



Financial Statements

Family Pathways

North Branch, Minnesota

For the year ended June 30, 2021 and 2020



Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090
F 952.835.3261

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727
F 507.388.9139

Family Pathways
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Pathways
North Branch, Minnesota

We have audited the accompanying financial statements of Family Pathways (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Pathways as of June 30, 2021 and 2020, 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.

Other Matters

Supplementary Information in Relation to the Financial Statements as a Whole

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information on pages 24 - 29 and the accompanying schedule of expenditures of federal awards is presented, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 October 29, 2021, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
October 29, 2021



FINANCIAL STATEMENTS

Family Pathways
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,534,358	\$ 1,654,882
Accounts receivable	355,777	190,720
Inventory	730,899	756,971
Prepaid expenses	88,852	87,698
Total Current Assets	3,709,886	2,690,271
Property and Equipment		
Land	1,440,219	1,440,219
Building and improvements	9,154,802	9,003,451
Equipment, fixtures, and vehicles	734,195	714,728
Total Property and Equipment	11,329,216	11,158,398
Less: Accumulated Depreciation	(3,401,729)	(3,038,131)
Total Property and Equipment, Net	7,927,487	8,120,267
Other Assets		
Security deposits	15,282	15,282
Cash held for restricted purposes	50,000	50,000
Total Other Assets	65,282	65,282
 Total Assets	 \$ 11,702,655	 \$ 10,875,820

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

Family Pathways
Statements of Financial Position (Continued)
June 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts payable	\$ 63,124	\$ 30,163
Accrued salaries and vacation	366,307	321,197
Accrued payroll taxes	1,054	1,074
Accrued interest	29,018	6,798
Other accrued expenses	18,895	15,322
Capital lease liability, current	31,124	38,703
Notes and bonds payable - current, net of deferred financing costs of \$13,652 and \$13,652 in 2021 and 2020, respectively	428,572	1,326,879
Total Current Liabilities	938,094	1,740,136
Noncurrent Liabilities		
Notes and bonds payable - noncurrent, net of deferred financing costs of \$141,092 and \$154,744 in 2021 and 2020, respectively	4,831,800	5,274,137
Tenant security deposits	3,162	2,362
Capital lease liability, noncurrent	-	28,339
Total Noncurrent Liabilities	4,834,962	5,304,838
Total Liabilities	5,773,056	7,044,974
Net Assets		
Without donor restrictions		
Undesignated	4,863,893	3,068,602
Board designated	700,000	700,000
Total Without Donor Restrictions	5,563,893	3,768,602
With donor restrictions	365,706	62,244
Total Net Assets	5,929,599	3,830,846
Total Liabilities and Net Assets	\$ 11,702,655	\$ 10,875,820

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

Family Pathways
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue and Other Support			
Revenue			
Thrift store sales	\$ 4,794,460	\$ -	\$ 4,794,460
Recycling revenue	349,024	-	349,024
Service revenue	55,029	-	55,029
Rental income	39,370	-	39,370
Interest income	1,406	-	1,406
Gain on sale of property and equipment	5,500	-	5,500
Other income	37,982	-	37,982
Total Revenue	<u>5,282,771</u>	<u>-</u>	<u>5,282,771</u>
Support			
Grants	2,917,444	-	2,917,444
Contributions - monetary	1,326,960	313,462	1,640,422
Contributions - food	3,659,276	-	3,659,276
Net assets released from restrictions	10,000	(10,000)	-
Total Support	<u>7,913,680</u>	<u>303,462</u>	<u>8,217,142</u>
Total Revenue and Other Support	<u>13,196,451</u>	<u>303,462</u>	<u>13,499,913</u>
Expenses			
Program Services			
Thrift store expenses	3,569,060	-	3,569,060
Food equity and access	4,702,239	-	4,702,239
Domestic violence and sexual assault program	1,241,274	-	1,241,274
Aging services	442,144	-	442,144
Parenting time services program	305,104	-	305,104
Total Program Services	<u>10,259,821</u>	<u>-</u>	<u>10,259,821</u>
Support Services			
Management and general	890,200	-	890,200
Fundraising	251,139	-	251,139
Total Support Services	<u>1,141,339</u>	<u>-</u>	<u>1,141,339</u>
Total Expenses	<u>11,401,160</u>	<u>-</u>	<u>11,401,160</u>
Change in Net Assets	1,795,291	303,462	2,098,753
Net Assets, Beginning	<u>3,768,602</u>	<u>62,244</u>	<u>3,830,846</u>
Net Assets, Ending	<u>\$ 5,563,893</u>	<u>\$ 365,706</u>	<u>\$ 5,929,599</u>

