

# **FINANCIAL STATEMENTS**

FACE TO FACE HEALTH AND COUSELING SERVICE, INC  
ST. PAUL, MINNESOTA

FOR THE YEARS ENDED  
JUNE 30, 2024 AND 2023

Face to Face Health and Counseling Service, Inc.  
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June 30, 2024 and 2023

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Face to Face Health and Counseling Service, Inc.  
St. Paul, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Face to Face Health and Counseling Service, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Face to Face Health and Counseling Service, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Face to Face Health and Counseling Service, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Face to Face Health and Counseling Service, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Abdo*

**Abdo**  
Minneapolis, Minnesota  
January 31, 2025



## FINANCIAL STATEMENTS

Face to Face Health and Counseling Service, Inc.  
 Statements of Financial Position  
 June 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 170,075	\$ 562,761
Patient accounts receivable, net of allowance for credit losses of \$538,927 and \$119,320, in 2024 and 2023, respectively	151,456	70,827
Grants and contracts receivable	1,156,453	1,089,461
Other receivable	-	471
Prepaid expenses	24,863	23,160
<b>Total Current Assets</b>	<b>1,502,847</b>	<b>1,746,680</b>
<b>Property and Equipment</b>		
Land	60,639	60,639
Building and improvements	1,952,286	1,952,286
Leasehold improvements	670,128	551,383
Furniture and equipment	386,042	382,906
<b>Total Property and Equipment, Cost</b>	<b>3,069,095</b>	<b>2,947,214</b>
Less Accumulated Depreciation	(2,332,621)	(2,199,513)
<b>Total Property and Equipment, Net</b>	<b>736,474</b>	<b>747,701</b>
<b>Other Assets</b>		
Right-of-use asset, operating	1,200,900	179,306
Right-of-use asset, finance	14,300	20,912
<b>Total Other Assets</b>	<b>1,215,200</b>	<b>200,218</b>
<b>Total Assets</b>	<b>\$ 3,454,521</b>	<b>\$ 2,694,599</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 207,406	\$ 197,253
Accrued expenses	226,577	214,308
Operating lease liability, current portion	130,871	87,035
Finance lease liability, current portion	6,188	5,984
<b>Total Current Liabilities</b>	<b>571,042</b>	<b>504,580</b>
<b>Long-term Liabilities</b>		
Operating lease liability, noncurrent portion	1,081,702	101,317
Finance lease liability, noncurrent portion	8,552	15,246
<b>Total Long-term Liabilities</b>	<b>1,090,254</b>	<b>116,563</b>
<b>Total Liabilities</b>	<b>1,661,296</b>	<b>621,143</b>
<b>Net Assets</b>		
Without donor restriction	1,663,854	1,589,867
With donor restriction	129,371	483,589
<b>Total Net Assets</b>	<b>1,793,225</b>	<b>2,073,456</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,454,521</b>	<b>\$ 2,694,599</b>

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

Face to Face Health and Counseling Service, Inc.  
 Statements of Activities  
 For the Year Ended June 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Support			
Contributions and grants	\$ 833,921	\$ 236,250	\$ 1,070,171
Government grants	4,576,192	-	4,576,192
In-kind contributions	351,969	-	351,969
Total Support	5,762,082	236,250	5,998,332
Revenue			
Patient service revenue, net of discounts and allowances	772,570	-	772,570
Rental income	275,585	-	275,585
Interest income	13,377	-	13,377
Miscellaneous income	76,510	-	76,510
Total Revenue	1,138,042	-	1,138,042
Total Support and Revenue Before Releases	6,900,124	236,250	7,136,374
Net Assets Released from Restrictions	590,468	(590,468)	-
Total Support and Revenue	7,490,592	(354,218)	7,136,374
Expenses			
Program services			
Health services	1,614,041	-	1,614,041
Mental health	1,191,071	-	1,191,071
Housing stability	2,394,355	-	2,394,355
Youth justice	242,789	-	242,789
Education & employment	365,321	-	365,321
Total Program Services	5,807,577	-	5,807,577
Support services			
Management and general	1,147,632	-	1,147,632
Fundraising	461,396	-	461,396
Total Support Services	1,609,028	-	1,609,028
Total Expenses	7,416,605	-	7,416,605
Change in Net Assets	73,987	(354,218)	(280,231)
Beginning Net Assets	1,589,867	483,589	2,073,456
Ending Net Assets	\$ 1,663,854	\$ 129,371	\$ 1,793,225

