



Financial Statements

360 Communities

Burnsville, Minnesota

For the year ended September 30, 2021 and 2020



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360 Communities
Annual Financial Report
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For the Years Ended September 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
360 Communities
Burnsville, Minnesota

Report on Financial Statements

We have audited the accompanying financial statements of 360 Communities (the Organization), a Minnesota not-for-profit corporation, which comprise the statements of financial position as of September 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 financial statement presentation.

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 the Organization as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity 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 audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, 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 the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022 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 internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
January 19, 2022



FINANCIAL STATEMENTS

360 Communities
Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,066,092	\$ 939,764
Restricted cash	10,808	10,808
Government grants and contracts receivable	561,593	386,114
Pledges receivable	106,207	27,672
Prepaid expenses	44,190	46,424
Total Current Assets	1,788,890	1,410,782
Property and Equipment, Net		
Land	94,950	94,950
Buildings	510,738	510,738
Leasehold and building improvements	625,339	676,701
Equipment and furniture	663,511	593,032
Total Property and Equipment	1,894,538	1,875,421
Less: Accumulated Depreciation and Amortization	(1,422,376)	(1,407,254)
Total Property and Equipment, Net	472,162	468,167
Noncurrent Assets		
Pledges receivable, noncurrent	8,291	11,827
Unemployment Services Trust fund	134,604	102,095
Investments	779,506	684,239
Endowment, net of discount	300,193	299,063
Total Other Noncurrent Assets	1,222,594	1,097,224
Total Assets	\$ 3,483,646	\$ 2,976,173

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

360 Communities
Statements of Financial Position (Continued)
September 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 42,636	\$ 21,403
Accrued payroll and related expenses	343,622	233,454
Deferred revenues	115,194	195,873
Notes payable, current portion	-	19,460
Capital lease, current portion	11,593	13,184
Total Current Liabilities	513,045	483,374
Noncurrent Liabilities		
Notes payable	-	192,069
Capital lease	20,393	28,455
Total Noncurrent Liabilities	20,393	220,524
Total Liabilities	533,438	703,898
Net Assets		
Without donor restrictions	2,141,385	1,405,181
With donor restrictions	808,823	867,094
Total Net Assets	2,950,208	2,272,275
Total Liabilities and Net Assets	\$ 3,483,646	\$ 2,976,173

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

360 Communities
Statements of Activities
For the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
United Way	\$ 63,647	\$ -	\$ 63,647
Government grants	3,434,621	-	3,434,621
Contributions	1,996,136	210,279	2,206,415
In-kind donations	1,527,831	-	1,527,831
Special events, less costs of direct benefit to donors of \$24,417	187,639	-	187,639
Total Support	7,209,874	210,279	7,420,153
Revenue			
Investment income	112,233	-	112,233
Miscellaneous	300	-	300
Total Revenue	112,533	-	112,533
Net Assets Released from Restriction Satisfaction of program restrictions	268,550	(268,550)	-
Total Support and Revenue	7,590,957	(58,271)	7,532,686
Expenses			
Program services			
Violence Prevention Intervention	2,154,169	-	2,154,169
Community Resources	2,484,540	-	2,484,540
School Success	1,149,668	-	1,149,668
Total Program Expenses	5,788,377	-	5,788,377
Supporting services			
Management and general	710,001	-	710,001
Fundraising	356,375	-	356,375
Total Supporting Services	1,066,376	-	1,066,376
Total Expenses	6,854,753	-	6,854,753
Change In Net Assets	736,204	(58,271)	677,933
Beginning Net Assets	1,405,181	867,094	2,272,275
Ending Net Assets	\$ 2,141,385	\$ 808,823	\$ 2,950,208

