

# HEALTHFINDERS COLLABORATIVE

Financial Statements

September 30, 2021



# HEALTHFINDERS COLLABORATIVE

## Table of Contents

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



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
HealthFinders Collaborative  
Northfield, Minnesota

We have audited the accompanying financial statements of HealthFinders Collaborative, which comprise the statement of financial position as of September 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT, continued**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthFinders Collaborative as of September 30, 2021 and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited HealthFinders Collaborative's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 7, 2022

*Akins Henke and Company*

## HEALTHFINDERS COLLABORATIVE

### Statements of Financial Position

September 30, 2021 and 2020

#### ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 776,337	849,350
Accounts receivable, net	62,766	54,483
Contributions receivable	334,336	193,170
Prepaid expenses	25,402	11,033
Total current assets	<u>1,198,841</u>	<u>1,108,036</u>
Investments	449,519	67,958
Contributions receivable	292,574	522,823
Property, equipment and leasehold improvements, net	<u>1,845,382</u>	<u>1,893,532</u>
 TOTAL ASSETS	 \$ <u><u>3,786,316</u></u>	 <u><u>3,592,349</u></u>

#### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 83,297	63,737
Accrued compensation	71,532	65,386
Accrued interest	5,499	5,664
Refundable advance	162,881	-
Paycheck Protection Program loan	11,250	86,511
Note payable	38,358	36,297
Total current liabilities	<u>372,817</u>	<u>257,595</u>
Paycheck Protection Program loan	193,650	88,489
Note payable	1,177,267	1,215,624
Total liabilities	<u>1,743,734</u>	<u>1,561,708</u>
Net Assets:		
Without donor restrictions	1,519,353	1,318,958
With donor restrictions	523,229	711,683
Total net assets	<u>2,042,582</u>	<u>2,030,641</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>3,786,316</u></u>	 <u><u>3,592,349</u></u>

See accompanying notes to the financial statements.

**HEALTHFINDERS COLLABORATIVE**

Statement of Activities

For the Year Ended September 30, 2021

With Comparative Totals for 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
<b>SUPPORT AND REVENUE</b>				
Individual contributions	\$ 128,961	-	128,961	113,520
Corporate and foundation contributions	584,337	22,000	606,337	704,518
Campaign contributions	12,420	98,256	110,676	518,950
Contributed goods and services	497,468	-	497,468	444,536
Government grants	705,245	-	705,245	522,193
Program service fees	73,782	-	73,782	33,804
Dental services, net of insurance adjustments of \$32,573 for 2021 and \$37,002 for 2020	93,451	-	93,451	81,682
Medical services, net of insurance adjustments of \$7,606 for 2021 and \$13,212 for 2020	55,127	-	55,127	56,095
Total contributions and program fees	<u>2,150,791</u>	<u>120,256</u>	<u>2,271,047</u>	<u>2,475,298</u>
Event revenue	113,841	-	113,841	44,976
Less cost of direct benefits to donors	(1,545)	-	(1,545)	(1,707)
Total event	<u>112,296</u>	<u>-</u>	<u>112,296</u>	<u>43,269</u>
Investment income, net	7,655		7,655	2,986
Total Support and Revenue	<u>2,270,742</u>	<u>120,256</u>	<u>2,390,998</u>	<u>2,521,553</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Restrictions satisfied	<u>308,710</u>	<u>(308,710)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services	1,927,892	-	1,927,892	1,698,147
Supporting services:				
Management and general	234,107	-	234,107	230,279
Fundraising	217,058	-	217,058	213,288
Total Expenses	<u>2,379,057</u>	<u>-</u>	<u>2,379,057</u>	<u>2,141,714</u>
<b>CHANGE IN NET ASSETS</b>	200,395	(188,454)	11,941	379,839
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,318,958</u>	<u>711,683</u>	<u>2,030,641</u>	<u>1,650,802</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,519,353</u>	<u>523,229</u>	<u>2,042,582</u>	<u>2,030,641</u>

See accompanying notes to the financial statements.

