

# Minnesota Alliance With Youth

Annual Financial Statements Together  
with Independent Auditor's Report

Years Ended August 31, 2022 and 2021



**WIPFLI**

## **Independent Auditor's Report**

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

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

#### ***Opinion***

We have audited the accompanying financial statements of Minnesota Alliance With Youth (the "Alliance"), a nonprofit organization, which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Alliance With Youth as of August 31, 2022 and 2021, 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 ("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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnesota Alliance With Youth 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnesota Alliance With Youth's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Minnesota Alliance With Youth's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnesota Alliance With Youth's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 March 2, 2023 DATE on our consideration of the Alliance'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 Minnesota Alliance With Youth'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 Alliance's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Duluth, Minnesota

March 2, 2023

# Minnesota Alliance With Youth

## Statements of Financial Position

August 31,

Assets	2022	2021
Cash	\$ 911,284	\$ 858,287
Accounts receivable	118,568	563,255
Grants receivable	697,219	685,384
Prepaid expenses	32,477	19,046
Employee advances	2,917	3,176
<b>Total assets</b>	<b>\$ 1,762,465</b>	<b>\$ 2,129,148</b>
<b>Liabilities and Net Assets</b>	<b>2022</b>	<b>2021</b>
Liabilities		
Accounts payable	\$ 45,879	\$ 33,519
Accrued expenses	83,873	95,802
Deferred revenue	767,750	767,700
Note payable		388,193
<b>Total liabilities</b>	<b>897,502</b>	<b>1,285,214</b>
Net Assets		
Without donor restriction	782,463	630,794
With donor restriction	82,500	213,140
<b>Total net assets</b>	<b>864,963</b>	<b>843,934</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,762,465</b>	<b>\$ 2,129,148</b>

The accompanying notes are an integral part of these financial statements.

# Minnesota Alliance With Youth

## Statement of Activities

For the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions	\$ 20,957	\$	\$ 20,957
AmeriCorps grants	2,629,336		2,629,336
Foundation and other grants	346,477	42,500	388,977
Host site cash match	651,918		651,918
Total public support	3,648,688	42,500	3,691,188
Revenue			
Administrative fee income	4,310		4,310
Interest income	101		101
Total revenue	4,411		4,411
Released from restrictions	173,140	(173,140)	
Total public support and revenue	3,826,239	(130,640)	3,695,599
Expenses			
Functional expenses			
Program services			
AmeriCorps	3,365,526		3,365,526
Strategic initiatives	286,479		286,479
Fundraising	11,388		11,388
Management and general	11,177		11,177
Total functional expenses	3,674,570		3,674,570
Change in net assets	151,669	(130,640)	21,029
Net assets, beginning of year	630,794	213,140	843,934
Net assets, end of year	\$ 782,463	\$ 82,500	\$ 864,963

The accompanying notes are an integral part of these financial statements.

# Minnesota Alliance With Youth

## Statement of Activities

For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions	\$ 15,238	\$	\$ 15,238
AmeriCorps grants	2,482,587		2,482,587
Foundation and other grants	365,403	174,625	540,028
Host site cash match	843,751		843,751
Total public support	3,706,979	174,625	3,881,604
Revenue			
Administrative fee income	7,475		7,475
Interest income	54		54
Miscellaneous income	452		452
Total revenue	7,981		7,981
Released from restrictions	143,985	(143,985)	
Total public support and revenue	3,858,945	30,640	3,889,585
Expenses			
Functional expenses			
Program services			
AmeriCorps	3,076,325		3,076,325
Strategic initiatives	118,853		118,853
Fundraising	99,305		99,305
Management and general	242,832		242,832
Total functional expenses	3,537,315		3,537,315
Change in net assets	321,630	30,640	352,270
Net assets, beginning of year	309,164	182,500	491,664
Net assets, end of year	\$ 630,794	\$ 213,140	\$ 843,934

The accompanying notes are an integral part of these financial statements.

# Minnesota Alliance With Youth

## Statement of Functional Expenses

For the Year Ended August 31, 2022

	Program Services		Total Program Services	Fund Raising	Management and General	Total Expenses
	AmeriCorps	Strategic Initiatives				
Salaries and related expenses						
Salaries and wages	\$ 707,878	\$ 160,933	\$ 868,811	\$ 11,048	\$ 75	\$ 879,934
Payroll taxes and benefits	125,048	27,992	153,040	340		153,380
<b>Total salaries and related expenses</b>	<b>832,926</b>	<b>188,925</b>	<b>1,021,851</b>	<b>11,388</b>	<b>75</b>	<b>1,033,314</b>
Supplies	26,131	2,401	28,532		302	28,834
Consultant services	71,947	50,716	122,663		548	123,211
Training	66,423	1,020	67,443		1,700	69,143
Operating expenses	115,355	43,417	158,772		8,552	167,324
Living allowance and benefits	2,207,016		2,207,016			2,207,016
Administrative fees	45,728		45,728			45,728
<b>Total functional expenses</b>	<b>\$ 3,365,526</b>	<b>\$ 286,479</b>	<b>\$ 3,652,005</b>	<b>\$ 11,388</b>	<b>\$ 11,177</b>	<b>\$ 3,674,570</b>

The accompanying notes are an integral part of these financial statements.