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

360 Communities
 Statements of Activities (Continued)
 For the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
United Way	\$ 54,000	\$ -	\$ 54,000
Government grants	3,705,259	-	3,705,259
Contributions	903,268	827,183	1,730,451
In-kind donations	1,808,874	-	1,808,874
Special events, less costs of direct benefit to donors of \$68,141	206,377	-	206,377
Total Support	6,677,778	827,183	7,504,961
Revenue			
Investment income	19,086	27	19,113
Net Assets Released from Restriction Satisfaction of program restrictions	501,525	(501,525)	-
Total Support and Revenue	7,198,389	325,685	7,524,074
Expenses			
Program services			
Violence Prevention Intervention	1,937,696	-	1,937,696
Community Resources	2,466,742	-	2,466,742
School Success	1,232,988	-	1,232,988
Total Program Services	5,637,426	-	5,637,426
Supporting services			
Management and general	660,090	-	660,090
Fundraising	306,205	-	306,205
Total Supporting Services	966,295	-	966,295
Total Expenses	6,603,721	-	6,603,721
Change In Net Assets	594,668	325,685	920,353
Beginning Net Assets	810,513	541,409	1,351,922
Ending Net Assets	\$ 1,405,181	\$ 867,094	\$ 2,272,275

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

360 Communities
Statements of Functional Expenses
For the Year Ended September 30, 2021

	Program Services				Support Services			Total
	Violence Prevention Intervention	Community Resources	School Success	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 1,304,859	\$ 422,327	\$ 859,266	\$ 2,586,452	\$ 452,252	\$ 229,975	\$ 682,227	\$ 3,268,679
Employee benefits	128,804	67,450	86,688	282,942	26,554	26,456	53,010	335,952
Payroll taxes	91,069	47,690	61,292	200,051	18,774	18,774	37,548	237,599
Total Salaries and Related Expenses	<u>1,524,732</u>	<u>537,467</u>	<u>1,007,246</u>	<u>3,069,445</u>	<u>497,580</u>	<u>275,205</u>	<u>772,785</u>	<u>3,842,230</u>
Conferences and events	9,524	4,249	6,262	20,035	10,358	16,741	27,099	47,134
Equipment, furnishings and repairs	48,889	31,855	18,438	99,182	16,717	956	17,673	116,855
Groceries and special assistance	43,586	1,557,464	115	1,601,165	-	-	-	1,601,165
Insurance	10,691	2,468	1,194	14,353	4,882	-	4,882	19,235
Interest	9,885	3,213	6,816	19,914	1,976	1,196	3,172	23,086
Miscellaneous	3,079	4,223	1,240	8,542	673	64	737	9,279
Occupancy	334,094	197,269	18,879	550,242	50,361	14,970	65,331	615,573
Postage	1,601	541	565	2,707	1,146	5,230	6,376	9,083
Printing	7,074	3,179	3,332	13,585	4,629	13,252	17,881	31,466
Professional services	69,396	46,767	58,489	174,652	107,305	20,549	127,854	302,506
Program materials	20,573	39,355	5,295	65,223	358	217	575	65,798
Supplies	6,847	10,742	2,619	20,208	7,148	1,469	8,617	28,825
Telephone	19,500	10,759	6,822	37,081	4,956	4,624	9,580	46,661
Transportation	5,068	1,170	5,565	11,803	212	710	922	12,725
Total Expenses Before Depreciation	<u>2,114,539</u>	<u>2,450,721</u>	<u>1,142,877</u>	<u>5,708,137</u>	<u>708,301</u>	<u>355,183</u>	<u>1,063,484</u>	<u>6,771,621</u>
Depreciation and amortization	<u>39,630</u>	<u>33,819</u>	<u>6,791</u>	<u>80,240</u>	<u>1,700</u>	<u>1,192</u>	<u>2,892</u>	<u>83,132</u>
Total Expenses	<u>\$ 2,154,169</u>	<u>\$ 2,484,540</u>	<u>\$ 1,149,668</u>	<u>\$ 5,788,377</u>	<u>\$ 710,001</u>	<u>\$ 356,375</u>	<u>\$ 1,066,376</u>	<u>\$ 6,854,753</u>