**HEALTHFINDERS COLLABORATIVE**

Statement of Functional Expenses  
For the Year Ended September 30, 2021  
With Comparative Totals for 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2021</u>	<u>Total 2020</u>
Salaries	\$ 783,102	106,305	75,412	964,819	961,237
Payroll taxes	61,169	8,303	5,891	75,363	74,195
Employee benefits	15,666	6,723	1,451	23,840	13,765
Total personnel costs	<u>859,937</u>	<u>121,331</u>	<u>82,754</u>	<u>1,064,022</u>	<u>1,049,197</u>
Medical, dental, and wellness supplies	179,270	-	-	179,270	142,173
Professional medical and dental services	400,361	-	-	400,361	358,286
Contract services	79,987	8,887	-	88,874	21,335
Professional fees	83,205	52,912	83,205	219,322	209,969
Dues and fees	5,500	2,999	4,000	12,499	4,663
Insurance	20,635	2,801	1,987	25,423	22,021
Occupancy	68,252	13,651	9,100	91,003	85,650
Depreciation	80,029	10,848	7,695	98,572	64,640
Telephone and internet	16,560	2,248	1,595	20,403	17,231
Events	-	-	8,833	8,833	5,928
Conferences and training	3,388	3,387	-	6,775	9,300
Printing and mailing	10,796	444	12,651	23,891	11,589
Interest	50,870	10,653	6,783	68,306	52,960
Bad debt expense	67,274	-	-	67,274	79,920
Miscellaneous	1,828	3,946	-	5,774	8,559
Total expenses	<u>1,927,892</u>	<u>234,107</u>	<u>218,603</u>	<u>2,380,602</u>	<u>2,143,421</u>
Less: expenses netted against revenues on the statement of activities:					
Special event expenses	<u>-</u>	<u>-</u>	<u>(1,545)</u>	<u>(1,545)</u>	<u>(1,707)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 1,927,892</u>	<u>234,107</u>	<u>217,058</u>	<u>2,379,057</u>	<u>2,141,714</u>

See accompanying notes to the financial statements.

**HEALTHFINDERS COLLABORATIVE**  
 Statements of Cash Flows  
 For the Years Ended September 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 11,941	379,839
Adjustments to reconcile change in net assets from operating activities:		
Depreciation	98,572	64,640
Loss on disposal of equipment	1,784	-
Bad debt expense	67,274	79,920
Paycheck Protection Program loan forgiveness	(175,000)	-
Donated equipment and building improvements	(4,576)	(28,750)
Realized and unrealized gains on investments	(5,806)	(2,964)
Changes in current assets and liabilities:		
Increase in accounts receivable	(75,557)	(61,060)
Decrease in contributions receivable	89,083	603,272
(Increase) decrease in prepaid expenses	(14,369)	1,087
Increase in accounts payable	19,560	3,484
Increase in accrued compensation	6,146	14,573
Decrease in accrued property taxes	-	(13,587)
Increase (decrease) in accrued interest	(165)	1,698
Increase in refundable advance	162,881	-
Net cash provided by operating activities	181,768	1,042,152
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	66,207	25,000
Proceeds from sale of equipment	5,303	-
Purchase of investments	(441,962)	-
Purchase of property and equipment	(52,933)	(708,852)
Net cash used for investing activities	(423,385)	(683,852)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on note payable	-	398,728
Repayments on note payable	(36,776)	(11,419)
Loan financing costs	-	(3,226)
Amortization of loan costs	480	445
Borrowings on Paycheck Protection Program loan	204,900	175,000
Borrowings on line of credit	-	125,475
Repayments on line of credit	-	(211,056)
Net cash provided by financing activities	168,604	473,947
<b>NET INCREASE (DECREASE) IN CASH</b>	(73,013)	832,247
<b>CASH - BEGINNING OF YEAR</b>	849,350	17,103
<b>CASH - END OF YEAR</b>	\$ 776,337	849,350

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for interest in fiscal year 2021 and 2020 was \$67,991 and \$63,781, respectively. For fiscal year 2020, \$12,964 of interest paid was capitalized in property, equipment and leasehold improvements, net.

