

# HEALTHFINDERS COLLABORATIVE

Financial Statements

September 30, 2022



# HEALTHFINDERS COLLABORATIVE

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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 (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.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HealthFinders Collaborative and to meet our other ethical responsibilities in accordance with the 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 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 HealthFinders Collaborative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 generally accepted 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

**INDEPENDENT AUDITOR’S REPORT, continued**

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted 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 HealthFinders Collaborative’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 HealthFinders Collaborative’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.

**Report on Summarized Comparative Information**

We have previously audited HealthFinders Collaborative’s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 6, 2023

*Akins Henke and Company*

## HEALTHFINDERS COLLABORATIVE

### Statements of Financial Position

September 30, 2022 and 2021

#### ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 997,834	776,337
Accounts receivable, net	76,948	62,766
Contributions receivable	407,137	334,336
Prepaid expenses	18,628	25,402
Total current assets	<u>1,500,547</u>	<u>1,198,841</u>
Investments	450,774	449,519
Contributions receivable	69,959	292,574
Property, equipment and leasehold improvements, net	<u>1,878,704</u>	<u>1,845,382</u>
 TOTAL ASSETS	 \$ <u><u>3,899,984</u></u>	 <u><u>3,786,316</u></u>

#### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 48,501	83,297
Accrued compensation	98,300	71,532
Accrued interest	5,324	5,499
Refundable advance	165,251	162,881
Paycheck Protection Program loan	-	11,250
Note payable	40,534	38,358
Total current liabilities	<u>357,910</u>	<u>372,817</u>
Paycheck Protection Program loan	-	193,650
Note payable	1,136,733	1,177,267
Total liabilities	<u>1,494,643</u>	<u>1,743,734</u>
Net assets:		
Without donor restrictions	2,003,399	1,519,353
With donor restrictions	401,942	523,229
Total net assets	<u>2,405,341</u>	<u>2,042,582</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>3,899,984</u></u>	 <u><u>3,786,316</u></u>

See accompanying notes to the financial statements.

**HEALTHFINDERS COLLABORATIVE**

Statement of Activities  
For the Year Ended September 30, 2022  
With Comparative Totals for 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
<b>SUPPORT AND REVENUE</b>				
Individual contributions	\$ 237,704	-	237,704	128,961
Corporate and foundation contributions	674,583	238,500	913,083	606,337
Campaign contributions	14,147	-	14,147	110,676
Contributed goods and services	550,199	-	550,199	497,468
Government grants	1,157,894	-	1,157,894	705,245
Program service fees	37,500	-	37,500	73,782
Dental services, net of insurance adjustments of \$68,590 for 2022 and \$32,573 for 2021	166,907	-	166,907	93,451
Medical services, net of insurance adjustments of \$8,335 for 2022 and \$7,606 for 2021	47,771	-	47,771	55,127
Total contributions and program fees	<u>2,886,705</u>	<u>238,500</u>	<u>3,125,205</u>	<u>2,271,047</u>
Event revenue	185,224	-	185,224	113,841
Less cost of direct benefits to donors	(6,623)	-	(6,623)	(1,545)
Total event	<u>178,601</u>	<u>-</u>	<u>178,601</u>	<u>112,296</u>
Investment income (loss), net	(95,672)	-	(95,672)	7,655
Other income	18,301	-	18,301	-
Loss on disposal of equipment	(2,567)	-	(2,567)	-
Total Support and Revenue	<u>2,985,368</u>	<u>238,500</u>	<u>3,223,868</u>	<u>2,390,998</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Restrictions satisfied	<u>359,787</u>	<u>(359,787)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services	2,486,874	-	2,486,874	1,927,892
Supporting services:				
Management and general	351,141	-	351,141	234,107
Fundraising	177,855	-	177,855	217,058
Total Expenses	<u>3,015,870</u>	<u>-</u>	<u>3,015,870</u>	<u>2,379,057</u>
<b>CHANGE IN NET ASSETS BEFORE ACQUISITION CONTRIBUTION</b>	329,285	(121,287)	207,998	11,941
<b>Acquisition Contribution from Free Clinic of Steele County</b>	<u>154,761</u>	<u>-</u>	<u>154,761</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	484,046	(121,287)	362,759	11,941
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,519,353</u>	<u>523,229</u>	<u>2,042,582</u>	<u>2,030,641</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,003,399</u>	<u>401,942</u>	<u>2,405,341</u>	<u>2,042,582</u>

See accompanying notes to the financial statements.

