

MINNDEPENDENT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

A handwritten signature in black ink that reads "Redpath and Company, LLC". The signature is written in a cursive, flowing style.

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

September 17, 2024

MINNDEPENDENT
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

Statement 1

	2024	2023
Assets:		
Current assets:		
Cash and cash equivalents	\$588,914	\$277,900
Certificates of deposit	265,000	200,000
Accrued interest receivable	3,031	-
Accounts receivable	-	1,329
Contributions receivable	48,155	114,836
Employee Retention Credit receivable	-	69,003
Prepaid expenses	10,854	13,887
Total current assets	<u>915,954</u>	<u>676,955</u>
Property and equipment:		
Furniture and equipment	23,021	23,021
Website design	12,726	12,726
Less: Accumulated depreciation	(33,689)	(31,790)
Total property and equipment	<u>2,058</u>	<u>3,957</u>
Other assets:		
Operating lease right-to-use asset	<u>28,100</u>	<u>43,132</u>
Total assets	<u><u>\$946,112</u></u>	<u><u>\$724,044</u></u>
Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$12,000	\$8,003
Accrued liabilities	1,508	1,520
Deferred revenue	12,630	7,865
Operating lease liability, current	15,551	14,955
Total current liabilities	<u>41,689</u>	<u>32,343</u>
Long-term liabilities:		
Operating lease liability, net of current portion	<u>11,839</u>	<u>27,390</u>
Total liabilities	<u>53,528</u>	<u>59,733</u>
Net assets:		
Without donor restrictions:		
Undesignated	44,847	161,045
Board designated for operating reserves	341,616	223,601
With donor restrictions	<u>506,121</u>	<u>279,665</u>
Total net assets	<u>892,584</u>	<u>664,311</u>
Total liabilities and net assets	<u><u>\$946,112</u></u>	<u><u>\$724,044</u></u>

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

MINNDEPENDENT**STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2024 and 2023

Statement 2

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Support:						
Contributions	\$77,082	\$44,809	\$121,891	\$57,043	\$45,869	\$102,912
Grants	57,000	375,000	432,000	165,000	175,000	340,000
Sponsorships	75,620	-	75,620	76,850	-	76,850
Employee Retention Credit	-	-	-	69,003	-	69,003
Revenue:						
Member dues	200,092	-	200,092	193,566	-	193,566
Program income	28,800	-	28,800	29,350	-	29,350
Interest income	23,670	-	23,670	1,471	-	1,471
Net assets released from restrictions	193,353	(193,353)	-	222,664	(222,664)	-
Total revenues	655,617	226,456	882,073	814,947	(1,795)	813,152
Expenses:						
Program expenses:						
Public policy	40,799	-	40,799	46,981	-	46,981
Educational conferences	112,949	-	112,949	104,684	-	104,684
Member services	128,746	-	128,746	116,948	-	116,948
STEM	148,127	-	148,127	165,645	-	165,645
Fundraising expenses	67,189	-	67,189	62,502	-	62,502
Administrative expenses	155,990	-	155,990	185,437	-	185,437
Total expenses	653,800	0	653,800	682,197	0	682,197
Increase (decrease) in net assets	1,817	226,456	228,273	132,750	(1,795)	130,955
Net assets - beginning of year	384,646	279,665	664,311	251,896	281,460	533,356
Net assets - end of year	<u>\$386,463</u>	<u>\$506,121</u>	<u>\$892,584</u>	<u>\$384,646</u>	<u>\$279,665</u>	<u>\$664,311</u>

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

MINDEPENDENT
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2024 and 2023

	2024						
	Program Expenses			Support Services			
Public	Educational		Member	STEM		Fundraising	Administration
Policy	Conferences	Services					Total
Expenses:							
Salary and benefits	\$15,179	\$47,897	\$103,555	\$39,210	\$71,779	\$55,474	\$333,094
Outside services	20,540	6,173	2,750	58,625	-	-	88,088
Equipment related	1,075	3,479	7,309	2,862	5,435	3,964	24,124
Rent, utilities and parking	1,321	4,230	8,857	3,444	6,159	4,857	28,868
Telephone	65	209	436	170	296	237	1,413
Legal and accounting	-	-	-	-	65,581	-	65,581
Depreciation	-	-	-	-	1,899	-	1,899
Office and general	1,669	2,736	2,067	401	1,428	414	8,715
Postage	-	-	-	-	(63)	56	(7)
Printing	-	1,268	-	-	-	682	1,950
Meals and entertainment	6	-	308	-	11	959	1,284
Mileage and parking	83	99	493	-	9	165	849
Insurance	-	-	-	-	2,224	-	2,224
Meetings and conferences	256	45,938	84	3,275	108	-	49,661
Dues and subscriptions	522	71	931	53	745	77	2,399
Advertising	83	849	1,956	218	379	304	3,789
Grants	-	-	-	39,869	-	-	39,869
Total expenses	\$40,799	\$112,949	\$128,746	\$148,127	\$155,990	\$67,189	\$653,800

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

MINDEPENDENT
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2024 and 2023

		2023					
	Public Policy	Program Expenses			Support Services		
		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	<u>\$46,981</u>	<u>\$104,684</u>	<u>\$116,948</u>	<u>\$165,645</u>	<u>\$62,502</u>	<u>\$185,437</u>	<u>\$682,197</u>