See accompanying notes to the financial statements.



## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Nature of Organization

HealthFinders Collaborative (the Organization) provides a comprehensive and individualized access point to health and wellness opportunities. Our primary care services address immediate and ongoing needs, while an extensive patient advocacy program actively connects individuals with long-term resources and community programs. The Organization works to be an access point to anyone looking to get healthy in greater Rice County.

#### Adoption of New Accounting Standards

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*. Management believes this standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

#### Basis of Presentation

The accompanying financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Without donor restrictions – represent the portion of net assets that are not subject to donor restriction and in which management and the Board of Directors has discretion as to use.

With donor restrictions – represent the portion of net assets that arise from contributions that are restricted by donors for specific purposes or time periods, or to be retained in perpetuity for specific purposes as determined by the donor.

#### Revenue and Support

The Organization recognizes contributions when cash, securities, unconditional contributions receivable, or other assets are committed by the donor. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Conditional contributions - 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.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### Revenue and Support, (continued)

Certain grants are conditioned upon certain performance requirements and/or the incurrance of allowable qualifying expenses. Consequently, at September 30, 2021 and 2020, contributions approximating \$1,398,279 and \$749,980, respectively, have not been recognized in the accompanying financial statements because the conditions have not been met.

Contributions are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as support with donor restrictions and then released from restriction.

#### Program Service Fees

Program service fees represent payments from agreements with other organizations and agencies to provide health and wellness opportunities to individuals in need and are recorded as revenue at the point in time the Organization provides the services.

#### Contributed Goods and Services

The Organizations receives donated goods and professional services that meet the criteria for recognition as a contribution. The Organization receives donated office space, donated medical and dental services, and donated medical and dental supplies. The value of the donated goods and professional services are based upon reports received from medical providers, an estimated value of time provided by doctors, dentists, nurses, and interpreters based upon market rates, and comparable rental rates. These items are recorded as revenue when received and are reported as contributed goods and services on the statement of activities.

A number of volunteers have made significant donations of their time to the Organization's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### Dental and Medical Services

The Organization provides dental and medical services to individuals in need. For low-income individuals without insurance, the Organization bills the individuals directly using a sliding scale based on their income level and records the services as revenue at the discounted rate at the time the service is provided. It is the policy of the Organization to not subject such individuals to any collection process. For low-income individuals who have coverage through insurance or a government plan, the Organization bills the insurance companies or government programs. Such billings are recorded as revenue at the time the service is provided, less the amounts disallowed or estimated to be disallowed by insurance or government program. Low-income individuals are not required to pay for any amounts disallowed.

#### Contributions Receivable

Unconditional contributions receivable expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable expected to be collected in excess of one year are recorded at net present value using a discount rate commensurate with the risk associated with the contribution receivable. Conditional contributions receivable are recognized as an asset when the conditions on which they depend are substantially met. Management performs periodic reviews of the contributions receivable for past due amounts, determines the collectability of these amounts, and establishes allowances accordingly.

#### Accounts Receivable

Accounts receivable are recorded net of any allowance for doubtful accounts and consists primarily of amounts due for dental and medical services. Management performs periodic reviews of the receivables for past due amounts, determines the collectability of these amounts, and establishes allowances accordingly. Accounts over one year old are removed from accounts receivable. At September 30, 2021 and 2020, the Organization recorded an allowance for doubtful accounts receivable for \$13,890 and \$25,000, respectively.

#### Cash

Cash is defined as cash in checking, savings, and cash on hand. The Organization maintains bank accounts at a financial institution which is insured by the Federal Deposit Insurance Corporation for up to \$250,000. At September 30, 2021 and 2020, there was approximately \$512,000 and \$519,000, respectively, of uninsured cash.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### Investments

Investments are comprised of cash deposits, which are recorded at cost, and mutual funds/exchange traded funds, which are recorded at fair value. Fair value is the price that would be received to sell an asset in orderly transaction between market participants at the measurement date. Net investment income is reported in the statement of activities and consists of interest and dividend income, capital gain distributions, realized and unrealized gains and losses, less external and direct internal investment expenses. Interest and dividends are recorded when earned, realized gains and losses related to sales of investments are recorded on a trade-date basis, and unrealized gains and losses are recorded based on the fair value of the investment. Net investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or laws. These investments are exposed to various risks, such as interest rate, market, and credit risks.

#### Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements in excess of \$1,500 are capitalized at cost. Contributed property, equipment and leasehold improvements are recorded at fair value at the date of donation. Depreciation is not calculated on land. Depreciation is provided using the straight-line method over the following lives:

Equipment	5-7 Years
Leasehold improvements	2-15 Years
Building and improvements	15-39 Years

#### Loan Costs

The Organization capitalizes loan closing costs and amortizes the costs over the life of the loan. Amortization relating to the loan closing costs are recorded in interest expense on the statement of activities. The loan closing costs net of amortization are netted against the note payable on the statement of financial position.

Total capitalized loan costs were \$9,602 as of September 30, 2021 and 2020. Amortization relating to these loan closing costs was \$480 and \$445, respectively, for fiscal year 2021 and 2020. Accumulated amortization as of September 30, 2021 and 2020 was \$1,026 and \$546, respectively.

#### Concentrations of Revenue

During fiscal year 2021, approximately 34% of the Organization's revenue came from two funding sources. During fiscal year 2020, approximately 47% of the Organization's revenue came from three funding sources.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### Concentrations of Credit Risk Due to Contributions Receivable and Accounts Receivable

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of accounts receivable and contributions receivable. Management believes concentrations of credit risk with respect to these receivables are limited due to their nature. As of September 30, 2021 and 2020, management believes the Organization had no significant concentrations of credit risk.

#### Functional Allocation of Expense

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The statement of functional expenses report certain categories of expenses that are attributable to more than one program or supporting function therefore these expenses require allocation on a reasonable basis that is consistently applied. Personnel costs, insurance, depreciation, telephone, and internet are allocated based upon staff job duties and their related time and efforts. Occupancy costs and interest expense are allocated based upon the use of the Organization's office space.

#### Tax Status

The Organization has tax exempt status under Section 501(c)(3) of the Internal Revenue Code and corresponding state tax codes. The Organization is not a private foundation and charitable contributions by donors are tax deductible.

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

#### Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### Prior Year Summarized Information

The financial statements include certain prior year summarized information in total, but not by net asset class nor by functionalized expenses. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through March 7, 2022, the date which the financial statements were available for issue.

### (2) LIQUIDITY AND FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs and structures its financial assets for availability as its general expenditures, liabilities, and other obligations come due. In the event of immediate liquidity needs, the Organization has a committed line of credit in the amount of \$100,000. The Organization manages its liquidity by investing excess cash in longer-term investments which can be liquidated within one week.

The following table reflects the Organization's financial assets as of September 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the date of the statement of financial position.

	2021	2020
Cash	\$ 776,337	849,350
Accounts receivable	62,766	54,483
Contributions receivable	626,910	715,993
Investments	<u>449,519</u>	<u>67,958</u>
Total financial assets	1,915,532	1,687,784
Less amounts not available to be used within one year:		
Donor restricted for time	( 334,336)	( 522,823)
Financial assets available within one year to meet cash needs for general expenditures	\$ <u>1,581,196</u>	<u>1,164,961</u>

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (3) CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at September 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Amounts due in less than one year	\$ 334,336	193,170
Amounts due in one to five years	316,700	567,455
Less discount to net present value	<u>( 24,126)</u>	<u>( 44,632)</u>
Net contributions receivable	<u>\$ 626,910</u>	<u>715,993</u>

The Organization used a discount rate of 3.25% to determine the net present value of the long-term contributions receivable.

