

180 Degrees, Inc. and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

Years Ended June 30, 2024 and 2023



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180 Degrees, Inc. and Subsidiaries

Years Ended June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
180 Degrees, Inc. and Subsidiaries
Minneapolis, MN

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of 180 Degrees, Inc. (a nonprofit organization) and its wholly owned subsidiaries which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of 180 Degrees, Inc. and Subsidiaries as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *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 Consolidated Financial Statements section of our report. We are required to be independent of 180 Degrees, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The financial statements of 180 Degrees, Inc.'s subsidiaries were not audited in accordance with *Government Auditing Standards* as they did not receive federal funding.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 180 Degrees, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 180 Degrees, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 180 Degrees, Inc. and Subsidiaries' 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are 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 November 20, 2024, on our consideration of the 180 Degrees, Inc.'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 180 Degrees, Inc.'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 180 Degrees, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Duluth, Minnesota
November 20, 2024

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash	\$ 619,605	\$ 703,220
Restricted deposits	2,672,325	64,924
Construction escrow	-	391,042
Accounts receivable, net of allowance of \$41,694 and \$45,940, as of June 30, 2024 and 2023, respectively	1,701,077	989,453
Pledges receivable, current portion	20,040	31,420
Prepaid expenses	85,411	46,375
Total current assets	5,098,458	2,226,434
Property and equipment:		
Construction in progress	2,054,485	2,636,356
Land	381,992	381,992
Buildings	12,579,296	8,175,768
Equipment	367,613	353,503
Furniture and fixtures	42,499	42,499
Vehicles	263,791	263,791
Subtotal	15,689,676	11,853,909
Less - Accumulated depreciation	(3,354,458)	(3,023,415)
Net property and equipment	12,335,218	8,830,494
Other assets:		
Pledges receivable, net of current portion	10,788	15,410
Right of use assets - finance lease	34,539	39,568
Total other assets	45,327	54,978
TOTAL ASSETS	\$ 17,479,003	\$ 11,111,906

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Financial Position (Continued)

June 30, 2024 and 2023

Liabilities and Net Assets	2024	2023
Current liabilities:		
Notes payable, current portion	\$ 365,123	\$ 1,131,083
Bond payable, current portion	166,563	-
Line of credit payable	-	434,314
Finance leases payable, current portion	14,476	12,353
Accounts payable	1,467,379	557,977
Retainage payable	43,068	71,740
Accrued payroll and benefits	503,361	517,861
Tenant security deposits	18,944	15,621
Deferred revenue	-	11,700
Total current liabilities	2,578,914	2,752,649
Long-term liabilities:		
Notes payable, net of current portion	3,156,606	2,587,282
Bond payable, net of current portion	5,463,805	-
Finance leases payable, net of current portion	21,989	28,820
Total long-term liabilities	8,642,400	2,616,102
Total liabilities	11,221,314	5,368,751
Net assets:		
Without donor restrictions:		
Undesignated	5,806,777	5,202,905
Board designated	360,000	360,000
Total without donor restrictions	6,166,777	5,562,905
With donor restrictions	90,912	180,250
Total net assets	6,257,689	5,743,155
TOTAL LIABILITIES AND NET ASSETS	\$ 17,479,003	\$ 11,111,906

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Activities

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Program service revenue and government contracts	\$ 3,618,443	\$ -	\$ 3,618,443	\$ 2,980,994	\$ -	\$ 2,980,994
Contributions and grants	5,259,768	60,000	5,319,768	4,365,350	231,525	4,596,875
Capital campaign contributions	590	-	590	524,569	-	524,569
Contributed nonfinancial assets	1,445,890	-	1,445,890	1,186,258	-	1,186,258
Rental income	175,517	-	175,517	147,726	-	147,726
Special event income	255,967	-	255,967	213,247	-	213,247
Insurance proceeds	246,930	-	246,930	-	-	-
Other income	15,183	-	15,183	121,981	-	121,981
Net assets released from restrictions	149,338	(149,338)	-	319,233	(319,233)	-
Total revenue and support	11,167,626	(89,338)	11,078,288	9,859,358	(87,708)	9,771,650
Expenses:						
Program services	8,872,983	-	8,872,983	7,220,648	-	7,220,648
Supporting services:						
Management and general	998,730	-	998,730	928,579	-	928,579
Fundraising	692,041	-	692,041	539,343	-	539,343
Total expenses	10,563,754	-	10,563,754	8,688,570	-	8,688,570
Change in net assets	603,872	(89,338)	514,534	1,170,788	(87,708)	1,083,080
Net assets at beginning of year	5,562,905	180,250	5,743,155	4,392,117	267,958	4,660,075
Net assets at end of year	\$ 6,166,777	\$ 90,912	\$ 6,257,689	\$ 5,562,905	\$ 180,250	\$ 5,743,155

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services			Total Program	Management and General	Fundraising	Total
	Brittany's Place	Clifton Halfway House	Foster Care and Youth Group Homes				
Salaries and wages	\$ 1,214,840	\$ 907,186	\$ 1,879,056	\$ 4,001,082	\$ 629,132	\$ 337,336	\$ 4,967,550
Payroll taxes	90,156	66,651	137,299	294,106	41,809	23,343	359,258
Employee benefits	147,094	141,297	272,918	561,309	143,485	51,148	755,942
Supplies	27,734	79,625	42,017	149,376	3,439	1,654	154,469
Telephone	12,483	10,769	22,225	45,477	5,810	1,150	52,437
Professional fees and services	170,170	257,263	153,679	581,112	19,166	164,051	764,329
Insurance	71,636	32,292	83,817	187,745	11,287	7,524	206,556
Repairs and maintenance	66,696	80,659	53,070	200,425	14,554	-	214,979
Food	22,223	42,228	60,273	124,724	612	1,161	126,497
Utilities	72,338	40,549	31,044	143,931	3,553	-	147,484
Board of director expenses	(24)	-	465	441	11	3,668	4,120
Postage	-	1,508	157	1,665	89	304	2,058
Printing	2,382	2,350	2,582	7,314	1,263	7,942	16,519
Equipment rental	-	2,760	3,146	5,906	264	132	6,302
Travel	13,432	16,047	34,402	63,881	10,757	2,417	77,055
Dues and subscriptions	7,313	10,862	22,999	41,174	18,574	6,210	65,958
Bank charges	48,284	27,498	-	75,782	-	-	75,782
Public relations	213,077	379,533	854,076	1,446,686	9,734	6,040	1,462,460
Depreciation and amortization	71,341	228,392	45,079	344,812	-	-	344,812
Provision for credit losses and bad debt	34,033	-	7,486	41,519	-	-	41,519
Interest	99,496	80,958	39,599	220,053	-	-	220,053
Occupancy	-	210,705	-	210,705	-	-	210,705
Real estate taxes	20,716	-	-	20,716	-	-	20,716
Computer repair and maintenance	46,293	5,389	49,551	101,233	85,191	91	186,515
Marketing	1,796	-	13	1,809	-	-	1,809
Event expense	-	-	-	-	-	77,870	77,870
Total expenses by function	\$ 2,453,509	\$ 2,624,521	\$ 3,794,953	\$ 8,872,983	\$ 998,730	\$ 692,041	\$ 10,563,754

