MINNDEPENDENT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2023 and 2022

MINNDEPENDENT
TABLE OF CONTENTS

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, 2023 and 2022, 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, 2023 and 2022, 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. 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 relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

September 21, 2023

MINNDEPENDENT
STATEMENTS OF FINANCIAL POSITION **Statement 1**
June 30, 2023 and 2022

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	$277,900	$418,189
Certificates of deposit	200,000	-
Accounts receivables	1,329	3,510
Contributions receivable	114,836	103,656
Employee Retention Credit receivable	69,003	-
Prepaid expenses	13,887	11,677
Total current assets	676,955	537,032
Property and equipment:		
Furniture and equipment	23,021	23,021
Website design	12,726	12,726
Less: Accumulated depreciation	(31,790)	(29,891)
Total property and equipment	3,957	5,856
Other assets:		
Operating lease right-to-use asset	43,132	-
Total assets	$724,044	$542,888
Liabilities and net assets:		
Current liabilities:		
Accounts payable	$8,003	$7,520
Accrued liabilities	1,520	1,502
Deferred revenue	7,865	510
Operating lease liability, current	14,955	-
Total current liabilities	32,343	9,532
Long-term liabilities:		
Operating lease liability, net of current portion	27,390	-
Total liabilities	59,733	9,532
Net assets:		
Without donor restrictions:		
Undesignated	161,045	64,943
Board designated for operating reserves	223,601	186,953
With donor restrictions	279,665	281,460
Total net assets	664,311	533,356
Total liabilities and net assets	$724,044	$542,888

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

MINNDEPENDENT
STATEMENTS OF ACTIVITIES **Statement 2**
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Support:						
Contributions	$57,043	$45,869	$102,912	$43,213	$45,813	$89,026
Grants	165,000	175,000	340,000	95,000	205,000	300,000
Sponsorships	76,850	-	76,850	57,050	-	57,050
In-kind contributions	-	-	-	209	-	209
Employee Retention Credit	69,003	-	69,003	-	-	-
Revenue:						
Member dues	193,566	-	193,566	184,639	-	184,639
Program income	29,350	-	29,350	22,620	-	22,620
PPP loan forgiveness	-	-	-	71,210		71,210
Interest income	1,471	-	1,471	376	-	376
Net assets released from restrictions	222,664	(222,664)	-	183,846	(183,846)	-
Total revenues	814,947	(1,795)	813,152	658,163	66,967	725,130
Expenses:						
Program expenses:						
Public policy	46,981	-	46,981	44,501	-	44,501
Educational conferences	104,684	-	104,684	74,792	-	74,792
Member services	116,948	-	116,948	97,578	-	97,578
STEM	165,645	-	165,645	129,612	-	129,612
Fundraising expenses	62,502	-	62,502	49,066	-	49,066
Administrative expenses	185,437	-	185,437	241,577	-	241,577
Total expenses	682,197	0	682,197	637,126	0	637,126
Increase (decrease) in net assets	132,750	(1,795)	130,955	21,037	66,967	88,004
Net assets - beginning of year	251,896	281,460	533,356	230,859	214,493	445,352
Net assets - end of year	$384,646	$279,665	$664,311	$251,896	$281,460	$533,356

MINNDEPENDENT
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

	2023						
	Program Expenses				Support Services		
	Public Policy	Educational Conferences	Member Services	STEM	Fundraising	Administration	Total
Expenses:							
Salary and benefits	$19,933	$44,067	$93,267	$40,175	$51,448	$68,453	$317,343
Outside services	20,750	4,000	1,575	68,500	-	28,000	122,825
Equipment related	1,552	3,482	6,408	3,281	3,726	4,131	22,580
Rent, utilities and parking	1,732	3,459	8,486	3,368	4,707	6,233	27,985
Telephone	91	195	432	186	239	258	1,401
Legal and accounting	-	-	-	-	-	72,061	72,061
Depreciation	-	-	-	-	-	1,899	1,899
Office and general	1,938	2,028	541	672	314	635	6,128
Postage	1	1	6	2	58	121	189
Printing	-	1,000	-	-	682	-	1,682
Meals and entertainment	83	-	1,084	-	156	29	1,352
Mileage and parking	-	134	784	-	18	24	960
Insurance	-	-	-	-	-	2,256	2,256
Meetings and conferences	14	44,581	45	3,169	-	422	48,231
Dues and subscriptions	784	71	1,447	66	458	460	3,286
Advertising	103	1,666	2,873	197	696	455	5,990
Grants	-	-	-	46,029	-	-	46,029
Total expenses	$46,981	$104,684	$116,948	$165,645	$62,502	$185,437	$682,197

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

	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	$44,501	$74,792	$97,578	$129,612	$49,066	$241,577	$637,126

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

MINNDEPENDENT
STATEMENTS OF CASH FLOWS **Statement 4**
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$130,955	$88,004
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,899	2,323
PPP loan forgiveness	-	(70,830)
Noncash operating lease expense	(787)	-
Change in assets and liabilities:		
Accounts receivables	2,181	(3,035)
Contributions receivable	(11,180)	3,819
Employee Retention Credit receivable	(69,003)	-
Prepaid expenses	(2,210)	(511)
Accounts payable	483	(820)
Accrued liabilities	18	(4,044)
Deferred revenue	7,355	(2,955)
Net cash provided (used) by operating activities	59,711	11,951
Cash flows from investing activities:		
Purchase of certificates of deposit	(200,000)	-
Net (decrease) increase in cash and cash equivalents	(140,289)	11,951
Cash and cash equivalents - beginning of year	418,189	406,238
Cash and cash equivalents - end of year	$277,900	$418,189

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.