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

Family Pathways
Statements of Activities (Continued)
For the Years Ended June 30, 2021 and 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Revenue			
Thrift store sales	\$ 4,296,727	\$ -	\$ 4,296,727
Recycling revenue	246,626	-	246,626
Service revenue	59,359	-	59,359
Rental income	38,623	-	38,623
Interest income	629	-	629
Gain on sale of property and equipment	277	-	277
Other income	39,410	-	39,410
Total Revenue	<u>4,681,651</u>	<u>-</u>	<u>4,681,651</u>
Support			
Grants	1,302,200	-	1,302,200
Contributions - monetary	1,589,340	12,244	1,601,584
Contributions - food	3,391,606	-	3,391,606
Net assets released from restrictions	75,000	(75,000)	-
Total Support	<u>6,358,146</u>	<u>(62,756)</u>	<u>6,295,390</u>
Total Revenue and Other Support	<u>11,039,797</u>	<u>(62,756)</u>	<u>10,977,041</u>
Expenses			
Program Services			
Thrift store expenses	3,596,015	-	3,596,015
Basic life services	4,408,293	-	4,408,293
Refuge network	1,386,495	-	1,386,495
Senior services	389,116	-	389,116
Youth services	220,564	-	220,564
Total Program Services	<u>10,000,483</u>	<u>-</u>	<u>10,000,483</u>
Support Services			
Management and general	959,661	-	959,661
Fundraising	313,728	-	313,728
Total Support Services	<u>1,273,389</u>	<u>-</u>	<u>1,273,389</u>
Total Expenses	<u>11,273,872</u>	<u>-</u>	<u>11,273,872</u>
Change in Net Assets	(234,075)	(62,756)	(296,831)
Net Assets, Beginning	<u>4,002,677</u>	<u>125,000</u>	<u>4,127,677</u>
Net Assets, Ending	<u>\$ 3,768,602</u>	<u>\$ 62,244</u>	<u>\$ 3,830,846</u>

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

Family Pathways
Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Services					Support Services				Total Expenses
	Thrift Store Expenses	Food Equity and Access	Domestic Violence and Sexual Assault	Aging Services	Parenting Time Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Costs										
Salaries	\$ 1,999,622	\$ 549,172	\$ 864,048	\$ 290,768	\$ 189,047	\$ 3,892,657	\$ 503,064	\$ 145,392	\$ 648,456	\$ 4,541,113
Payroll taxes	150,651	39,911	63,862	20,376	13,010	287,810	33,710	10,148	43,858	331,668
Employee benefits	141,977	39,631	67,701	32,824	24,201	306,334	59,724	4,647	64,371	370,705
Total Personnel Costs	2,292,250	628,714	995,611	343,968	226,258	4,486,801	596,498	160,187	756,685	5,243,486
Expenses										
Food distributed - purchased	-	100,442	3,445	-	-	103,887	-	-	-	103,887
Food distributed - donated	-	3,685,348	-	-	-	3,685,348	-	-	-	3,685,348
Insurance	49,608	31,722	12,839	6,427	6,427	107,023	94,334	2,512	96,846	203,869
Interest	111,852	20,907	5,249	2,634	7,991	148,633	33,079	178	33,257	181,890
Maintenance and repairs	47,760	16,605	4,748	2,509	2,456	74,078	8,056	-	8,056	82,134
Marketing and public awareness	66,685	-	14	5,783	-	72,482	97	4,195	4,292	76,774
Meals, travel and entertainment	6,638	18,298	8,626	29,453	6,775	69,790	185	380	565	70,355
Miscellaneous	2,977	1,490	1,436	911	495	7,309	7,384	7,838	15,222	22,531
Office	100	-	69	35	-	204	-	16,697	16,697	16,901
Postage	1,267	541	143	346	-	2,297	5,130	5,534	10,664	12,961
Processing fees	91,270	-	-	-	-	91,270	13,681	9,039	22,720	113,990
Professional services	30,183	20,269	41,837	7,149	3,305	102,743	56,770	36,557	93,327	196,070
Program supplies	53,436	4,175	10,605	18,552	9,501	96,269	3,902	3,410	7,312	103,581
Rent	184,048	10	42,598	-	13,698	240,354	5,685	-	5,685	246,039
Small equipment, leases and rentals	25,536	57,243	10,060	3,744	-	96,583	4,686	573	5,259	101,842
Staff development	3,524	272	705	699	466	5,666	7,623	20	7,643	13,309
Storage and transportation	71,098	-	39	-	-	71,137	-	-	-	71,137
Telephone/communications/IT	24,020	12,187	36,882	7,858	9,558	90,505	18,176	2,103	20,279	110,784
Trash	104,711	10,972	1,445	594	1,323	119,045	1,218	-	1,218	120,263
Utilities	134,661	50,184	15,245	3,959	10,305	214,354	19,603	-	19,603	233,957
Total Expenses Before Depreciation	3,301,624	4,659,379	1,191,596	434,621	298,558	9,885,778	876,107	249,223	1,125,330	11,011,108
Depreciation and amortization	267,436	42,860	49,678	7,523	6,546	374,043	14,093	1,916	16,009	390,052
Total Expenses	\$ 3,569,060	\$ 4,702,239	\$ 1,241,274	\$ 442,144	\$ 305,104	\$ 10,259,821	\$ 890,200	\$ 251,139	\$ 1,141,339	\$ 11,401,160

