AVIVO AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND SINGLE AUDIT COMPLIANCE REPORTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
Avivo and Subsidiaries
Minneapolis, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Avivo and Subsidiaries (the Organization) (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Board of Directors
Avivo and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Avivo and Subsidiaries as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, on our consideration of Avivo and Subsidiaries' 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 Avivo and Subsidiaries' 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 Avivo and Subsidiaries' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 24, 2021

AVIVO AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 6,756,559	$ 1,313,525
Accounts Receivable (Less Allowance for Doubtful Accounts of $166,960 in 2020 and $151,589 in 2019)	4,199,555	2,985,868
Pledges Receivable	166,744	503,000
Prepaid Expenses	928,196	483,793
Total Current Assets	12,051,054	5,286,186
OTHER ASSETS		
Charitable Remainder Unitrust	317,314	310,437
Unemployment Trust	73,191	251,983
Pledges Receivable Noncurrent	-	4,000
Right of Use Asset - Operating	4,297,453	1,700,481
Right of Use Asset - Finance	-	188,339
Property and Equipment, Net	13,434,583	5,613,756
Total Other Assets	18,122,541	8,068,996
Total Assets	$ 30,173,595	$ 13,355,182
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 433,293	$ 361,468
Accrued Expense	3,114,031	1,579,441
Notes Payable - Current	360,491	255,697
Lease Liability - Current Operating	1,019,291	557,318
Lease Liability - Current Finance	-	70,778
Refundable Advances	64,716	65,461
Deferred Revenue	254,979	51,152
Total Current Liabilities	5,246,801	2,941,315
LONG-TERM LIABILITIES		
Notes Payable - Long Term	12,857,392	4,788,325
Lease Liability - Long-Term Operating	3,282,897	1,169,677
Lease Liability - Long-Term Finance	-	144,394
Asset Retirement Obligation	124,475	121,971
Total Long-Term Liabilities	16,264,764	6,224,367
Total Liabilities	21,511,565	9,165,682
NET ASSETS		
Without Donor Restrictions	6,360,317	3,280,740
With Donor Restrictions	2,301,713	908,760
Total Net Assets	8,662,030	4,189,500
Total Liabilities and Net Assets	$ 30,173,595	$ 13,355,182

See accompanying Notes to Consolidated Financial Statements.

AVIVO AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Government Contracts	20,489,849	$ -	$ 20,489,849	$ 17,335,068	$ -	$ 17,335,068
Program Service Fees	11,597,055	-	11,597,055	9,613,417	-	9,613,417
Contributions (Including In-Kinds of $69,028 and $13,000 in 2020 and 2019, Respectively)	1,184,640	2,236,986	3,421,626	469,110	938,000	1,407,110
United Way	173,000	156,000	329,000	234,900	171,250	406,150
Change in Value of Trust	-	6,877	6,877	-	53,439	53,439
Interest Income	3,426	-	3,426	-	-	-
(Loss) Gain on Disposal of Property and Equipment	(72,432)	-	(72,432)	(80,107)	-	(80,107)
Miscellaneous	47,866	-	47,866	58,270	-	58,270
Net Assets Released from Restriction	1,006,910	(1,006,910)	-	1,020,826	(1,020,826)	-
Total Support and Revenue	34,430,314	1,392,953	35,823,267	28,651,484	141,863	28,793,347
EXPENSE						
Program Services:						
Career Education	2,946,759	-	2,946,759	2,861,915	-	2,861,915
Employment Services	5,216,849	-	5,216,849	5,665,950	-	5,665,950
Chemical and Mental Health	19,879,814	-	19,879,814	17,203,096	-	17,203,096
Total Program Services	28,043,422	-	28,043,422	25,730,961	-	25,730,961
Support Services:						
Management and General	2,828,373	-	2,828,373	2,538,882	-	2,538,882
Fundraising	478,942	-	478,942	442,059	-	442,059
Total Support Services	3,307,315	-	3,307,315	2,980,941	-	2,980,941
Total Expense	31,350,737	-	31,350,737	28,711,902	-	28,711,902
CHANGE IN NET ASSETS	3,079,577	1,392,953	4,472,530	(60,418)	141,863	81,445
Net Assets - Beginning of Year	3,280,740	908,760	4,189,500	3,341,158	766,897	4,108,055
NET ASSETS - END OF YEAR	$ 6,360,317	$ 2,301,713	$ 8,662,030	$ 3,280,740	$ 908,760	$ 4,189,500

See accompanying Notes to Consolidated Financial Statements.