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

Face to Face Health and Counseling Service, Inc.  
 Statements of Activities (Continued)  
 For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
<b>Support and Revenue</b>			
<b>Support</b>			
Contributions and grants	\$ 982,329	\$ 533,200	\$ 1,515,529
Government grants	3,382,711	-	3,382,711
In-kind contributions	423,779	-	423,779
<b>Total Support</b>	<b>4,788,819</b>	<b>533,200</b>	<b>5,322,019</b>
<b>Revenue</b>			
Patient service revenue, net of discounts and allowances	733,793	-	733,793
Rental income	269,131	-	269,131
Insurance proceeds received	40,357	-	40,357
Interest income	6,415	-	6,415
Miscellaneous income	3,455	-	3,455
<b>Total Revenue</b>	<b>1,053,151</b>	<b>-</b>	<b>1,053,151</b>
<b>Total Support and Revenue Before Releases</b>	<b>5,841,970</b>	<b>533,200</b>	<b>6,375,170</b>
<b>Net Assets Released from Restrictions</b>	<b>404,365</b>	<b>(404,365)</b>	<b>-</b>
<b>Total Support and Revenue</b>	<b>6,246,335</b>	<b>128,835</b>	<b>6,375,170</b>
<b>Expenses</b>			
<b>Program services</b>			
Health services	1,333,408	-	1,333,408
Mental health	1,273,271	-	1,273,271
SafeZone	2,302,740	-	2,302,740
<b>Total Program Services</b>	<b>4,909,419</b>	<b>-</b>	<b>4,909,419</b>
<b>Support services</b>			
Management and general	940,504	-	940,504
Fundraising	457,014	-	457,014
<b>Total Support Services</b>	<b>1,397,518</b>	<b>-</b>	<b>1,397,518</b>
<b>Total Expenses</b>	<b>6,306,937</b>	<b>-</b>	<b>6,306,937</b>
Change in Net Assets	(60,602)	128,835	68,233
Beginning Net Assets	1,650,469	354,754	2,005,223
Ending Net Assets	\$ 1,589,867	\$ 483,589	\$ 2,073,456

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

**Face to Face Health and Counseling Service, Inc.**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2024**

2024

	Program Services					Total Program Services	Support Services		Total Support Services	Total Expenses
	Medical	Mental Health	Housing Stability	Youth Justice	Education & Employment		Management and General	Fundraising		
<b>Personnel Costs</b>										
Salaries and wages	\$ 1,098,731	\$ 742,007	\$ 845,437	\$ 140,736	\$ 256,868	\$ 3,083,779	\$ 564,512	\$ 301,031	\$ 865,543	\$ 3,949,322
Payroll taxes and employee benefits	176,582	136,717	156,942	20,697	32,476	523,414	105,909	52,034	157,943	681,357
<b>Total Personnel Costs</b>	<b>1,275,313</b>	<b>878,724</b>	<b>1,002,379</b>	<b>161,433</b>	<b>289,344</b>	<b>3,607,193</b>	<b>670,421</b>	<b>353,065</b>	<b>1,023,486</b>	<b>4,630,679</b>
<b>Expenses</b>										
Contractors and consultants	64,149	190,691	7,126	112	21,037	283,115	105,318	22,937	128,255	411,370
Client assistance	15,133	10,733	918,745	69,524	39,427	1,053,562	-	88	88	1,053,650
Lab, pharmacy and medical supplies	117,141	-	333	-	-	117,474	320	-	320	117,794
Office supplies	3,065	1,555	40,374	144	517	45,655	4,640	189	4,829	50,484
Client events and food	762	-	1,475	-	-	2,237	6	43	49	2,286
Insurance	4,464	1,909	-	-	-	6,373	20,516	-	20,516	26,889
Telecommunications	2,599	6,588	9,022	1,008	2,989	22,206	24,182	758	24,940	47,146
Postage and printing	2,772	377	1,124	426	132	4,831	4,823	4,377	9,200	14,031
Professional services	912	-	8,200	-	-	9,112	93,143	-	93,143	102,255
Subscriptions, dues and memberships	10,297	10,632	21,180	1,537	2,829	46,475	11,507	5,830	17,337	63,812
Advertising and marketing	17,076	-	-	-	-	17,076	-	5,721	5,721	22,797
Building equipment and maintenance	13,167	597	132,946	2,889	-	149,599	121,561	152	121,713	271,312
Conferences and training	9,506	20,777	38,374	4,441	6,827	79,925	5,089	2,157	7,246	87,171
Taxes, licenses and fees	8,364	41	1,069	175	19	9,668	8,989	2,502	11,491	21,159
Interest	-	-	-	-	-	-	1,076	-	1,076	1,076
Miscellaneous	-	-	708	-	-	708	782	-	782	1,490
In kind goods and services	66,222	68,447	148,400	1,100	2,200	286,369	2,022	63,577	65,599	351,968
Depreciation and amortization	3,099	-	62,900	-	-	65,999	73,237	-	73,237	139,236
<b>Total Expenses</b>	<b>\$ 1,614,041</b>	<b>\$ 1,191,071</b>	<b>\$ 2,394,355</b>	<b>\$ 242,789</b>	<b>\$ 365,321</b>	<b>\$ 5,807,577</b>	<b>\$ 1,147,632</b>	<b>\$ 461,396</b>	<b>\$ 1,609,028</b>	<b>\$ 7,416,605</b>

