

MINNDEPENDENT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2022 and 2021

MINNDEPENDENT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MINNDEPENDENT
Edina, Minnesota

Opinion

We have audited the accompanying financial statements of MINNDEPENDENT (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of MINNDEPENDENT as of June 30, 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 MINNDEPENDENT and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 MINNDEPENDENT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of 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 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, 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 MINNDEPENDENT'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 MINNDEPENDENT'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.

A handwritten signature in black ink that reads "Redpath and Company Ltd." in a cursive, flowing script.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

September 13, 2022

MINNDEPENDENT
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

Statement 1

	2022	2021
Assets:		
Current assets:		
Cash and cash equivalents	\$418,189	\$406,238
Contributions receivable	103,656	107,475
Accounts receivables	3,510	475
Prepaid expenses	11,677	11,166
Total current assets	<u>537,032</u>	<u>525,354</u>
Property and equipment:		
Furniture and equipment	23,021	32,060
Website design	12,726	12,726
Less: accumulated depreciation	(29,891)	(36,607)
Total property and equipment	<u>5,856</u>	<u>8,179</u>
Total assets	<u><u>\$542,888</u></u>	<u><u>\$533,533</u></u>
Liabilities and net assets:		
Liabilities:		
Current liabilities:		
Accounts payable	\$7,520	\$8,340
Accrued liabilities	1,502	5,546
Deferred revenue	510	3,465
Total current liabilities	<u>9,532</u>	<u>17,351</u>
Long-term liabilities:		
Note payable - PPP loan	<u>-</u>	<u>70,830</u>
Total liabilities	<u>9,532</u>	<u>88,181</u>
Net assets:		
Without donor restrictions:		
Undesignated	64,943	80,030
Board designated for operating reserves	186,953	150,829
With donor restrictions	<u>281,460</u>	<u>214,493</u>
Total net assets	<u>533,356</u>	<u>445,352</u>
Total liabilities and net assets	<u><u>\$542,888</u></u>	<u><u>\$533,533</u></u>

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

MINNDEPENDENT**STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2022 and 2021

Statement 2

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Support:						
Contributions	\$43,213	\$45,813	\$89,026	\$73,284	\$43,800	\$117,084
Grants	95,000	205,000	300,000	117,000	135,000	252,000
Sponsorships	57,050	-	57,050	104,450	-	104,450
In-kind contributions	209	-	209	5,950	-	5,950
Revenue:						
Member dues	184,639	-	184,639	164,501	-	164,501
Program income	22,620	-	22,620	9,840	-	9,840
PPP loan forgiveness	71,210	-	71,210	59,925	-	59,925
Interest income	376	-	376	1,387	-	1,387
Net assets released from restrictions	183,846	(183,846)	-	216,282	(216,282)	-
Total revenues	<u>658,163</u>	<u>66,967</u>	<u>725,130</u>	<u>752,619</u>	<u>(37,482)</u>	<u>715,137</u>
Expenses:						
Program expenses:						
Public policy	44,501	-	44,501	43,978	-	43,978
Educational conferences	74,792	-	74,792	65,080	-	65,080
Member services	97,578	-	97,578	102,140	-	102,140
STEM	129,612	-	129,612	162,238	-	162,238
Fundraising expenses	49,066	-	49,066	37,644	-	37,644
Administrative expenses	241,577	-	241,577	231,714	-	231,714
Total expenses	<u>637,126</u>	<u>0</u>	<u>637,126</u>	<u>642,794</u>	<u>0</u>	<u>642,794</u>
Increase (decrease) in net assets	21,037	66,967	88,004	109,825	(37,482)	72,343
Net assets - beginning of year	<u>230,859</u>	<u>214,493</u>	<u>445,352</u>	<u>121,034</u>	<u>251,975</u>	<u>373,009</u>
Net assets - end of year	<u>\$251,896</u>	<u>\$281,460</u>	<u>\$533,356</u>	<u>\$230,859</u>	<u>\$214,493</u>	<u>\$445,352</u>