AVIVO AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2020

	Program Services				Support Services			
	Career Education	Employment Services	Chemical and Mental Health	Total Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Salaries	$ 1,425,977	$ 3,385,503	$ 9,020,571	$ 13,832,051	$ 1,634,058	$ 288,353	$ 1,922,411	$ 15,754,462
Payroll Taxes	128,845	300,777	830,817	1,260,439	145,558	27,011	172,569	1,433,008
Employee Benefits	152,954	395,015	900,593	1,448,562	157,803	17,747	175,550	1,624,112
Total Personnel Costs	1,707,776	4,081,295	10,751,981	16,541,052	1,937,419	333,111	2,270,530	18,811,582
Assistance Provided to Individuals	668,576	329,811	4,945,592	5,943,979	-	-	-	5,943,979
Professional Fees	174,786	32,312	370,821	577,919	268,225	45,219	313,444	891,363
Occupancy	123,243	435,884	2,002,118	2,561,245	148,126	23,767	171,893	2,733,138
Supplies	73,638	52,588	471,288	597,514	103,144	14,981	118,125	715,639
Interest Expense	7,095	17,466	141,317	165,878	11,709	1,981	13,690	179,568
Technology and Communication	24,208	47,978	99,131	171,317	32,495	1,940	34,435	205,752
Postage and Shipping	912	18,829	15,693	35,434	8,155	272	8,427	43,861
Printing and Publications	620	1,000	11,551	13,171	16,660	849	17,509	30,680
Local Transportation	19,833	5,045	85,487	110,365	760	26	786	111,151
Conferences and Meetings	7,209	5,680	43,847	56,736	20,081	38,796	58,877	115,613
Equipment	51,052	77,398	253,692	382,142	61,196	2,980	64,176	446,318
Insurance	9,790	13,424	54,836	78,050	43,553	1,282	44,835	122,885
Membership Dues	4,471	-	16,029	20,500	76,231	110	76,341	96,841
Uncollectible Accounts	2,500	-	262,647	265,147	-	-	-	265,147
Depreciation	70,925	98,105	330,183	499,213	66,496	5,826	72,322	571,535
Other Expense	125	34	23,601	23,760	34,123	7,802	41,925	65,685
Total Expense	$ 2,946,759	$ 5,216,849	$ 19,879,814	$ 28,043,422	$ 2,828,373	$ 478,942	$ 3,307,315	$ 31,350,737

See accompanying Notes to Consolidated Financial Statements.

AVIVO AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2019

	Program Services				Support Services			
	Career Education	Employment Services	Chemical and Mental Health	Total Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Salaries	$ 1,631,379	$ 3,395,295	$ 8,381,603	$ 13,408,277	$ 1,597,790	$ 261,670	$ 1,859,460	$ 15,267,737
Payroll Taxes	126,958	264,201	657,936	1,049,095	117,143	20,195	137,338	1,186,433
Employee Benefits	193,819	488,386	1,081,422	1,763,627	183,062	23,958	207,020	1,970,647
Total Personnel Costs	1,952,156	4,147,882	10,120,961	16,220,999	1,897,995	305,823	2,203,818	18,424,817
Assistance Provided to Individuals	248,737	453,668	3,354,177	4,056,582	-	-	-	4,056,582
Professional Fees	196,431	41,221	463,496	701,148	233,187	62,473	295,660	996,808
Occupancy	197,903	609,884	1,536,493	2,344,280	88,784	9,293	98,077	2,442,357
Supplies	52,645	54,687	313,210	420,542	87,140	13,280	100,420	520,962
Interest Expense	21,708	29,112	118,940	169,760	14,450	1,040	15,490	185,250
Technology and Communication	35,141	49,141	123,198	207,480	21,270	2,296	23,566	231,046
Postage and Shipping	1,195	14,679	4,165	20,039	7,624	1,109	8,733	28,772
Printing and Publications	759	686	5,135	6,580	7,380	3,434	10,814	17,394
Local Transportation	30,062	22,443	201,214	253,719	2,411	210	2,621	256,340
Conferences and Meetings	14,389	12,334	35,151	61,874	47,384	35,338	82,722	144,596
Equipment	35,654	124,090	149,559	309,303	19,008	1,111	20,119	329,422
Insurance	12,960	19,099	48,233	80,292	45,015	682	45,697	125,989
Membership Dues	1,585	243	11,022	12,850	26,565	1,893	28,458	41,308
Uncollectible Accounts	-	-	439,211	439,211	-	-	-	439,211
Depreciation	59,030	85,115	245,817	389,962	16,864	2,688	19,552	409,514
Other Expense	1,560	1,666	33,114	36,340	23,805	1,389	25,194	61,534
Total Expense	$ 2,861,915	$ 5,665,950	$ 17,203,096	$ 25,730,961	$ 2,538,882	$ 442,059	$ 2,980,941	$ 28,711,902