### (4) INVESTMENTS

Investments consisted of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Exchange traded funds	\$ 279,248	-
Mutual funds	16,470	67,958
Cash	<u>153,801</u>	<u>-</u>
Total	<u>\$ 449,519</u>	<u>67,958</u>

### (5) PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consisted of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 46,899	46,899
Equipment	406,129	365,537
Land	156,400	156,400
Building and improvements	<u>1,546,267</u>	<u>1,546,267</u>
	2,155,695	2,115,103
Less: Accumulated depreciation	<u>( 310,313)</u>	<u>( 221,571)</u>
Total	<u>\$ 1,845,382</u>	<u>1,893,532</u>

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (6) FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets, such as the New York Stock Exchange.
- Level 2 assets and liabilities are valued using inputs other than unadjusted quoted prices included in Level 1 that are observable either directly or indirectly for the assets or liability. The Organization has no Level 2 assets or liabilities.
- Level 3 assets and liabilities are valued using pricing inputs which are unobservable for the asset or liability. The Organization has no Level 3 assets or liabilities.

Fair values of assets measured on a recurring basis at September 30, 2021 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Exchange traded funds	\$ 279,248	-	-	279,248
Mutual funds	<u>16,470</u>	<u>-</u>	<u>-</u>	<u>16,470</u>
	<u>\$ 295,718</u>	<u>-</u>	<u>-</u>	295,718
			Investments measured at cost	<u>153,801</u>
			Total investments	<u>\$ 449,519</u>

Fair values of assets measured on a recurring basis at September 30, 2020 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ <u>67,958</u>	<u>-</u>	<u>-</u>	<u>67,958</u>



## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements  
September 30, 2021  
With Comparative Notes for 2020

### (7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are restricted for the following purposes as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Gala space	\$ 2,000	2,000
Panoramic X-Ray	<u>-</u>	<u>25,000</u>
	<u>2,000</u>	<u>27,000</u>
Subject to the passage of time:		
Contributions receivable to be received for future operating expenses	<u>521,229</u>	<u>684,683</u>
Total net assets with donor restrictions	\$ <u>523,229</u>	<u>711,683</u>

Net assets were released from donor restrictions by incurring expenses that satisfy the restricted purpose, by occurrence of the passage of time, or other events specified by the donors. Net assets released from restriction were comprised of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Panoramic X-Ray	\$ 25,000	-
Mental health services	-	10,000
Dental program	2,000	-
Gala space	-	2,000
Expiration of time restriction	<u>281,710</u>	<u>633,107</u>
Total net assets released from restrictions	\$ <u>308,710</u>	<u>645,107</u>

### (8) IN-KIND CONTRIBUTIONS

In-kind contributions for fiscal years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Medical and dental supplies and services	\$ 400,361	358,286
Building improvements	-	28,750
Computers	4,576	-
Communication and marketing	59,531	21,000
Donated office space	<u>33,000</u>	<u>36,500</u>
Total	\$ <u>497,468</u>	<u>444,536</u>

**HEALTHFINDERS COLLABORATIVE**

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

(8) **IN-KIND CONTRIBUTIONS, (continued)**

The donated medical and dental supplies and services are used in the Organization's programs and services provided to patients. The building improvements were donated services by contractors and vendors in the build-out of the Organization's new Faribault building which is used for programming and operations. The donated computers are used in the Organization's programming and operations. The donated communication and marketing is used for fundraising and program outreach. The donated office space is used to house programs and administration.

(9) **LEASES**

The Organization leases office and programming space in Northfield. Rent expense was \$52,200 in fiscal year 2021, which included \$33,000 of donated space. Rent expense was \$59,700 in fiscal year 2020, which included \$36,500 of donated space. Future minimum lease payments on the Northfield lease are \$8,000 for fiscal year 2022.

(10) **NOTE PAYABLE**

On May 1, 2019, the Organization entered into a note payable for the purchase of land and building to be used for its Faribault operations. The loan provided an advance of \$839,375 for the land and building purchase, and made additional funds available of \$444,125 for renovation costs which were incurred in fiscal years 2019 and 2020.

