

Minnesota Alliance With Youth

Annual Financial Statements Together
with Independent Auditor's Report

Years Ended August 31, 2020 and 2019



WIPFLI

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, 2020 and 2019, 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 audits 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 the 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1, of the financial statements, Minnesota Alliance With Youth adopted the amendments in the Accounting Standards Update (ASU) as of and for the year ended August 31, 2020, ASU No. 2018-08 Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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, 2021 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 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 Minnesota Alliance with Youth's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP
Duluth, Minnesota
February 1, 2021

Minnesota Alliance With Youth

Statements of Financial Position

August 31,

Assets	2020	2019
Cash	\$ 547,583	\$ 373,230
Accounts receivable	306,800	592,504
Grants receivable	372,526	324,475
Prepaid expenses	28,110	24,318
Employee advances	6,050	6,050
Total assets	\$ 1,261,069	\$ 1,320,577
Liabilities and Net Assets	2020	2019
Liabilities		
Accounts payable	\$ 9,505	\$ 32,625
Accrued expenses	73,500	61,238
Deferred revenue	525,200	657,500
Refundable advance liability - Paycheck Protection Program	161,200	
Total liabilities	769,405	751,363
Net Assets		
Without donor restriction	309,164	445,351
With donor restriction	182,500	123,863
Total net assets	491,664	569,214
Total liabilities and net assets	\$ 1,261,069	\$ 1,320,577

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

Minnesota Alliance With Youth

Statement of Activities

For the Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions	\$ 12,131	\$	\$ 12,131
AmeriCorps fixed grant	1,286,751		1,286,751
Foundation and other grants	203,579	182,500	386,079
Host site cash match	995,014		995,014
Total public support	2,497,475	182,500	2,679,975
Revenue			
Administrative fee income	6,365		6,365
Interest income	169		169
Miscellaneous income	470		470
Total revenue	7,004		7,004
Released from restrictions	123,863	(123,863)	
Total public support and revenue	2,628,342	58,637	2,686,979
Expenses			
Functional expenses			
Program services			
AmeriCorps	2,492,914		2,492,914
Strategic initiatives	224,687		224,687
Fundraising	10,182		10,182
Management and general	36,746		36,746
Total functional expenses	2,764,529		2,764,529
Change in net assets	(136,187)	58,637	(77,550)
Net assets, beginning of year	445,351	123,863	569,214
Net assets, end of year	\$ 309,164	\$ 182,500	\$ 491,664

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

Minnesota Alliance With Youth

Statement of Activities

For the Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions	\$ 8,864	\$	\$ 8,864
AmeriCorps grant	1,557,966		1,557,966
Foundation and other grants	144,269	115,000	259,269
Host site cash match	1,139,852		1,139,852
Donated services and supplies	72,825		72,825
Total public support	2,923,776	115,000	3,038,776
Revenue			
Administrative fee income	8,410		8,410
Interest income	386		386
Miscellaneous income	500		500
Total revenue	9,296		9,296
Released from restrictions	59,406	(59,406)	
Total public support and revenue	2,992,478	55,594	3,048,072
Expenses			
Functional expenses			
Program services			
AmeriCorps	3,049,775		3,049,775
Strategic initiatives	261,607		261,607
Management and general	104,501		104,501
Total functional expenses	3,415,883		3,415,883
Change in net assets	(423,405)	55,594	(367,811)
Net assets, beginning of year	868,756	68,269	937,025
Net assets, end of year	\$ 445,351	\$ 123,863	\$ 569,214

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, 2020

	Program Services		Total Program Services	Fund Raising	Management and General	Total Expenses
	AmeriCorps	Strategic Initiatives				
Salaries and related expenses						
Salaries and wages	\$ 627,176	\$ 143,886	\$ 771,062	\$ 8,555	\$ 15,343	\$ 794,960
Payroll taxes and benefits	111,615	24,458	136,073	1,627	1,767	139,467
Total salaries and related expenses	738,791	168,344	907,135	10,182	17,110	934,427
Travel	3,190	441	3,631		841	4,472
Supplies	9,710	1,184	10,894			10,894
Consultant services	20,670	16,301	36,971		2,697	39,668
Training	36,858	18,821	55,679		417	56,096
Operating expenses	117,154	19,596	136,750		15,681	152,431
Living allowance and benefits	1,538,755		1,538,755			1,538,755
Administrative fees	27,786		27,786			27,786
Total functional expenses	\$ 2,492,914	\$ 224,687	\$ 2,717,601	\$ 10,182	\$ 36,746	\$ 2,764,529