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

Face to Face Health and Counseling Service, Inc.  
Statements of Functional Expenses (Continued)  
For the Year Ended June 30, 2023

	2023							
	Program Services				Support Services			
	Health Services	Mental Health	SafeZone	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Personnel Costs								
Salaries and wages	\$ 888,051	\$ 623,228	\$ 874,489	\$ 2,385,768	\$ 390,582	\$ 274,746	\$ 665,328	\$ 3,051,096
Payroll taxes and employee benefits	140,537	111,885	140,892	393,314	67,698	50,729	118,427	511,741
Total Personnel Costs	<u>1,028,588</u>	<u>735,113</u>	<u>1,015,381</u>	<u>2,779,082</u>	<u>458,280</u>	<u>325,475</u>	<u>783,755</u>	<u>3,562,837</u>
Expenses								
Contractors and consultants	63,370	346,350	42,054	451,774	79,113	15,041	94,154	545,928
Client assistance	15,995	59,316	784,914	860,225	-	115	115	860,340
Lab, pharmacy and medical supplies	101,392	-	50	101,442	-	-	-	101,442
Office supplies	11,808	14,069	26,878	52,755	4,983	197	5,180	57,935
Client events and food	3,038	-	-	3,038	-	744	744	3,782
Insurance	4,375	1,871	2,700	8,946	17,409	-	17,409	26,355
Telecommunications	2,621	5,373	10,514	18,508	23,040	673	23,713	42,221
Postage and printing	9,503	586	975	11,064	4,328	3,077	7,405	18,469
Professional services	2,824	-	-	2,824	75,771	-	75,771	78,595
Subscriptions, dues and memberships	4,187	5,117	18,556	27,860	21,252	2,781	24,033	51,893
Advertising and marketing	8,102	-	-	8,102	-	130	130	8,232
Building equipment and maintenance	5,619	14,251	127,442	147,312	117,987	1,454	119,441	266,753
Conferences and training	10,479	17,213	37,322	65,014	3,165	1,983	5,148	70,162
Taxes, licenses and fees	5,383	201	-	5,584	9,221	3,125	12,346	17,930
Interest	-	-	-	-	988	-	988	988
Miscellaneous	-	-	-	-	34,554	-	34,554	34,554
In kind goods and services	45,345	73,811	178,015	297,171	24,389	102,219	126,608	423,779
Depreciation	10,779	-	57,939	68,718	66,024	-	66,024	134,742
Total Expenses	<u>\$ 1,333,408</u>	<u>\$ 1,273,271</u>	<u>\$ 2,302,740</u>	<u>\$ 4,909,419</u>	<u>\$ 940,504</u>	<u>\$ 457,014</u>	<u>\$ 1,397,518</u>	<u>\$ 6,306,937</u>