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services										
	Residential			Community Based Programs					Management and General	Fundraising	Total
	Brittany's Place	Clifton Halfway House	Foster Care and Youth Group Homes	Family Preservation Services	Youth Vocational	Total Program					
Salaries and wages	\$ 993,857	\$ 742,481	\$ 1,556,886	\$ 124,434	\$ 124,840	\$ 3,542,498	\$ 606,113	\$ 277,344	\$ 4,425,955		
Payroll taxes	73,889	53,738	116,315	8,976	9,572	262,490	38,387	19,474	320,351		
Employee benefits	99,282	94,621	202,933	10,296	15,822	422,954	142,957	37,259	603,170		
Supplies	26,414	42,306	48,849	11,283	3,175	132,027	5,421	516	137,964		
Telephone	12,004	9,208	20,331	396	1,507	43,446	6,748	2,081	52,275		
Professional fees and services	120,130	124,160	148,118	715	3,243	396,366	19,661	97,709	513,736		
Insurance	28,637	41,814	64,434	2,864	7,159	144,908	10,023	4,296	159,227		
Repairs and maintenance	39,151	44,467	24,638	-	438	108,694	5,441	447	114,582		
Food	19,596	46,064	54,952	-	12	120,624	-	-	120,624		
Utilities	29,172	92,451	34,578	-	502	156,703	1,932	595	159,230		
Board of director expenses	12,850	396	396	396	396	14,434	1,386	-	15,820		
Postage	80	839	54	-	20	993	210	171	1,374		
Printing	2,118	1,695	3,296	-	157	7,266	516	4,673	12,455		
Equipment rental	42	2,638	2,216	-	11	4,907	112	94	5,113		
Travel	9,851	8,699	27,583	-	5,017	51,150	12,341	2,011	65,502		
Dues and subscriptions	7,715	10,460	18,638	-	-	36,813	18,248	4,714	59,775		
Bank charges	-	5	-	-	7,199	7,204	-	-	7,204		
Public relations	46,993	434,722	707,772	-	-	1,189,487	63	28,169	1,217,719		
Depreciation and amortization	198,528	105,975	35,020	-	346	339,869	995	306	341,170		
Bad debt	29,164	1,635	905	-	-	31,704	-	-	31,704		
Interest	21,138	82,032	17,746	-	891	121,807	123	38	121,968		
Real estate taxes	1,837	29,388	-	-	-	31,225	-	-	31,225		
Computer repair and maintenance	16,338	8,254	27,421	-	66	52,079	57,792	432	110,303		
Marketing	900	-	100	-	-	1,000	110	4,404	5,514		
Event expense	-	-	-	-	-	-	-	54,610	54,610		
Total expenses by function	\$ 1,789,686	\$ 1,978,048	\$ 3,113,181	\$ 159,360	\$ 180,373	\$ 7,220,648	\$ 928,579	\$ 539,343	\$ 8,688,570		

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Change in cash:		
Cash flows from operating activities:		
Change in net assets	\$ 514,534	\$ 1,083,080
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	344,812	341,170
Provision for credit losses and bad debt	41,519	31,704
(Gain) on sale of property and equipment	-	(300)
Loan forgiveness	(37,500)	-
Amortization of debt issuance costs	60,780	-
Changes in operating assets and liabilities:		
Accounts receivable	(751,143)	(159,964)
Pledges receivable	14,002	(46,830)
Prepaid expenses	(39,036)	(20,976)
Accounts payable	(119,193)	310,904
Accrued expenses	(14,500)	54,937
Tenant security deposits	3,323	1,701
Deferred revenue	(11,700)	11,700
Refundable advance liability	-	(75,000)
Net cash provided by operating activities	5,898	1,532,126
Cash flows from investing activities:		
Purchase of property and equipment	(2,836,584)	(2,755,649)
Proceeds on sale of property and equipment	-	300
Net cash used in investing activities	(2,836,584)	(2,755,349)
Cash flows from financing activities:		
Proceeds from notes payable	844,446	1,430,768
Payment of debt issuance costs	(238,815)	(51,765)
Proceeds from line of credit	100,000	434,314
Proceeds from bond	4,415,965	-
Principal payments on finance leases	(4,708)	(11,486)
Principal payments on notes payable	(153,458)	(207,764)
Net cash provided by financing activities	4,963,430	1,594,067

Continued

180 Degrees, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2024 and 2023

	2024	2023
Net change in cash	\$ 2,132,744	\$ 370,844
Cash and restricted cash at beginning of year	1,159,186	788,342
Cash and restricted cash at end of year	\$ 3,291,930	\$ 1,159,186
Cash and restricted cash:		
Cash	\$ 619,605	\$ 703,220
Restricted deposits	2,672,325	64,924
Construction escrow	-	391,042
Total Cash and restricted cash	\$ 3,291,930	\$ 1,159,186
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 404,739	\$ 121,968
Interest capitalized with construction	188,159	-
Right of use asset obtained under financing lease	8,000	-
Capital assets included in accounts payable and retainage payable	1,071,663	71,740

During the year ended June 30, 2024, the Organization incurred new debt in the form of a mortgage and a bond totaling \$4,690,835 which refinanced aggregate existing debt of \$4,542,203 including the balance on the line of credit of \$534,314. Loan fees of \$139,832 were incurred and financed through the new debt.