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, 2023 and 2022, the Organization had no net assets with donor restrictions that were permanent in nature.

D. CASH AND CASH EQUIVALENTS

For purposes of the statements 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, 2023 and 2022 was $1,899 and $2,323, 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. LEASES

For any lease with an initial term in excess of 12 months, the related leased asset and liability are recognized on the statements of financial position as either operating or finance leases at the inception of an agreement where it is determined that a lease exists. The Organization has elected to exclude short-term leases for all classes of underlying assets from balance sheet recognition. A lease is considered to be short-term if it contains a lease term of 12 months or less. Lease expense related to short-term leases is recognized on a straight-line basis over the term of the lease. The Organization may enter into leases that contain both lease and non-lease components. The Organization has not elected the practical expedient to combine lease and non-lease components.

Operating lease assets are included in operating lease right-of-use ("ROU") assets. ROU assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the related operating lease. Finance leases are included in property and equipment and finance lease liabilities. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. The Organization has elected to use the risk-free rate as the discount factor in lieu of determining the incremental borrowing rate for all classes of underlying assets when the implicit rate is not readily determinable.

I. 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.

J. 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 statements of financial position. There are no contributions that have not been recognized as of June 30, 2023 and 2022, 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.

K. 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.

L. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the various programs and activities have been summarized on a functional basis in the statements 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).

M. 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, 2023 and 2022 was $14,544 and $11,636 respectively.

N. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Organization adopted the provisions of ASC 842, *Leases*, using the modified retrospective approach with July 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. In addition, the Organization elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases. Upon implementation ROU assets increased by $46,881 and operating lease liabilities increased by $46,559. Adoption of the new standard did not materially impact the Organization's net income and had no impact on cash flows.

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:

	2023	2022
Cash and cash equivalents	$277,900	$418,189
Certificates of deposit	200,000	-
Accounts receivables	1,329	3,510
Contributions receivable	114,836	103,656
Employee retention credit receivable	69,003	-
	$663,068	$525,355

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, 2023, and 2022, there was $223,601 and $186,953, respectively, in the operating reserve account. These amounts are included in the cash and cash equivalents and certificates of deposit 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, 2023 and 2022 was $15,838 and $18,561, respectively.

Note 4 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATIONS

As of June 30, 2023 and 2022, the Board had designated $223,601 and $186,953 respectively, into an operating reserve 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:

	2023	2022
Time restricted	$22,684	$22,906
Purpose restricted:		
STEM	256,981	258,554
Total	$279,665	$281,460

Note 6 OPERATING LEASES

The Organization leases an office facility and certain equipment at various terms under long-term, non-cancelable operating leases. The leases expire at various dates through 2027. The office facility lease provides one three-year renewal option and requires the Organization to pay real estate taxes and other operating expenses.

Total operating lease expense for the year ended June 30, 2023 was $16,660.

The weighted-average remaining lease term is 2.8 years, and the weighted-average discount rate is 3.16%.

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$16,491
Right of use assets obtained in exchange for new lease liabilities:	
Operating leases	$10,140

The future maturities of lease liabilities are as follows:

Year Ended June 30,	
2024	$16,080
2025	16,444
2026	9,006
2027	2,028
2028	845
Total lease payments	44,403
Less: Present value of discount	(2,058)
Present value of lease payments	$42,345

Note 7 PAYCHECK PROTECTION PROGRAM LOANS

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"). The Organization was notified by the Small Business Administration (SBA) of full forgiveness on January 6, 2021.

On February 10, 2021 the Organization received a second draw PPP loan for $70,830. The organization was notified by the SBA of full forgiveness on August 19, 2021.

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

Note 8 EMPLOYEE RETENTION CREDIT

On March 27, 2020, the CARES Act was signed into law providing numerous tax provisions and other stimulus measures, including an Employee Retention Credit (“ERC”), which is a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC. An entity is eligible for the employee retention credit (ERC) if it either (1) fully or partially suspended operations during any calendar quarter due to orders from an appropriate government authority limiting business activities due to COVID-19; or (2) experienced a significant decline in gross receipts during the calendar quarter.

The Organization accounted for the Employee Retention Credit as a conditional contribution under FASB ASC 958-605. During the year ended June 30, 2023, the Organization recognized COVID-19 government revenue of $69,003 related to payroll expenses from 2020 and 2021. A current receivable in the amount of $69,003 is included in the statements of financial position as of June 30, 2023.

Note 9 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 21, 2023, the date the financial statements were available to be issued.