See accompanying Notes to Consolidated Financial Statements.

AVIVO AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 4,472,530	$ 81,445
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Loss on Investments	-	940
Donated Property and Equipment	(50,900)	-
Principal Payments on Operating Leases	(746,683)	(575,181)
Operating Lease Amortization	724,904	581,049
Noncash Lease Expenses	-	24,877
Change in Value of Charitable Remainder Unitrust	(6,877)	(53,439)
Change in Value of Unemployment Trust	178,792	22,343
Loss on Disposal of Fixed Assets	72,432	80,107
Depreciation	571,535	409,514
Environmental Remediation Liabilities	2,504	(4,638)
Uncollectible Accounts	265,147	439,211
(Increase) Decrease in Current Assets:		
Accounts and Grant Receivable	(2,700,533)	(117,523)
Pledges Receivable	340,256	(147,008)
Prepaid Expense	(444,403)	63,354
Increase (Decrease) in Current Liabilities:		
Accounts Payable	71,825	89,130
Accrued Expenses	1,534,590	(121,989)
Refundable Advances	(745)	40,306
Deferred Revenue	203,827	38,282
Net Cash Provided by Operating Activities	4,488,201	850,780
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(7,003,856)	(141,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Issuance of Debt	8,404,889	-
Principal Payments on Debt	(231,028)	(238,643)
Principal Payments on Finance Leases	(215,172)	(21,490)
Net Cash Provided (Used) by Financing Activities	7,958,689	(260,133)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,443,034	448,953
Cash and Cash Equivalents - Beginning of Year	1,313,525	864,572
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,756,559	$ 1,313,525
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Operating Expenses Financed Through Lease	$ -	$ 24,877
Cash Paid for Interest	$ 195,274	$ 185,242
Noncash Right of Use Asset (See Note 5)	$ 3,321,876	$ 2,481,749
Constructions Costs Incurred Included in Accrued Expenses	$ 1,221,699	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Avivo (the Organization) is a nonprofit organization whose mission is to increase well-being through recovery, employment, and career advancement. Annually, the Organization serves nearly 18,000 individuals and families through:

Career Education – Provides career training programs and job placement services for people with disabilities and other barriers to employment.

Employment Services – Provides employment services, education, and family-support services to low-income adults, youth, and families to ensure economic success, academic achievement, and family stability.

Chemical and Mental Health – Supports low-income men, women, and families in recovery through integrated, trauma-informed care-access, treatment, recovery support, and care coordination to help them achieve wellness and life-long recovery.

During 2020, Avivo LLC was formed and has the charitable purpose of providing transitional housing for individuals experiencing homelessness or at-risk homelessness who are participants in Avivo's recovery, career advancement or ending homelessness programs as they transition to permanent housing.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Avivo, Avivo LLC and HEART, Inc. All significant intercompany balances and transactions have been eliminated.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent amounts which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at net realizable value. The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information and specific payor limitations. Accounts past due are individually analyzed for collectibility. An allowance is provided for accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance.

Promises-to-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Pledges receivable at December 31, 2020 are expected to be received through 2021.

Investments

Investments are stated at fair value based on quoted market prices and consist of contributions received of shares of stock.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets–operating and lease liability, and finance leases are included in ROU assets–financing and lease liability in the statements of financial position.