# Minnesota Alliance With Youth

## Statement of Functional Expenses

For the Year Ended August 31, 2021

	Program Services		Total Program Services	Fund Raising	Management and General	Total Expenses
	AmeriCorps	Strategic Initiatives				
Salaries and related expenses						
Salaries and wages	\$ 496,463	\$ 68,235	\$ 564,698	\$ 79,193	\$ 176,492	\$ 820,383
Payroll taxes and benefits	102,751	13,815	116,566	12,601	26,769	155,936
<b>Total salaries and related expenses</b>	<b>599,214</b>	<b>82,050</b>	<b>681,264</b>	<b>91,794</b>	<b>203,261</b>	<b>976,319</b>
Supplies	32,803	11,929	44,732		2,453	47,185
Consultant services	60,531	8,836	69,367	4,000	6,364	79,731
Training	45,393	1,245	46,638			46,638
Operating expenses	108,968	14,793	123,761	3,511	30,754	158,026
Living allowance and benefits	2,182,606		2,182,606			2,182,606
Administrative fees	46,810		46,810			46,810
<b>Total functional expenses</b>	<b>\$ 3,076,325</b>	<b>\$ 118,853</b>	<b>\$ 3,195,178</b>	<b>\$ 99,305</b>	<b>\$ 242,832</b>	<b>\$ 3,537,315</b>

The accompanying notes are an integral part of these financial statements.

# Minnesota Alliance With Youth

## Statements of Cash Flows

For the Years Ended August 31,

	2022	2021
Change in cash		
Cash flows from operating activities		
Change in net assets	\$ 21,029	\$ 352,270
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Changes in operating assets and liabilities		
Accounts receivable	444,687	(256,455)
Grants receivable	(11,835)	(312,858)
Prepaid expenses	(13,431)	9,064
Employee advances	259	2,874
Accounts payable	12,360	24,014
Accrued expenses	(11,929)	22,302
Refundable advance liability - Paycheck Protection Program		(161,200)
Deferred revenue	50	242,500
Net cash flows from operating activities	441,190	(77,489)
Cash flows from financing activities		
Proceeds from note payable		388,193
Payments on note payable	(388,193)	
Net cash flows from financing activities	(388,193)	388,193
Net change in cash	52,997	310,704
Cash, beginning of year	858,287	547,583
Cash, end of year	\$ 911,284	\$ 858,287
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 4,166	\$ 2,066

The accompanying notes are an integral part of these financial statements.

# Minnesota Alliance With Youth

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

Minnesota Alliance With Youth (the 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 the Alliance have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

#### 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 Alliance 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.

**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 resources be maintained in perpetuity.

#### Accounts Receivable

Accounts receivable consist primarily of cash match revenues. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed. The Alliance considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded. If an account becomes uncollectible, it will be written off at that time.

#### 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.

#### 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:

# Minnesota Alliance With Youth

## Notes to Financial Statements

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

#### Contribution Revenue (Continued)

- An explicit identifying of a barrier, that 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.

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.

#### 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.

#### Revenue Recognition

The Alliance provides Promise Fellow and VISTA services to public schools and other organizations (Host Sites) over the course of its fiscal year. The Host Site service contract identifies the performance obligations based on the amount of positions awarded and the hours of service expected for each position type.

# Minnesota Alliance With Youth

## Notes to Financial Statements

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

#### **Revenue Recognition** (Continued)

The transaction price is based on the position type, with payments due in advance at the point in time the position is filled. The service contract may contain multiple performance obligations for providing the agreed upon Promise Fellow or VISTA service positions awarded and the for the administrative application program fee. The transaction price is allocated to each performance obligation at its stand alone selling price. Variable considerations may be given for scholarships, which are allocated to each performance obligation and reduces the stand alone selling price based on the nature of the award. Host Site cash match fees for services to be rendered in future periods are recorded as deferred revenue when the position is filled. Revenues are recognized over time as the services are provided to the Host Site which is estimated to be over the duration of the contract year. Refunds may be provided due to a change in position or cancellation of a position, and changes to revenue are recognized when the change occurs.