**HEALTHFINDERS COLLABORATIVE**

Statement of Functional Expenses  
For the Year Ended September 30, 2022  
With Comparative Totals for 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2022</u>	<u>Total 2021</u>
Salaries	\$ 1,081,363	128,598	89,554	1,299,515	964,819
Payroll taxes	84,383	10,035	6,988	101,406	75,363
Employee benefits	46,459	5,420	2,896	54,775	23,840
Total personnel costs	<u>1,212,205</u>	<u>144,053</u>	<u>99,438</u>	<u>1,455,696</u>	<u>1,064,022</u>
Medical, dental, and wellness supplies	293,270	-	-	293,270	179,270
Professional medical and dental services	459,770	-	-	459,770	400,361
Contract services	108,060	12,007	-	120,067	88,874
Professional fees	25,613	124,193	22,871	172,677	219,322
Dues and fees	5,158	2,813	3,751	11,722	12,499
Insurance	22,375	2,661	1,853	26,889	25,423
Occupancy	112,211	22,442	14,962	149,615	91,003
Depreciation	96,291	11,451	7,974	115,716	98,572
Telephone and internet	31,633	3,762	2,620	38,015	20,403
Events	-	-	18,070	18,070	8,833
Conferences and training	10,805	10,805	-	21,610	6,775
Printing and mailing	15,029	130	6,147	21,306	23,891
Interest	50,944	10,669	6,792	68,405	68,306
Bad debt expense	40,781	-	-	40,781	67,274
Miscellaneous	2,729	6,155	-	8,884	5,774
Total expenses	<u>2,486,874</u>	<u>351,141</u>	<u>184,478</u>	<u>3,022,493</u>	<u>2,380,602</u>
Less: expenses netted against revenues on the statement of activities:					
Special event expenses	<u>-</u>	<u>-</u>	<u>(6,623)</u>	<u>(6,623)</u>	<u>(1,545)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 2,486,874</u>	<u>351,141</u>	<u>177,855</u>	<u>3,015,870</u>	<u>2,379,057</u>

See accompanying notes to the financial statements.

**HEALTHFINDERS COLLABORATIVE**  
 Statements of Cash Flows  
 For the Years Ended September 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 362,759	11,941
Adjustments to reconcile change in net assets from operating activities:		
Depreciation	115,716	98,572
Loss on disposal of equipment	2,567	1,784
Bad debt expense	40,781	67,274
Paycheck Protection Program loan forgiveness	(204,900)	(175,000)
Donated equipment and building improvements	(53,572)	(4,576)
Realized and unrealized (gains) losses on investments	107,043	(5,806)
Changes in current assets and liabilities:		
Increase in accounts receivable	(54,963)	(75,557)
Decrease in contributions receivable	149,814	89,083
(Increase) decrease in prepaid expenses	6,774	(14,369)
Increase (decrease) in accounts payable	(34,796)	19,560
Increase in accrued compensation	26,768	6,146
Decrease in accrued interest	(175)	(165)
Increase in refundable advance	2,370	162,881
Net cash provided by operating activities	466,186	181,768
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	2,979	66,207
Proceeds from sale of equipment	-	5,303
Purchase of investments	(111,277)	(441,962)
Purchase of property and equipment	(98,033)	(52,933)
Net cash used for investing activities	(206,331)	(423,385)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments on note payable	(38,838)	(36,776)
Amortization of loan costs	480	480
Borrowings on Paycheck Protection Program loan	-	204,900
Net cash provided by (used for) financing activities	(38,358)	168,604
<b>NET INCREASE (DECREASE) IN CASH</b>	221,497	(73,013)
<b>CASH - BEGINNING OF YEAR</b>	776,337	849,350
<b>CASH - END OF YEAR</b>	\$ 997,834	776,337

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for interest in fiscal year 2022 and 2021 was \$68,580 and \$67,991, respectively.

See accompanying notes to the financial statements.



# HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

## (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

During fiscal year 2022, the Organization implemented FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The implementation of this standard resulted in no significant changes to the way the Organization recognizes contributed nonfinancial assets.

