Financial Statements
June 30, 2020

Change, Inc.

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Independent Auditor's Report

The Board of Directors
Change, Inc.
St. Paul, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of Change, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 of America; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit 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 the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
June 29, 2021

Assets		
Cash and cash equivalents	$	663,479
Accounts receivable		766,505
Prepaid expenses and other assets		16,236
Property and equipment, net		1,083,505
Investments		15,715
Cash held for endowment		33,065
Total assets	$	2,578,505
Liabilities and Net Assets		
Accounts payable	$	55,705
Accrued salaries and payroll liabilites		186,993
Other liabilities		9,461
Pass-through liability		8,616
Line of credit		195,000
Paycheck Protection Program (PPP) note payable		337,024
Total liabilities		792,799
Net Assets		
Without donor restrictions		1,590,042
With donor restrictions		195,664
Total net assets		1,785,706
Total liabilities and net assets	$	2,578,505

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Government grants	$ 2,967,871	$ -	$ 2,967,871
Program service fees	581,411	-	581,411
Individual, foundation, and corporate grants and contributions	261,770	161,099	422,869
Net investment return	104	-	104
Medical billings	1,140,226	-	1,140,226
Contributions received under Paycheck Protection Program	464,271	-	464,271
Other income	40,403	-	40,403
Gain on sale of property and equipment	1,075	-	1,075
Distributions from beneficial interests in assets held by others	-	8,608	8,608
Net assets released from restrictions	8,608	(8,608)	-
Total revenue, support, and gains	5,465,739	161,099	5,626,838
Expenses			
Program services expense	4,777,758	-	4,777,758
Supporting services expense			
Management and general	650,489	-	650,489
Fundraising and development	122,553	-	122,553
Total supporting services expenses	773,042	-	773,042
Total expenses and losses	5,550,800	-	5,550,800
Change in Net Assets	(85,061)	161,099	76,038
Net Assets, Beginning of Year	1,675,103	34,565	1,709,668
Net Assets, End of Year	$ 1,590,042	$ 195,664	$ 1,785,706

Change, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services										Supporting Services			
	Education	Youth and Family Services	Adult Literacy	Extended Day/Year	Food Service	Counseling	Youth Employment	Clinical Mental Health Services	Change Institute	Total	Management and General	Fundraising and Development	Total	Total Expenses
Salaries and Wages	$ 298,089	$ 272,260	$ 342,525	$ 43,894	$ 79,177	$ 1,650,210	$ 558,502	$ -	$ -	$ 3,244,657	$ 339,895	$ 103,456	$ 443,351	$ 3,688,008
Payroll Taxes and Benefits	68,831	47,574	76,446	9,001	18,973	343,833	135,859	-	-	700,517	86,150	11,340	97,490	798,007
Professional and Outside Services	8,369	3,210	22,125	3,560	3,210	246,038	22,797	21,027	2,030	332,366	173,248	2,097	175,345	507,711
Staff Development	759	2,848	25	-	700	17,688	14,015	-	-	36,035	6,882	-	6,882	42,917
Occupancy	18,816	7,551	31,842	7,273	7,237	62,249	51,844	6,290	-	193,101	6,465	1,454	7,919	201,020
Minor Equipment and										-				
Maintenance	2,890	5,202	4,891	1,112	1,850	5,217	8,014	-	-	29,176	10,659	222	10,881	40,057
Supplies	2,733	698	3,870	1,388	51,514	10,259	10,293	-	-	80,755	2,505	1,093	3,598	84,353
Printing and Postage	181	70	307	70	70	472	942	-	-	2,112	628	2,042	2,670	4,782
Vehicle Expense	121	690	23	137	1,307	3,972	3,345	2,105	-	11,700	562	1	563	12,263
Student Activities, Transportation, Stipends	4,331	2,650	3,970	8,156	-	(956)	47,784	-	-	65,935	1,400	-	1,400	67,335
Bank Account Expense	1,479	6	28	26	8	110	1,084	-	-	2,741	18,783	20	18,803	21,544
Depreciation	10,764	4,140	18,216	4,140	4,140	8,280	28,981	-	-	78,662	3,312	828	4,140	82,802
	$ 417,363	$ 346,899	$ 504,268	$ 78,757	$ 168,186	$ 2,347,372	$ 883,460	$ 29,422	$ 2,030	$ 4,777,758	$ 650,489	$ 122,553	$ 773,042	$ 5,550,800

Operating Activities	
Change in net assets	$ 76,038
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation	82,802
Gain on sale of property and equipment	(1,075)
Contributions recognized under the Paycheck Protection Program	(464,271)
Changes in operating assets and liabilities	
Accounts receivable, net	(251,312)
Prepaid expenses and other assets	17,123
Accounts payable	2,204
Accrued salaries and payroll liabilites	29,405
Pass-through liability	621
Other liabilities	(18,280)
Net Cash used for Operating Activities	(526,745)
Investing Activities	
Purchases of property and equipment	(79,781)
Proceeds from sales of property and equipment	1,075
Net Cash used for Investing Activities	(78,706)
Financing Activities	
Net borrowings under Paycheck Protection Program advance	801,295
Net borrowings under line of credit	195,000
Net Cash from Financing Activities	996,295
Net Change in Cash, Cash Equivalents, and Restricted Cash	390,844
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	305,700
Cash, Cash Equivalents, and Restricted Cash End of Year	$ 696,544
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for	
Interest	$ 8,767
Supplemental Disclosure of Non-cash Investing and Financing Activity	
Accounts payable for property and equipment	$ 709