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, 2019

	Program Services		Total Program Services	Management and General	Total Expenses
	AmeriCorps	Strategic Initiatives			
Salaries and related expenses					
Salaries and wages	\$ 641,859	\$ 141,981	\$ 783,840	\$ 41,606	\$ 825,446
Payroll taxes and benefits	142,852	33,734	176,586	6,470	183,056
Total salaries and related expenses	784,711	175,715	960,426	48,076	1,008,502
Travel	6,333	4,352	10,685	3,855	14,540
Supplies	28,006	4,988	32,994	1,467	34,461
Consultant services	21,367	38,210	59,577	24,097	83,674
Training	93,328	23,911	117,239	9,414	126,653
Outside evaluator	30,810	3,000	33,810		33,810
Operating expenses	168,638	11,431	180,069	17,592	197,661
Living allowance and benefits	1,890,597		1,890,597		1,890,597
Administrative fees	25,985		25,985		25,985
Total functional expenses	\$ 3,049,775	\$ 261,607	\$ 3,311,382	\$ 104,501	\$ 3,415,883

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,

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (77,550)	\$ (367,811)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
(Increase) decrease in assets		
Accounts receivable	285,704	102,972
Grants receivable	(48,051)	16,193
Prepaid expenses	(3,792)	27,139
Increase (decrease) in liabilities		
Accounts payable	(23,120)	(10,290)
Accrued expenses	12,262	12,010
Deferred revenue	(132,300)	(469,041)
Net cash provided by (used in) operating activities	13,153	(688,828)
Cash flows from financing activities		
Proceeds from refundable advance liability - Paycheck Protection Program	161,200	
Net change in cash	174,353	(688,828)
Cash, beginning of year	373,230	1,062,058
Cash, end of year	\$ 547,583	\$ 373,230

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

Minnesota Alliance With Youth

Notes to Financial Statements

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.

Deferred Revenue

Host site cash match fees for Promise Fellow services to be rendered in future periods are recorded as deferred revenue when billed and reflected as support in the year when the cash match fees are earned.

Minnesota Alliance With Youth

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 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

The Organization's grant awards are contributions which 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.

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.

Minnesota Alliance With Youth

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 February 1, 2021, which is the date the financial statements were available to be issued.

Change in Accounting Policy

On June 21, 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The entity has applied the amendments in this ASU on a retrospective basis. There was no change on opening balances of net assets and no prior period results were restated.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 606, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years

Minnesota Alliance With Youth

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

beginning after December 15, 2019. The Alliance is currently evaluating the impact of the provisions of ASC 606.

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.

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, 2020 and 2019, includes the host site cash match fees for Promise Fellow services to be collected based on the host site signed memorandum of understanding for the next year, and revenue earned for which payments has not yet been received. Expected deferred revenue includes future amounts to be earned on the Promise Fellow services based on the host site signed memorandum of understanding and funds received for future events. Committed accounts receivable and expected deferred revenue at August 31 was as follows:

	2020		
	Committed Accounts Receivable	Expected Deferred Revenue	Total
Host site cash match fees	\$ 305,400	\$ 525,200	\$ (219,800)
Other receivables	1,400	-	1,400
Total	\$ 306,800	\$ 525,200	\$ (218,400)

Minnesota Alliance With Youth

Notes to Financial Statements

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

	2019		Total
	Committed Accounts Receivable	Expected Deferred Revenue	
Host site cash match fees	\$ 590,800	\$ 657,500	\$ (66,700)
Other receivables	1,704	-	1,704
Total	\$ 592,504	\$ 657,500	\$ (64,996)

Note 4: Donated Services

The value of donated services is included as contributions in the financial statements and the corresponding expenses are as follows:

<i>Years Ended August 31,</i>	2020	2019
Program services		
Member training	\$ -	\$ 50,000
Operating expenses	-	22,825
Total	\$ -	\$ 72,825

The Alliance did not recognize donated services for the year ended August 31, 2020 because they were not subject to reimbursement.