### 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.

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.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

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

#### Revenue and Support, (continued)

Government grants represent grants received by the Organization from the State of Minnesota, grants received through Employee Retention Credits (ERC) and loans forgiven through the Paycheck Protection Program (PPP). Grants from the State of Minnesota are recorded as revenue as qualifying expenditures are incurred by the Organization. The grants for ERC funds are recorded as revenue when the Organization applied for the ERC. Loans forgiven through PPP are recorded as revenue when the loans are forgiven by the Small Business Administration. ERC funds received in fiscal year 2022 were \$224,632. Loans forgiven through PPP in fiscal year 2022 and 2021 were \$204,900 and \$175,000, respectively.

Certain grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at September 30, 2022 and 2021, contributions of \$606,454 and \$1,398,279, respectively, have not been recognized in the accompanying financial statements because the conditions have not been met.

Donated goods and services are recognized as contributions if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Donated goods and services are valued at fair value at the date of donation. 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.

Program service fees represent payments from contracts 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.

#### 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.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

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

#### 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 consist of amounts owed from customers for the performance of 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, 2022 and 2021, the Organization recorded an allowance for doubtful accounts receivable for \$27,258 and \$13,890, 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, 2022 and 2021, there was approximately \$726,000 and \$512,000, respectively, of uninsured cash.

#### 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 (loss) 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 (loss), 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.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

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

#### 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	5-15 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, 2022 and 2021, respectively. Amortization relating to these loan closing costs was \$480 for both fiscal year 2022 and 2021. Accumulated amortization as of September 30, 2022 and 2021 was \$1,506 and \$1,026, respectively.

#### Concentrations of Revenue

During fiscal year 2022, approximately 33% of the Organization's revenue came from two funding sources. During fiscal year 2021, approximately 34% of the Organization's revenue came from two funding sources.

#### 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, 2022 and 2021, 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

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

#### 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.

#### 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, 2021, from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through March 6, 2023, the date which the financial statements were available for issue.

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

### (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, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the date of the statement of financial position.

	<u>2022</u>	<u>2021</u>
Cash	\$ 997,834	776,337
Accounts receivable	76,948	62,766
Contributions receivable	477,096	626,910
Investments	<u>450,774</u>	<u>449,519</u>
Total financial assets	2,002,652	1,915,532
Less amounts not available to be used within one year:		
Donor restricted for time	( <u>69,959</u> )	( <u>334,336</u> )
Financial assets available within one year to meet cash needs for general expenditures	\$ <u>1,932,693</u>	<u>1,581,196</u>

### (3) CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at September 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Amounts due in less than one year	\$ 407,137	334,336
Amounts due in one to five years	82,830	316,700
Less discount to net present value	( <u>12,871</u> )	( <u>24,126</u> )
Net contributions receivable	\$ <u>477,096</u>	<u>626,910</u>

The Organization used a discount rate of 6.25% and 3.25%, respectively for fiscal year 2022 and 2021, to determine the net present value of the long-term contributions receivable.

### (4) INVESTMENTS

Investments consisted of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Exchange traded funds	\$ 411,378	279,248
Mutual funds	27,634	16,470
Cash	<u>11,762</u>	<u>153,801</u>
Total	\$ <u>450,774</u>	<u>449,519</u>

## HEALTHFINDERS COLLABORATIVE

Notes to the Financial Statements

September 30, 2022

With Comparative Notes for 2021

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

Property, equipment and leasehold improvements consisted of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 76,753	46,899
Equipment	530,498	406,129
Land	156,400	156,400
Building and improvements	<u>1,579,433</u>	<u>1,546,267</u>
	2,343,084	2,155,695
Less: Accumulated depreciation	<u>( 464,380)</u>	<u>( 310,313)</u>
Total	<u>\$ 1,878,704</u>	<u>1,845,382</u>

### (6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are restricted for the following purposes as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes:		
Mental health services	\$ 109,603	-
Continuing education	20,000	-
Gala space	<u>-</u>	<u>2,000</u>
	129,603	2,000
Subject to the passage of time:		
Contributions receivable to be received for future operating expenses	<u>272,339</u>	<u>521,229</u>
Total net assets with donor restrictions	<u>\$ 401,942</u>	<u>523,229</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Mental health services	\$ 90,397	-
Panoramic X-Ray	-	25,000
Dental program	-	2,000
Gala space	2,000	-
Expiration of time restriction	<u>267,390</u>	<u>281,710</u>
Total net assets released from restrictions	<u>\$ 359,787</u>	<u>308,710</u>