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

MINNDEPENDENT**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2024 and 2023

Statement 4

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$228,273	\$130,955
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,899	1,899
Noncash operating lease expense	77	(787)
Change in assets and liabilities:		
Accounts receivables	1,329	2,181
Contributions receivable	66,681	(11,180)
Accrued interest receivable	(3,031)	-
Employee Retention Credit receivable	69,003	(69,003)
Prepaid expenses	3,033	(2,210)
Accounts payable	3,997	483
Accrued liabilities	(12)	18
Deferred revenue	4,765	7,355
Net cash provided by operating activities	376,014	59,711
Cash flows from investing activities:		
Purchase of certificates of deposit	(165,000)	(200,000)
Proceeds from certificates of deposit	100,000	-
Net cash used by investing activities	(65,000)	(200,000)
Net (decrease) increase in cash and cash equivalents	311,014	(140,289)
Cash and cash equivalents - beginning of year	277,900	418,189
Cash and cash equivalents - end of year	\$588,914	\$277,900

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, 2024 and 2023, 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 each of the years ended June 30, 2024 and 2023 was \$1,899.

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.

MINNDEPENDENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023 was \$12,276 and \$14,544 respectively.

N. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Organization adopted Accounting Standards Update (“ASU”) 2016-13, *Credit Losses - Measurement of Credit Losses on Financial Instruments* and all related subsequent pronouncements as of July 1, 2023, which replaced the incurred loss method with a method that reflects lifetime expected credit losses. The Organization adopted the changes in accounting for credit losses using a modified retrospective transition method. Adoption of the new standard did not materially impact the Organization’s financial statements. The comparative financial information has not been restated and continues to be reported under the accounting standard in effect for those periods.

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$588,914	\$277,900
Certificates of deposit	265,000	200,000
Accrued interest receivable	3,031	-
Accounts receivable	-	1,329
Contributions receivable	48,155	114,836
Employee retention credit receivable	<u>-</u>	<u>69,003</u>
	<u>\$905,100</u>	<u>\$663,068</u>

MINNDEPENDENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

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, 2024, and 2023, there was \$341,616 and \$223,601, respectively, designated for an operating reserve. 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, 2024 and 2023 was \$16,749 and \$15,838, respectively.

Note 4 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATIONS

As of June 30, 2024 and 2023, the Board had designated \$341,616 and \$223,601 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:

	<u>2024</u>	<u>2023</u>
Time restricted	\$22,405	\$22,684
Purpose restricted:		
Strategic planning	250,000	-
STEM	<u>233,716</u>	<u>256,981</u>
Total	<u>\$506,121</u>	<u>\$279,665</u>

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.

The weighted-average remaining lease term is 1.96 years and 2.8 years for the years ended June 30, 2023 and 2024, respectively. The weighted-average discount rate is 3.19% and 3.16% for the years ended June 30, 2023 and 2024, respectively.

MINNDEPENDENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Total operating lease expense for the year ended June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$16,158	\$16,660

The following table summarizes the supplemental cash flow information for the years ended June 30:

	<u>2024</u>	<u>2023</u>
<u>Cash paid for amounts included in the measurement of lease liabilities:</u>		
Operating cash flows from operating leases	<u>\$16,158</u>	<u>\$16,491</u>
	<u>2024</u>	<u>2023</u>
<u>Right of use assets obtained in exchange for new lease liabilities:</u>		
Operating leases	<u>\$ -</u>	<u>\$10,140</u>

The future maturities of lease liabilities are as follows:

<u>Year Ended June 30,</u>	
2025	\$16,158
2026	9,093
2027	2,028
2028	<u>845</u>
Total lease payments	28,124
Less: Present value of discount	<u>(734)</u>
Present value of lease payments	<u>\$27,390</u>

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). The Organization was notified by the 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.

MINNDEPENDENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

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 payment in full, including interest of \$4,697 was received in July 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 17, 2024, the date the financial statements were available to be issued.



AUDIT MANAGEMENT LETTER

To the Board of Directors
MINNDEPENDENT
Edina, Minnesota

We have audited the financial statements of MINNDEPENDENT (the Organization) for the year ended June 30, 2024, and have issued our report thereon dated September 17, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 5, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. As described in Note 1, the Organization changed accounting policies related to *Credit Losses (Topic 326)* by adopting FASB Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*. The implementation of this standard had no effect on the Organization's financial statements. No other new accounting policies were adopted, and the application of other existing policies was not changed during 2024. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We believe the most sensitive estimate affecting the financial statements was management's estimate of the allocation of functional expenses. We evaluated the key factors and assumptions used to develop accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We believe the most sensitive disclosure affecting the financial statements was Note 2 – Liquidity and Availability.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with the Organization's staff and management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 17, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Report on Internal Control

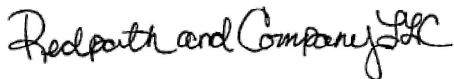
In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

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.

Closing

This information is intended solely for the use of MINNDEPENDENT's Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Redpath and Company, LLC". The signature is written in a cursive, flowing style.

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

September 17, 2024