ROU assets represent the Organization's 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. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use their incremental borrowing rate.

The Organization has elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease component as a single lease component.

Property and Equipment

All major expenditures for property and equipment that are over $5,000 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Remainder Unitrust

HEART, Inc. is party to a Trust Agreement for which they are the remainder beneficiary upon the death of the lead beneficiary. The interest in the charitable remainder unitrust is carried at fair value based on the life expectancy of lead beneficiary and the fair value of the trust assets.

Unemployment Trust

The Organization has an unemployment trust agreement for which they make contributions to cover future claims from former employees.

Asset Retirement Obligations

The Organization owns buildings that contain asbestos floor tiles. At this time, the Organization has no plans to renovate or demolish these buildings. In accordance with standards relating to Accounting for Conditional Asset Retirement Obligations, the Organization accrued a liability for the fair value of future costs to remediate environmental hazards related to certain property. The Organization uses a future value rate assumption of 3% and discounted the estimate to present value using a risk-free rate of return of 3%. The potential environmental remediation liability is reported on the consolidated statements of financial position as an asset retirement obligation in the amount of $124,475 and $121,971 at December 31, 2020 and 2019, respectively.

Government Contracts

Conditional government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made. The Organization received federal and state grants of $284,555 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred.

Contributions

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Service Fees

Program Service Fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retrospective revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the participants and third-party payors several days after the services are performed and/or participant is discharged from the program. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Organization measures the performance obligation from admission into the program, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that participant, which is generally at the time of discharge or completion of the program.

In-Kind Contributions

Contribution of donated services that create or enhance nonfinancial assets or increase fixed assets 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. The contributions presented on the accompanying consolidated statements of activities and changes in net assets include contributed materials and services valued at $69,028 and $13,000 for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expense

Salaries and related expenses are allocated based on time spent and program assignments. Occupancy and depreciation expenses are allocated based on direct program or support service usage. Other expenses, such as professional fees are directly identified to specific programs or administrative functions.

Risks and Uncertainties

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties (Continued)

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to Avivo, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes Avivo is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Federal Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As such, it is subject to federal and state income taxes on net unrelated business income.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions and files as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service.

Fair Value Measurements

The Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. 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 the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The Organization has one Level 3 investment in their interest in the Charitable Remainder Unitrust that was valued at $317,314 and $310,436 at December 31, 2020 and 2019, respectively. There are no contributions to the unitrust and the value has changed based on the fair value calculation.

The following table provides a summary of changes in fair value of the Level 3 financial asset, the Charitable Remainder Unitrust for the years ended December 31:

	2020	2019
Balance - Beginning of Year	$ 310,437	$ 256,998
Change in Fair Value of Trust	6,877	53,439
Balance - End of Year	$ 317,314	$ 310,437

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 24, 2021, the date the consolidated financial statements were available to be issued.

NOTE 2 CONCENTRATIONS

Significant Concentrations of Credit Risk

The Organization provides services primarily within the Twin Cities and surrounding communities. The amounts due for services provided are from individuals, substantially all of which are local residents or their third-party payors. In addition, accounts and pledges receivable are primarily from local residents, governments, or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At various times during 2020 and 2019, the Organization held funds at a local financial institution in excess of federally insured limits.

NOTE 3 PROPERTY AND EQUIPMENT

The Organization owns the following as of December 31:

	2020	2019
Land	$ 1,098,400	$ 894,700
Buildings and Leasehold Improvements	17,140,386	9,434,387
Equipment and Furniture	2,372,817	1,957,687
Total	20,611,603	12,286,774
Less: Accumulated Depreciation/Amortization	(7,177,020)	(6,673,018)
Property and Equipment, Net	$ 13,434,583	$ 5,613,756

NOTE 3 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was $571,535 and $409,514 for the years ended December 31, 2020 and 2019, respectively.

NOTE 4 NOTES PAYABLE

During the fiscal year ending December 31, 2020, the Organization received a loan in the amount of $3,198,857 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, principal and interest payments will be required through the maturity date in April 15, 2022.

Additionally, the Organization entered into three loan agreements to purchase three properties. Two of the loans entered into were with Greater Minnesota Housing Fund and the other loan was entered with the City of Minneapolis.