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

MINNDEPENDENT**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Years Ended June 30, 2022 and 2021

Statement 3**Page 1 of 2**

	2022						
	Program Expenses				Support Services		
	Public Policy	Educational Conferences	Member Services	STEM	Fundraising	Administration	Total
Expenses:							
Salary and benefits	\$19,275	\$32,336	\$84,299	\$31,763	\$42,236	\$156,025	\$365,934
Outside services	21,140	3,900	-	51,436	-	605	77,081
Equipment related	1,706	3,459	5,862	2,262	3,255	12,111	28,655
Rent, utilities and parking	1,109	1,640	4,520	1,653	2,380	7,885	19,187
Telephone	105	178	459	188	229	859	2,018
Legal and accounting	-	-	-	-	-	31,676	31,676
Depreciation	-	-	-	-	-	2,323	2,323
Office and general	489	1,058	338	131	283	23,032	25,331
Postage	10	17	48	17	68	122	282
Printing	-	-	-	-	-	664	664
Meals and entertainment	-	-	52	-	169	36	257
Mileage and parking	41	121	127	49	69	531	938
Insurance	-	-	-	-	-	2,194	2,194
Meetings and conferences	-	29,368	115	-	-	225	29,708
Dues and subscriptions	524	38	740	639	149	1,096	3,186
Advertising	102	2,677	1,018	168	228	2,193	6,386
Grants	-	-	-	41,306	-	-	41,306
Total expenses	<u>\$44,501</u>	<u>\$74,792</u>	<u>\$97,578</u>	<u>\$129,612</u>	<u>\$49,066</u>	<u>\$241,577</u>	<u>\$637,126</u>

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

MINNDEPENDENT**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Years Ended June 30, 2022 and 2021

Statement 3**Page 2 of 2**

	2021						
	Program Expenses				Support Services		
	Public Policy	Educational Conferences	Member Services	STEM	Fundraising	Administration	Total
Expenses:							
Salary and benefits	\$20,051	\$29,631	\$84,224	\$37,805	\$33,310	\$173,546	\$378,567
Outside services	20,480	9,225	4,000	50,738	-	10,579	95,022
Equipment related	972	1,497	4,235	2,053	1,694	8,712	19,163
Rent, utilities and parking	1,122	1,850	4,793	2,097	1,830	9,782	21,474
Telephone	179	276	755	340	299	1,545	3,394
Legal and accounting	-	-	-	-	-	15,296	15,296
Depreciation	-	-	-	-	-	4,441	4,441
Office and general	557	1,160	220	16	85	1,718	3,756
Postage	-	25	6	18	110	17	176
Printing	-	1,155	-	-	-	353	1,508
Meals and entertainment	-	12	34	-	-	5	51
Mileage and parking	74	422	449	161	122	1,040	2,268
Insurance	-	-	-	-	-	2,233	2,233
Meetings and conferences	-	19,635	-	-	-	59	19,694
Dues and subscriptions	458	57	3,065	685	55	1,192	5,512
Advertising	85	135	359	160	139	1,196	2,074
Grants	-	-	-	68,165	-	-	68,165
Total expenses	<u>\$43,978</u>	<u>\$65,080</u>	<u>\$102,140</u>	<u>\$162,238</u>	<u>\$37,644</u>	<u>\$231,714</u>	<u>\$642,794</u>

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

MINNDEPENDENT**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2022 and 2021

Statement 4

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$88,004	\$72,343
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,323	4,441
PPP loan forgiveness	(70,830)	(59,925)
Change in assets and liabilities:		
Contributions receivable	3,819	3,686
Accounts receivables	(3,035)	725
Prepaid expenses	(511)	1,853
Accounts payable	(820)	(17,726)
Accrued liabilities	(4,044)	480
Refundable advances	-	(39,750)
Deferred revenue	(2,955)	(110)
Net cash provided (used) by operating activities	<u>11,951</u>	<u>(33,983)</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>-</u>	<u>(9,496)</u>
Cash flows from financing activities:		
Proceeds from note payable - PPP loan	<u>-</u>	<u>70,830</u>
Net increase in cash and cash equivalents	11,951	27,351
Cash and cash equivalents - beginning of year	<u>406,238</u>	<u>378,887</u>
Cash and cash equivalents - end of year	<u><u>\$418,189</u></u>	<u><u>\$406,238</u></u>