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

360 Communities
Statements of Functional Expenses (Continued)
For the Year Ended September 30, 2020

	Program Services				Support Services			Total
	Violence Prevention Intervention	Community Resources	School Success	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 1,239,897	\$ 315,825	\$ 958,499	\$ 2,514,221	\$ 261,544	\$ 216,544	\$ 478,088	\$ 2,992,309
Employee benefits	104,372	27,211	87,559	219,142	23,483	20,105	43,588	262,730
Payroll taxes	103,693	25,641	84,285	213,619	38,843	16,431	55,274	268,893
Total Salaries and Related Expenses	<u>1,447,962</u>	<u>368,677</u>	<u>1,130,343</u>	<u>2,946,982</u>	<u>323,870</u>	<u>253,080</u>	<u>576,950</u>	<u>3,523,932</u>
Conferences and events	8,144	2,789	5,175	16,108	8,781	4,474	13,255	29,363
Equipment, furnishings and repairs	42,448	24,040	786	67,274	7,627	1,055	8,682	75,956
Groceries and special assistance	85,644	1,767,968	-	1,853,612	292	-	292	1,853,904
Insurance	9,438	2,001	714	12,153	7,332	-	7,332	19,485
Interest	1,069	614	216	1,899	10,411	433	10,844	12,743
Miscellaneous	4,902	2,804	674	8,380	4,283	697	4,980	13,360
Occupancy	190,886	216,726	21,269	428,881	48,729	14,447	63,176	492,057
Postage	2,381	1,435	1,413	5,229	1,363	4,303	5,666	10,895
Printing	5,667	2,866	4,916	13,449	5,100	15,305	20,405	33,854
Professional services	53,615	25,105	42,937	121,657	202,204	2,287	204,491	326,148
Program materials	19,463	5,238	5,902	30,603	576	1,221	1,797	32,400
Supplies	5,457	14,444	2,029	21,930	8,228	1,093	9,321	31,251
Telephone	18,990	9,740	6,969	35,699	6,704	6,162	12,866	48,565
Transportation	13,976	1,636	9,645	25,257	1,666	1,648	3,314	28,571
Total Expenses Before Depreciation	<u>1,910,042</u>	<u>2,446,083</u>	<u>1,232,988</u>	<u>5,589,113</u>	<u>637,166</u>	<u>306,205</u>	<u>943,371</u>	<u>6,532,484</u>
Depreciation and Amortization	<u>27,654</u>	<u>20,659</u>	<u>-</u>	<u>48,313</u>	<u>22,924</u>	<u>-</u>	<u>22,924</u>	<u>71,237</u>
Total Expenses	<u>\$ 1,937,696</u>	<u>\$ 2,466,742</u>	<u>\$ 1,232,988</u>	<u>\$ 5,637,426</u>	<u>\$ 660,090</u>	<u>\$ 306,205</u>	<u>\$ 966,295</u>	<u>\$ 6,603,721</u>

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

360 Communities
Statements of Cash Flows
For the Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 677,933	\$ 920,353
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	83,132	71,237
Unrealized (gain) loss on investments	(74,993)	618
Loss on disposal of property	-	2,901
Changes in assets:		
Government grants and contracts receivable	(175,479)	118,161
Pledges receivable	(74,999)	8,000
Prepaid expenses	2,234	6,075
Unemployment Services Trust fund	(32,509)	3,422
Changes in liabilities:		
Accounts payable	21,233	(125,355)
Accrued expenses	110,168	64,698
Deferred revenues	(80,679)	28,765
Net Cash Provided by Operating Activities	456,041	1,098,875
 Cash Flows From Investing Activities		
Purchase of property and equipment	(87,127)	(157,778)
Purchase of investments	(20,274)	(25,635)
Contribution to endowment investment	(1,130)	(3,262)
Proceeds from sale of equipment	-	(10,808)
Net Cash Used by Investing Activities	(108,531)	(197,483)
 Cash Flows From Financing Activities		
Payments of notes payable	(211,529)	(16,671)
Payments of capital lease obligations	(9,653)	(20,493)
Proceeds from capital lease	-	30,500
Net Cash Used By Financing Activities	(221,182)	(6,664)
 Change In Cash and Cash Equivalents	126,328	894,728
 Beginning Cash and Cash Equivalents	950,572	45,036
 Ending Cash and Cash Equivalents	\$ 1,076,900	\$ 950,572
 Reconciliation of Cash Cash Equivalents and Restricted Cash Amounts reported in the Statement of Financial Position that sum to the total above:		
Cash and cash equivalents	\$ 1,066,092	\$ 939,764
Restricted cash	10,808	10,808
 Total Cash, Cash Equivalents and Restricted Cash	\$ 1,076,900	\$ 950,572
 Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 12,725	\$ 28,571