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

Face to Face Health and Counseling Service, Inc.  
Statements of Cash Flows  
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (280,231)	\$ 68,233
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Amortization of right-of-use assets	6,128	91,829
Depreciation	133,108	134,742
(Increase) decrease in assets:		
Patient accounts receivable	(80,629)	(4,676)
Pledges receivable	-	18,135
Grants and contracts receivable	(66,992)	(655,237)
Other receivable	471	906
Prepaid expenses	(1,703)	(6,383)
Operating right-of-use asset	(1,021,594)	-
Increase (decrease) in liabilities:		
Accounts payable	10,153	134,605
Accrued expenses	12,269	68,164
Operating lease liabilities	1,024,221	(82,948)
Net Cash Used by Operating Activities	(264,799)	(232,630)
Cash Flows from Investing Activities		
Purchase of property and equipment	(121,881)	(38,810)
Cash Flows From Financing Activities		
Principal payments on finance lease liabilities	(6,006)	(5,803)
Change in Cash and Cash Equivalents	(392,686)	(277,243)
Beginning Cash and Cash Equivalents	562,761	840,004
Ending Cash and Cash Equivalents	\$ 170,075	\$ 562,761
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 1,076	\$ 988
Supplemental Disclosure of Non-Cash Transactions		
Non-cash proceeds received for right of use assets - finance	\$ 1,127,047	\$ 265,015
Non-cash proceeds received for right of use assets - operating	\$ -	\$ 27,032

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

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 1: Summary of Significant Accounting Policies**

**A. Nature of Activities**

Face to Face Health and Counseling Service, Inc. (the Organization) is incorporated under the Minnesota Nonprofit Corporation Act. The Organization is dedicated to serving the developmental needs of adolescents and young adults who are in need of accessible and culturally sensitive services. The Organization focuses its efforts on improving the experiences of adolescents who are at the greatest economic or social disadvantage.

The programs through which the Organization provides its services are as follows:

Medical - The medical clinic provides walk-in, same day, and scheduled appointments and will see young people who are late for appointments. Low-barrier, low-cost medical care includes reproductive health, prenatal and postpartum care, general medical care, health education, case management, and more. Face to Face assists youth with obtaining health insurance and never turns anyone away for lack of ability to pay. Community-wide services for all ages include HIV testing, health insurance navigation, and health education.

Mental Health - Mental health services include case management; outpatient, walk-in, and shelter-based therapy; integrative services such as massage, acupuncture, and meditation; for youth and their families. Services are offered at our clinic, day shelter, and in the community and are individually tailored to support youth as they stabilize and develop healthy coping skills. Face to Face assists youth with obtaining health insurance and never turns anyone away for lack of ability to pay.

Housing Stability - Face to Face offers a wide range of services for youth experiencing homelessness and housing instability. The day shelter provides case management, hot meals, hygiene supplies, showers, laundry facilities, transportation assistance, homework support, art programming, and more. To help youth maintain and secure stable housing, there is rental assistance and security deposits available as well as transitional housing that provides rental subsidies, case management, and mental health support.

Education & Employment - The education and employment program provides work experience, job-readiness training, education assistance, financial education, and wraparound support so that young people can pursue their education, employment, and career aspirations. Youth can participate in paid internships to build work-related skills, explore career interests, and build wealth.

Youth Justice - The youth justice program provides case management, mentorship, supportive services, and conflict resolution for young people who are justice-involved. Youth who have been arrested are referred by the Ramsey County Attorney's Office and other organizations. Youth work with case managers to resolve warrants, participate in restorative community circles, and access resources to fulfill underlying needs. The program prevents youth from spending time incarcerated and helps them engage positively in their community and in their own lives. Additionally, the program supports people who have been harmed by a crime.

**B. Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting with revenue being recorded when earned and expenditures recorded when the obligation is incurred, or the benefits are received in accordance with Generally Accepted Accounting Principles (GAAP). Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions (Unrestricted) - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions (Restricted) - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time or are to be maintained permanently.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed 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 explicit donor stipulation or by law. Expirations of net assets with donor restrictions are reported as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same period are recorded as contributions without donor restrictions.

**C. 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Certain cash accounts are insured by the FDIC.

**E. Concentrations of Credit Risk**

The Organization maintains the majority of its cash in bank deposit accounts with financial institutions, which at times may exceed federally insured limits. The Organization had approximately \$0 and \$165,829 of uninsured deposits as of June 30, 2024 and 2023, respectively.

