

Wallin Education Partners

Financial Statements Together with Independent Auditors' Report

June 30, 2021

WALLIN EDUCATION PARTNERS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wallin Education Partners
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Wallin Education Partners (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statement of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 Wallin Education Partners as of June 30, 2021 and 2020, 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.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Organization has changed the accounting principle application for recording scholarship grants. Our opinion is not modified with respect to that matter.

Roseville, Minnesota
September 16, 2021

Olsen Thielen & Co., Ltd.

WALLIN EDUCATION PARTNERS

STATEMENT OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

ASSETS		
	2021	2020 (As Restated)
ASSETS:		
Cash and Cash Equivalents	\$ 10,409,170	\$ 8,264,085
Investments	3,097,721	2,362,004
Pledges Receivable	8,746,656	10,162,904
Interest and Other Receivable	5,746	7,450
Prepaid Expenses and Deposits	52,463	37,900
TOTAL ASSETS	\$ 22,311,756	\$ 20,834,343
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 19,903	\$ 52,636
Accrued Compensation and Benefits	277,264	169,825
Total Liabilities	297,167	222,461
NET ASSETS:		
Without Donor Restrictions:		
Designated - Including Board Reserve	1,143,598	1,001,681
Undesignated	298,247	336,820
Total Without Donor Restrictions	1,441,845	1,338,501
With Donor Restrictions	20,572,744	19,273,381
Total Net Assets	22,014,589	20,611,882
TOTAL LIABILITIES AND NET ASSETS	\$ 22,311,756	\$ 20,834,343

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

WALLIN EDUCATION PARTNERS
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 360,552	\$ 7,914,071	\$ 8,274,623	\$ 464,403	\$ 6,876,302	\$ 7,340,705
Event and Other Income	6,250	-	6,250	9,965	-	9,965
Investment Income	38,326	-	38,326	204,881	-	204,881
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	<u>6,614,708</u>	<u>(6,614,708)</u>	<u>-</u>	5,862,829	(5,862,829)	<u>-</u>
Total Support and Revenue	<u>7,019,836</u>	<u>1,299,363</u>	<u>8,319,199</u>	<u>6,542,078</u>	<u>1,013,473</u>	<u>7,555,551</u>
EXPENSES:						
Program Services:	6,066,966	-	6,066,966	5,131,536	-	5,131,536
Support Services:						
Management and General	351,845	-	351,845	468,387	-	468,387
Fundraising	<u>497,681</u>	<u>-</u>	<u>497,681</u>	<u>255,808</u>	<u>-</u>	<u>255,808</u>
Total Support Services	<u>849,526</u>	<u>-</u>	<u>849,526</u>	<u>724,195</u>	<u>-</u>	<u>724,195</u>
Total Expenses	<u>6,916,492</u>	<u>-</u>	<u>6,916,492</u>	<u>5,855,731</u>	<u>-</u>	<u>5,855,731</u>
CHANGE IN NET ASSETS	103,344	1,299,363	1,402,707	686,347	1,013,473	1,699,820
NET ASSETS TRANSFER TO AFFILIATE	-	-	-	-	(995,583)	(995,583)
NET ASSETS at Beginning of Year	<u>1,338,501</u>	<u>19,273,381</u>	<u>20,611,882</u>	<u>652,154</u>	<u>19,255,491</u>	<u>19,907,645</u>
NET ASSETS at End of Year	<u>\$ 1,441,845</u>	<u>\$20,572,744</u>	<u>\$22,014,589</u>	<u>\$ 1,338,501</u>	<u>\$19,273,381</u>	<u>\$20,611,882</u>

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

WALLIN EDUCATION PARTNERS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	2021				Total All Services
	Total Program Services	Support Services		Total Support Services	
		Management and General	Fundraising		
Salaries and Wages	\$ 1,157,189	\$ 178,769	\$ 340,259	\$ 519,028	\$ 1,676,217
Employee Benefits	92,746	55,116	25,480	80,596	173,342
Payroll Taxes	91,438	12,615	24,669	37,284	128,722
Total Personnel Costs	<u>1,341,373</u>	<u>246,500</u>	<u>390,408</u>	<u>636,908</u>	<u>1,978,281</u>
Scholarship Grants	4,437,948	-	-	-	4,437,948
Professional Fees and Contract Services	197,846	66,985	74,604	141,589	339,435
Office Expense	72,412	15,958	21,053	37,011	109,423
Meetings and Events	7,353	645	1,767	2,412	9,765
Other Expense and Uncollectibles	3,653	19,481	3,539	23,020	26,673
Insurance	5,088	898	1,497	2,395	7,483
Dues and Subscriptions	807	1,336	1,404	2,740	3,547
Staff Mileage and Travel	-	-	835	835	835
Marketing, Advertising and Promotion	486	42	2,574	2,616	3,102
Total Expenses	<u>\$ 6,066,966</u>	<u>\$ 351,845</u>	<u>\$ 497,681</u>	<u>\$ 849,526</u>	<u>\$ 6,916,492</u>