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

180 Degrees, Inc. is a multi-cultural nonprofit organization providing emergency shelter, supportive housing, and trauma responsive services so that every person can achieve hope for their future and reach their potential. This is achieved by providing:

- Programming, shelter, and housing to men rebuilding their lives following incarceration.
- Programming, shelter, and housing to Minnesota youth at risk for or experiencing sex trafficking and supporting youth serving agencies with training, protocol development, and case management services to identify and support youth experiencing sex trafficking.
- Programming, emergency shelter, and supportive housing to youth at risk for or experiencing homelessness, neglect, and family crisis.
- Recruiting, training, and supporting foster care families for children in southeast Minnesota.
- Providing case management services to youth who have been involved in the juvenile justice system.

The wholly-owned subsidiary, Community Re-Entry Services, LLC ("Community Re-Entry Services") is a nonprofit limited liability company that provides residential supervision of sex offenders, including drug and alcohol testing, intensive case management, and assisting the offender in finding long-term housing, and employment.

The wholly-owned subsidiary, Turning Lives Around ("TLA"), a nonprofit corporation, was formed in November 2013 as a 501(c)(2) for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount less expenses to 180 Degrees, Inc., which is exempt under 501(c)(3). TLA was formed in order to obtain financing through New Markets Tax Credits (NMTC) for 180 Degrees, Inc. Youth Development Campus in St. Paul. The land and buildings of the campus were transferred from 180 Degrees, Inc. to TLA, and 180 Degrees, Inc. rents the buildings from TLA.

The primary programs of 180 Degrees, Inc. and Subsidiaries (the "Organization") are:

Residential Programs and Services:

Brittany's Place - Minnesota's largest shelter and supportive program for girls, 10-17, who are victims of, or at-risk for, sex trafficking. Shelters up to 8 girls on a given night, residing for 30 to 90 days. Additional services include youth outreach, case management, and aftercare for up to 90 days upon program exit.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Brittany's Place - Transitional Living Program - provides affordable, supportive housing, services, and aftercare for female-identifying young adults, ages 16-20, experiencing housing insecurity, for up to 18 months, or longer under extenuating circumstances. Brittany's Place Transitional Living Program is a community-living program designed to be a stepping stone to more independent, permanent housing. Services include: case management, support to find permanent housing, recovery, advocacy, life skills, financial planning, peer groups, support in finding and keeping employment and/or educational opportunities, as well as social/recreation activities.

Clifton Halfway House - Launched by a formerly incarcerated man, this program is a first-stop residence for 200 Minnesotan men each year exiting prison. Services include: emergency residence, case management, sobriety programs, job placement, life skills, and housing navigation. The shelter serves up to 37 men with stays averaging 60 days.

Great River Landing - 180 Degrees entered into a partnership with an affordable housing provider, Beacon Interfaith, at Great River Landing, a 72-unit building in Minneapolis North Loop. Beacon Interfaith owns and operates the building while 180 Degrees provides 24-hour services to up to 72 individuals residing at Great River Landing. Services include: case management, sobriety programs, job placement, life skills, housing navigation and parenting services.

Foster Care Program - Recruits and provides 24/7 support for foster families and youth across southeast Minnesota. The network provides respite or short/long-term foster care.

Emergency Youth Shelters - Provides 24/7 emergency shelter to youth, ages 10-19 experiencing or at risk of homelessness, exploitation, and crisis. On any night, 180 Degrees, Inc. is providing shelter and services to 40 youth in Chanhassen, Eden Prairie, St. Cloud/Central MN, and Rochester/SE MN. Services include: youth outreach, emergency shelter, case management, life skills, onsite education, and aftercare for up to 90 days.

Community Based Programs:

SAFE Program:

Safe Program - The SAFE program provides African American-centric prevention and intervention programming for women and their children in St. Paul and Minneapolis who are experiencing domestic violence. Case managers support the family and make important connections to secure food, shelter, transportation, employment, mental and chemical health, and legal aid. This program was consolidated with Brittany's Place Program during June 30, 2024.

Youth Vocational:

All Children Excel (ACE) Program - Provides long-term, comprehensive case management annually for 50 children in Ramsey County, ages 9 and under, who have committed prosecutable offenses. ACE staff can work with these youth until they reach age 18.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Youth Vocational Program - Provides job skill-building, job readiness, and job placement for high risk, high school age youth in 180 Degrees' shelter programs.

Youth vocational programming was discontinued after June 30, 2023.

Basis of Consolidation

The consolidated financial statements include the accounts of 180 Degrees, Inc. and its wholly-owned subsidiaries, Community Re-Entry Services and Turning Lives Around. All material intercompany transactions and accounts have been eliminated.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Accounts Receivable

Accounts receivable consist primarily of amounts due for program services. The Organization provides an allowance for bad debts, which is based on management's judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for credit losses and bad debts at June 30, 2024 and 2023, was \$41,694 and \$45,940, respectively.

Beginning July 1, 2023, the carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Organization uses an aging method to estimate allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables based on payor types.

The following is a roll forward of the allowance for credit losses:

<i>Years Ended June 30,</i>	2024	2023
Balance at beginning of year	\$ 45,940	\$ 33,105
Provision for credit losses	39,519	31,704
Write-offs	(43,765)	(18,869)
Balance at end of year	\$ 41,694	\$ 45,940

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

Prior to 2024, the allowance for doubtful accounts reflected losses that the Organization estimated had been incurred as of the reporting date and was based on historical loss experience, current receivables aging, and management's assessment of current conditions.

Pledges Receivable

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Management recorded a reserve for uncollectible amounts of \$2,000 and \$0 as of June 30, 2024 and 2023.

Property and Equipment

All major expenditures for property and equipment exceeding \$5,000 are capitalized at cost. Amortization of assets acquired under capital leases is included in accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	10-40 years
Equipment	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5 years

ASC 842 Lease Accounting

The Organization is a lessee in multiple noncancelable financing leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization separates lease and non-lease components to determine the lease payment (such as lessor-provided maintenance and other services).

Net Assets

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate net assets without donor restrictions for a future specified purpose.

Net assets with donor restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, which is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contribution Revenue (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions: Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions: Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. There were no grant awards that were considered exchange transactions during the years ended June 30, 2024 and 2023.