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

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

360 Communities (the Organization) is a nonprofit corporation organized under the laws of the State of Minnesota to provide human services. Its mission: "360 Communities delivers safety and stability that improves lives."

For nearly 50 years, the Organization has provided hope and support to the people in Dakota County and eastern Scott County of Minnesota with programs in more than 40 locations to prevent violence, ensure school success, and promote long-term stability. Working in partnership with volunteers, schools, faith communities, service organizations, and businesses, the Organization provides holistic support to people with these integrated program areas:

- **Violence Prevention and Intervention** - A program that includes domestic and sexual violence shelters, sexual assault services, outreach advocacy, and educational services. Trained advocates provide emotional support, safety planning, court advocacy, and referrals to community resources and other 360 Communities programs. Outreach advocates are located in 10 law enforcement agencies, providing on-location services and resources to abuse victims. Violence prevention advocates give presentations in schools, provide training, and host other community engagement events to educate our community about domestic and sexual violence.
- **School Success** - 360 Communities' two school success programs ensure children arrive at school ready to learn. Child Care Aware is a program that works with licensed and unlicensed child care providers, parents, and other community organizations to promote the availability, affordability, and quality of child care services in Dakota County. Partners For Success® employs family support workers in 29 schools and six school districts to partner with educators and families. Family support workers implement effective home-based strategies to increase parental involvement, improve academic performance, and connect families to community resources.
- **Community Resources** - A network of five food shelves and two family resource centers in Dakota County provide healthy food support, financial resources, housing support, advocacy, and connections to other stabilizing resources. This program establishes a foundation on which people can build a hopeful future and create sustainable success.

B. Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. 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. These net assets are subject to the Board of Directors' discretionary control.

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 consisted of \$808,823 and \$867,094 at September 30, 2021 and 2020.

C. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Restricted cash reported on the Statements of Financial Position and certificates of deposit and cash restricted to permanent endowment are excluded from this definition.

F. Restricted Cash

Restricted cash consists of collateral and interest reserve intended for the Organization's notes payable with US Bank.

G. Certificates of Deposit

The Organization has invested in a certificate of deposit. The certificate of deposit is invested at Castle Rock Bank, that bears interest at a rate of .4 percent, and matures on July 15, 2022. The value of the certificate of deposit at September 30, 2021 and 2020 was \$32,308 and \$32,179, respectively.

H. Government Grants and Contracts Receivable

Accounts receivable consists primarily of noninterest-bearing amounts due for services provided under grant and service contracts with governmental agencies, and generally the Organization considers such agreements to be exchange transactions. Receivables arising from such government grants and contracts are recorded at their net realizable value, and generally no collateral is required. The Organization follows a policy of providing an allowance for doubtful accounts; however, the Organization considers all accounts to be collectible and thus an allowance is not necessary. The receivables are expected to be collected within the following year. Amounts receivable under governmental contracts would be considered delinquent if the account is more than 90 days past the original due date and are written off when such accounts are determined to be uncollectible. There were no significant delinquent government contracts receivable at September 30, 2021 and 2020.