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

WALLIN EDUCATION PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES (Continued) YEAR ENDED JUNE 30, 2020

	2020 (As Restated)				
	Total Program Services	Support Services		Total Support Services	Total All Services
		Management and General	Fundraising		
Salaries and Wages	\$ 1,075,854	\$ 284,856	\$ 159,291	\$ 444,147	\$ 1,520,000
Employee Benefits	95,004	25,154	14,066	39,220	134,225
Payroll Taxes	85,217	22,563	12,617	35,180	120,398
Total Personnel Costs	1,256,075	332,573	185,974	518,547	1,774,623
Scholarship Grants	3,643,472	–	–	–	3,643,472
Professional Fees and Contract Services	115,003	69,554	30,196	99,750	214,753
Office Expense	72,939	50,339	12,075	62,414	135,353
Meetings and Events	26,637	135	20,938	21,073	47,710
Other Expense and Uncollectibles	11,376	11,121	3,862	14,983	26,359
Insurance	3,813	2,505	555	3,060	6,873
Dues and Subscriptions	1,293	1,264	439	1,703	2,995
Staff Mileage and Travel	917	896	311	1,207	2,124
Marketing, Advertising and Promotion	11	–	1,458	1,458	1,469
Total Expenses	\$ 5,131,536	\$ 468,387	\$ 255,808	\$ 724,195	\$ 5,855,731

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

WALLIN EDUCATION PARTNERS

STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,402,707	\$ 1,699,820
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Realized and Unrealized Investment (Gains) Losses	39,415	(94,943)
Changes in Operating Assets and Liabilities:		
Pledges Receivable	1,416,248	(855,677)
Interest and Other Receivable	1,704	4,949
Prepaid Expenses and Deposits	(14,563)	(3,036)
Accounts Payable	(32,733)	9,592
Accrued Compensation and Benefits	107,439	75,514
Scholarship Grants Payable	—	(148,499)
Net Cash Flows From Operating Activities	2,920,217	687,720
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(4,890,621)	(837,918)
Proceeds from Sales of Investments	4,115,489	7,357,727
Net Cash Flows From Investing Activities	(775,132)	6,519,809
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Assets Transfer to Affiliate	—	(285,075)
Net Cash Flows From Financing Activities	—	(285,075)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,145,085	6,922,454
CASH AND CASH EQUIVALENTS at Beginning of Year	8,264,085	1,341,631
CASH AND CASH EQUIVALENTS at End of Year	\$10,409,170	\$ 8,264,085
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Non-Cash Financing Activities		
Change in Pledge Receivable for Net Assets Transfer to Affiliate	\$ —	\$ 1,297,300
Change in Scholarships Grant Payable for Net Assets Transfer to Affiliate	—	(571,500)
Change in Accrued Compensation for Net Assets Transfer to Affiliate	—	(15,292)

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

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of Wallin Education Partners (the Organization) is to enable college and career success for Minnesota students with financial need through scholarships, comprehensive advising support, and data-informed collaboration with our educational, business, and philanthropic partners.

The vision of the Organization is to create a diverse, ever expanding community of scholars and educated citizens with the skills, leadership, and dedication needed to build a stronger tomorrow.

Our work is informed by the recognition of demographic changes in our society, the need for equity, and considerations of our future workforce.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restrictions:

Undesignated: Resources over which the Board of Directors has discretionary control.

Board Designated: Designated amounts represent those net assets which the Board has set aside for special initiatives and a board reserve fund to ensure the stability of the mission, programs, and ongoing operations of the organization. The Board Reserve Fund is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses or unanticipated loss in funding. The Board Reserve Fund may also be used for one-time, nonrecurring expenses, including but not limited to, staff development, research, program development or investment in infrastructure. The Board Reserve Fund is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ASSOCIATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 16, 2021, the date the financial statements were available to be issued.

Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

Pledges Receivable and Allowance for Pledge Receivable Losses

Pledges receivable consists of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue.

Pledges receivable are assessed individually for collectability based on the surrounding facts and circumstances and past history.

The Organization monitors the credit quality of its pledges receivable balance. Pledges are reviewed periodically, and collectability of pledge balances is assessed. Losses in prior years have been insignificant. The Organization has recorded no allowance for uncollectible pledges at June 30, 2021 and 2020.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expense

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- 1) Salaries and wages, benefits, and payroll taxes are allocated based on the amounts of time spent by employees performing those functions.
- 2) Occupancy, depreciation, amortization and interest are allocated on a square foot basis based on the programs and supporting activities occupying the space.
- 3) Telephone and internet services, insurance, supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of salaries and wages.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in support received in future years.

Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code therefore, the statements do not include a provision for income taxes but is subject to income tax on net unrelated business income.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no income tax uncertainties. The Organization files information returns as a tax-exempt Organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution.

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Organization uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Organization holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Organization's investment securities were determined based on inputs as presented in Note 2.

Recently Issued Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. It is to be adopted using the modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

Risks and Uncertainties

In March 2020, the World Health Organization declared the novel strain of the coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact the Organization's operations and the financial statements.

Reclassifications

Certain amounts in the 2020 financial statements and notes have been reclassified to conform with the 2021 presentation. These reclassifications had no effect on net assets for either period.

WALLIN EDUCATION PARTNERS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS

Investments consist of the following at June 30:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Certificates of Deposit	\$ 970,484	\$ 980,823	\$ 2,123,559	\$ 2,158,941
Short Term Treasury ETF	1,053,630	1,042,836	-	-
Vanguard Short-Term Bond Fund	1,063,666	1,074,062	200,093	203,063
Total Investments at Fair Market Value	<u>\$ 3,087,780</u>	<u>\$ 3,097,721</u>	<u>\$ 2,323,652</u>	<u>\$ 2,362,004</u>

Investment income consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and Dividend Income	\$ 77,741	\$ 109,938
Unrealized Gains (Losses)	(37,452)	38,353
Realized Gains (Losses)	(1,963)	56,590
	<u>\$ 38,326</u>	<u>\$ 204,881</u>

The following tables, as of June 30, 2021 and 2020, provide information by level for assets that are measured at fair value, on a recurring basis:

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Certificates of Deposit	\$ -	\$ 980,823	\$ -	\$ 980,823
Short-Term Treasury ETF	1,042,836	-	-	1,042,836
Vanguard Short-Term Bond Fund	1,074,062	-	-	1,074,062
Total Investments at Fair Market Value	<u>\$ 2,116,898</u>	<u>\$ 980,823</u>	<u>\$ -</u>	<u>\$ 3,097,721</u>
	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Certificates of Deposit	\$ -	\$ 2,158,941	\$ -	\$ 2,158,941
Vanguard Short-Term Bond Fund	203,063	-	-	203,063
Total Investments at Fair Market Value	<u>\$ 203,063</u>	<u>\$ 2,158,941</u>	<u>\$ -</u>	<u>\$ 2,362,004</u>

The fair value of the Organization's bond fund, and treasury ETF were determined based on Level 1 inputs.

The fair value of the Organization's certificates of deposits were determined based on Level 2 inputs and were obtained from independent quotation services whose appraisals are based on closing prices, bid-ask quotations or other factors.

The Organization holds investments in a variety of investment funds. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material to the amounts reported in the statement of financial position.

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The Board of Directors has adopted an investment policy that documents purpose of investment policy, investment objective, general investment guidelines and permissible investments. All cash and cash equivalents and investments held by the Organization at June 30, 2021 are permissible investments per the Investment Policy.

The Board of Directors meet annually to review and approve the annual budget. The board of directors monitors the Organization's health by reviewing monthly financial reports. These reports include a statement of financial position and a statement of activities and changes in net assets that compare actual to budget amounts. The Organization strives to maintain financial assets available to meet general expenditures at a level that represents three months of operating expenses, which is approximately \$620,000.

The table below presents liquid financial assets available for general expenditure within one year at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 10,409,170	\$ 8,264,085
Investments	3,097,721	2,362,004
Pledges Receivable	8,746,656	10,162,904
Interest Receivable	5,746	7,450
Liquid Financial Assets Available To Meet General Expenditures Within One Year	<u>22,259,293</u>	<u>20,796,443</u>
Less Those Unavailable for General expenditures Within One Year, Due to Donor-Imposed Time or Purpose Restrictions or Board Designations	<u>(21,716,342)</u>	<u>(20,275,062)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 542,951</u>	<u>\$ 521,381</u>

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Per its financial policies, WEP maintains a board reserve equal to three to six months of average operating costs plus an estimated three percent of annual four-year scholarships provided. This target range is \$992,215 to \$1,740,830. As of June 30, 2021, the board reserve consists of cash and cash equivalents of \$992,215. The purpose of the Board Reserve Fund is to ensure the stability of the mission, programs and ongoing operations of the organization.