Program Service Revenue and Government Contracts

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09, applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending June 30, 2024 and 2023:

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Program Service Revenue and Government Contracts (Continued)

Program Service Revenue and Government Contracts - The Organization provides housing and related services for homeless youth and adult men exiting prison. There are various contracts in place over various periods of time, however all services are paid on a per diem basis. Revenue is recognized over time when the service is rendered and reported at the estimated net realizable amounts from third-party payors.

Receivables from program service revenue and government contracts were as follows:

Receivables as of July 1, 2022	\$ 367,402
Receivables as of June 30, 2023	277,936
Receivables as of June 30, 2024	689,652

There were no contract assets and liabilities related to program service revenue and government contracts.

Rental Income

As part of the Organization's mission to provide shelter, the Organization operates a 28 unit low-income apartment complex. Men leaving Clifton Place or others in need can apply for a unit. Units are rented under one-year lease agreements and require a security deposit. Rental income is recognized on a straight-line basis over the term of the lease. Rent revenue is recognized in the period in which it is earned. Any amounts received for future periods are reported as deferred income.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited according to estimates made by management. Expenses, except for certain items on a direct allocation basis, are allocated among program and supporting service categories based on the estimated time expended by providers of professional and administrative services in those categories.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts as previously reported in the 2023 financial statements have been reclassified to conform to the 2024 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

180 Degrees, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Community Re-Entry Services is a wholly owned limited liability company and is considered a disregarded entity for tax purposes. TLA is exempt from federal income taxes under Section 501(c)(2) of the Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. The Organization paid no income tax on unrelated business income in 2024 and 2023.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Recently Adopted Accounting Pronouncement

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Organization to present financial assets measured at amortized cost (including accounts receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts.

The Organization adopted No. 2016-13 on July 1, 2023. The net impact to net assets would have been immaterial, thus no adjustment was made to net assets. Results for the year ended June 30, 2024, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards generally accepted in the United States (US GAAP). See Accounts Receivable for changes to accounting policies.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through November 20, 2024, which is the date the consolidated financial statements were available to be issued.

Subsequent to year end, the City of Eyota, Minnesota authorized the sale of up to \$7,000,000 of its Revenue Bonds, Series 2024 (180 Degrees Project) with the rights under the bond indenture and loan agreement, assigned to Stearns Bank National Association as the purchaser of the tax-exempt bonds. The proceeds are to be used for financing the construction of the Von Wald Youth Shelter. Additionally, the Organization obtained a bridge loan for \$380,000 which was repaid with the bond proceeds. The Organization entered into a contract for construction of the facility at a cost of approximately \$3,500,000.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability of Financial Resources

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 consolidated statements of financial position date. Amounts not available include net assets with donor restrictions and pledges receivable greater than one year, less the valuation allowance.

	2024	2023
Financial assets at year-end:		
Cash	\$ 619,605	\$ 703,220
Accounts receivable, net	1,701,077	989,453
Pledges receivable	30,828	46,830
Total financial assets	2,351,510	1,739,503
Less amounts not available to be used within one year:		
Net assets with board designations	(360,000)	(360,000)
Net assets with donor restrictions	(90,912)	(180,250)
Totals	\$ 1,900,598	\$ 1,199,253

The Organization does not have a formal investment or cash management policy but generally maintains liquid financial assets sufficient to cover 60 days of general expenditures.

Note 3: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 4: Restricted Deposits

As of June 30, 2023, restricted deposits include a cash account maintained with the Federal Home Loan Bank in accordance with a loan covenant requirement. The balance was \$64,924 as of June 30, 2023. This account was closed with the loan payoff.

The Organization also held funds in a construction escrow account in accordance with a construction loan covenant requirement that began in 2023. The balance was \$391,042 as of June 30, 2023. This account was closed with the loan payoff.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4: Restricted Deposits (Continued)

As of June 30, 2024, the Organization is required to maintain a project account controlled by Stearns Bank which consists of the remainder of the bond proceeds and can be drawn upon as construction continues. The balance was \$2,113,928 as of June 30, 2024. Once construction is complete, any remaining balance in this account will be transferred to the debt service account.

Additionally, in accordance with the bond financing, the Organization is required to maintain a debt service account controlled by Stearns Bank which will be used to make debt service payments. The balance was \$558,397 as of June 30, 2024.

Note 5: Concentration of Funding

During the years ended June 30, 2024 and 2023, the Organization's major sources of support and revenue were as follows:

	2024	2023
Federal program funding	\$ 1,193,521	\$ 1,065,943
Minnesota Department of Corrections	581,383	755,092
Minnesota Department of Human Services	1,652,748	2,299,665
Hennepin County	2,244,123	920,358
Olmstead County	231,871	284,526
Outfront Advertising - in-kind donation	1,455,890	1,186,258

Note 6: Line of Credit

On March 4, 2022, the Organization entered into a line of credit with Home Federal Savings Bank in the amount of \$600,000 with interest at 0.5% over the index rate, which results in an interest rate of 8.75% at June 30, 2023. The line of credit was to mature in July 2024 and was collateralized by all business assets. This line of credit was repaid through financing from the Stearns Bank loan (Note 7).

The Organization entered into a line of credit with Stearns Bank in the amount of \$450,000 with an interest rate at the Wall Street Journal Prime Rate (8.5% at June 30, 2024) that expires in December 2025. There was no outstanding balance on this line of credit at June 30, 2024. The line of credit is secured by all assets of the Organization and a mortgage and assignment of rents on the Rochester, Minnesota property.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Notes Payable

The Organization had the following notes payable as of June 30, 2024 and 2023:

	2024	2023
Propel Nonprofits	\$ 224,873	\$ 300,000
Propel Nonprofits - Mortgage Loan	-	900,000
Stearns Bank loan	3,073,718	-
City of St. Paul Star loan	-	23,096
Home Federal Savings Bank - Mortgage Loan	-	1,167,302
Home Federal Savings Bank - Commercial Loan	-	692,848
Home Federal Savings Bank - Construction Loan	-	181,512
Home Federal Savings Bank - Generator Loan	-	59,513
TRIO Investments LLC	-	403,679
Ally Financial Loan	12,697	16,218
Stearns Bank Construction Loan	210,441	25,962
Totals	3,521,729	3,770,130
Less: Current portion	(365,123)	(1,105,121)
Less: Unamortized debt issuance costs	-	(51,765)
Notes payable, Net of current portion	\$ 3,156,606	\$ 2,613,244