**F. Patient Accounts Receivable and Allowance for Credit Losses**

Patient accounts receivable are uncollateralized patient obligations and are stated at the amount management expects to collect from outstanding balances. Most patients are local residents. The Organization bills third-party payors on the patient's behalf, or if a patient is uninsured the patient is billed, directly, less any applicable sliding fee discount. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patient's responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Organization does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying statements of financial position net of contractual adjustments and an allowance for credit losses, which reflect management's best estimate of the amounts that won't be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts through a reduction of gross revenue and a credit to the allowance for credit losses.

Receivables are periodically reviewed for collectability by management and an estimated allowance is recorded if necessary. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses and the Organization is anticipating no changes in the expected credit losses which have historically been incurred. As a result, management has determined that its allowance for credit losses should not be adjusted across all its aging categories.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

**G. Property and Equipment**

Property and equipment acquisitions are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The Organization capitalizes all property and equipment acquisitions in excess of \$2,000. Property and equipment are depreciated on a straight-line basis over the following useful lives:

Assets	Useful Lives in Years
Buildings and improvements	5 - 35
Leasehold improvements	10 - 15
Furniture and equipment	3 - 7

For the years ended June 30, 2024 and 2023, depreciation expense was \$133,108 and \$128,622, respectively.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support. 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 in net assets with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported as net assets released from restrictions when the donated or acquired long-lived assets are placed in service.

**H. Leases**

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities. The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

**I. Revenue Recognition Policy**

The Organization follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its patient service fees and government contracts.

***Patient Service Revenue***

Patient service fees revenue is recognized when the service is rendered, which is at a point in time. The performance obligation is satisfied upon completion of the service rendered; therefore, the Organization recognizes revenue at a point in time.

The Organization recognizes patient service revenue associated with services provided to patients who have third party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments. Retrospective adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for sliding fee schedule discounts, the Organization recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a provision for bad debts related to uninsured patients in the period the services are provided.

***Government Grants***

Government grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Unconditional grants to the Organization are reported at fair value at the date the grant is received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Grants that qualify as conditional contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are classified as refundable advances and included in deferred revenue and refundable advances in the accompanying statements of financial position.

Grant awards that are exchanges - Grant and contract revenue is received from various funding agencies in exchange for specific services provided by the Organization. This revenue is recognized at the time the Organization provides the services to which the grants and contracts are limited. Amounts received in advance of services being provided are classified as deferred revenue and included in deferred revenue and refundable advances in the accompanying statements of financial position.

***Contract Balances***

Billing primarily occurs concurrently with recognition of revenue. However, the Organization may offer payment terms resulting in accounts receivable, which are considered contract assets. If the Organization receives cash before the performance obligations are satisfied, contract liabilities would be recorded. There are no contract liabilities as of June 30, 2024, June 30, 2023, or July 1, 2022.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

The following table shows the contract balances for years ended June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Patient service fees	\$ 690,383	\$ 190,147	\$ 201,604
Contractual adjustment allowance	(538,927)	(119,320)	(135,453)
Government contracts	<u>1,105,517</u>	<u>864,932</u>	<u>405,601</u>
Total Contract Assets	<u>\$ 1,256,973</u>	<u>\$ 935,759</u>	<u>\$ 471,752</u>

**J. Uncompensated Care**

The Organization provides uncompensated care to patients who meet certain criteria under its sliding fee schedule without charge or at amounts less than its established rates. The amount that charges are discounted from established rates under the sliding fee schedule is based on income and household size. Because the Organization does not pursue collection of amounts determined to qualify under the sliding fee schedule, these amounts are not included in revenue.

The estimated cost of providing care to patients under the Organization's sliding fee schedule is calculated by multiplying the Organization's ratio of cost to gross charges by the gross uncompensated charges associated with providing care to patients under the sliding fee schedule.

**K. Contributions and Grants**

Contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give to the Organization are reported at fair value at the date the promise is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions upon which they depend are substantially met.

Contributions and grants are reported as either with or without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions and grants with donor restrictions whose restrictions are met within the same year as received are reported as contributions and grants without donor restrictions.

