

ANOKA-HENNEPIN EDUCATION FOUNDATION
ANOKA, MINNESOTA

FINANCIAL STATEMENTS
AS OF JUNE 30, 2021
(With Independent Auditor's Report)

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Robert M. Murphey, P.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Anoka-Hennepin Education Foundation
Anoka, Minnesota

We have audited the accompanying financial statements of Anoka-Hennepin Education Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities 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

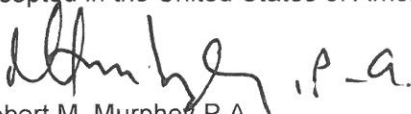
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 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 Anoka-Hennepin Education Foundation as of June 30, 2021, and the changes in its net assets and its cashflows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Robert M. Murphey P.A.
Maple Grove, MN
October 19, 2021

ANOKA-HENNEPIN EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 339,935
Certificates of deposit	297,146
Accounts receivable, net of allowance for doubtful accounts of \$0	7,024
Inventory	5,891
Property and equipment	11,428
Less accumulated depreciation	<u>(4,645)</u>
	<u>6,783</u>
	 <u>\$ 656,779</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$ 42,521
Directed accounts payable	181,512
Grants payable	17,205
Deferred revenue	300
Total liabilities	<u>241,538</u>

NET ASSETS:

Unrestricted	382,187
Permanently restricted	<u>33,054</u>
	<u>415,241</u>

\$ 656,779

See notes to financial statements

ANOKA-HENNEPIN EDUCATION FOUNDATION
STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

UNRESTRICTED NET ASSETS:

Unrestricted Revenues:

Contributions	\$ 240,643
Fund raising events	88,325
Certificate sales	42,450
Payroll Protection Program loan forgiveness	25,400
Account administration fees	10,583
Interest income	<u>6,549</u>
Total Unrestricted Revenues	<u>413,950</u>

Unrestricted Expenses:

Program services:

Fund raising events	11,105
Anoka-Hennepin Schools	64,356
Cost of certificate sales	41,279

Supporting service:

Functional expenses	<u>161,850</u>
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Total Unrestricted Expenses	<u>278,590</u>
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Increase in Unrestricted Net Assets	<u>135,360</u>
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PERMANENTLY RESTRICTED NET ASSETS:

Endowment fund interest income	<u>784</u>
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Increase in Permanently Restricted Net Assets	<u>784</u>
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INCREASE IN NET ASSETS	136,144
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NET ASSETS, BEGINNING OF YEAR	<u>279,097</u>
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NET ASSETS, END OF YEAR	<u>\$ 415,241</u>
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See notes to financial statements

ANOKA-HENNEPIN EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 89,965	\$ 13,495	\$ 8,996	\$ 112,456
Employee benefits	14,208	2,131	1,421	17,760
Retirement contributions	6,747	1,012	675	8,434
Payroll taxes	6,384	958	638	7,980
Advertising and promotion	6,158	-	-	6,158
Depreciation and amortization	2,229	-	-	2,229
Conferences and meetings	1,821	-	-	1,821
Merchant fees	214	-	854	1,068
Printing and reproduction	-	942	-	942
Professional development	659	99	66	824
Other administrative	517	-	266	783
Office expenses	105	315	105	525
Professional fees	-	400	-	400
Insurance	370	-	-	370
Postage	-	20	80	100
	<u>\$ 129,377</u>	<u>\$ 19,372</u>	<u>\$ 13,101</u>	<u>\$ 161,850</u>

See notes to financial statements

ANOKA-HENNEPIN EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 136,144
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation and amortization	2,229
(Increase) decrease in:	
Receivables	2,945
Inventory	(557)
Increase (decrease) in:	
Accounts payable and accrued expenses	28,115
Directed accounts payable	52,046
Grants payable	(10,850)
Deferred revenue	300
Net cash flows provided by operating activities	<u>210,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net increase in certificates of deposit	<u>(7,046)</u>
Net cash flows used in investing activities	<u>(7,046)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Forgiveness of Payroll Protection Program loan	<u>(25,400)</u>
Net cash flows provided by financing activities	<u>(25,400)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	177,926
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>162,009</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 339,935</u>

See notes to financial statements

ANOKA-HENNEPIN EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Anoka-Hennepin Education Foundation (AHEF) cultivates equitable and innovative experiences for students by providing program and enrichment opportunities in the Anoka-Hennepin School District. The programs offered are directed toward enhancing early childhood education, expanding talent and opportunity development, and increasing career and college readiness. The Organization is supported primarily through donations from business and community partners.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Promises to Give

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statement of activities and changes in net assets.

Property and Equipment

The Organization capitalizes property and equipment with a cost over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Contributed fixed assets are recorded at fair market value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The estimated useful lives of property and equipment are as follows:

Computer Equipment	5 years
Software	5 years

(continued on following page)

NOTES TO FINANCIAL STATEMENTS - Page 2

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks to assist the Organization at its facilities, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 2,180 volunteer hours per year.

Contributions

Contributions are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or the nature of any donor restrictions.

Income Tax Status

Anoka-Hennepin Education Foundation was incorporated under the laws of the State of Minnesota as a non-profit organization. The Organization is a not-for-profit entity that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as administrative expenses that may be directly allocated.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Software	\$ 9,552	\$ 2,769	\$ 6,783
Computer Equipment	<u>1,876</u>	<u>1,876</u>	<u>-</u>
	<u>\$ 11,428</u>	<u>\$ 4,645</u>	<u>\$ 6,783</u>

(continued on following page)

NOTES TO FINANCIAL STATEMENTS - Page 3

NOTE 3 INVENTORY

Inventory consists of script program certificates held for future sales that are recorded at their cost.

NOTE 4 RESTRICTIONS ON NET ASSETS

Endowment Fund

The Organization's endowment fund was established in 2015 to provide an annual scholarship for an Anoka-Hennepin student planning to continue to study music and/or the fine arts. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely, and income from the fund is to be used for scholarships. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

NOTE 5 UNINSURED CASH BALANCES

The Organization maintained its cash balances at one financial institution during the year ended June 30, 2021. Balances on these accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances are approximately \$387,100, at June 30, 2021.

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