Required payments of principal on the notes payable at June 30, 2024, including current maturities, are summarized as follows:

2025	\$ 365,123
2026	124,819
2027	131,070
2028	134,929
2029	2,765,788
Total	\$ 3,521,729

Propel Nonprofits Loan

The Organization entered into a \$300,000 note payable agreement with Propel Nonprofits on July 21, 2022, with interest at 3%. Twenty-five percent (25% or \$75,000) of the original unpaid principal balance of the note shall be forgiven equally \$37,500 on August 16, 2023, and \$37,500 on August 16, 2024, provided the Organization complies with all other terms, conditions and covenants of the loan and any other documents signed with the agreement.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Notes Payable (Continued)

The interest rate will be 0% for the first 6 months, with an interest only payment for the second 6 months, and then with monthly payments of \$4,043 including interest at 3%, maturing on July 16, 2028. The note is secured by substantially all equipment, accounts and general business assets.

Propel Nonprofits Mortgage Loan

The Organization entered into a \$900,000 note payable agreement with Propel Nonprofits on June 1, 2023, with interest at 7.25%, with interest only payments for the first eleven months then one final installment payment of all principal and unpaid interest on June 2, 2024. The note was secured by real property. This loan was paid off during the year ended June 30, 2024 through bond financing.

Stearns Bank Loan

The Organization entered into a mortgage loan agreement with Stearns Bank on December 5, 2023, with interest at 7.75%. Monthly payments of principal and interest of \$25,717 began January 5, 2024, with a balloon payment of \$2,739,474 due on the maturity date of December 5, 2028. The loan was used to refinance all debt held with Home Federal Savings Bank and Trio Investments, LLC. The loan includes a collateral assignment of rents and all fixtures and equipment as well as real property held at Franklin Avenue, Minneapolis, Minnesota and 7th Street, St. Paul, Minnesota.

City of St. Paul Star Loan

The Organization has a loan agreement with the City of St. Paul with monthly payments of \$1,380, which includes interest at 2%, maturing on December 1, 2024. The note was secured by real property. This loan was paid off during the year ended June 30, 2024.

Home Federal Savings Bank - Mortgage Loan

The Organization has a loan agreement with Home Federal Savings Bank with monthly payments of \$7,774, which includes interest at 4%, maturing on December 10, 2030. The loan was secured by real property. This loan was paid off during the year ended June 30, 2024 through financing from the Stearns Bank loan.

Home Federal Savings Bank - Commercial Loan

The Organization has a loan agreement with Home Federal Savings Bank with monthly payments of \$4,464, which includes interest at 3.75%, maturing on April 15, 2031. This loan was paid off during the year ended June 30, 2024 through financing from the Stearns Bank loan.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Notes Payable (Continued)

Home Federal Savings Bank - Construction Loan

On October 12, 2021, the Organization entered into a construction loan agreement with Home Federal Savings Bank, which includes interest at 3.50% on the unpaid principal balance. The maximum principal amount of the loan is \$450,000. The full outstanding amount of the loan is repayable upon demand. If no demand is made, principal payments are due on the following schedule, up to the total amount of principal outstanding on each date: \$100,000 on July 5, 2023; \$150,000 on July 5, 2024; and \$150,438 on July 5, 2025. This loan was paid off during the year ended June 30, 2024 through financing from the Stearns Bank loan.

Home Federal Savings Bank - Generator Loan

The Organization has a loan agreement dated January 27, 2023 for \$62,500 with Home Federal Savings Bank with monthly payments of \$933, which includes interest at 6.56%, maturing on January 27, 2030. The note is secured by a generator. This loan was paid off during the year ended June 30, 2024 through financing from the Stearns Bank loan.

TRIO Investments, LLC

The Organization has a loan agreement with TRIO Investments, LLC with monthly payments of \$3,109, which includes interest at 6%, maturing on December 1, 2025. The loan is secured by real property. This loan was paid off during the year ended June 30, 2024 through financing from the Stearns Bank loan.

Ally Financial Vehicle Loan

The Organization has a loan agreement dated January 27, 2023 for \$17,761 with Ally Financial with monthly payments of \$452, including interest at 9.99%, maturing in February 2027. The note is secured by a vehicle.

Stearns Bank Construction Loan

On May 19, 2023, the Organization entered into a construction mortgage loan agreement with Stearns Bank, which includes interest at the Wall Street Journal Prime Rate plus .5% (9% and 8.75% at June 30, 2024 and 2023, respectively) on the unpaid principal balance. The maximum principal amount of the loan is \$1,507,200 (with outstanding balances of \$210,441 and \$25,962 as of June 30, 2024 and 2023, respectively). The outstanding amount of the loan is repayable upon demand. If no demand is made, the outstanding principal and interest are due November 19, 2024. Interest only payments are due monthly until maturity. The loan is secured by the St. Cloud Minnesota property.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Bond Payable

On December 5, 2023 the City of Independence, Minnesota authorized the sale of up to \$6,000,000 of its Revenue Bonds, Series 2023 (180 Degrees Project). The rights under the bond indenture and loan agreement, with certain expectations, have been assigned to Stearns Bank National Association as the purchaser of the tax-exempt bonds.

The proceeds are to be used for financing the renovation and expansion of the St. Cloud Project, the renovation of the Minneapolis Project, and the costs of issuance. Bond proceeds were also used to pay off \$900,000 of the Propel Nonprofits Mortgage Loan and \$541,479 of the Stearns Construction loan. The loan agreement includes various covenants and restrictions, including a requirement to meet certain financial ratios, as defined. The bonds are secured with the net revenues of the Organization, as defined, and mortgages including an assignment of leases and rent on the St. Cloud, Minnesota property and the 236 Clifton Avenue Minneapolis, Minnesota property.