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

Family Pathways
Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2020

	Program Services					Support Services				Total Expenses
	Thrift Store Expenses	Basic Life Services	Refuge Network	Senior Services	Youth Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Costs										
Salaries	\$ 2,003,276	\$ 508,345	\$ 841,797	\$ 252,383	\$ 86,415	\$ 3,692,216	\$ 481,345	\$ 202,452	\$ 683,797	\$ 4,376,013
Payroll taxes	144,472	36,132	65,484	18,718	5,606	270,412	19,554	16,165	35,719	306,131
Employee benefits	159,524	54,107	84,880	26,642	12,590	337,743	68,821	10,209	79,030	416,773
Total Personnel Costs	2,307,272	598,584	992,161	297,743	104,611	4,300,371	569,720	228,826	798,546	5,098,917
Expenses										
Food distributed - purchased	-	256,298	6,470	-	1,412	264,180	1,120	1,282	2,402	266,582
Food distributed - donated	-	3,282,481	102,578	-	34,192	3,419,251	-	-	-	3,419,251
Insurance	108,018	40,467	23,103	6,311	10,547	188,446	4,828	3,504	8,332	196,778
Interest	-	-	-	-	-	-	168,468	-	168,468	168,468
Maintenance and repairs	68,274	13,278	7,907	1,804	6,243	97,506	9,491	460	9,951	107,457
Marketing and public awareness	82,627	-	1,160	4,108	188	88,083	192	4,088	4,280	92,363
Meals, travel and entertainment	11,809	26,665	37,463	29,396	2,579	107,912	5,871	3,724	9,595	117,507
Miscellaneous	-	-	312	-	-	312	55	1,341	1,396	1,708
Office	2,683	2,381	3,949	2,019	98	11,130	9,870	21,052	30,922	42,052
Postage	373	291	249	507	11	1,431	7,444	8,657	16,101	17,532
Processing fees	84,879	-	-	-	-	84,879	18,519	7,969	26,488	111,367
Professional services	29,067	19,902	31,139	9,067	3,119	92,294	68,509	20,776	89,285	181,579
Program supplies	46,266	8,452	26,977	7,161	1,210	90,066	10,513	4,580	15,093	105,159
Rent	187,886	-	38,181	-	-	226,067	-	-	-	226,067
Small equipment, leases and rentals	28,683	25,133	22,105	4,783	3,145	83,849	11,435	1,575	13,010	96,859
Staff development	3,596	2,186	704	2,735	651	9,872	1,475	591	2,066	11,938
Storage and transportation	95,535	17,253	2,294	-	-	115,082	7,753	-	7,753	122,835
Telephone/communications/IT	30,152	13,616	53,541	9,657	3,599	110,565	18,787	2,157	20,944	131,509
Trash	95,362	19,049	7,091	2,675	9,091	133,268	5,015	681	5,696	138,964
Utilities	150,684	30,230	11,253	4,246	14,427	210,840	27,968	1,081	29,049	239,889
Total Expenses Before Depreciation	3,333,166	4,356,266	1,368,637	382,212	195,123	9,635,404	947,033	312,344	1,259,377	10,894,781
Depreciation and amortization	262,849	52,027	17,858	6,904	25,441	365,079	12,628	1,384	14,012	379,091
Total Expenses	\$ 3,596,015	\$ 4,408,293	\$ 1,386,495	\$ 389,116	\$ 220,564	\$ 10,000,483	\$ 959,661	\$ 313,728	\$ 1,273,389	\$ 11,273,872