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Change Inc. (formerly Guadalupe Alternative Programs; hereafter referred to as the Organization) is a nonprofit organization established to utilize the power of relationships and community to create educational, training, and healing opportunities for children, youth, young adults, and families so that they achieve their highest ambition.

The Organization is a premier provider of education, employment and training, mentoring, family support, and school-based mental health services. The Organization has a strong reputation as an ideal place to work for mission-driven educators, therapists, community cultural specialists, and administrators. The professional training, consultation, and supervision offered is sought after by collaborating educators, clinicians, and other local and national organizations. The Organization serves children and youth at high risk of school failure, as well as immigrants and refugees seeking to create a better life in this country.

The Organization’s programming falls into three core strategies:

- Guadalupe Alternative Programs (GAP) School, located in Saint Paul, serves approximately 200 youth and young adults (ages 16-24) annually through education and enrichment; training that leads to employment; and social and emotional supports. Through a long-term partnership with Saint Paul Public Schools, GAP School helps youth at high-risk of school failure complete their high school diploma in an environment better tailored to meet their strengths and needs.
- Community School Collaborative – Mental health practitioners provide on-site school-based mental health services for more than 700 children and their families in 29 schools throughout Minneapolis and Saint Paul. As a CTSS provider, the Organization provides a continuum of culturally appropriate services including support from mental health behavioral aides, individual/group/family skills training, and individual/group/family therapy.
- Change Institute – Through formal supervision and training, we are working to share what we have learned in implementing the school-based mental health model, with the goals of increasing the knowledge base surrounding approaches/impact and helping to educate the next generation of mental health professionals.

The Organization works to help communities’ growth by providing safe spaces in which participants can express themselves naturally and informally, allowing people’s desire for connection to lead the creation of a support network that will help families overcome barriers. Change Inc. believes they truly listen to families and act as a facilitator rather than a fixer. The Organization adopts a principle of cultural humility; as cultures grow and change, it is imperative that the Organization listens directly to participants to understand their lived experiences and incorporate their voices into their programmatic planning and implementation.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due on fee-for-service contracts. Allowance for uncollectable on receivables is determined based on historical experience, an assessment of economic conditions, management's analysis, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2020, the allowance was $0.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2020, the balance of promises to give included in accounts receivables was $0.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at their estimated fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the statement of activities.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies these net assets with donor restrictions to net assets without donor restrictions at that time.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Beneficial Interests in Charitable Trusts Held by Others

The Organization has solicited contributions that were made directly to the Saint Paul Foundation (the Foundation). As the donors have explicitly granted variance power to the Foundation, only the investment return from the contributions will be distributed to the Organization via grants, subject to the Foundation's spending policy and the Foundation's right to redirect the return on these contributions to another beneficiary without the approval of the donor, the Organization, or any other party if distributions to the Organization become unnecessary, impossible, or inconsistent with the needs of the community. As such, the Organization is precluded from recognizing the rights to these assets. At June 30, 2020, approximately $200,542 was held in the Foundation related to these contributions. Grants of $8,608 have been distributed from these funds during the year ended period June 30, 2020.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Pass-Through Liability

The Organization periodically acts as an agent for donors and grantors. It accepts assets from donors and agrees to use those amounts to benefit a specified beneficiary. These transactions are not included in the statement of activities since the Organization has no discretion in determining how the funds are used. Such agency amounts collected are recorded as liabilities until released to the beneficiary.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets 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) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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.

Revenue and Revenue Recognition

The Organization recognizes revenue from program service fees as the services are provided. Goods and services provided in connection with program service fees are transferred at a point in time and recognized over the period of services.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the period ended June 30, 2020.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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 financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and benefits, professional and outside services, staff development, minor equipment and maintenance, supplies, printing and postage, and depreciation, which are allocated on the basis of estimates of time and effort or a square footage usage allocation.

Income Taxes

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an entity described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments, Concentration, and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and payors supportive of the Organization's mission.

During the period ended June 30, 2020, approximately 54% of government grant revenue reported on the statement of activities was earned from three payors. 70% of outstanding receivables were due from six payors at June 30, 2020.

Change in Accounting Policy

As of July 1, 2019, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows* (Topic 230) *Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The Organization has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

Additionally, the Organization adopted provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The implementation of this standard had no impact on the financial statements.