Notes payable consists of the following at December 31:

Description	2020	2019
2017 tax-exempt revenue bond issued by the city of Landfall, monthly amounts including interest of 3.02%. Last principal and interest payments due 2034.	$ 3,314,650	$ 3,509,717
2018 tax exempt revenue bond issued by Minneapolis Community Development Agency, monthly amounts including interest of 4.06%. Last payment and all remaining principal and interest due 2038.	1,621,528	1,682,159
Loan issued by the City of Minneapolis including interest of 3.75%. Payment of all principal and interest due 2045.	490,244	-
Loan issued by the Greater Minnesota Housing Fund, monthly amounts including interest of 3.75%. Last payment and all remaining principal and interest due	4,448,000	-
Loan issued by the Greater Minnesota Housing Fund, monthly amounts including interest of 3.75%. Last and all remaining principal and interest due 2035.	427,000	-

NOTE 4 NOTES PAYABLE (CONTINUED)

Description	2020	2019
Loan issued by the Greater Minnesota Housing Fund, monthly amounts including interest of 3.75%. Last and all remaining principal and interest due 2035.	427,000	-
PPP Loan	$ 3,198,857	$ -
Total	13,500,279	5,191,876
Less: Portion Due Within One Year	(360,491)	(255,697)
Less: Unamortized Issuance Costs, Net	(282,396)	(147,854)
Long-Term Portion	$ 12,857,392	$ 4,788,325

Each note is secured by certain land, buildings, and improvements.

The City of Minneapolis loan is an interest free loan of $1,250,000 and is due in 2045. The loan was discounted at a rate of 3.75% and this resulted in the principal due of $490,244 and the remaining is considered a donor restricted contribution of $759,756 on the consolidated statement of activities.

NOTE 4 NOTES PAYABLE (CONTINUED)

Future principal payment amounts include payment due for debt outstanding at December 31, 2020, and amounts due under the expected refinancing. Principal payments required are as follows:

Year Ending December 31,	Amount
2021	$ 360,491
2022	3,579,913
2023	394,371
2024	407,766
2025	422,421
Thereafter	8,335,317
Total	$ 13,500,279

Effective August 8, 2017, the Organization entered into a promissory note with an original expiration date of July 31, 2019. Effective July 31, 2020, the Organization renewed the promissory note agreement. Available borrowings under the line of credit are $1,000,000. Interest is payable monthly at the bank's index rate (3.25% at December 31, 2020). This promissory note is secured by all business assets. The note expires on July 31, 2021. At December 31, 2020 and 2019, there was $-0- of borrowings on the note.

NOTE 5 LEASES

The Organization leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2023 and provide for renewal options up to three years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs. The Organization does not have any covenants with these agreements or required to maintain certain financial ratios.

NOTE 5 LEASES (CONTINUED)

The following table provides quantitative information concerning the Organization's leases.

	2020	2019
Lease Cost:		
Finance Lease Cost	$ -	$ 200,219
Amortization of Right-to-Use Asset	-	(11,880)
Operating Lease Cost	5,433,241	2,281,530
Amortization of Right-to-Use Asset	(1,135,788)	(581,049)
Total Lease Cost	$ 4,297,453	$ 1,888,820
Weighted Average Remaining Lease Term - Finance Leases	N/A	2.5 years
Weighted Average Remaining Lease Term - Operating Leases	3.4 Years	3.7 years
Weighted Average Discount Rate - Finance Leases	N/A	13.4 %
Weighted Average Discount Rate - Operating Leases	3.0 %	3.0 %

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2020 is as follows:

Year Ending December 31,	Operating Leases
2021	$ 1,135,446
2022	975,773
2023	827,361
2024	606,616
2025	560,673
Thereafter	534,074
Total	$ 4,639,943

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of amounts for the following programs at December 31:

	2020	2019
Employment Services	$ -	$ 17,156
Career Education	231,415	331,460
Chemical and Mental Health	798,761	135,293
General Fundraising	954,223	114,414
Charitable Remainder Unitrust	317,314	310,437
Total	$ 2,301,713	$ 908,760

The General Fundraising line includes the donor restricted contribution of $759,756 relating to the City of Minneapolis interest free loan. See Note 4 for more details.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions released from restriction related to the following programs for the years ended December 31:

	2020	2019
Employment Services	$ 17,156	$ 250,746
Career Education	291,815	570,832
Chemical and Mental Health	255,353	178,440
General Fundraising	442,586	20,808
Total	$ 1,006,910	$ 1,020,826

NOTE 7 PROGRAM FEE FOR SERVICE CONTRACT REVENUE

The Organization's program fee for services revenue is recognized at a point in time according to the timing of transfer of services and is all from third-party payors. The total program fee for services revenue recognized for the years ended December 31, 2020 and 2019 was $11,597,055 and $9,613,417, respectively.

There is no contract revenue that is recognized over a period of time.

NOTE 8 CONTRACT ASSETS

The Organization's contract assets consist of:

	2020	2019
Accounts Receivable:		
Program Fee for Service - Third Party Payor	$ 1,053,633	$ 1,623,218
Accounts Receivables:		
(Nonexchange Transactions)	3,145,922	1,362,650
Total Accounts Receivables	$ 4,199,555	$ 2,985,868

NOTE 9 EMPLOYEE RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan for employees. Employees are allowed to make voluntary contributions immediately after six months of employment. The Organization has the ability to make discretionary matches to the 401(k) but did not make discretionary contributions for the years ended December 31, 2020 and 2019. Additionally, the Organization makes an annual 3% nondiscretionary safe harbor payment. During fiscal year 2020, as a result of the Coronavirus pandemic, the plan was only active for the first three months of the year. The total expense for the years ended December 31, 2020 and 2019 was $93,522 and $404,578, respectively.

NOTE 10 CONTINGENCIES

In the normal course of business, the Organization has claims made against them. As of December 31, 2020, the amount and likelihood of loss is not determined. The Organization believes these claims are without merit and intends to vigorously defend the matters.

NOTE 11 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	2020		2019	
Cash and Cash Equivalents	$ 6,756,559		$ 1,313,525	
Less Restricted for Debt Service	(949,700)		-	
Less Restricted for Purpose	(1,984,399)		(118,744)	
Cash and Cash Equivalents Available Within Year		$ 3,822,460		$ 1,194,781
Accounts Receivable		4,199,555		2,985,868
Pledges Receivable	166,744		503,000	
Less Restricted for Purpose	(156,000)		(308,329)	
Pledges Receivable Available within Year		10,744		194,671
Total		$ 8,032,759		$ 4,375,320

As more fully described in Note 4, the Organization also has committed lines of credit in the amount of $1,000,000, which it could draw upon in the event of an unanticipated liquidity need. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

INDEPENDENT AUDITORS' 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
Avivo and Subsidiary
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Avivo and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avivo and Subsidiaries' 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 Avivo and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Avivo and Subsidiaries' 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avivo and Subsidiaries' 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 result of that testing, and not to provide an opinion on the effectiveness of Avivo and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avivo and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 24, 2021

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

Board of Directors
Avivo and Subsidiary
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Avivo and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Avivo and Subsidiaries' major federal programs for the year ended December 31, 2020. Avivo and Subsidiaries' major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Avivo and Subsidiaries' 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 Avivo and Subsidiaries' 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 Avivo and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Avivo and Subsidiaries 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 December 31, 2020.

Report on Internal Control Over Compliance

Management of Avivo and Subsidiaries 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 Avivo and Subsidiaries' 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 Avivo and Subsidiary' 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.

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.

Board of Directors
Avivo and Subsidiaries

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Avivo and Subsidiaries as of and for the year ended December 31, 2020, and have issued our report thereon dated March 24, 2021, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 24, 2021