**L. In-kind Contributions**

Contributions of gifts in-kind that can be used or sold by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

In-kind contributions consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>	<u>Usage in Programs / Activities</u>	<u>Fair value techniques</u>
Supplies	\$ 201,987	\$ 172,798	General Operating, Medical, Housing Stability	Estimated wholesale prices of identical or similar products if purchased in the region. Estimated based on time rates
Mental health interns	65,147	73,811	Mental Health	for each volunteer.
Outreach and SafeZone interns	52,612	142,258	General Operating, Housing Stability	Estimated based on time rates for each volunteer.
Physician residents	<u>32,223</u>	<u>34,912</u>	Medical	Estimated based on time rates for each volunteer.
Total	<u>\$ 351,969</u>	<u>\$ 423,779</u>		

The in-kind contributions are not donor restricted.

**M. Functional Allocation of Expenses**

The costs of providing the Organization's various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, except for certain items accounted for on a direct allocation basis, are allocated among the program and supporting service categories based on management estimates.

**N. Advertising and Marketing Costs**

The Organization expenses advertising and marketing costs as they are incurred. Advertising and marketing costs were \$22,797 and \$8,232 for the years ended June 30, 2024 and 2023, respectively.

**O. Income Taxes**

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code. Contributions to the Organization are tax deductible as the Organization qualifies under Section 170(c) of the Internal Revenue Code.

**P. New Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13. The Organization adopted the standard effective July 1, 2023.

**Q. Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 31, 2025, the date the financial statements were available to be issued.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 2: Reimbursement Arrangements with Third-Party Payors**

The Organization has agreements with third-party payors, including the Minnesota Department of Human Services (Medicaid), commercial insurance carriers, health maintenance organizations, and preferred provider organizations that provide for reimbursement at amounts which vary from its established rates. The basis for payment to the Organization under these agreements includes prospectively determined rates per procedure and discounts from established charges.

**Compliance**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those related to the Medicaid program, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. In recent years, federal government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patients' services.

**Note 3: Patient Accounts Receivable**

Net patient accounts receivable consisted of the following at June 30:

	2024	2023
Patient accounts receivable	\$ 690,383	\$ 190,147
Less:		
Allowance for credit losses	(538,927)	(119,320)
Patient Accounts Receivable, Net	\$ 151,456	\$ 70,827

**Note 4: Line of Credit**

At June 30, 2024 and 2023, the Organization had a \$300,000 line of credit with a local bank. Under the line of credit, interest-only payments are due monthly at a variable rate of 1% over prime rate as published in The Wall Street Journal and are subject to a minimum rate of 4.25% and a maximum rate as allowed by applicable law. The interest rate on June 30, 2024 was 5.25%. The line of credit was secured by a mortgage on the Organization's real estate. Outstanding borrowings were \$0 at June 30, 2024 and 2023.

**Note 5: Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following at June 30:

	2024	2023
Time restrictions	\$ 58,341	\$ 160,467
Youth advisory council	38,322	9,450
SafeZone	19,395	33,242
Insurance	13,313	13,313
Homeless prevention	-	135,000
Mental health	-	132,117
Total Net Assets with Donor Restriction	\$ 129,371	\$ 483,589

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 5: Net Assets with Donor Restrictions (Continued)**

Net assets released from restriction were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Time restrictions	\$ 197,126	\$ 101,190
Homeless prevention	135,000	132,612
Mental health	100,000	65,383
Youth advisory council	83,245	24,978
SafeZone	75,097	45,745
Insurance	-	34,457
	<u>          </u>	<u>          </u>
Total Net Assets Released from Restriction	<u>\$ 590,468</u>	<u>\$ 404,365</u>

**Note 6: Patient Service Revenue**

Net patient service revenue consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Total gross charges	\$ 2,269,123	\$ 1,931,723
Less: discounts and allowances	<u>(1,496,553)</u>	<u>(1,197,930)</u>
	<u>          </u>	<u>          </u>
Patient Service Revenue, Net	<u>\$ 772,570</u>	<u>\$ 733,793</u>

The following table reflects percent concentrations by payor source at June 30:

	<u>2024</u>	<u>2023</u>
Medicaid	75%	77%
Commercial	16%	13%
Sliding fee	<u>9%</u>	<u>10%</u>
	<u>          </u>	<u>          </u>
Total	<u>100%</u>	<u>100%</u>

Net patient service revenue recognized in the years ended June 30 were from the following major payor sources:

	<u>2024</u>	<u>2023</u>
Blue Cross	\$ 41,497	\$ 18,290
Commercial and other	163,943	91,486
Medicaid/Prepaid Medical Assistance Plans	<u>567,130</u>	<u>624,017</u>
	<u>          </u>	<u>          </u>
Patient Service Revenue, Net	<u>\$ 772,570</u>	<u>\$ 733,793</u>