The Alliance has determined that the nature, amount, timing, and uncertainty of revenues and cash flows are affected by the continuation of program service contracts with federal and state agencies, their budgeting processes, and the related timing of payments.

#### **Disaggregation of Revenues**

Revenues recognized over time for the Host Site cash match contracts were \$651,918 and \$843,751 for the years ended August 31, 2022 and 2021. For fiscal years 2021 and 2022 program year grants, AmeriCorps issued a national match waiver to relieve the strain programs were facing in raising local funds with the start of COVID-19. There is no assurance that the match waiver will be extended beyond fiscal year 2022.

#### **Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

#### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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

## Notes to Financial Statements

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

#### **Income Taxes**

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Alliance's tax-exempt purpose is subject to taxation on unrelated business income. The Alliance is also exempt from Minnesota income taxes.

The Alliance 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 Alliance recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

#### **Subsequent Events**

The Alliance has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 2, 2023, which is the date the financial statements were available to be issued.

#### **New Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Alliance is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

#### **Change in Accounting Policy**

As of September 1, 2021, the Alliance adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets* (Topic 958). The amendments in this update requires entities to present contributed nonfinancial assets as a separate line item in the statement of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

# Minnesota Alliance With Youth

## Notes to Financial Statements

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### Note 2: Concentration of Credit Risk

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

### Note 3: Committed Accounts Receivable and Expected Deferred Revenue

Committed accounts receivable balances at August 31, 2022 and 2021, includes the host site cash match fees for member positions placed for future services and revenue earned for which payments has not yet been received. Expected deferred revenue includes amounts to be earned for future services based on the host site signed memorandum of understanding and for other funds received for future events. Committed accounts receivable and expected deferred revenue at August 31 was as follows:

	2022		
	Committed Accounts Receivable	Expected Deferred Revenue	Total Due (Prepaid)
Host site cash match fees	\$ 118,568	\$ 767,750	\$ (649,182)
Total	\$ 118,568	\$ 767,750	\$ (649,182)

	2021		
	Committed Accounts Receivable	Expected Deferred Revenue	Total Due (Prepaid)
Host site cash match fees	\$ 562,905	\$ 767,700	\$ (204,795)
Other receivables	350		350
Total	\$ 563,255	\$ 767,700	\$ (204,445)

# Minnesota Alliance With Youth

## Notes to Financial Statements

### Note 3: Committed Accounts Receivable and Expected Deferred Revenue (Continued)

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers include:

	8/31/ 2022	8/31/2021	10/1/2020
Deferred revenue	\$ 767,750	\$ 767,700	\$ 525,200
Accounts receivable - Host site cash match fees	\$ 118,568	\$ 562,905	\$ 305,400

Contract assets arise when the Alliance transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Alliance is able to invoice the customer. There were no contract assets as of August 31, 2022 and 2021. Contract liabilities represent the Alliance’s obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

### Note 4: Note Payable

During June 2021, the Alliance entered into an agreement with a lender for a note payable up to \$450,000 for additional working capital. The Alliance drew a total of \$388,193 on the note payable during the year ended August 31, 2021. The note is secured by all general business assets. The note requires two interest only payments beginning July 2021, and two fixed monthly payments of \$150,000 each due September 2021 and October 2021, with the remaining principal and interest due with the final payment due November 2021. The balance on this note was \$0 at August 31, 2022. Interest expense on the note payable was \$4,166 for 2022. The note payable was paid off on November 30, 2021.

### Note 5: Rent Expense

The Alliance rents office and program space on a short-term lease. The lease calls for monthly payments of \$5,977 through March 2022, and \$4,500 through March 2023. On a month to month basis, there is an option to lease additional office space at monthly payments of \$500. Rent expense for the years ended August 31, 2022 and 2021 was \$68,181 and \$71,728, respectively.

The following is a schedule of future minimum lease payments required at August 31, 2022:

<i>Years Ended August 31,</i>	
2023	\$ 35,000



# Minnesota Alliance With Youth

## Notes to Financial Statements

### Note 6: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>Years Ended August 31, 2022 and 2021</i>	2022	2021
Subject to expenditure for specified purpose:		
Carlson Family Foundation	\$ 10,000	\$ 25,500
MN Youth Council		25,500
Park High School - FR Bigelow	20,000	20,000
Park High School - St Paul Foundation	20,000	20,000
Subject to passage of time:		
United Way		80,140
Twin Cities Charter Schools - Schultze Foundation	27,500	27,500
John and Denise Graves Foundation		40,000
C.H. Robinson Foundation	5,000	
<b>Total net assets with donor restrictions</b>	<b>\$ 82,500</b>	<b>\$ 213,140</b>