I. Pledges Receivable

Unconditional pledges receivable expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques. The Organization follows a policy of providing an allowance for uncollectible pledges receivable based upon management's judgment, including such factors as prior collection history and type of contribution. Management considers its pledges receivable related to its endowment program and its other grant receivables are fully collectible in all material respects and thus an allowance is not considered necessary for those receivables.

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

J. Property and Equipment

Property and equipment are recorded at cost or, in the case of contributed property, at fair value at the date of contribution. Expenditures for replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed as incurred. At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities. The Organization generally capitalizes asset purchases over \$1,000. Useful lives on property and equipment are estimated as follows:

Leasehold and Building Improvements	3 - 15 years
Equipment and Furnishings	5 - 10 years
Buildings	19 years

For the years ended September 30, 2021 and 2020, depreciation expense was \$83,132 and \$71,237.

K. Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional pledges receivable are not recognized until the conditions on which they depend have been substantially met.

L. Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributions of facility usage, materials, or qualifying services are recorded at their estimated fair value at the date of receipt. The Organization utilizes donated in-kind space for services provided using the estimated fair value market rate of similar properties. Donated space recorded totaled \$209,118 and \$232,698 for the years ended September 30, 2021 and 2020. The value of the donated materials is calculated by weighing items and applying an estimated value per pound. Contributed food shelf materials recorded as in-kind contributions totaled \$1,322,493 and \$1,573,927 for the years ended September 30, 2021 and 2020.

M. Contributions

Contributions received are recorded as donor restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for general operations unless specifically restricted by the donor. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as being without donor restriction.

N. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation and amortization, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, telephone, printing, and insurance, which are allocated on the basis of estimates of time and effort.

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

O. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Because the Organization is a public charity, contributions to it may be deductible for tax purposes.

P. Subsequent Events

Subsequent events have been evaluated through January 19, 2022, the date of the financial statements were available for issuance.

Q. New Accounting Pronouncement

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 September 30, 2022. The Organization is currently evaluating the impact this standard will have on its financial statements.

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 September 30, 2023. 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.

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 2: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Fixed Income and Bonds: Valued at the daily closing price of the underlying stocks and bonds. The stocks and bond funds held by the Organization are deemed to be actively traded.

Money Market Funds: Valued at \$1 per share.

Certificates of Deposit: Valued at \$1 per share.

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 2: Fair Value Measurements (Continued)

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following at September 30, 2021 and 2020:

	Level 1	Level 2	Level 3	Total
September 30, 2021				
Investment				
Mutual funds - equities	\$ 661,905	\$ -	\$ -	\$ 661,905
Mutual funds - fixed income	93,763	-	-	93,763
Money market cash	23,838	-	-	23,838
	<u>779,506</u>	<u>-</u>	<u>-</u>	<u>779,506</u>
Endowment Investments				
Certificate of deposit	32,308	-	-	32,308
	<u>32,308</u>	<u>-</u>	<u>-</u>	<u>32,308</u>
Total	<u>\$ 811,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 811,814</u>
September 30, 2020				
Investment				
Mutual funds - equities	\$ 205,443	\$ -	\$ -	\$ 205,443
Mutual funds - fixed income	142,556	-	-	142,556
Bonds	215,891	-	-	215,891
Money market cash	120,349	-	-	120,349
	<u>684,239</u>	<u>-</u>	<u>-</u>	<u>684,239</u>
Endowment Investments				
Certificate of deposit	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 684,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,239</u>

Note 3: Pledges Receivable

The balances of all pledges receivable at September 30, 2021 and 2020 were:

	2021	2020
Pledges Receivables	<u>\$ 114,498</u>	<u>\$ 39,499</u>

Future receipts of pledges receivable at September 30, 2021 and 2020 were:

	2021	2020
Due in One Year	\$ 106,207	\$ 22,918
Due in Two to Five Years	8,291	16,581
Pledges Receivable, Net	<u>\$ 114,498</u>	<u>\$ 39,499</u>