Family Pathways
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,098,753	\$ (296,831)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	376,400	379,091
Gain on sale of property and equipment	(5,500)	(277)
PPP loan forgiveness	(945,900)	-
Deferred financing cost interest	13,652	13,652
Change in assets:		
Accounts receivable	(165,057)	(31,342)
Inventory	26,072	27,645
Prepays	(1,154)	8,634
Security deposits	-	(100)
Change in liabilities:		
Accounts payable	32,961	(42,552)
Accrued salaries and vacation	45,110	17,776
Accrued payroll taxes	(20)	(13,910)
Accrued interest	22,220	(831)
Other accrued expenses	3,573	(6,053)
Tenant security deposits	800	-
Net Cash Provided by Operating Activities	1,501,910	54,902
Cash Flows from Investing Activities		
Sale of property and equipment	5,500	153,161
Purchase of property and equipment	(183,620)	(201,847)
Net Cash Used by Investing Activities	(178,120)	(48,686)
Cash Flows from Financing Activities		
Payments on capital lease liability	(35,918)	(34,003)
Payments on long-term debt	(408,396)	(326,872)
Proceeds from long-term debt	-	1,445,900
Net Cash (Used) and Provided by Financing Activities	(444,314)	1,085,025
Change in Cash, Cash Equivalents, and Restricted Cash	879,476	1,091,241
Cash, Cash Equivalents, and Restricted Cash, Beginning	1,704,882	613,641
Cash, Cash Equivalents, and Restricted Cash, Ending	\$ 2,584,358	\$ 1,704,882

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

Family Pathways
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Cash, Cash Equivalents, and Restricted Cash:		
Amounts reported within the statement of financial position that sum to the total above		
Cash and cash equivalents	\$ 2,534,358	\$ 1,654,882
Cash held for restricted purposes	50,000	50,000
Total Cash, Cash Equivalents, and Restricted Cash	\$ 2,584,358	\$ 1,704,882
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 146,018	\$ 155,647
Noncash Investing and Financing Activities:		
Property purchased with note payable	\$ -	\$ 47,288
Disposal of fully depreciated property and equipment	\$ 12,803	\$ 82,045

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

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Family Pathways (the Organization) is a Minnesota nonprofit corporation whose mission is to work with communities to develop supportive, caring relationships to help people meet their basic needs. The three human service departments (Food Equity and Access, Aging, and the Domestic Violence and Sexual Assault) provide programs and services to approximately 184,000 residents of Chisago, Pine, Isanti, Kanabec, and Mille Lacs Counties of East Central Minnesota (Region 7E) in addition to the school districts of Forest Lake and Foley, Minnesota and Frederic and St. Croix Falls, Wisconsin. They have been assisting low-income individuals and their families find unique ways of achieving long-term sustainability since incorporation in 1978.

Food Equity and Access - The Organization had 9 food shelves at June 30, 2021 in Cambridge, Chisago Lakes, Forest Lake, North Branch, Onamia, Pine City, and Sandstone, Minnesota, and Frederic and St. Croix Falls, Wisconsin, and a mobile food shelf. The food shelves collect and distribute food and personal items to individuals and families experiencing crisis situations. The trained coordinators work with people to assess immediate needs and develop plans for long-range self-sufficiency while providing professional advocacy and resource referral services.

Aging Services - Senior Services assists older adults to remain living independently in their own homes. They conduct in-home assessments, coordinate volunteer visits, and supply respite services to alleviate the strains placed upon caregivers. The volunteers are available to aid clients with routine necessities, such as grocery shopping assistance and transportation to medical appointments. The programs include social respite (adult day centers) for early to mid-stage memory loss clients, and caregiver support groups.

