

# Minnesota Alliance With Youth

Annual Financial Statements Together  
with Independent Auditor's Report

Years Ended August 31, 2021 and 2020



**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, 2021 and 2020, 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, 2021 and 2020, 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 Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as of and for the year ended August 31, 2021. 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 March 23, 2022 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". The signature is written in a cursive, flowing style.

Wipfli LLP  
Duluth, Minnesota  
March 23, 2022

# Minnesota Alliance With Youth

## Statements of Financial Position

August 31,

Assets	2021	2020
Cash	\$ 858,287	\$ 547,583
Accounts receivable	563,255	306,800
Grants receivable	685,384	372,526
Prepaid expenses	19,046	28,110
Employee advances	3,176	6,050
<b>Total assets</b>	<b>\$ 2,129,148</b>	<b>\$ 1,261,069</b>
<b>Liabilities and Net Assets</b>	<b>2021</b>	<b>2020</b>
<b>Liabilities</b>		
Accounts payable	\$ 33,519	\$ 9,505
Accrued expenses	95,802	73,500
Deferred revenue	767,700	525,200
Refundable advance liability - Paycheck Protection Program		161,200
Note payable	388,193	
<b>Total liabilities</b>	<b>1,285,214</b>	<b>769,405</b>
<b>Net Assets</b>		
Without donor restriction	630,794	309,164
With donor restriction	213,140	182,500
<b>Total net assets</b>	<b>843,934</b>	<b>491,664</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,129,148</b>	<b>\$ 1,261,069</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, 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 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 grants	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	2,225,795		2,225,795
Strategic initiatives	197,965		197,965
Fundraising	92,430		92,430
Management and general	248,339		248,339
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 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

## 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	\$ 416,516	\$ 127,392	\$ 543,908	\$ 73,819	\$ 177,233	\$ 794,960
Payroll taxes and benefits	79,589	21,187	100,776	12,017	26,674	139,467
<b>Total salaries and related expenses</b>	<b>496,105</b>	<b>148,579</b>	<b>644,684</b>	<b>85,836</b>	<b>203,907</b>	<b>934,427</b>
Travel	3,190	441	3,631		841	4,472
Supplies	9,710	1,184	10,894			10,894
Consultant services	17,339	12,970	30,309	3,331	6,028	39,668
Training	36,858	18,821	55,679		417	56,096
Operating expenses	96,052	15,970	112,022	3,263	37,146	152,431
Living allowance and benefits	1,538,755		1,538,755			1,538,755
Administrative fees	27,786		27,786			27,786
<b>Total functional expenses</b>	<b>\$ 2,225,795</b>	<b>\$ 197,965</b>	<b>\$ 2,423,760</b>	<b>\$ 92,430</b>	<b>\$ 248,339</b>	<b>\$ 2,764,529</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,

	2021	2020
Increase in cash		
Cash flows from operating activities		
Change in net assets	\$ 352,270	\$ (77,550)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Refundable advance liability - Paycheck Protection Program	(161,200)	
Changes in operating assets and liabilities		
Accounts receivable	(256,455)	285,704
Grants receivable	(312,858)	(48,051)
Prepaid expenses	9,064	(3,792)
Employee advances	2,874	
Accounts payable	24,014	(23,120)
Accrued expenses	22,302	12,262
Deferred revenue	242,500	(132,300)
Net cash flows from operating activities	(77,489)	13,153
Cash flows from financing activities		
Proceeds from refundable advance liability - Paycheck Protection Program		161,200
Proceeds from note payable	388,193	
Net cash flows from financing activities	388,193	161,200
Net change in cash	310,704	174,353
Cash, beginning of year	547,583	373,230
Cash, end of year	\$ 858,287	\$ 547,583

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 \$843,751 and \$995,014 for the years ended August 31, 2021 and 2020. In fiscal year 2019, the Alliance elected to change the AmeriCorps funding methodology to a percentage cost reimbursement to better support operations. In prior fiscal years, the federal funding was based solely on member enrollment. For fiscal years 2020 and 2021 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 2021.

#### **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 23, 2022, 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.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets* (Topic 958). The amendments in this update will require 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 amendments in this update are effective for annual financial statements issued for fiscal years beginning after June 15, 2021, applied on a retrospective basis. Early adoption is permitted. The Alliance is currently evaluating the impact this standard will have on its financial statements.

#### Change in Accounting Principle

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

# Minnesota Alliance With Youth

## Notes to Financial Statements

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

#### Change in Accounting Principle (Continued)

The Alliance adopted this guidance as of September 1, 2020 and applied Topic 606 on a modified retrospective basis to all periods presented upon the effective date. There was no change on opening balance net assets and no prior period results were restated.