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 4: Grants and Contracts Receivable

The balances of all grant and contracts receivable at September 30, 2021 and 2020 were:

	2021	2020
Department of Corrections	\$ 375,104	\$ 276,553
State of MN DHS	83,946	60,768
Dakota County	24,654	9,478
VOCA	-	5,000
Other	77,889	34,315
Total	\$ 561,593	\$ 386,114

Note 5: Endowment Funds

The Organization's endowment consists of a fund established for the purpose of providing funds for the Family Violence Prevention Endowment Fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (the UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) original value of initial and subsequent gift amounts (including pledges receivable net of discount and allowance for doubtful accounts, including pledges receivable at fair value) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulated donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Organization has adopted investment and spending policies for endowment assets that provide for the preservation of capital and to provide a predictable stream of funding to the program supported by its endowment. The Organization utilizes cash accounts to achieve its long-term return objectives with prudent risk constraints.

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 5: Endowment Funds (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no endowment funds underwater as of September 30, 2021 and 2020.

As of September 30, 2021 and 2020, the Organization had the following endowment net asset composition by type of fund:

	2021	2020
Pledges Receivable	\$ 17,571	\$ 25,860
Less: Present Value Discount	(2,156)	(3,285)
Total Pledges Receivable, Net	15,415	22,575
Cash	252,470	244,309
Certificates of Deposit	32,308	32,179
 Total Endowment	 \$ 300,193	 \$ 299,063
	2021	2020
Donor-restricted Endowment Funds original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 300,193	\$ 299,063

Changes in endowment net assets for the years ending September 30, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restriction	Total
September 30, 2021			
Endowment Net Assets, Beginning of Year	\$ -	\$ 299,063	\$ 299,063
Investment Return, Net	-	129	129
Contributions	-	1,130	1,130
Appropriations For Expenditure	-	(129)	(129)
 Endowment Net Assets, End of Year	 \$ -	 \$ 300,193	 \$ 300,193
	Without Donor Restrictions	With Donor Restriction	Total
September 30, 2020			
Endowment Net Assets, Beginning of Year	\$ -	\$ 295,801	\$ 295,801
Investment Return, Net	-	27	27
Contributions	-	3,262	3,262
Appropriations For Expenditure	-	(27)	(27)
 Endowment Net Assets, End of Year	 \$ -	 \$ 299,063	 \$ 299,063

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 6: Lease Obligations and Contributed Facility Usage

A. Operating Leases

The Organization leases space for one of its domestic abuse shelters for \$1 per year from a local real estate development company. The Organization recorded \$81,673 of contribution revenue and occupancy expense for the years ended September 30, 2021 and 2020. The Organization has recorded contribution revenue and occupancy expense for this space based on the estimated fair value of the donation. The lease is for 25 years (through 2026) but is cancelable with notice.

The Organization leases its office facility and certain equipment under operating and capital leases. The Organization is obligated to pay costs of insurance, taxes, repairs, and maintenance pursuant to the terms of the leases.

The Organization leases additional office space under an agreement which requires monthly rent of \$6,492 through January 2020. On August 24, 2018, the Third Lease Amendment and Relocation Agreement was signed and became effective during 2019. In addition to monthly base rent, the Organization is required to pay a pro rata share of the facility's maintenance and real estate taxes through the August 2028.

Total rental expense under operating leases was \$139,211 and \$142,103 for the years ended September 30, 2021 and 2020.

B. Capital Leases

In October 2018, the Organization entered into a capital lease for a copier requiring annual payments of \$6,106 through October 2023. The Organization had an initial capital lease obligation for this lease of \$26,000. In September 2015, the Organization entered into a capital lease for a copier requiring annual payments of \$7,078 through September 2020. The Organization entered into a new lease agreement in September 2020 for a copier requiring payments of \$7,078 through August 2024. The initial capital lease obligation is \$30,500 with an implicit interest rate of 6%. Interest expense related to the capital leases was \$2,291 and \$2,948 for the years ended September 30, 2021 and 2020, respectively. The total of the Organization's capital lease obligations was \$31,986 and \$42,600 at September 30, 2021 and 2020, respectively.