Thrift Stores - The stores strengthen communities by providing livable wages for staff and valuable training for volunteers, while generating ongoing revenues that support Family Pathways programs and services. The stores build ecological awareness in the community by encouraging recycling efforts and promoting the reuse of clothing and household goods.

Domestic Violence and Sexual Assault Program - The Refuge Network provides support services for people who are currently involved or have been involved in an abusive relationship. The Refuge Network believes that no one deserves to be abused and therefore seeks to bring an end to domestic violence.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net Assets With Donor Restrictions - Net assets with donor restrictions are those resources subject to donor imposed restrictions, which will be satisfied by actions of the Organization or passage of time. The Organization had net assets with donor restrictions of \$365,706 and \$62,244 at June 30, 2021 and 2020, respectively.

Revenue is recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence and nature of any donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

C. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

The Organization considers all short-term debt instruments purchased with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash in bank deposit accounts at high credit quality financial institutions. Cash accounts are insured by FDIC. The balances may, at times, exceed federally insured limits. The Organization has not experienced any loss on these accounts and believes it is not exposed to any significant credit risk.

E. Accounts Receivable

Accounts receivable consist of amounts due for program services rendered and grants awarded but not yet received. All amounts are expected to be collected within one year. No interest is accrued on accounts receivable. No allowance for uncollectible amounts is considered necessary as of June 30, 2021 and 2020, since management expects all receivables to be collectible.

F. Inventory

The Organization estimates the year-end thrift store inventories based on the sales of the final month of the year.

Food pantry inventory at year-end has been recorded at a combination of both published food bank rates and cost purchases based on yearly activity of both donated and purchased food. The Organization evaluates this for obsolescence monthly as that is the approximate timing for the inventory to turn over.

G. Property and Equipment

The Organization capitalizes all asset additions over \$3,000. Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair market value at the date of donation. Depreciation and amortization are computed on the straight-line method over the estimated useful life of the respective asset. Total depreciation expense was \$376,400 and \$379,091 for the years ended June 30, 2021 and 2020, respectively.

Estimated economic useful lives are as follows:

Asset	Useful Lives in Years
Buildings and Improvements	10 - 40
Equipment and Fixtures	5 - 7

H. Deferred Financing Costs

Deferred financing costs consist of issuance costs related to tax-exempt bonds and notes payable. These costs are being amortized on the straight-line method over the term of the bond or note. These costs are presented net with the related long-term debt (Note 2). Deferred financing cost interest expense was \$13,652 and \$13,652 for the years ended June 30, 2021 and 2020, respectively.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

I. Functional Expense Allocation

The costs of providing the Organization's various programs and supporting services have been allocated between program or supporting services based upon the time management spends in certain areas and other costs are tracked by actual use.

J. Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, and is not considered a private foundation. The Organization is subject to income tax on any unrelated business, including net rental income.

K. Revenue Recognition

Grants are recorded when awarded by the grantor and are considered to be available for unrestricted use unless specifically restricted by the donor. Government grants are earned when services are provided by the Organization. Contributions are recorded as revenue when received.

Donated materials sold in thrift stores and sold to stores that will recycle various items are recorded as store sales and recycling revenue, respectively, when those items are sold, as this value is determined to be equivalent to the fair value at the date of donation. Donated food is recorded when received at \$1.65 per pound and expensed at \$1.65 per pound when distributed for the year ended June 30, 2021. Donated food was recorded at \$1.65 per pound and expensed at \$1.65 per pound for the year ended June 30, 2020.

Donated property and equipment are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations or donor restrictions when the donated or acquired long-lived assets are placed in service.

L. Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were \$76,774 and \$92,361 for the years ended June 30, 2021 and 2020, respectively.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

M. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization for the year ended June 30, 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The new guidance is effective for the Organization for the year ended June 30, 2022. The Organization is currently evaluating the impact this standard will have on its financial statements.

N. Subsequent Events

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through October 29, 2021, the date the financial statements were available to be issued.

Note 2: Notes and Bonds Payable

Tax-Exempt Bond - MidWest One Bank

On December 29, 2015, the Organization entered into a tax-exempt bond issued by the City of North Branch, Minnesota for the purchase of property and the refinance and consolidation of other property debts. The bond consists of three revenue notes: \$1,869,789 2015A revenue note used to finance property and construction of a new thrift store on that property in North Branch, Minnesota; \$216,600 2015B revenue note to refinance that portion of the St. Croix Falls Mall building that is leased out; and \$1,587,979 2015C revenue note used to refinance and consolidate mortgages on properties in North Branch (regional office), Nessel (shelter), and the remaining portion of the St. Croix Falls Mall.