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 statement of financial position date, comprise the following:

	2020
Cash and cash equivalents	$ 663,479
Accounts receivable	766,505
	$ 1,429,984

The Organization is primarily funded by government grants and earned revenue. Both revenue streams are paid via reimbursement. Therefore, the Organization must maintain adequate cash to cover program expenses while awaiting cash reimbursement on a monthly or quarterly basis. The Organization seeks to deepen its cash reserves to aid in the potential shortage this situation poses. To this end, the Board of Directors adopted a policy to establish and maintain an Operating Reserve sufficient to fund 90 days operating expenses. The Operating Reserve does not yet have an established funding source other than surpluses from operations.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
>
> Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 2 because they comprise of a guaranteed interest account with Mutual of America and this assessment is based on guidance provided by Mutual of America. The fair value of the donated gemstones is considered to be a Level 3 measurement.

Fair values of assets measured on a nonrecurring basis at June 30, 2020, are as follows:

		Fair Value Measurements at Report Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Long-lived asset held and used gem stones	$ 15,715	$ -	$ -	$ 15,715	$ -

Fair value for the donated gemstones is based on estimation provided by an appraiser and was written down in 2012 to the estimated fair market value. Management does not believe there has been any significant change in value of these gem stones since the last appraisal was performed, therefore no appraisal was obtained as of June 30, 2020. These assets are reported within the investments on the statement of financial position.

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2020:

Land	$ 6,400
Buildings and improvements	2,763,211
Equipment and furniture and fixtures	447,385
Vehicles	13,180
Leashold improvements	25,000
Construction in progress	53,695
	3,308,871
Less accumulated depreciation and amortization	(2,225,366)
	$ 1,083,505

The construction in progress relates to purchased property and building materials for renovation through the Organization's youth employment program. The houses are sold to the public after they are completed.

Depreciation expense totaled $82,802 for the period ended June 30, 2020.

Note 5 - Note Payable

On September 10, 2019, the Organization entered into a $150,000 line of credit agreement with Propel borrower. Additional amount of $45,000 was added on November 19, 2019. Borrowings incurred interest at 6.5%. Accrued interest and principal are due at maturity. This line of credit is due in full on December 31, 2020.

Notes payable consist of the following at June 30, 2020:

6.5% line of credit, due in as monthly interest only payments and in one final installment, to December 31, 2020 from Propel	$ 195,000
1.0% note payable, due in monthly installments, including interest, to April 2022, from Drake Bank as a part of the Paycheck Protection Program (*)	337,024
	532,024
Less current maturities	(195,000)
Long-term debt, less current maturities and unamortized debt issuance costs	$ 337,024

Future maturities of notes payable are as follows:

Years Ending June 30,	Amount
2021	$ 195,000
2022	337,024
	$ 532,024

(*) On April 16, 2020, the Organization was granted a $801,295 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a refundable advance. Accrued principal and interest payments of $45,094 are scheduled to be due beginning November 2020, although, the Organization is not required to repay any remaining balance, plus interest accrued, until notification of forgiveness or partial forgiveness is received. For this reason, future minimum payments are classified as long-term. The Organization will record the forgiveness of the remaining balance in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. $464,321 of contribution revenue has been recorded for the year ended June 30, 2020 based on management's assessment that there is no longer a measurable performance or other barrier and a right to return for the amount recognized as of June 30, 2020. Subsequent to June 30, 2020, the Organization obtained full forgiveness of this loan from the SBA.

Note 6 - Leases

Equipment is leased under various operating leases, expiring at various dates through 2025.

Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2021	$ 69,586
2022	69,923
2023	70,014
2024	61,742
2025	27,850
	$ 299,115

Rent expenses charged to operations under these leases amounted to $88,358 for the period ended June 30, 2020.

Note 7 - Endowment

The Organization's endowment (the Endowment) consists of one individual fund established by donors to provide annual funding for general operations.

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (the UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by the UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

As of June 30, 2020, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 33,065	$ 33,065
	$ -	$ 33,065	$ 33,065

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of June 30, 2020.

As of June 30, 2020, an investment and spending policy is not in place for the endowment due to the small balance of the endowment fund.

There were no changes in endowment net assets for the year ended June 30, 2020.

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2020:

Subject to expenditure for specified purpose		
Community School Collaborative	$	80,000
Opportunity reboot		47,884
Other		34,715
	$	162,599
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	$	33,065

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 period ended June 30, 2020:

Distributions (proceeds are not restricted by donors)		
Beneficial interests in charitable trusts held by others	$	8,608

Note 9 - Employee Benefits

The Organization has a Salary Reduction Retirement Plan which is qualified under Section 403(b) of the Internal Revenue Code. Eligible employees can elect to participate by contributing pre-tax dollars from payroll checks to the plan. The Organization matches 100% of the first 4% of the employee’s contributions. For the period ended June 30, 2020, the Organization contributed $95,613 to the 403(b) Plan.

Note 10 - Subsequent Events

General Operations

Subsequent to year-end, the Organization has been impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization’s financial position is not known.

The Organization has evaluated subsequent events through June 29, 2021, the date the financial statements were available to be issued.