

**MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA  
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## Independent Auditor's Report

Board of Directors  
Minnesota Alliance with Youth  
St. Paul, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Minnesota Alliance with Youth (a Minnesota corporation organized not-for-profit) which comprise the statements of financial position, as of August 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Alliance with Youth as of August 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

**Other Matters****Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017 on our consideration of Minnesota Alliance with Youth'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 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 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 Minnesota Alliance with Youth's internal control over financial reporting and compliance.



Wipfli LLP

Duluth, Minnesota  
February 1, 2017

MINNESOTA ALLIANCE WITH YOUTH  
ST PAUL, MINNESOTA

STATEMENTS OF FINANCIAL POSITION  
AUGUST 31,

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 1,137,741	\$ 1,138,297
Accounts receivable	1,080,000	765,610
Grants receivable	379,341	456,186
Prepaid expenses	13,749	35,519
Employee advances	16,765	
	<u>2,627,596</u>	<u>2,395,612</u>
Total assets	<u>\$ 2,627,596</u>	<u>\$ 2,395,612</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 23,088	\$ 15,113
Accrued expenses	53,948	24,833
Total liabilities	<u>77,036</u>	<u>39,946</u>
 Net Assets		
Unrestricted	741,990	653,455
Temporarily restricted	1,808,570	1,702,211
Total net assets	<u>2,550,560</u>	<u>2,355,666</u>
Total liabilities and net assets	<u>\$ 2,627,596</u>	<u>\$ 2,395,612</u>

See accompanying notes to financial statements.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Public support			
Contributions	\$ 21,501	\$	\$ 21,501
Government grants	2,220,712		2,220,712
Foundation and other grants	150,601	304,672	455,273
Host site cash match		1,483,200	1,483,200
Total public support	2,392,814	1,787,872	4,180,686
Released from restrictions	1,681,513	(1,681,513)	
Revenue			
Donated services and supplies	74,153		74,153
Administrative fee income	10,102		10,102
Interest income	697		697
Total revenue	84,952		84,952
Total public support and revenue	4,159,279	106,359	4,265,638
Expenses			
Functional expenses			
Program services			
AmeriCorps	3,737,606		3,737,606
Strategic initiatives	292,110		292,110
Management and general	41,028		41,028
Total functional expenses	4,070,744		4,070,744
Change in net assets	88,535	106,359	194,894
Net assets, beginning of year	653,455	1,702,211	2,355,666
Net assets, end of year	\$ 741,990	\$ 1,808,570	\$ 2,550,560

See accompanying notes to financial statements.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Contributions	\$ 13,080	\$	\$ 13,080
Government grants	2,445,416		2,445,416
Foundation and other grants	77,000	328,021	405,021
Host site cash match	222,900	1,441,110	1,664,010
Total public support	<u>2,758,396</u>	<u>1,769,131</u>	<u>4,527,527</u>
Released from restrictions	<u>1,336,347</u>	<u>(1,336,347)</u>	
Revenue			
Donated services and supplies	80,489		80,489
Administrative fee income	9,790		9,790
Interest income	738		738
Total revenue	<u>91,017</u>		<u>91,017</u>
Total public support and revenue	<u>4,185,760</u>	<u>432,784</u>	<u>4,618,544</u>
Expenses			
Functional expenses			
Program services			
AmeriCorps	3,752,510		3,752,510
Strategic initiatives	240,767		240,767
Management and general	91,729		91,729
Total functional expenses	<u>4,085,006</u>		<u>4,085,006</u>
Change in net assets	100,754	432,784	533,538
Net assets, beginning of year	<u>552,701</u>	<u>1,269,427</u>	<u>1,822,128</u>
Net assets, end of year	<u>\$ 653,455</u>	<u>\$ 1,702,211</u>	<u>\$ 2,355,666</u>

See accompanying notes to financial statements.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2016

	Program Services		Total Program Services	Management and General	Total Expenses
	AmeriCorps	Strategic Initiatives			
Salaries and related expenses					
Salaries and wages	\$ 575,359	\$ 144,977	\$ 720,336	\$ 12,100	\$ 732,436
Payroll taxes and benefits	131,273	27,125	158,398	4,863	163,261
Total salaries and related expenses	706,632	172,102	878,734	16,963	895,697
Travel	12,186	6,000	18,186	4,319	22,505
Supplies	41,752	16,065	57,817	1,214	59,031
Consultant services	40,241	26,224	66,465	1,062	67,527
Training	132,924	29,629	162,553	4,325	166,878
Outside evaluator	38,912		38,912		38,912
Grants		18,923	18,923		18,923
Convenings		2,827	2,827	4,868	7,695
Operating expenses	156,366	9,810	166,176	8,277	174,453
Member costs	2,483,869		2,483,869		2,483,869
Administrative fees	124,724	10,530	135,254		135,254
Total functional expenses	\$ 3,737,606	\$ 292,110	\$ 4,029,716	\$ 41,028	\$ 4,070,744

See accompanying notes to financial statements.



MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Program Services</u>		Total Program Services	Management and General	Total Expenses
	AmeriCorps	Strategic Initiatives			
Salaries and related expenses					
Salaries and wages	\$ 615,081	\$ 100,034	\$ 715,115	\$ 51,972	\$ 767,087
Payroll taxes and benefits	124,278	19,403	143,681	5,419	149,100
Total salaries and related expenses	739,359	119,437	858,796	57,391	916,187
Travel	11,686	6,341	18,027	725	18,752
Supplies	33,909	8,836	42,745	343	43,088
Consultant services	49,629	19,115	68,744	3,300	72,044
Training	158,440	33,134	191,574	12,617	204,191
Outside evaluator	19,278		19,278		19,278
Grants		30,659	30,659		30,659
Coverings	97	3,644	3,741	134	3,875
Operating expenses	169,872	250	170,122	17,219	187,341
Member costs	2,517,242		2,517,242		2,517,242
Administrative fees	52,998	19,351	72,349		72,349
<b>Total functional expenses</b>	<b>\$ 3,752,510</b>	<b>\$ 240,767</b>	<b>\$ 3,993,277</b>	<b>\$ 91,729</b>	<b>\$ 4,085,006</b>

See accompanying notes to financial statements.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 194,894	\$ 533,538
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in assets		
Accounts receivable	(314,390)	(205,399)
Grants receivable	76,845	(297,115)
Prepaid expense	21,770	(22,317)
Employee advances	(16,765)	
Increase (decrease) in liabilities		
Accounts payable	7,975	(14,238)
Accrued expenses	29,115	15,251
Net cash provided by (used in) operating activities	<u>(556)</u>	<u>9,720</u>
Cash, beginning of year	<u>1,138,297</u>	<u>1,128,577</u>
Cash, end of year	<u><u>\$ 1,137,741</u></u>	<u><u>\$ 1,138,297</u></u>

See accompanying notes to financial statements.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Purpose and Organization** - Minnesota Alliance with Youth (Alliance) is a not-for-profit corporation formed on February 12, 2012. The mission is to ignite the spark in all young people in Minnesota to become actively engaged, develop strong voices and acquire skills needed for success in school, work, and life.

**Basis of Accounting** - The financial statements of Minnesota Alliance with Youth have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation** - Minnesota Alliance with Youth is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash** - Cash consists of demand deposits.

**Grants Receivable** - Grants receivable consist of amounts due from grantors and government agencies and are expected to be collected within one year. Based on management's assessment of each amount at year end, collection of these amounts is reasonably certain and, therefore, no valuation allowance for uncollectible accounts is needed.

**Unrestricted Net Assets** - Used to account for resources currently available for use over which the Board of Directors has discretionary control in carrying on the operations and purpose of Minnesota Alliance with Youth.

**Temporarily Restricted Net Assets** - Used to account for resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Alliance pursuant to those stipulations.

**Permanently Restrict Net Assets** - Used to account for resources required to be maintained in perpetuity. The Alliance had no permanently restricted net assets at August 31, 2015 or 2016.

**Contributions** - Contributions are recognized when the donor makes a promise to give to Minnesota Alliance with Youth that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Donated Services** - Donated services and supplies reported to Minnesota Alliance with Youth by donors have been recognized at their estimated fair value

**Functional Expenses** - Expenses incurred for a specific operating or supporting department are assigned directly to that operating or supporting department. Expenses that affect more than one specific department are allocated among the operating or supporting departments by Minnesota Alliance with Youth personnel in a manner to reflect a fair breakdown of expense by function.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015  
(Continued)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes** - Minnesota Alliance with Youth is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar laws of the State of Minnesota. Minnesota Alliance with Youth's tax returns since the date of inception are open to examination by the IRS.

**Subsequent Events** - In preparing these financial statements, Minnesota Alliance with Youth has evaluated events and transactions for potential recognition or disclosure through February 1, 2017, the date the financial statements were available to be issued.

**NOTE 2 CONCENTRATION OF CREDIT RISK**

Minnesota Alliance with Youth maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2016 and 2015, the Alliance's uninsured cash balances at one financial institution totaled \$868,495 and \$893,812, respectively.