#### 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, 2021 and 2020, 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:

	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
<b>Total</b>	<b>\$ 563,255</b>	<b>\$ 767,700</b>	<b>\$ (204,445)</b>

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

# 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:

	8/31/2021	8/30/2020	8/30/2019
Deferred revenue	\$ 767,700	\$ 525,200	\$ 657,500
Accounts receivable - Host site cash match fees	\$ 562,905	\$ 305,400	\$ 590,800

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, 2021 and 2020. 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: 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 reported was a refundable advance liability as of August 31, 2020 until the conditions were substantially met or explicitly waived. The Alliance has met all the conditions of the grant for the incurrence of eligible expenditures during the covered period and has received forgiveness from the SBA, and accordingly has recognized the grant revenue at the amount officially forgiven for the year ended August 31, 2021.

### Note 5: 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 \$388,193 at August 31, 2021. Interest expense on the note payable was \$2,066 for 2021. The note payable was paid off on November 30, 2021.

# Minnesota Alliance With Youth

## Notes to Financial Statements

### Note 6: Rent Expense

The Alliance rents office and program space on a long-term lease. The lease calls for monthly payments of \$5,977 through March 2022. Rent expense for the years ended August 31, 2021 and 2020 was \$71,728 and \$69,191, respectively.

The following is a schedule of future minimum lease payments required at August 31, 2021:

<i>Years Ended August 31,</i>		
2022	\$	41,839

### Note 7: Net Assets with Donor Restriction

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

<i>Years Ended August 31,</i>		2021		2020
Subject to expenditure for specified purpose:				
MN Youth Council	\$	25,500	\$	17,500
Subject to passage of time:				
United Way		80,140		75,000
Park High School - FR Bigelow		20,000		
Park High School - St Paul Foundation		20,000		
Twin Cities Charter Schools - Schultze Foundation		27,500		
John and Denise Graves Foundation		40,000		90,000
<b>Total net assets with donor restrictions</b>	<b>\$</b>	<b>213,140</b>	<b>\$</b>	<b>182,500</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, 2021 and 2020:

<i>Years Ended August 31,</i>		2021		2020
Satisfaction of program restrictions:				
Grad MN	\$		\$	8,863
MN Youth Council		17,500		
Satisfaction of time restrictions:				
United Way		76,485		75,000
SPPS Middle Schools				40,000
John and Denise Graves Foundation		50,000		
<b>Net assets released from restrictions</b>	<b>\$</b>	<b>143,985</b>	<b>\$</b>	<b>123,863</b>

# Minnesota Alliance With Youth

## Notes to Financial Statements

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### 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 makes discretionary matching contributions based on the plan provisions. The total discretionary contribution expense for the years ended August 31, 2021 and 2020, was \$18,493 and \$17,189, respectively.

### Note 9: Concentration of Grants

Approximately 64% and 48% of the Alliance's funding for the years ended August, 31, 2021 and 2020, respectively is provided from grants from the Corporation for National and Community Service, also known as AmeriCorps.

### 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.

### 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, 2021, and 2020, 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>	2021	2020
Cash	\$ 858,287	\$ 547,583
Accounts receivable	563,255	306,800
Grants receivable	685,384	372,526
<b>Total financial assets</b>	<b>2,106,926</b>	<b>1,226,909</b>
Less: Net assets with donor restriction for a specified purpose	(25,500)	(17,500)
Less: Deferred cash match revenue	(767,700)	(525,200)
<b>Financial assets available to meet cash needs for general expenditure within one year</b>	<b>\$ 1,313,726</b>	<b>\$ 684,209</b>

# Minnesota Alliance With Youth

## Notes to Financial Statements

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### **Note 12: Business Conditions**

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 4 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 management's control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially, adversely impact the business.

## **Supplementary Information**

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# Minnesota Alliance With Youth

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance 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	\$ 2,341,959
AmeriCorps VISTA Recruitment Support	94.027		40,639
September 11th National Day of Service and Remembrance Grants	94.012	19BIHDC001	15,000
<b>Total expenditures of federal awards</b>			<b>\$ 2,397,598</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, 2021. 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, 2021, 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 March 23, 2022.

### **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 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 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.

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

Wipfli LLP

March 23, 2022  
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, 2021. 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, 2021.

## 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.



Wipfli LLP

March 23, 2022  
Duluth, Minnesota

# Minnesota Alliance With Youth

## Schedule of Findings and Questioned Costs

Year Ended August 31, 2021

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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  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
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Auditee qualified as low-risk auditee? Yes

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

Year Ended August 31, 2021

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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