The 2015A revenue note matures on December 29, 2035 and has principal payments of \$10,745 starting in January 2017 and continuing for the life of the note, or until paid off. The Organization is drawing against the 2015A revenue note as needed. Interest on the 2015A revenue note begins at 3.01% but is adjusted every 60th month based on a formula including the then current five-year U.S. Treasury Constant Maturity rate. The 2015B revenue note matures on September 29, 2018 and has fixed principal and interest payments of \$6,968 over the life of the note. Interest on the 2015B revenue note is fixed at 4.20%. This note was paid off on its maturity date. The 2015C revenue note matures on December 29, 2035 and has principal payments of \$9,815 starting in October 2018 and continuing for the life of the note. Interest on the 2015C revenue note begins at 3.01% but is adjusted every 60th month based on a formula including the then current five-year U.S. Treasury Constant Maturity rate.

In addition, there is a separate bank covenant that has been established with MidWest One Bank. The covenant states that the Organization shall maintain a liquidity level of \$700,000 or greater at year end.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 2: Notes and Bonds Payable (Continued)

Tax-Exempt Bond - Wells Fargo

A 17-year tax-exempt bond issued by the Minnesota Agricultural and Economic Development Board was entered into on June 1, 2012. The bond was issued to finance the purchase of property and refinance other property debts. The Organization has obtained a fixed payment interest rate swap agreement. The bond and related interest rate swap agreement require monthly payments of interest and principal. Principal payments are \$10,500 and increase annually by \$500 per month. Interest is being paid at 2.24% per month. The swap agreement has a termination date of July 1, 2022. The bond is secured by property located in Cambridge (food shelf, offices), Forest Lake, Rush City, Hinckley, North Branch, Onamia, Pine City, and Princeton.

Tax-Exempt Bond - Woodlands National Bank

A 20-year tax-exempt bond issued by the City of Cambridge, Minnesota, was entered into on June 16, 2006. The bond was issued to finance the purchase of property and refinance other property debts. The bond specifies 240 monthly payments of \$7,492 including interest at 1.79%. The bond is secured by property located in Cambridge (thrift store), Isanti, Mora, and Wyoming.

Economic Injury Disaster Loan (EIDL)

In April, 2020, the Organization entered into a promissory note agreement in the amount of \$500,000 with an advance of \$10,000 pursuant to the Economic Injury Disaster Loan (EIDL) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 2.75 percent per annum and is scheduled to mature March 2050. Principal and interest payments of \$2,136 per month are due beginning April 2021.

Note Payable - WF Box Van

A 5-year note payable of \$47,288 with an interest rate of 4.9%. The note was entered into in February of 2020 to finance the purchase of a van.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 2: Notes and Bonds Payable (Continued)

Long-term debt consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Tax-exempt Bond - Wells Fargo and SWAP Interest Rate	\$ 1,447,605	\$ 1,632,464
Tax-exempt Bond 2015A - MidWest One	1,560,412	1,624,976
Tax-exempt Bond 2015C - MidWest One	1,416,720	1,485,604
PPP Loan - Midwest One	-	945,900
EIDL Loan	500,000	500,000
Tax-exempt Bond - Woodlands	440,941	522,334
Note Payable - Wells Fargo	<u>35,786</u>	<u>44,482</u>
Total Long-term Debt	5,401,464	6,755,760
Less: deferred financing costs (Note 1J)	(141,092)	(154,744)
Less: current portion of long-term debt	<u>(428,572)</u>	<u>(1,326,879)</u>
Net Long-term Debt	<u>\$ 4,831,800</u>	<u>\$ 5,274,137</u>

Future maturities of long-term debt are as follows:

<u>Period Ended June 30,</u>	<u>Total Amount</u>	<u>Deferred Financing Costs</u>	<u>Net Amount</u>
2022	\$ 442,224	\$ (13,652)	\$ 428,572
2023	455,106	(13,652)	441,454
2024	467,934	(13,652)	454,282
2025	477,821	(13,652)	464,169
2026	483,763	(13,652)	470,111
Thereafter	<u>3,074,616</u>	<u>(72,832)</u>	<u>3,001,784</u>
Total	<u>\$ 5,401,464</u>	<u>\$ (141,092)</u>	<u>\$ 5,260,372</u>