The note carries a fixed interest rate of 5.39%, with a rate adjustment on May 1, 2024. The note calls for monthly interest payments starting on June 1, 2019 and ending on May 1, 2020. Starting June 1, 2020, the Organization is to make principal and interest payments in the amount necessary using an amortization period of 19 years. On May 1, 2029, any unpaid principal and interest is due in full. The note payable is secured by a mortgage on the property and all assets of the Organization.

Future principal payments on the note payable are as follows:

Fiscal year 2022	\$ 38,838
Fiscal year 2023	41,014
Fiscal year 2024	43,139
Fiscal year 2025	45,729
Fiscal year 2026	48,292
Thereafter	<u>1,007,188</u>
Total	<u>\$ 1,224,200</u>

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

### (11) LINE OF CREDIT

The Organization has a line of credit with a limit of \$100,000. The line of credit was amended in fiscal year 2021 to extend the maturity date to May 1, 2022. The line of credit has a variable interest rate of prime plus 2% with a minimum rate of 4.50%. The interest rate at September 30, 2021 and 2020 was 5.25%. Interest is paid monthly, with any outstanding principal due at maturity. The line of credit is secured by all assets of the Organization.

### (12) PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, the Organization received loan proceeds in the amount of \$175,000 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the PPP provides for loans to qualifying business in amounts up to 2.5 times their average monthly payroll expenses. PPP loans and accrued interest are forgivable after the elected eight or twenty-four week period as long as the borrower maintains its payroll levels and use the loan proceeds for eligible purposes. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of the PPP loan was payable over two years at an interest rate of 1%. This loan was formally forgiven under the terms of the PPP on January 12, 2021 and the Organization reflected the loan forgiveness as a government grant on the statement of activities.

In February of 2021, the Organization received additional loan proceeds in the amount of \$204,900 through PPP. This second PPP loan and accrued interest is forgivable after a twenty-four week period as long as the Organization maintains its payroll levels and uses the loan proceeds for eligible purposes. The forgiveness amount will be reduced if the Organization terminates employees or reduces salaries during the covered period. Any unforgiven portion of this PPP loan is payable over five years at an interest rate of 1%.

The Organization has recorded a note payable for the second PPP loan and will record forgiveness upon being legally released from the loan obligation. Management believes this note will be fully forgiven.

Future principal payments on the second PPP loan for the year ending September 30, 2021 are as follows:

2022	\$ 11,250
2023	55,995
2024	56,558
2025	57,125
2026	<u>23,972</u>
Total	\$ <u>204,900</u>

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2021

With Comparative Notes for 2020

(13) **COVID-19**

The Covid-19 pandemic and government response to mitigate the spread, caused significant economic disruption in 2020 and 2021. The federal, state, and local government rapidly implemented various loan and grant programs. The Organization experienced a reduction in its earned income during fiscal year 2020 due to a mandatory three-month shutdown based on the Governor's orders. The Organization implemented staffing reductions for a period during fiscal year 2020 but is back to near full operating capacity in fiscal year 2021 with the support of emergency grants, donor contributions, and paycheck protection loan proceeds. This timely support assisted in responding to the Covid-19 pandemic and maintaining financial health. The impact of future operations and funding continues to be uncertain at this time. The Organization is optimistic, however does feel this uncertainty will be present for some time. The future economic impact of Covid-19 is uncertain and cannot be estimated at this time.

(14) **MERGER**

In May of 2021, the Organization and Free Clinic of Steele County, a non-profit organization, (FCSC) entered into an agreement plan of merger. The merger will result in a stronger combined entity able to serve more communities and will increase access and expand services to more patients who need it. The effective date of the merger is October 13, 2021, with the Organization being the surviving entity and FCSC being dissolved.

All assets and liabilities of FCSC will be transferred to the control/responsibility of the Organization and will result in the recording of an inherent contribution to the Organization on the effective date of the merger. Assets transferred at the time of merger consist of \$112,173 of cash and \$53,572 of fixed assets. Liabilities assumed at the time of merger consist of accounts payable totaling \$13,377.