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 August 31, 2022 and 2021:

<i>Years Ended August 31, 2022 and 2021</i>	2022	2021
Satisfaction of program restrictions:		
MN Youth Council	\$ 25,500	\$ 17,500
Satisfaction of time restrictions:		
United Way	80,140	76,485
Twin Cities Charter Schools - Schultze Foundation	27,500	
John and Denise Graves Foundation	40,000	50,000
<b>Net assets released from restrictions</b>	<b>\$ 173,140</b>	<b>\$ 143,985</b>

### Note 7: Retirement Plan

The Alliance sponsors a defined contribution plan covering all full-time and regular part-time employees who agree to make contributions to the plan. The Alliance makes discretionary matching contributions based on the plan provisions. The total discretionary contribution expense for the years ended August 31, 2022 and 2021, was \$12,279 and \$18,493, respectively.

# Minnesota Alliance With Youth

## Notes to Financial Statements

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### Note 8: Concentration of Grants

Approximately 71% and 64% of the Alliance's funding for the years ended August 31, 2022 and 2021, respectively is provided from grants from the Corporation for National and Community Service, also known as AmeriCorps.

### Note 9: Commitments and 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 10: Liquidity and Availability of Financial Resources

As part of the Alliance's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table reflects the Alliance's financial assets as of August 31, 2022, and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available include net assets with donor restrictions.

<i>August 31,</i>	2022	2021
Cash	\$ 911,284	\$ 858,287
Accounts receivable	118,568	563,255
Grants receivable	697,219	685,384
Total financial assets	1,727,071	2,106,926
Less: Net assets with donor restrictions	(42,500)	(213,140)
Less: Deferred cash match revenue	(767,750)	(767,700)
Financial assets available to meet cash needs for general expenditure within one year	\$ 916,821	\$ 1,126,086

## **Supplementary Information**

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# Minnesota Alliance With Youth

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Identifying Number	Expenditures
Corporation for National and Community Service, also known as AmeriCorps			
Passed through Serve Minnesota			
AmeriCorps	94.006	17ESHMN0010001-19	\$ 2,289,057
COVID-19 ARPA - AmeriCorps	94.006	None provided	160,279
Total AL #94.006			2,449,336
AmeriCorps VISTA Recruitment Support	94.027	None provided	80,000
September 11th National Day of Service and Remembrance Grants	94.012	19BIHDC001	15,000
<b>Total expenditures of federal awards</b>			<b>\$ 2,544,336</b>

See Independent Auditor's Report.

See accompanying notes to schedule of expenditures of federal awards.

# Minnesota Alliance With Youth

## Notes to Schedule of Expenditures of Federal Awards

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### **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, 2022. 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 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. Pass-through entity identifying numbers are presented where available.

Minnesota Alliance with Youth has not elected to use the 10 percent de minimus indirect cost rate 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 Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

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 statement of financial position as of August 31, 2022, 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 DATE March 2, 2023.

### **Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance'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 or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Alliance'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 statement. 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 the Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

March 2, 2023  
Duluth, Minnesota

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

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

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

#### ***Opinion on Each Major Federal Program***

We have audited Minnesota Alliance With Youth's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022. Minnesota Alliance With Youth's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Minnesota Alliance With Youth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended August 31, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Minnesota Alliance With Youth 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 Minnesota Alliance With Youth'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 Minnesota Alliance With Youth'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 Minnesota Alliance With Youth'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 GAAS, *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 Minnesota Alliance With Youth's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Minnesota Alliance With Youth'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 Minnesota Alliance With Youth's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Minnesota Alliance With Youth'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, Minnesota

March 2, 2023

# Minnesota Alliance With Youth

## Schedule of Findings and Questioned Costs

Year Ended August 31, 2022

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### 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 federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

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

**Unmodified**

Any audit findings disclosed that are required to be reported  
in accordance with the Uniform Guidance [2 CFR 200.516(a)]?

Yes  No

Identification of major federal program:

AL Number

94.006

Name of Federal Program or Cluster

AmeriCorps

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

Federal

\$750,000

Auditee qualified as low-risk auditee?

Yes

**Minnesota Alliance With Youth**  
**Schedule of Findings and Questioned Costs (Continued)**

Year Ended August 31, 2022

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**Section II - Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

# **Minnesota Alliance With Youth**

## **Schedule of Prior Year Findings and Questioned Costs**

Year Ended August 31, 2021

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### **Section II - Financial Statement Findings**

None

### **Section III – Federal Award Findings and Questioned Costs**

None