Deferred financing costs consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred Financing Costs	\$ 261,476	\$ 261,476
Less: Accumulated Amortization	<u>(120,384)</u>	<u>(106,732)</u>
Deferred Financing Costs, Net	<u>\$ 141,092</u>	<u>\$ 154,744</u>

Note 3: Line of Credit

The Organization has a \$200,000 line of credit bearing a variable interest rate. The line is collateralized by substantially all assets of the Organization and matures on March 29, 2022. There was no interest expense incurred on the line of credit as of June 30, 2021 and 2020. There was no outstanding balance as of June 30, 2021 and 2020.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 4: Paycheck Protection Program (PPP)

In April, 2020, the Organization entered into a promissory note agreement with MidWestOne Bank in the amount of \$945,900 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature April 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). This note payable was considered fully forgiven in January, 2021 and is included in the statement of activities.

Note 5: Net Assets

Donor Restricted

Net assets with donor restrictions consist of the following as of June 30, 2021 and 2020:

	2021	2020
Endowment - Organizational Advancement	\$ 50,000	\$ 50,000
Food shelf	305,182	10,000
Minority Scholarship Fund	8,280	-
Other	2,244	2,244
Total	\$ 365,706	\$ 62,244

The Organization has received \$50,000 in restricted funding from donors to be kept in perpetuity for the advancement of the Organization’s mission, vision, and values. The earnings may be used for program operations.

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

The funds are being held at a bank until the board develops and approves resolutions regarding an investment policy and the minimum fund levels required before earnings may be distributed. These amounts are held for long-term purposes and therefore, they are not considered current assets.

Board Designated

Net assets designated by the Board as of June 30, 2021 and 2020 were \$700,000 and \$700,000, respectively. Board designated net assets consist of a reserve fund for COVID-19 or capital improvements.

Note 6: Endowment Fund

The Organization holds a certain fund in net assets with donor restrictions there were received from donors with a restriction designation and are to be held in perpetuity with the income and related investments gains to be used for purposes as determined by the Board of Directors.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 6: Endowment Fund (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restriction, those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds.

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Endowment Composition

Endowment net asset compositions by type of fund as of June 30, 2021 and 2020 consisted of net assets with donor restrictions of \$50,000 and \$50,000, respectively. There were no board designated endowment funds at year-end.

Strategies Employed for Achieving Objectives

To satisfy its long term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization does not have a formal spending policy relating to endowments, but the board does review the fund periodically, and the finance committee does approve distributions from the endowment funds.

Note 7: Pension Plan

The Organization offers a 401(k) plan for its employees. Eligible employees are allowed to make salary reduction contributions and the Organization matches those contributions up to 2% of compensation. The Organization contributed \$46,836 and \$39,400 for the years ended June 30, 2021 and 2020, respectively.

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 8: Leases

The Organization has three building leases and numerous copier leases at various locations that expire at various times through 2024. Rental expense was \$240,334 and \$220,452 for the years ended June 30, 2021 and 2020, respectively.

A. Operating Leases

The future rental commitments for operating leases are as follows for the years ending June 30:

<u>Period Ended June 30,</u>	<u>Amount</u>
2022	\$ 243,544
2023	154,560
2024	<u>89,216</u>
Total	<u>\$ 487,320</u>

B. Capital Leases

The Organization leases computers and laptops under capital lease agreements expiring in various years through 2022. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Interest rates on capitalized leases vary from 0.0 percent to 10.0 percent and are imputed based on the lower of the Organization's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

The future rental commitments for capital leases are as follows for the years ending June 30:

<u>Period Ended June 30,</u>	<u>Amount</u>
2022	<u>\$ 31,905</u>
Subtotal	31,905
Less: interest	<u>(781)</u>
Total	<u>\$ 31,124</u>

Family Pathways
Notes to the Financial Statements
June 30, 2021 and 2020

Note 9: Liquidity and Availability of Resources

The Organization's Board of Directors has approved and monitors a comprehensive set of policies which govern the responsibilities and limitations of financial management. In turn, management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. Additionally, liquidity measures are tracked and provided to the board of directors as part of its regular reporting cycle and to funders as requested.