Interest accrues at 5.25% and is payable semi-annually on December 1st and June 1st with the first interest payment made on June 1, 2024. Principal payments are due annually on December 1st through December 2044. Scheduled future maturities of the bonds are as follows based on borrowings to date as of June 30, 2024:

	Maturities
2025	\$ 166,563
2026	171,808
2027	180,828
2028	190,321
2029	200,313
Thereafter	5,090,167
Total outstanding balance on the bond	6,000,000
Less: Unamortized bond issuance costs	(369,632)
Total	\$ 5,630,368

Note 9: Leases

The Organization leases office equipment. The leases do not include renewal options. The depreciable lives of the assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. The discount rate is the rate implicit within the lease. Payments due under the lease contracts include only fixed payments.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9: Leases (Continued)

Components of lease expense were as follows for the years ended June 30:

Lease cost	2024	2023
Finance lease cost:		
Interest	\$ 4,324	\$ 3,472
Amortization of right-of-use asset	13,028	12,495
Total lease cost	\$ 17,352	\$ 15,967

Supplemental cash flow information related to leases is as follows for the years ended June 30:

Other information	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from finance leases	\$ 12,708	\$ 11,486

Supplemental statement of financial position information related to leases is as follows as of June 30:

	2024	2023
Weighted-average remaining lease term - Finance leases	3.87	\$ 3.09
Weighted-average discount rate - Finance leases	14.00 %	7.00 %

Maturities of lease liabilities are as follows as of June 30, 2024:

	Finance leases	
2025	\$	17,309
2026		17,309
2027		3,600
2028		2,355
2029		1,570
Total lease payments		42,143
Less: Imputed interest		(5,678)
Total	\$	36,465

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10: Board Designated Net Assets

The 180 Degrees, Inc. and Subsidiaries' Board of Directors has designated, from net assets without donor restrictions, the below net asset amounts for the following purposes as of June 30:

	2024	2023
Maintenance reserve	\$ 180,000	\$ 180,000
Emergency cash reserve	180,000	180,000
Total	\$ 360,000	\$ 360,000

Note 11: Net Assets with Donor Restrictions

Net asset balances are restricted by donors for the following purposes as of June 30:

	2024	2023
Subject to expenditure for specified purpose:		
Brittany's Place	\$ 30,000	\$ 75,000
Capital support	40,412	73,725
Total subject to expenditure for specified purpose	70,412	148,725
Subject to the passage of time:		
General operating support for fiscal year 2024	-	11,025
General operating support for fiscal year 2025 for Brittany's Place	10,000	10,000
General operating support for fiscal year 2025	10,500	10,500
Total subject to the passage of time	20,500	31,525
Total net assets with donor restrictions	\$ 90,912	\$ 180,250

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
<hr/>		
Subject to expenditure for specified purpose:		
Brittany's Place	\$ 105,000	\$ 105,000
Capital support	33,313	126,275
General operating support for Turning Lives Around	-	87,958
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Total subject to expenditure for specified purpose	138,313	319,233
<hr/>		
Subject to the passage of time		
General operating support for fiscal year 2024	11,025	-
<hr/>		
Total subject to the passage of time	11,025	-
<hr/>		
Total net assets released from donor restrictions	\$ 149,338	\$ 319,233
<hr/> <hr/>		

Note 12: Contributed Nonfinancial Assets

The Organization recognized \$1,445,890 and \$1,186,258 in donated advertising services for the year ended June 30, 2024 and 2023, respectively. The Organization recognizes contributed nonfinancial assets within revenue and public relations expense on the statement of functional expenses. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates from the donating agency.

Note 13: Employee Benefit Plan

The Organization offers a 401(k) employee benefit plan that offers each eligible employee the opportunity to defer payroll dollars in a pretax, individual 401(k) account up to the maximum allowed by law. The Organization will match 100% of the employee's contributions for the first 3% and will match 50% of the employee's 4th and 5th percent contribution, for a maximum employer match of 4%. Employer contributions were \$110,933 and \$98,051 to the 401(k) plan for the years ended June 30, 2024 and 2023, respectively. The employees' assets are immediately vested in the plan.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 14: Related Parties

The Organization purchased a database and related monthly hosting and support services from a company owned by a member of the Organization's Board of Directors. Total hosting and support services were \$29,400 and \$8,400 for the years ending June 30, 2024 and 2023, respectively. Property and equipment recorded in the consolidated statements of financial position was \$41,000 and \$179,350 for the years ending June 30, 2024 and 2023, respectively. In addition, the Organization purchased shelter renovation costs from a company owned by a member of the Organization's Board of Directors that are included in construction in progress in the consolidated statements of financial position for \$2,611,677 and \$1,434,790 for the years ended June 30, 2024 and 2023, respectively.

Note 15: Commitments

The Organization has commitments with contractors of approximately \$1,622,000 and \$1,435,000 as of June 30, 2024 and 2023, respectively, related to construction projects for St. Cloud Youth Shelter, Clifton Place, and Von Wald Youth Shelter.

