Substance Abuse	93.959	None		56,241
Total 93.959				<u>56,241</u>
Total Department of Health and Human Services			<u>120,568</u>	<u>574,700</u>
Total Expenditures of Federal Awards			<u>\$ 120,568</u>	<u>\$ 1,214,343</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2023**

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, 2023. 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 de minimis indirect cost rate of 10% under the Friends, Family, Neighbors grant and Ignite grant. The Organization has elected to use the approved indirect cost rate of 8% under the Parent Child+ grant.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes 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

84.425

COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief

93.575

Child Care and Development Block Grant

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, 2023**

Section II – Financial Statement Findings

2023-001: Material Audit Adjustment

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The absence of a complete control procedure or process in this area is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the Organization's internal control.

Criteria or specific requirement: Account balances should be adjusted to actual at year-end within a material amount.

Effect: The material audit adjustment relates to internal controls over the year-end closeout process.

Cause: The entry to record year-end payroll accrual was recorded incorrectly in the closeout process.

Recommendation: The Organization should review year-end balances during the year-end closeout process prior to finalization.

Views of responsible officials and planned corrective action: Management is in agreement with the finding and will ensure the year-end closeout process is followed.

Section III – Financial and Questioned Costs for Federal Awards

2023-002: Indirect Costs

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

Federal Program: Child Care and Development Block Grant

Federal Assistance Listing Number: 93.575

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

Pass-Through Number(s): None

Award Period: March 7, 2022 through September 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per Uniform Guidance 200.214 Indirect Costs, the Organization is subject to indirect cost regulations and uses the de minimis cost rate. The Organization's internal control structure requires approval of calculation of indirect costs prior to submission of reimbursement requests.

Condition: There was no documentation of approval of calculation of indirect costs retained.

**NORTHFIELD HEALTHY COMMUNITY INITIATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

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

Questioned costs: None

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

Cause: The process in place for reviewing monthly reports prior to submission was not consistently effective.

Effect: Without consistency of 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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