**Note 7: Uncompensated Care**

The estimated cost of providing care to patients under the Organization's sliding fee schedule was approximately \$198,662 and \$262,223 in 2024 and 2023, respectively. The amount of charges forgone related to providing care to patients under the Organization's sliding fee schedule was \$150,621 and \$237,497 for 2024 and 2023, respectively.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 8: Concentrations**

**A. Credit Risk**

Financial instruments that subject the Organization to credit risk consist principally of accounts receivable and cash deposits in excess of insured limits in financial institutions.

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicaid) for health care provided to the patients. The majority of the Organization's patients are from St. Paul, Minnesota, and the surrounding area.

The mix of receivables was as follows at June 30:

	2024	2023
Medicaid	77%	63%
Commercial	16%	28%
Private pay	7%	9%
Total	100%	100%

**B. Contribution and Grant Revenue**

The Organization depends on contributions and grants for a significant portion of its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with those given in prior years may be dependent on future economic conditions and continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Directors and management believe the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the factors above.

For the year ended June 30, 2024, the Organization received a substantial portion of its support and revenue from three funding sources. These sources accounted for 21%, 13%, and 13% of total support and revenue in 2024. For the year ended June 30, 2023, the Organization received a substantial portion of its support and revenue from one funding source. This source accounted for 31% of the total support and revenue in 2023.

**Note 9: Lease Revenue**

The Organization leases space, classified as operating leases under ASC 842, to tenants under leases expiring June 30, 2025 and June 30, 2027. Rental payments consist of monthly base rent amounts that vary from year to year per the lease agreements and the tenants' share of the operating expenses of the building.

Future minimum rental payments to be received are as follows:

For the Year Ended June 30,	Amount
2025	\$ 282,552
2026	250,857
2027	258,379
Total	\$ 791,788

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 9: Lease Revenue (Continued)**

Total rental income received for the years ended June 30, 2024 and 2023, was \$275,585 and \$269,131, respectively. This consisted of \$198,185 and \$193,620 of base rent and \$77,400 and \$73,704 of the tenants' share of operating expenses for 2024 and 2023, respectively.

**Note 10: Leases**

The Organization currently leases a copier machine under a five-year three-month finance lease commencing July 30, 2021 and ending on October 30, 2026. The terms of the lease are monthly payments of \$545.

Effective January 1, 2022, the Organization entered into an operating lease for office space. On May 14, 2024, the Organization renewed the lease. The renewal extended the lease until June 30, 2032 and expands the space rented effective December 31, 2024. Monthly payments range from \$8,279 to \$14,295. Some monthly base payments are variable and will be subject to increases, as determined annually. The Organization is responsible for the property's incurred real estate taxes, insurance premiums and attributable operating expenses.

As noted above, the Organization's lease agreement calls for variable payments that were not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. Variable lease payments incurred will be recognized during the year they are incurred as an operating expense.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 10: Leases (Continued)**

Additional information about the Organization's leases for the years ended June 30 is as follows:

<b>Lease Expense (included in operating expenses)</b>	2024	2023
Finance lease expense		
Amortization of ROU assets	\$ 6,128	\$ 6,120
Interest on lease liabilities	538	735
Operating lease expense	97,852	85,709
<b>Total</b>	<b>\$ 104,518</b>	<b>\$ 92,564</b>
 <b>Other Information</b>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. Interest)	\$ 553	\$ 735
Financing cash flows from finance leases (i.e. principal portion)	6,006	5,803
Operating cash flows from operating leases	86,178	82,213
ROU assets obtained in exchange for new finance lease liabilities	-	27,032
ROU assets obtained in exchange for new operating lease liabilities	1,127,047	265,015
Weighted-average remaining lease term in years for operating leases	2.33	2.00
Weighted-average remaining lease term in years for finance leases	8.00	3.42
Weighted-average discount rate for operating leases	3.08%	3.08%
Weighted-average discount rate for finance leases	3.08%	3.08%

Maturities of operating lease liabilities are as follows:

<u>Year Ended June 30:</u>	Finance	Operating
2025	\$ 6,538	\$ 165,998
2026	6,538	171,542
2027	2,179	171,542
2028	-	171,542
2029	-	171,542
Thereafter	-	514,627
Total undiscounted cash flows	15,255	1,366,795
Less: present value discount	(515)	(154,222)
Total lease liabilities	<b>\$ 14,740</b>	<b>\$ 1,212,573</b>

**Note 11: Professional Liability Insurance**

The Organization's professional liability insurance for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year covers professional liability claims reported during a policy year (claims-made coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending to June 1, 2025.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Organization. Although there exists the possibility of claims arising from services provided to patients through June 30, 2024, which have not yet been asserted, the Organization is unable to determine the ultimate cost, if any, of such possible claims, and, accordingly, no provisions have been made for them.

Face to Face Health and Counseling Service, Inc.  
Notes to the Financial Statements  
June 30, 2024 and 2023

**Note 12: Retirement**

The Organization sponsors a 403(b) retirement plan for all of its employees meeting minimum eligibility requirements. The Plan provides that the Organization may elect to match contributions up to a maximum percentage of the employee's contribution. The match percentage is determined annually and may change at any time. The Organization made matching contributions to the Plan of \$109,272 and \$59,107 for the years ended June 30, 2024 and 2023, respectively.

**Note 13: Liquidity and Availability of Financial Assets**

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions, donor restrictions, or internal board designations. The Organization does not have a formal liquidity policy but strives to invest cash in excess of daily requirements in interest bearing savings accounts.

As of June 30, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled debt service payments, and capital items, were as follows:

	2024	2023
Cash and cash equivalents	\$ 170,075	\$ 562,761
Patient accounts receivable, net	151,456	70,827
Grants and contracts receivable	1,156,453	1,089,461
Other receivable	-	471
Total Financial Assets	1,477,984	1,723,520
Less: amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	(129,371)	(483,589)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,348,613	\$ 1,239,931

As part of our liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has a line of credit it can draw upon if the need arises.

**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  
Face to Face Health and Counseling Service, Inc.  
St. Paul, 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 Face to Face Health and Counseling Service, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2025.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. 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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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*

**Abdo**  
Minneapolis, Minnesota  
January 31, 2025



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

Board of Directors  
Face to Face Health and Counseling Service, Inc.  
St. Paul, Minnesota

**Opinion on Each Major Federal Program**

We have audited the Organization's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. 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.

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, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **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 31, 2025



Face to Face Health and Counseling Service, Inc.  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Federal Expenditures
<b>U.S Department of Labor</b>			
Programs			
Ramsey County, Minnesota			
WIOA Cluster			
WIOA Youth Activities	17.259	WS-000246	\$ 217,020
<b>U.S Department of Justice</b>			
Programs			
Direct			
Sex Trafficking for Victims	16.320		163,054
Minnesota Department of Public Safety			
Byrne Justice Assistance Grant	16.738	A-JAG-2024_FFHCSI-071	<u>102,363</u>
Total for U.S. Department of Justice			<u>265,417</u>
<b>U.S Department of Home Land Security</b>			
Programs			
Ramsey County			
Emergency Food and Shelter Board Program	97.024	None noted	5,283
Minnesota Department of Public Safety			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	A-FARPCN-2023-FFHCSI-00004	<u>59,184</u>
Total for U.S. Department of Home Land Security			<u>64,467</u>
<b>U.S Department of Housing and Urban Development</b>			
Programs			
Ramsey County, Minnesota			
Emergency Solutions Grant Program	14.231	HSD000040	33,490
Direct			
Continuum of Care Program	14.267		<u>308,818</u>
Total for U.S. Department of Housing and Urban Development			<u>342,308</u>
<b>U.S Department of Treasury</b>			
Programs			
Minnesota Department of Public Safety			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	H5502 0000007883, A-ARPM-2022-FFHCSI-00070	<u>48,663</u>
Total Expenditures of Federal Awards			<u>\$ 937,875</u>

Face to Face Health and Counseling Service, Inc.  
Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2024

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity Face to Face Health and Counseling Service, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, and *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 the Uniform Guidance, 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, 2024, the Organization did elect to use the 10% de minimis indirect cost rate.

Face to Face Health and Counseling Service, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2024

**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 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

**Assistance  
Listing  
Number**

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Identification of Major Federal Programs:

WIOA Youth Activities	17.259
Continuum of Care Program	14.267
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**

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.