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### (7) 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, 2022 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Exchange traded funds	\$ 411,378	-	-	411,378
Mutual funds	<u>27,634</u>	<u>-</u>	<u>-</u>	<u>27,634</u>
	<u>\$ 439,012</u>	<u>-</u>	<u>-</u>	<u>439,012</u>
			Investments measured at cost	<u>11,762</u>
			Total investments	<u>\$ 450,774</u>

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>	<u>295,718</u>
			Investments measured at cost	<u>153,801</u>
			Total investments	<u>\$ 449,519</u>



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### (8) CONTRIBUTED GOODS AND SERVICES

Contributed goods and services for fiscal years 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Medical and dental supplies and lab services	\$ 290,795	264,895
Donated professional fees	168,804	135,466
Computers	-	4,576
Communication and marketing	-	59,531
Donated office space	<u>90,600</u>	<u>33,000</u>
Total	\$ <u>550,199</u>	<u>497,468</u>

The Organization recognized nonfinancial assets as revenue, including medical and dental supplies and lab services, professional medical and dental practitioner services, computers, communication and marketing services, and office space. The contributed nonfinancial assets did not have any donor-imposed restrictions.

Donated medical and dental supplies and lab services are used in providing health and dental services to the clients of the Organization. In valuing the medical and dental supplies and lab services, the Organization estimates the fair value based on service statements provided by the local healthcare providers.

Donated professional fees consist of donated time from doctors, dentists, nurses, and interpreters who treat and work with the patients of the Organization. The Organization estimates the fair value of the professional fees by using compensation research studies in the state of Minnesota for pay related to these professions.

Donated computers are used by program and administrative staff in the performance of their job functions. The Organization estimates the fair value of the computers based on estimates of the purchase price of similar computers.

Donated communication and marketing services are used for fundraising and program outreach. The Organization estimates the fair value of these services based on current rates for similar professional services.

Donated office space is used by the Organization for programming and administrative space. The Organization estimates the fair value of the donated space by comparing the market rate for similar rented spaces in Minnesota.

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(9) **LEASES**

The Organization leases office and programming space in Northfield and Owatonna. Rent expense was \$109,800 in fiscal year 2022, which included \$90,600 of donated space. Rent expense was \$52,200 in fiscal year 2021, which included \$33,000 of donated space. Future minimum lease payments on the leases are as follows:

	<u>2022</u>
Fiscal year 2023	\$ 19,200
Fiscal year 2024	<u>8,000</u>
Total	\$ <u>27,200</u>

(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 2023	\$ 41,014
Fiscal year 2024	43,139
Fiscal year 2025	45,729
Fiscal year 2026	48,292
Thereafter	<u>1,007,189</u>
Total	\$ <u>1,185,363</u>

(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 2022 to extend the maturity date to May 1, 2023. 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, 2022 and 2021 was 8.20% and 5.25%, respectively. Interest is paid monthly, with any outstanding principal due at maturity. The line of credit is secured by all assets of the Organization. There were no borrowings on the line of credit in fiscal years 2022 or 2021.

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### (12) **PAYCHECK PROTECTION PROGRAM LOANS**

In February of 2021, the Organization received loan proceeds in the amount of \$204,900 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 March 18, 2022 and the Organization reflected the loan forgiveness as a government grant on the statement of activities.

### (13) **RISKS AND UNCERTAINTIES**

The Organization is exposed to various known and unknown risks and uncertainties. Risks include internal and external events and conditions (e.g. pandemic, international conflict, labor market and supply chain disruption, government mandates and policies, volatile financial markets, etc.) which could impact the availability of grants and contributions and the ability to provide program services. It is at least reasonably possible that changes could occur in the near term and that such changes could materially affect the statement of financial position and results of changes in net assets. The Organization is closely monitoring its liquidity and is activity working to minimize the impact of these risks on its operations. Any ongoing financial impact of these risks cannot be determined 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 was October 13, 2021, with the Organization being the surviving entity and FCSC being dissolved.

All assets and liabilities of FCSC were transferred to the control/responsibility of the Organization and resulted in the recording of an inherent contribution to the Organization on the effective date of the merger. Assets transferred at the time of merger consisted of \$112,173 of cash and \$53,572 of fixed assets. Liabilities assumed at the time of merger consisted of accounts payable totaling \$10,984.