Supplementary Information

180 Degrees, Inc. and Subsidiaries
Consolidating Statement of Financial Position

June 30, 2024

Assets	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Current assets:					
Cash	\$ 552,763	\$ 48,735	\$ 18,107	\$ -	\$ 619,605
Restricted deposits	2,672,325	-	-	-	2,672,325
Accounts receivable, net	1,684,014	17,063	-	-	1,701,077
Pledges receivable, current portion	20,040	-	-	-	20,040
Prepaid expenses	77,736	7,675	-	-	85,411
Due from parent/subsidiaries	118,311	-	304,064	(422,375)	-
Total current assets	5,125,189	73,473	322,171	(422,375)	5,098,458
Property and equipment:					
Construction in progress	2,054,485	-	-	-	2,054,485
Land	34,270	76,800	270,922	-	381,992
Buildings	6,489,562	1,636,398	4,453,336	-	12,579,296
Equipment	367,613	-	-	-	367,613
Furniture and fixtures	42,499	-	-	-	42,499
Vehicles	229,256	-	34,535	-	263,791
Subtotal	9,217,685	1,713,198	4,758,793	-	15,689,676
Less - Accumulated depreciation	(1,721,410)	(146,594)	(1,486,454)	-	(3,354,458)
Net property and equipment	7,496,275	1,566,604	3,272,339	-	12,335,218
Other assets:					
Pledges receivable, net of current portion	10,788	-	-	-	10,788
Right of use asset - finance lease	34,539	-	-	-	34,539
Total other assets	45,327	-	-	-	45,327
TOTAL ASSETS	\$ 12,666,791	\$ 1,640,077	\$ 3,594,510	\$ (422,375)	\$ 17,479,003
Liabilities and Net Assets					
Current liabilities:					
Notes payable, current portion	\$ 307,399	\$ 34,774	\$ 22,950	\$ -	\$ 365,123
Bond payable, current portion	166,563	-	-	-	166,563
Finance leases payable, current portion	14,476	-	-	-	14,476
Accounts payable	1,458,361	9,018	-	-	1,467,379
Retainage payable	43,068	-	-	-	43,068
Accrued payroll and benefits	503,361	-	-	-	503,361
Tenant security deposits	5,650	13,294	-	-	18,944
Due to parent/subsidiaries	304,064	118,311	-	(422,375)	-
Total current liabilities	2,802,942	175,397	22,950	(422,375)	2,578,914
Long-term liabilities:					
Notes payable, net of current portion	663,144	1,502,085	991,377	-	3,156,606
Bond payable, net of current portion	5,463,805	-	-	-	5,463,805
Finance leases payable, net of current portion	21,989	-	-	-	21,989
Total long-term liabilities	6,148,938	1,502,085	991,377	-	8,642,400
Total liabilities	8,951,880	1,677,482	1,014,327	(422,375)	11,221,314
Net assets (deficit):					
Without donor restrictions:					
Undesignated	3,263,999	(37,405)	2,580,183	-	5,806,777
Board designated	360,000	-	-	-	360,000
With donor restrictions	90,912	-	-	-	90,912
Total net assets	3,714,911	(37,405)	2,580,183	-	6,257,689
TOTAL LIABILITIES AND NET ASSETS	\$ 12,666,791	\$ 1,640,077	\$ 3,594,510	\$ (422,375)	\$ 17,479,003

See Independent Auditor's Report.

180 Degrees, Inc. and Subsidiaries
Consolidating Statement of Financial Position

June 30, 2023

Assets	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Current assets:					
Cash	\$ 613,052	\$ 84,575	\$ 5,593	\$ -	\$ 703,220
Restricted deposits	64,924	-	-	-	64,924
Construction escrow	391,042	-	-	-	391,042
Accounts receivable, net	975,301	14,152	-	-	989,453
Pledges receivable, current portion	31,420	-	-	-	31,420
Prepaid expenses	38,729	7,646	-	-	46,375
Due from parent/subsidiaries	173,396	-	342,827	(516,223)	-
Total current assets	2,287,864	106,373	348,420	(516,223)	2,226,434
Property and equipment:					
Construction in progress	2,636,356	-	-	-	2,636,356
Land	34,270	76,800	270,922	-	381,992
Buildings	2,086,034	1,636,398	4,453,336	-	8,175,768
Equipment	352,763	740	-	-	353,503
Furniture and fixtures	42,499	-	-	-	42,499
Vehicles	229,256	-	34,535	-	263,791
Subtotal	5,381,178	1,713,938	4,758,793	-	11,853,909
Less - Accumulated depreciation	(1,597,709)	(106,424)	(1,319,282)	-	(3,023,415)
Net property and equipment	3,783,469	1,607,514	3,439,511	-	8,830,494
Other assets:					
Pledges receivable, net of current portion	15,410	-	-	-	15,410
Right of use asset - finance lease	39,568	-	-	-	39,568
Total other assets	54,978	-	-	-	54,978
TOTAL ASSETS	\$ 6,126,311	\$ 1,713,887	\$ 3,787,931	\$ (516,223)	\$ 11,111,906
Liabilities and Net Assets					
Current liabilities:					
Notes payable, current portion	\$ 983,799	\$ 60,134	\$ 87,150	\$ -	\$ 1,131,083
Line of credit payable	434,314	-	-	-	434,314
Finance leases payable, current portion	12,353	-	-	-	12,353
Accounts payable	546,436	11,541	-	-	557,977
Retainage payable	71,740	-	-	-	71,740
Accrued payroll and benefits	408,929	-	108,932	-	517,861
Tenant security deposits	3,775	11,846	-	-	15,621
Deferred revenue	10,500	1,200	-	-	11,700
Due to parent/subsidiaries	342,827	173,396	-	(516,223)	-
Total current liabilities	2,814,673	258,117	196,082	(516,223)	2,752,649
Long-term liabilities:					
Notes payable, net of current portion	229,712	1,510,847	846,723	-	2,587,282
Finance leases payable, net of current portion	28,820	-	-	-	28,820
Total long-term liabilities	258,532	1,510,847	846,723	-	2,616,102
Total liabilities	3,073,205	1,768,964	1,042,805	(516,223)	5,368,751
Net assets (deficit):					
Without donor restrictions:					
Undesignated	2,512,856	(55,077)	2,745,126	-	5,202,905
Board designated	360,000	-	-	-	360,000
Total without donor restrictions	2,872,856	(55,077)	2,745,126	-	5,562,905
With donor restrictions	180,250	-	-	-	180,250
Total net assets	3,053,106	(55,077)	2,745,126	-	5,743,155
TOTAL LIABILITIES AND NET ASSETS	\$ 6,126,311	\$ 1,713,887	\$ 3,787,931	\$ (516,223)	\$ 11,111,906

See Independent Auditor's Report.