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Founded in 1976, MINNDEPENDENT (the Organization) is the largest membership organization serving independent and private schools in Minnesota. Our mission is to connect and strengthen Minnesota's independent schools through exceptional training, resources, and advocacy so they can be student-centered and mission-driven. The Organization brings member schools together for connection, collaboration, capacity building, critical resources access and collective action. The Organization increases the sector's capacity for collective action through programming, partnerships, and public policy initiatives. The Organization builds relationships with donors, funders, and collaborative partners to support targeted programs. The Organization believes every student deserves and needs to benefit from its programs, services, education research, and public policy support. The Organization is viewed as the connector to the sector for private schools related to membership and resources. The Organization has developed strong and mature relationships with the Minnesota Department of Education as the first call for topics and issues that may have impact and effect on the nonpublic schools of Minnesota.

Effective September 22, 2021, the Organization changed their name from Minnesota Independent School Forum to MINNDEPENDENT.

B. BASIS OF PRESENTATION

These financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

C. CONTRIBUTIONS AND RESTRICTIONS

Contributions received are recorded as an increase in net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This category includes funds that have been internally designated by the Organization.

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 donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

At June 30, 2022 and 2021, the Organization had no net assets with donor restrictions that were permanent in nature.

D. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents is defined as the checking and savings accounts of the Organization and short-term investments with original maturity dates of three months or less. Bank balances may exceed FDIC coverage from time-to-time throughout the year.

E. RECEIVABLES

The Organization extends credit on an unsecured basis to its member schools, all of which are private schools in the State of Minnesota. The Organization uses the allowance method to account for uncollectible accounts receivables. Losses on receivables are provided for using the allowance method, which is based upon experience and other circumstances, which may affect the ability of member schools to meet their obligations. The Organization believes all balances to be collectible; therefore, no allowance is necessary.

Contributions receivable consist of commitments from various foundations and private donors. All contributions receivable are expected to be collected within one year. There is no allowance for uncollectible accounts, as management believes all contributions and grants receivable are collectible.

F. PROPERTY AND EQUIPMENT

The Organization capitalizes all property and equipment acquisitions in excess of \$500. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over an estimated useful life of five years. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Website design is amortized over five years using the straight-line method. Amortization expense is included with depreciation. Depreciation expense for the years ended June 30, 2022 and 2021 was \$2,323 and \$4,441, respectively.

G. USE OF ESTIMATES

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

H. TAX STATUS

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation. The Organization has not had any material unrelated business income.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the Organization has no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

I. REVENUE AND REVENUE RECOGNITION

The Organization recognizes contributions and support revenue when cash or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization has various contributions which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Organization has met certain performance requirements and/or has incurred expenditures in compliance with specific contract provisions. Amounts received prior to meeting certain performance requirements and/or incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There are no contributions that have not been recognized as of June 30, 2022 and 2021, respectively.

Member dues are exchange transactions with member schools and are used for the operating expenses of the Organization and certain direct and indirect program expenses. Revenue is recognized over time, as the underlying services are provided over the membership period. Program income are exchange transactions and revenue is recognized at a point in time, when the underlying conference, seminar or event occurs. Amounts collected during registration are considered deferred until the event is held, and then recognized as revenue.

J. IN-KIND CONTRIBUTIONS

Donations of goods are recorded at their estimated fair value at the date of donation. Donated services are recognized as contributions in accordance with GAAP, if the service (a) creates or enhances nonfinancial assets or, (b) specialized skills are performed by people with those skills that would otherwise be purchased by the Organization. Donated services that require a specialized skill are recorded at the value had the services been purchased.

K. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization charges all expenses that are directly related to a program to the specific program when incurred. However, there are certain expenses that are shared or attributable to more than one program or support function. They are salaries, payroll taxes, unemployment taxes, life and health insurance, pension plan, rent and utilities, contract parking, telephone, equipment service contracts, equipment lease, computer software and services, Paypal and merchant fees and office supplies. These expenses have been allocated among the programs and supporting services benefited based on actual FTE (full time equivalent).

L. CONDITIONAL GRANTS AWARDED

The Organization awards grants on an annual basis. Typically, a portion of each grant is not paid until the recipient has met certain conditions. Grant expense is recognized when the conditions are met. Conditional grants awarded but not recognized at June 30, 2022 and 2021 was \$11,636 and \$16,536, respectively.

MINNDEPENDENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$418,189	\$406,238
Contributions receivable	103,656	107,475
Accounts receivables	<u>3,510</u>	<u>475</u>
	<u>\$525,355</u>	<u>\$514,188</u>

None of the Organization's financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure. As part of the Organization's liquidity management plan, the Board has designated funds be set aside in an operating reserve which may be drawn upon in the event of an unanticipated liquidity need. As of June 30, 2022, and 2021, there was \$186,953 and \$150,829, respectively, in the operating reserve account. These amounts are included in the cash and cash equivalents amount above.

Note 3 RETIREMENT PLAN

The Organization sponsors a defined contribution salary reduction retirement plan that covers all full-time employees. The plan provides for a 6% employer contribution based on all eligible employee compensation. Pension expense for the years ended June 30, 2022 and 2021 was \$18,561 and \$18,488, respectively.

Note 4 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATIONS

As of June 30, 2022 and 2021, the Board had designated \$186,953 and \$150,829, respectively, into an operating reserve account to use when appropriate and as needed to ensure the stability of the mission, programs, employment, and ongoing operations of the organization.

Note 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Time restricted	\$22,906	\$21,725
Purpose restricted:		
STEM	<u>258,554</u>	<u>192,768</u>
Total	<u>\$281,460</u>	<u>\$214,493</u>

MINNDEPENDENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 6 NOTE PAYABLE - PPP LOAN

On April 24, 2020 the Organization received a forgivable loan for \$59,500 from the US Small Business Administration (SBA) under the Paycheck Protection Program (PPP) created by Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). PPP loan proceeds are to be used for payroll costs, payments on mortgage interest, rent, utilities and interest on other debt obligations, with at least 60% of the amount to be used for payroll costs. The Organization was notified by the Small Business Administration (SBA) of full forgiveness on January 6, 2021. The loan forgiveness amount was \$59,925, which was full balance of the loan plus accrued interest.

On February 10, 2021 the Organization received a second draw PPP loan for \$70,830, subject to the terms noted above. The organization was notified by the SBA of full forgiveness on August 19, 2021. The loan forgiveness amount was \$71,210, which was the full balance of the loan plus accrued interest.

The expenditures made under the PPP loan program are subject to review and audit by the SBA for six years from the date the loan was forgiven or paid in full. Management believes that any liability for disallowances, which may arise as a result of an audit, would not be material.

Note 7 OPERATING LEASES

The Organization had an operating lease agreement for office space through December 31, 2025. The lease agreement calls for monthly base rental payments of \$1,125, increasing annually by 3%. The agreement also calls for the payment of pro rata operating expenses and real estate taxes for leased premises. Rent and utility expense for years ended June 30, 2022 and 2021 was \$19,187 and \$21,474, respectively.

The Organization has an operating lease for a copier through November 2023. The agreement calls for monthly payments of \$171. Rent expense for the copier was \$2,049 and \$2,420 for the years ended June 30, 2022 and 2021, respectively.

Minimum rental payments under these non-cancelable operating leases are as follows:

Year Ended June 30,	
2023	\$14,543
2024	14,052
2025	14,416
2026	<u>7,299</u>
Total	<u><u>\$50,310</u></u>

Note 8 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 13, 2022 the date the financial statements were available to be issued.