Property and equipment included the following amounts for the capital leases at September 30:

	2021	2020
Equipment and Furniture	\$ 163,974	\$ 163,974
Less: Accumulated Amortization	(132,674)	(121,374)
Total	\$ 31,300	\$ 42,600

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 6: Lease Obligations and Contributed Facility Usage (Continued)

At September 30, 2021, the Organization had the following minimum commitments by fiscal year for payments of rentals under leases which at inception had a non-cancellable term of more than one year:

Years Ending December 31,	Capital	Operating
2022	\$ 13,184	\$ 81,639
2023	13,184	84,089
2024	7,084	86,611
2025	-	89,209
2026	-	91,886
Thereafter	-	192,125
Total	33,452	625,559
Less amount representing interest	(1,466)	-
Future Minimum Lease Payments	<u>\$ 31,986</u>	<u>\$ 625,559</u>

Note 7: Notes Payable

The Organization participated in a multi-employer defined benefit pension plan in which 16 other agencies also participated. Of the approximate 1,051 participating employees, 5.71% were 360 Communities' employees. Effective December 31, 2014, the plan froze benefit accruals and, as a result, employees did not earn additional defined benefits for future services. During 2019, 360 Communities and the other agencies came together to terminate the pension plan and pay out employees in full. Greater Twin Cities United Way assisted in obtaining a note payable for the Organization and all agencies in order to fund the termination of the pension plan. During 2021, this note was paid off early.

Notes payable consist of the following at September 30:

	2021	2020
The note payable is due in monthly installments of \$2,360, including interest of 4.36%, through September 2024 and is secured by property and cash collateral.	\$ -	\$ 211,529
Less: current portion	-	(19,460)
Total Long-Term Debt, Net	<u>\$ -</u>	<u>\$ 192,069</u>

360 Communities
Notes to the Financial Statements
For the Years Ended September 30, 2021 and 2020

Note 8: Net Assets with Donor Restrictions

The Organization had net assets restricted by donors for the following purposes as of September 30, 2021 and 2020:

	2021	2020
Subject to Expenditure for Specified Purpose		
Partners for Success	\$ 2,062	\$ 106,162
Community Resources	239,099	180,367
Food Shelf	262,993	281,502
Violence Prevention	4,476	-
Endowment, perpetual in nature, earnings from which are subject to endowment spending policy appropriation	300,193	299,063
Total Net Assets with Donor Restrictions	\$ 808,823	\$ 867,094

Note 9: Liquidity and Availability of Financial Assets

The Organization has the following assets available to meet financial needs for one year:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 1,066,092	\$ 939,764
Restricted cash	10,808	10,808
Investments	779,506	684,239
Government grants and contracts receivable	561,593	386,114
Pledges receivable	114,498	39,499
Endowment fund	300,193	299,063
Total Financial Assets Available for Use at Year-End	2,832,690	2,359,487
Less those Unavailable for General Expenditures Within One Year, Due to		
Net assets with donor restrictions	(808,823)	(867,094)
Restricted cash	(10,808)	(10,808)
Total Financial Assets Unavailable for use Within One Year	(819,631)	(877,902)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,013,059	\$ 1,481,585

The Organization strives to maintain liquid financial assets sufficient to cover 70-90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and investment accounts.

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 and 2021 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.