WALLIN EDUCATION PARTNERS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Pledges Receivable - Short Term	\$ 4,966,237	\$ 3,173,416
Pledges Receivable - Long-Term	3,986,139	7,496,288
Less Discount to Present Value at 4%	<u>(205,720)</u>	<u>(483,800)</u>
Total Pledges Receivable	<u>\$ 8,746,656</u>	<u>\$10,185,904</u>

Pledges receivable are due as follows for the years ended June 30:

2022	\$ 4,966,237
2023	2,623,098
2024	1,328,541
2025	23,000
2026	<u>11,500</u>
	8,952,376
Less Discount at 4%	<u>(205,720)</u>
Total	<u>\$ 8,746,656</u>

NOTE 5 - NET ASSETS

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u> (As Restated)
Purpose Restrictions:		
Program Support	\$ 5,712,649	\$ 5,281,152
Scholarships for Future Awards	14,105,291	13,298,594
Capacity Building	124,873	469,270
2-Year Program	181,998	209,690
Community Outreach and Collaboration	294,875	-
Other Grant Support	<u>153,058</u>	<u>14,675</u>
Total Net Assets with Donor Restrictions	<u>\$ 20,572,744</u>	<u>\$ 19,273,381</u>

Net assets with donor restrictions of \$6,614,708 and \$5,862,829 were released from restrictions in June 30, 2021 and 2020 due to satisfaction of program restrictions.

NOTE 6 - LEASE COMMITMENTS

The Organization leased its principal office in Edina, Minnesota. This lease agreement expired on July 31, 2021. Effective August 1, 2021, the Organization leases office space in St. Paul, Minnesota. This lease expires July 31, 2027. In addition to the required lease payments, the Organization also pays real estate taxes, repairs and maintenance, and insurance on leased property.

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LEASE COMMITMENTS (Continued)

Lease expense (included in Office Expense on Statement of Functional Expenses) and future minimum commitments for these leases are as follows:

Expense:	
2021	\$ 91,686
2020	92,576
Commitments:	
2022	\$ 74,122
2023	83,177
2024	85,568
2025	87,360
2026	89,099
Thereafter	<u>98,469</u>
Total Commitments	<u>\$ 517,795</u>

NOTE 7- PENSION PLAN

The Organization contributes to a Simple IRA Employee Pension Plan that covers those employees who meet eligibility requirements. Contributions of \$55,604 and \$41,211 were made in the years ended June 30, 2021 and 2020, respectively.

NOTE 8- MAJOR SOURCES OF SUPPORT AND REVENUE

During 2021 and 2020 five donors accounted for 61% and 68%, respectively, of recorded revenue. At June 30 2021 and 2020, five donors accounted for 90% and 80% of the pledges receivable.

NOTE 9- ALL-IN MILWAUKEE

The Organization began a fiscal sponsorship with All-In Milwaukee (AIM), a start-up scholarship provider based out of Milwaukee, Wisconsin, in April 2018. AIM obtained its own exempt status in June 2019 and transitioned to an independent entity from the Organization in early fiscal year 2020. In 2020, donor-restricted net assets of \$995,583 were transferred to All-In Milwaukee as an equity transfer. The components of the net assets transfer was a reduction in Pledge Receivable balance of \$1,297,300, a reduction in Scholarships Grant Payable of \$571,500, a reduction in Accrued Compensation of \$15,292, AIM expenses paid by the Organization in fiscal year 2020 of \$104,402, and net remaining cash of \$180,673 paid to AIM. The Organization and AIM share some common board members, but there is no voting control or economic interest present.

WALLIN EDUCATION PARTNERS

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - PRIOR PERIOD ADJUSTMENT

In 2021 the Organization changed the accounting principle application for recording scholarship grants. The change was done to more accurately reflect the scholarship grant expense in the financial statements. Scholarship grant expense is now recognized when scholarship payments are approved for each semester of the school year in August and December. The following restatements have been made to properly record scholarship grants, liabilities and net assets:

	Net Assets Restatement		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net Assets Previously Previously Stated June 30, 2019	\$ 881,119	\$ 8,815,425	\$ 9,696,544
Reclassification of Scholarship Grants Payable	(629,465)	10,840,566	10,211,101
Other Adjustments	400,500	(400,500)	—
Net Assets on June 30, 2019 as Restated	\$ 652,154	\$ 19,255,491	\$ 19,907,645
Net Assets Previously Previously Stated June 30, 2020	\$ 1,458,531	\$ 7,448,287	\$ 8,906,818
Reclassification of Scholarship Grants Payable		11,705,064	11,705,064
Other Adjustments	(120,030)	120,030	—
Net Assets on June 30, 2020 as Restated	\$ 1,338,501	\$ 19,273,381	\$ 20,611,882
	Change in Net Assets Restatement		
	Without Donor Restrictions	With Donor Restrictions	Total Change in Net Assets
Change in Net Assets as Previously Stated for the Year Ended June 30, 2020	\$ 577,412	\$ (371,555)	\$ 205,857
Adjustment for Scholarship Grants Expense	108,935	1,385,028	1,493,963
Change in Net Assets for the Year Ended June 30, 2020, as Restated	\$ 686,347	\$ 1,013,473	\$ 1,699,820

The 2020, financial statements have been restated to reflect a decrease in scholarships expense of \$1,493,963. and a decrease in liabilities of \$11,705,064.