180 Degrees, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2024

	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Revenue and support:					
Program service revenue and government contracts	\$ 3,618,443	\$ -	\$ -	\$ -	\$ 3,618,443
Contributions and grants	5,319,763	-	5	-	5,319,768
Capital campaign contributions	590	-	-	-	590
Contributed nonfinancial assets	1,445,890	-	-	-	1,445,890
Rental income	-	175,517	108,650	(108,650)	175,517
Special event income	255,967	-	-	-	255,967
Insurance proceeds	100,000	146,930	-	-	246,930
Other income	10,973	2,353	1,857	-	15,183
Total revenue and support	10,751,626	324,800	110,512	(108,650)	11,078,288
Expenses:					
Salaries and wages	4,967,550	-	-	-	4,967,550
Payroll taxes	359,258	-	-	-	359,258
Employee benefits	755,942	-	-	-	755,942
Supplies	154,469	-	-	-	154,469
Telephone	52,437	-	-	-	52,437
Professional fees and services	757,163	7,166	-	-	764,329
Insurance	188,106	18,450	-	-	206,556
Repairs and maintenance	151,054	25,760	38,165	-	214,979
Food	126,497	-	-	-	126,497
Utilities	102,875	44,609	-	-	147,484
Board of director expenses	4,212	(92)	-	-	4,120
Postage	2,058	-	-	-	2,058
Printing	16,519	-	-	-	16,519
Equipment rental	6,302	-	-	-	6,302
Travel	77,055	-	-	-	77,055
Dues and subscriptions	64,130	1,709	119	-	65,958
Bank charges	21,641	32,702	21,439	-	75,782
Public relations	1,462,460	-	-	-	1,462,460
Depreciation and amortization	136,730	40,910	167,172	-	344,812
Provision for credit losses and bad debt	22,448	19,071	-	-	41,519
Interest	75,426	96,067	48,560	-	220,053
Occupancy	319,355	-	-	(108,650)	210,705
Real estate taxes	-	20,716	-	-	20,716
Computer repair and maintenance	186,455	60	-	-	186,515
Marketing	1,809	-	-	-	1,809
Event expense	77,870	-	-	-	77,870
Total expenses	10,089,821	307,128	275,455	(108,650)	10,563,754
Change in net assets	661,805	17,672	(164,943)	-	514,534
Net assets at beginning of year	3,053,106	(55,077)	2,745,126	-	5,743,155
Net assets at end of year	\$ 3,714,911	\$ (37,405)	\$ 2,580,183	\$ -	\$ 6,257,689

See Independent Auditor's Report.

180 Degrees, Inc. and Subsidiaries
Consolidating Statement of Activities

Year Ended June 30, 2023

	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Revenue and support:					
Program service revenue and government contracts	\$ 2,980,994	\$ -	\$ -	\$ -	\$ 2,980,994
Contributions and grants	4,521,875	-	75,000	-	4,596,875
Capital campaign contributions	524,569	-	-	-	524,569
Contributed nonfinancial assets	1,186,258	-	-	-	1,186,258
Rental income	-	147,726	108,650	(108,650)	147,726
Special event income	213,247	-	-	-	213,247
Other income	102,562	18,441	978	-	121,981
Total revenue and support	9,529,505	166,167	184,628	(108,650)	9,771,650
Expenses:					
Salaries and wages	4,425,955	-	-	-	4,425,955
Payroll taxes	320,351	-	-	-	320,351
Employee benefits	603,170	-	-	-	603,170
Supplies	137,819	145	-	-	137,964
Telephone	52,275	-	-	-	52,275
Professional fees and services	506,639	5,597	1,500	-	513,736
Insurance	143,187	16,040	-	-	159,227
Repairs and maintenance	70,164	5,565	38,853	-	114,582
Food	120,624	-	-	-	120,624
Utilities	107,804	48,442	2,984	-	159,230
Board of director expenses	3,366	-	12,454	-	15,820
Postage	1,374	-	-	-	1,374
Printing	12,455	-	-	-	12,455
Equipment rental	5,113	-	-	-	5,113
Travel	65,502	-	-	-	65,502
Dues and subscriptions	57,645	1,060	1,070	-	59,775
Bank charges	7,199	5	-	-	7,204
Public relations	1,217,719	-	-	-	1,217,719
Depreciation and amortization	134,852	40,910	165,408	-	341,170
Bad debt	30,069	1,635	-	-	31,704
Interest	39,310	72,973	9,685	-	121,968
Occupancy	108,650	-	-	(108,650)	-
Real estate taxes	258	29,130	1,837	-	31,225
Computer repair and maintenance	110,183	120	-	-	110,303
Marketing	5,514	-	-	-	5,514
Event expense	54,610	-	-	-	54,610
Total expenses	8,341,807	221,622	233,791	(108,650)	8,688,570
Change in net assets	1,187,698	(55,455)	(49,163)	-	1,083,080
Net assets at beginning of year	1,865,408	378	2,794,289	-	4,660,075
Net assets at end of year	\$ 3,053,106	\$ (55,077)	\$ 2,745,126	\$ -	\$ 5,743,155

See Independent Auditor's Report.

180 Degrees, Inc.
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE			
Passed-through Minnesota Department of Public Safety Crime Victim Assistance	16.575	N/A	\$ 41,425
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Transitional Living for Homeless Youth	93.550	N/A	299,395
Direct Basic Center Grant (Major Program)	93.623	N/A	894,126
Total Department of Health and Human Services			1,193,521
TOTAL FEDERAL EXPENDITURES			\$ 1,234,946

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 180 Degrees, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of operations of 180 Degrees, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of 180 Degrees, Inc.

Note 2 - Summary of Significant Accounting Policies

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 - 10-percent de minimis

180 Degrees, Inc. has elected to use the 10-percent de minimis indirect cost rate.

Note 4- Subrecipients

180 Degrees, Inc. did not use any subrecipients for the year ended June 30, 2024.

See Independent Auditor's Report.

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*

180 Degrees, Inc.
Minneapolis, MN

We have audited, in accordance with the auditing standards generally accepted in the United States 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 180 Degrees, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 20, 2024. The financial statements of 180 Degrees, Inc.'s subsidiaries were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 180 Degrees, Inc.'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 180 Degrees, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of 180 Degrees, Inc.'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 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 180 Degrees, Inc.'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 180 Degrees, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 180 Degrees, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Duluth, MN

November 20, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

180 Degrees, Inc. and Subsidiaries
Minneapolis, MN

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 180 Degrees, Inc.'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 180 Degrees, Inc.'s major federal program for the year ended June 30, 2024. 180 Degrees, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 180 Degrees, Inc.'s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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; 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 180 Degrees, Inc.'s 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 180 Degrees, Inc.'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 180 Degrees, Inc.'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 180 Degrees, Inc.'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 180 Degrees, Inc.'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 180 Degrees, Inc.'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 180 Degrees, Inc.'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 purposes of expressing an opinion on the effectiveness of 180 Degrees, Inc.'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.

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.

Wipfli LLP

Wipfli LLP

Duluth, MN

November 20, 2024

180 Degrees, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

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 weakness(es) identified? yes no

 Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes no

 Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? yes no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
93.623	Basic Center Grant

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
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Auditee qualified as low-risk auditee? No

180 Degrees, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Year Findings

None