Note 5: Refundable Advance Liability – Paycheck Protection Program

On April 28, 2020, the Alliance entered into a promissory note agreement with a local financial institution in the amount of \$161,200. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Alliance has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Alliance has interpreted the condition of the award to be the approval of the forgiveness application by the lender and SBA. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will be treated as a loan bearing interest at 1% with final maturity at April 28, 2022. The Alliance anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue.

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,</i>	2020	2019
Subject to expenditure for specified purpose:		
Grad MN	\$ -	\$ 8,862
MN Youth Council	17,500	-
Subject to passage of time:		
United Way	75,000	75,000
SPPS Middle Schools		40,000
John and Denise Graves Foundation	90,000	
Total net assets with donor restrictions	\$ 182,500	\$ 123,862

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, 2020 and 2019:

<i>Years Ended August 31,</i>	2020	2019
Satisfaction of program restrictions:		
Grad MN	\$ 8,863	\$ 59,406
Satisfaction of time restrictions:		
United Way	75,000	-
SPPS Middle Schools	40,000	-
Net assets released from restrictions	\$ 123,863	\$ 59,406

Minnesota Alliance With Youth

Notes to Financial Statements

Note 7: Rent Expense

The Alliance rents office and program space on a long-term lease. The lease calls for monthly payments of \$6,815 through March 2020. The lease was extended through March 2022, with monthly rent payments of \$5,577 for years two and three of the lease. Rent expense for the years ended August 31, 2020 and 2019 was \$77,591 and \$69,366, respectively.

The following is a schedule of future minimum lease payments required at August 31, 2020:

<i>Years Ended August 31,</i>	
2021	\$ 71,724
2022	41,839
Total	\$ 113,563

Note 8: 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 will match a portion of the employee's contribution based on the plan provisions. Total expense for the years ended August 31, 2020 and 2019, was \$17,189 and \$19,794, respectively.

Note 9: Concentration of Grants

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

Note 10: 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.

In March 2020, the World Health Organization recognized the outbreak of coronavirus disease ("COVID-19"), as a global pandemic, prompting many national, regional, and local governments to implement protective measures such as business restrictions and stay-at-home orders. The Alliance received approval for the Paycheck Protection Program promissory note as discussed in Note 5 to cover payroll and other costs. The Alliance is closely monitoring the impact of COVID-19 on all aspects of operations, and we believe the impact on cash flows and financial condition is likely to be determined by factors which are uncertain and outside of our control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially, adversely impact the business.

Minnesota Alliance With Youth

Notes to Financial Statements

Note 11: 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, 2020, and 2019, 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>	2020	2019
Cash	\$ 547,583	\$ 373,230
Accounts receivable	306,800	592,504
Grants receivable	372,526	324,475
Total financial assets	1,226,909	1,290,209
Less: Net assets with donor restriction for a specified purpose	(17,500)	(8,862)
Less: Deferred cash match revenue	(525,200)	(657,500)
Financial assets available to meet cash needs for general expenditure within one year	\$ 684,209	\$ 623,847

Supplementary Information

Minnesota Alliance With Youth

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2020

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Corporation for National and Community Service Passed through Serve Minnesota AmeriCorps	94.006	17ESHMN0010001-19	\$ 1,186,751
Total CFDA No. 94.006 and total expenditures of federal awards			\$ 1,186,751

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

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, 2020. 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, 2020, 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, 2021.

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 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 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 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 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 the Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

February 1, 2021
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 Each 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, 2020. 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 on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

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 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 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.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

February 1, 2021
Duluth, Minnesota

Minnesota Alliance With Youth

Schedule of Findings and Questioned Costs

Year Ended August 31, 2020

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 No

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 No

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

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

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
94.006	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, 2020

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, 2020

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None