**NOTE 3 DONATED SERVICES AND SUPPLIES**

The value of donated services included in the financial statements and the corresponding expenses at August 31 are as follows:

	2016	2015
Program services		
Member training	\$ 50,000	\$ 52,195
Operating expenses	24,153	28,294
	\$ 74,153	\$ 80,489
Total	\$ 74,153	\$ 80,489

**NOTE 4 RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at August 31:

	2016	2015
Minnesota Youth Council	\$ 70,141	\$ 121,770
Grad MN	222,736	139,331
Global Youth Services Day	3,693	
AmeriCorps - Cash match billed for 2015-2016 year		1,441,110
AmeriCorps - Cash match billed for 2016-2017 year	1,512,000	
	\$ 1,808,570	\$ 1,702,211
Total	\$ 1,808,570	\$ 1,702,211

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014  
(Continued)

**NOTE 5 RENT EXPENSE**

The Alliance rents office and program space on a long-term lease. The lease calls for monthly payments of \$5,522 through October 2016 and was subsequently renewed through October 2017. Rent expense for the years ended August 31, 2016 and 2015 was \$67,142 and \$64,319, respectively.

The following is a schedule of future minimum lease payments required at August 31, 2016:

<u>Years Ending August 31,</u>		
2017	\$	66,259
2018		<u>11,043</u>
Total	\$	<u><u>77,302</u></u>

**NOTE 6 DEFINED CONTRIBUTION PLAN**

The Organization sponsors a defined contribution plan covering all full-time and regular part-time employees who agree to make contributions. The Organization will match a portion of the employee's contribution based on the plan provisions. Total expense for the years ended August 31, 2016 and 2015, were \$21,509 and \$17,134, respectively.

**NOTE 7 CONCENTRATION OF GRANTS**

Approximately 50 percent of the Alliance's funding is provided from grants from the Corporation for National and Community Service.

**NOTE 8 CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses that may be disallowed by the grantor cannot be determined at this time, although Minnesota Alliance with Youth expects such amounts, if any, to be immaterial.

**NOTE 9 NEW ACCOUNTING PRONOUNCEMENTS**

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Organization has not elected to early implement the amendments.

**REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*  
AND UNIFORM GUIDANCE**

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-through Identifying Number</u>	<u>Expenditures</u>
Corporation for National and Community Service			
Passed through Serve Minnesota			
AmeriCorps	94.006	13WCHMN0010001-15	\$ 230,295
AmeriCorps	94.006	11ESHMN0010004-15	844,597
AmeriCorps	94.006	11ESHMN0010001-15	<u>1,040,820</u>
Total CFDA No. 94.006 and expenditures of federal awards			<u><u>\$ 2,115,712</u></u>

See accompanying notes to schedule of expenditures of federal awards.

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Minnesota Alliance with Youth under programs of the federal government for the year ended August 31, 2016. 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 of Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Minnesota Alliance with Youth, it is not intended to and does not present the financial position, changes in net position, or cash flows of Minnesota Alliance with Youth.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedules 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. Pass-through entity identifying numbers are presented where available.

Minnesota Alliance with Youth has not elected to use the 10 percent de minimus indirect costs rates as allowed under Uniform Guidance.

**NOTE 3 SUBRECIPIENTS**

Minnesota Alliance with Youth does not have subrecipients or subrecipient expenditures.





## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Minnesota Alliance with Youth  
St. Paul, Minnesota

We have audited, in accordance with 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 financial statements of Minnesota Alliance with Youth (the Alliance) which comprise the statements of financial position as of August 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 1, 2017.

### **Internal Control over Financial Reporting**

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

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

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

**Compliance and other Matters**

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

**Purpose of this Report**

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

February 1, 2017  
Duluth, Minnesota



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance**

Board of Directors  
Minnesota Alliance with Youth  
St. Paul, Minnesota

### **Report on Compliance for the Major Federal Program**

We have audited Minnesota Alliance with Youth's (the Alliance) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended August 31, 2016. The Alliance's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility for Compliance***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion***

In our opinion, the Alliance 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 August 31, 2016.

## Report on Internal Control over Compliance

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

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

February 1, 2017  
Duluth, Minnesota

MINNESOTA ALLIANCE WITH YOUTH  
ST. PAUL, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiency identified	<u>      </u>	Yes	<u>  X  </u>	None reported
Noncompliance material to the financial statements	<u>      </u>	Yes	<u>  X  </u>	No

**Federal Awards**

Internal control over major programs:

Material weakness identified	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiency identified	<u>      </u>	Yes	<u>  X  </u>	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 Uniform Guidance [2 CFR 200.516(a)]?

	<u>      </u>	Yes	<u>  X  </u>	No
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Major federal programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
94.006	AmeriCorps

Dollar threshold used to distinguish between Type A and Type B Programs **\$750,000**

Auditee qualified as a low-risk auditee?   X   Yes        No

MINNESOTA ALLIANCE WITH YOUTH  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016  
(Continued)

**Section II - Financial Statement Findings**

None.

**Section III - Major Federal Program Findings**

None.

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SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2016

**Section II - Financial Statement Findings**

**Item 2015-001 - Lack of Segregation of Duties (Significant Deficiency)** - This finding was not repeated for fiscal year 2016. The Organization has implemented procedures to ensure a proper segregation of duties.

**Section III - Major Federal Program Findings**

None.