SUPPLEMENTARY INFORMATION

360 Communities
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/Program Title Pass-Through Grantor/Pass-Through Entity Identifying Number	Federal Domestic Assistance Number	Pass-Through Identification Number	Federal Expenditures
U.S. Department of Justice:			
Passed-Through the Minnesota Department of Corrections Family Violence Prevention and Service Act, Battered Women's Shelter Grant Ending Sept 30, 2021 - VOCA	16.575	A-CVS-2020-CACI-039	\$ 656,864
U.S. Department of Health and Human Services:			
Passed-Through the Minnesota Department of Human Services: Child Care Development Fund Cluster: Child Care and Development Block Grant Grant ending June 30, 2021	93.575	13115	225,315
Grant ending June 30, 2023	93.575	GRK 196771	83,946
<i>Total U.S. Department of Health and Human Services:</i>			<u>309,261</u>
U.S. Department of Housing and Urban Development:			
Passed-Through the Dakota County Housing & Redevelopment Authority: Community Development Block Grants Entitlement Grants Cluster: City of Burnsville EMS Ending 12/31/21	14.218	B-12UC-27-003	14,840
City of Burnsville CDBG Ending 12/31/21	14.218	B-12UC-27-003	11,201
<i>Total U.S. Department of Housing and Urban Development:</i>			<u>26,040</u>
U.S. Department of Homeland Security:			
Emergency Food Shelter Program Phase 37	97.024	None noted	14,140
Emergency Food Shelter Program CARES	97.024	None noted	33,349
Emergency Food Shelter Program Phase 38	97.024	None noted	19,183
 Passed-Through the Minnesota Department of Human Services: LCTS Funding			
PFS-Farmington 7/20-6/21	93.658	DCC2020/2021-21186	31,664
PFS-Lakeville 7/20-6/21	93.658	DCC2020/2021-21186	50,354
PFS-South St. Paul 7/20-6/21	93.658	DCC2020/2021-21186	26,959
PFS-West St. Paul 7/20-6/21	93.658	DCC2020/2021-21186	37,291
PFS-Farmington 7/21-6/22	93.658	DCC2021/2022-22186	2,728
PFS-Lakeville 7/21-6/22	93.658	DCC2021/2022-22186	2,469
PFS-South St. Paul 7/21-6/22	93.658	DCC2021/2022-22186	1,676
PFS-West St. Paul 7/21-6/22	93.658	DCC2021/2022-22186	3,640
Total LCTS Funding			<u>156,782</u>
<i>Total U.S. Department of Homeland Security:</i>			<u>223,454</u>
U.S. Department of Treasury			
Passed-Through the City of Rosemount: City of Rosemount Cares Act	21.019	None noted	50,000
Passed-Through the Minnesota Department of Human Services: DHS COVID Funding	21.019	None noted	80
<i>Total U.S. Department of Treasury:</i>			<u>50,080</u>
Total Federal Expenditures			<u><u>\$ 1,265,700</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

360 Communities
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies 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 September 31, 2021, the Organization did elect to use the 10% de minimis indirect cost rate.

SINGLE AUDIT AND OTHER REQUIRED 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
360 Communities
Burnsville, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 360 Communities (the Organization), a Minnesota not-for-profit corporation, which comprise the statements of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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
January 19, 2022



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

Board of Directors
360 Communities
Burnsville, Minnesota

Report on Compliance for Each Major Federal Program

We have audited 360 Communities' (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 September 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, and the 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 the major federal program for the year ended September 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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
January 19, 2022



360 Communities
Schedule of Findings and Questioned Costs
For the Year Ended September 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	No
Type of auditor's report issued on compliance for major 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

Identification of Major Programs:

	Assistance Listing Number
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	No

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

See the following page for the Summary Schedule of Prior Audit Findings.

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.

360 Communities
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2021

2020-001: Significant Deficiency in Internal Controls over Compliance

Condition: The Organization incorrectly allocated indirect costs to the grant under the major program (CFDA 16.575) until the Minnesota Department of Corrections identified the issue.

Recommendation: The Organization should review and update their internal control process so that incorrect calculations of indirect costs are prevented or detected and corrected by the Organization before being submitted for reimbursement.

Current Status: The recommendation was adopted during the 2021 fiscal year and no similar findings were noted in the 2021 fiscal year-end audit.