AVIVO AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identification Number	2020 Expenditures
Department of Housing and Urban Development Programs:			
Continuum of Care Program:			
Supportive Housing Program	14.267	MN0026L5K001811	$ 96,385
Supportive Housing Program	14.267	MN0026L5K001912	543,313
Pass-Through Programs from:			
Beacon Interfaith Housing Collaborative	14.267	33050	147,982
Pass-through Programs from:			
Hearth Connection			
HUD Hennepin RA	14.267	MN0001L5K001806	438,884
HUD Hennepin RA	14.267	MN0001L5K001907	170,224
HUD CoC Hennepin 2009	14.267	MN0167L5K001804	88,635
HUD SMAC	14.267	MN0073L5K031811	5,740
HUD SMAC	14.267	MN0073L5K031912	4,080
HUD Ramsey	14.267	MN0045L5K011811	35,283
HUD Ramsey	14.267	MN0045L5K011912	25,721
Dakota County CoC RRH	14.267	MN0077L5K031811	106,058
Dakota County CoC RRH	14.267	MN077L5K031912	93,744
Total Continuum of Care Program			1,756,049
Community Development Block Grant			
Pass-Through Programs from:			
City of Minneapolis:			
Community Development Block Grant	14.218	C40462-F1-1	36,368
Community Development Block Grant	14.218	C40462-G501	67,066
Total Community Development Block Grant			103,434
Emergency Solutions Grant Program			
Pass-Through Programs from:			
Hennepin County			
Rapid Rehousing Program	14.231	HS00000325	357,959
RRH Street Outreach	14.231	HS00000325	13,571
Pass-Through Programs from:			
Hearth Connection			
Dakota County ESG RRH	14.231	E-18-US-24-003	33,684
Total Emergency Solutions Grant Program			405,214
Total Department of Housing and Urban Development Programs			2,264,697
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program			
Pass-Through Programs from:			
State of Minnesota Department of Corrections:			
Recidivism Reduction	16.738	A-JAG-2019-AVIVO-00033	113,617
Total Department of Justice			113,617

See accompanying Notes to Schedule of Expenditures of Federal Awards.

AVIVO AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identification Number	2020 Expenditures
Department of Labor:			
Workforce Innovation and Opportunity Act Cluster			
Pass-Through Programs from:			
City of Minneapolis:			
WIA-Youth Futures	17.259	C-40462-D6-1 & D6-2	$ 94,647
WIA-Youth Futures	17.259	C-40462-F601	246,343
Hennepin County			
Adult WIOA	17.278	8093100	150,521
Adult WIOA	17.278	9093100	101,776
WIOA DW	17.278	9098000	14,907
Total Workforce Innovation and Opportunity Act Cluster			608,194
Department of Health and Human Services:			
Substance Abuse and Mental Health Services			
Treatment Based Reentry Continuum - SAMHSA	93.243	H79TI0080845	63,104
Total Substance Abuse and Mental Health Services			63,104
Temporary Assistance for Needy Families Cluster			
Pass-Through Programs from:			
Ramsey County:			
Temporary Assistance for Needy Families - MFIP	93.558	1601MNTANF	697,789
Stearns County			
Temporary Assistance for Needy Families - MFIP	93.558	1502MNTANF	1,351,449
Benton County			
Temporary Assistance for Needy Families - MFIP	93.558	1702MNTANF	385,209
Lutheran Social Services			
Central MN Regional Network	93.558	1901MNTANF	158,673
Total Temporary Assistance for Needy Families Cluster			2,593,120
Block Grants for Prevention and Treatment of Substance Abuse:			
State of Minnesota Department of Human Services:			
DHS MARFU	93.959	114565	740,103
DHS CEMIG	93.959	159563	146,060
Total Block Grants for Prevention and Treatment of Substance Abuse			886,163
DHS Opioid STR			
State of Minnesota Department of Human Services:			
DHS SOR	93.788	148812	280,113
Total Department of Health and Human Services			3,822,500
U.S. Department of Treasury			
Coronavirus Relief Fund			
Pass-Through Programs from:			
Hennepin County			
Coronavirus Relief Fund	21.019	HS00000633	84,556
Coronavirus Relief Fund	21.019	BAR: 20-0202	10,342
Coronavirus Relief Fund	21.019	PR00002768	1,474,357
Catholic Charities/OEO			
Coronavirus Relief Fund	21.019		546,596
Coronavirus Relief Fund	21.019		1,101,872
Total Department of Treasury - Coronavirus Relief Fund			3,217,723
Total Federal Awards Expended			$ 10,026,731

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the 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 SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

The Organization did not have any subrecipients in 2020.

AVIVO AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ no

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

CFDA Number(s)	**Name of Federal Program or Cluster**
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

1. Auditee qualified as low-risk auditee? __x__ yes ______ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).