Liquid financial assets available for general expenditure (that is without donor restriction or organizational designation which limit their use) within one year of the date of the statement of financial position include the following:

- Advancements from the line of credit when liquidity falls below the ability to meet financial obligations due within 30 days.
- Payments to the line of credit occur when liquidity rises above the ability to meet financial obligations due within 60-90 days.

The Organization's liquid financial assets available to meet cash needs for general expenditures within one year are summarized as follows:

	2021	2020
Financial Assets, June 30		
Cash and cash equivalents	\$ 2,534,358	\$ 1,654,882
Accounts receivable	355,777	190,720
Cash held for restricted purposes	50,000	50,000
Total Financial Assets	2,940,135	1,895,602
Less Those Unavailable for General Expenditure Within One Year, Due to:		
Donor restrictions	(365,706)	(62,244)
Board designated net assets	(700,000)	(700,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,874,429	\$ 1,133,358

Note 10: COVID-19

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

OTHER REPORTS

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

Board of Directors
Family Pathways
North Branch, 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 consolidated financial statements of the Family Pathways and (the Organization) which comprise the statement of financial position as of and for the year ended June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
October 29, 2021



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

Board of Directors
Family Pathways
North Branch, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Family Pathways' (the Organization), (a Minnesota not-for-profit corporation), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
October 29, 2021



Family Pathways
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Program or Cluster Title	Pass-Through Agency	Pass-Through Identifying Number	Federal CFDA Number	Federal Expenditures
U.S Department of Agriculture				
Emergency Food Assistance Program (Food Commodities) (Food Distribution Cluster)	Second Harvest Heartland and WestCap	GRK%144570	10.569	\$ 828,777
		Total for Department of Agriculture		<u>828,777</u>
U.S Department of Justice				
Crime Victim Assistance (Other Programs)	Minnesota Department of Public Safety	A-FMR-2019-FAMPATH-042; A-CVS-2020-FAMPATH-152; F-CVSCPK-2020-FAMPATH-5570	16.575	752,646
		Total for Department of Justice		<u>752,646</u>
U.S Department of Treasury				
Coronavirus Relief Fund (Other Programs)	Washington County	None noted	21.019	15,000
Coronavirus Relief Fund (Other Programs)	Hunger Solutions Minnesota	CBFS; CCFS; FLFS; MFT; NBFS; ONFS; PCFS; SNFS	21.019	27,430
Coronavirus Relief Fund (Other Programs)	Wisconsin's Department of Agriculture, Trade and Consumer Protection (DATCP)	None noted	21.019	6,000
		Total for Department of Treasury		<u>48,430</u>
U.S Department of Health and Human Services				
Special Programs for the Aging - Title IIIB (Aging Cluster)	Central Minnesota Council on Aging	315-20-003B-011 315-21-003B-011	93.044	55,724
National Family Caregiver Support - Title III E (Other Programs)	Central Minnesota Council on Aging	315-20-003E-009 315-21-003E-009	93.052	70,113
		Total for Department of Health and Human Services		<u>125,837</u>
U.S Department of Homeland Security				
Emergency Food and Shelter National Board Program (Other Programs)	Federal Emergency Management Agency	Various	97.024	113,650
		Total for Department of Homeland Security		<u>113,650</u>
		Total Expenditures of Federal Awards		<u>\$ 1,869,340</u>

Family Pathways
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the Federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirement of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200.516(a), *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

Note 4: Subrecipients

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

Note 5: Indirect Cost Rate

During the year ended June 30, 2021, the Organization did not elect to use the 10% de minimis indirect cost rate.

Note 6: Award Reconciliation

Total Expenditures of Federal Awards	\$ 1,869,340
Less: TEFAP included in Contributions - Food	(828,777)
Add: State Awards	930,981
Add: Paycheck Protection Program loan forgiveness	<u>945,900</u>
Total Grants per Statement of Activities	<u><u>\$ 2,917,444</u></u>

Family Pathways
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

**Federal
CFDA
Number**

Identification of Major Federal Programs:

Crime Victim Assistance	16.575
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance	Yes

Section II - Findings - Financial Statement Audit

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

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

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

Other Issues

The Summary Schedule of Prior Audit Findings is not included in this report because there were no prior audit findings related to federal award programs.

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