

# Wallin Education Partners

## Financial Statements Together with Independent Auditors' Report

June 30, 2023

# WALLIN EDUCATION PARTNERS

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Wallin Education Partners  
St. Paul, Minnesota

### Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wallin Education Partners as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wallin Education Partners 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 Wallin Education Partner's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the 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 auditors' 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, including omissions, 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 Wallin Education Partner'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 Wallin Education Partner'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Olsen Thielens & Co., Ltd.*

Roseville, Minnesota  
September 14, 2023

## WALLIN EDUCATION PARTNERS

### STATEMENT OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

ASSETS		
	2023	2022
ASSETS:		
Cash and Cash Equivalents	\$ 5,594,128	\$ 13,570,124
Investments	13,449,499	1,734,513
Pledges Receivable, Net	11,997,315	10,184,630
Interest and Other Receivable	14,924	23,646
Prepaid Expenses and Deposits	73,981	66,061
Operating Lease Right-of-Use Asset	93,522	172,509
Property and Equipment, Net	86,949	96,557
TOTAL ASSETS	\$ 31,310,318	\$ 25,848,040
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 115,171	\$ 129,476
Accrued Compensation and Benefits	414,207	366,447
Operating Lease Obligation	93,522	172,509
Total Liabilities	622,900	668,432
NET ASSETS:		
Without Donor Restrictions:		
Designated - Including Board Reserve	4,522,122	1,484,828
Undesignated	207,955	—
Total Without Donor Restrictions	4,730,077	1,484,828
With Donor Restrictions	25,957,341	23,694,780
Total Net Assets	30,687,418	25,179,608
TOTAL LIABILITIES AND NET ASSETS	\$ 31,310,318	\$ 25,848,040

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

**WALLIN EDUCATION PARTNERS**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 3,760,342	\$ 9,884,729	\$ 13,645,071	\$ 368,232	\$ 10,503,922	\$ 10,872,154
Event and Other Income	(20,888)	410,250	389,362	-	-	-
Investment Income (Loss)	427,459	-	427,459	(13,323)	-	(13,323)
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	<u>8,032,418</u>	<u>(8,032,418)</u>	<u>-</u>	<u>7,381,886</u>	<u>(7,381,886)</u>	<u>-</u>
Total Support and Revenue	<u>12,199,331</u>	<u>2,262,561</u>	<u>14,461,892</u>	<u>7,736,795</u>	<u>3,122,036</u>	<u>10,858,831</u>
<b>EXPENSES:</b>						
Program Services:	7,642,125	-	7,642,125	6,446,894	-	6,446,894
Support Services:						
Management and General	552,377	-	552,377	556,421	-	556,421
Fundraising	759,580	-	759,580	690,497	-	690,497
Total Support Services	<u>1,311,957</u>	<u>-</u>	<u>1,311,957</u>	<u>1,246,918</u>	<u>-</u>	<u>1,246,918</u>
Total Expenses	<u>8,954,082</u>	<u>-</u>	<u>8,954,082</u>	<u>7,693,812</u>	<u>-</u>	<u>7,693,812</u>
CHANGE IN NET ASSETS	3,245,249	2,262,561	5,507,810	42,983	3,122,036	3,165,019
NET ASSETS at Beginning of Year	<u>1,484,828</u>	<u>23,694,780</u>	<u>25,179,608</u>	<u>1,441,845</u>	<u>20,572,744</u>	<u>22,014,589</u>
NET ASSETS at End of Year	<u>\$ 4,730,077</u>	<u>\$ 25,957,341</u>	<u>\$ 30,687,418</u>	<u>\$ 1,484,828</u>	<u>\$ 23,694,780</u>	<u>\$ 25,179,608</u>

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

**WALLIN EDUCATION PARTNERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	2023				Total All Services
	Total Program Services	Support Services		Total Support Services	
		Management and General	Fundraising		
Salaries and Wages	\$ 2,026,718	\$ 354,048	\$ 523,486	\$ 877,534	\$ 2,904,252
Employee Benefits	197,929	54,141	41,196	95,337	293,266
Payroll Taxes	153,451	25,045	36,770	61,815	215,266
Total Personnel Costs	<u>2,378,098</u>	<u>433,234</u>	<u>601,452</u>	<u>1,034,686</u>	<u>3,412,784</u>
Scholarship Grants	4,711,995	-	-	-	4,711,995
Professional Fees and Contract Services	309,115	79,716	97,576	177,292	486,407
Office Expense	95,527	18,954	25,402	44,356	139,883
Meetings and Events	90,116	8,020	13,621	21,641	111,757
Other Expense and Uncollectibles	1,689	4,341	-	4,341	6,030
Insurance	7,272	980	1,246	2,226	9,498
Dues and Subscriptions	821	814	416	1,230	2,051
Staff Mileage and Travel	3,103	13	381	394	3,497
Marketing, Advertising and Promotion	7,554	857	12,562	13,419	20,973
Depreciation	<u>36,835</u>	<u>5,448</u>	<u>6,924</u>	<u>12,372</u>	<u>49,207</u>
Total Expenses	<u>\$ 7,642,125</u>	<u>\$ 552,377</u>	<u>\$ 759,580</u>	<u>\$ 1,311,957</u>	<u>\$ 8,954,082</u>

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

## WALLIN EDUCATION PARTNERS

### STATEMENT OF FUNCTIONAL EXPENSES (Continued) YEAR ENDED JUNE 30, 2022

	2022				
	Total Program Services	Support Services		Total Support Services	Total All Services
		Management and General	Fundraising		
Salaries and Wages	\$ 1,384,558	\$ 257,632	\$ 454,646	\$ 712,278	\$ 2,096,836
Employee Benefits	111,241	42,162	32,766	74,928	186,169
Payroll Taxes	114,448	21,098	35,137	56,235	170,683
Total Personnel Costs	<u>1,610,246</u>	<u>320,892</u>	<u>522,549</u>	<u>843,441</u>	<u>2,453,688</u>
Scholarship Grants	4,490,698	–	–	–	4,490,698
Professional Fees and Contract Services	191,365	192,220	130,371	322,591	513,956
Office Expense	74,395	38,659	14,809	53,468	127,863
Meetings and Events	32,462	3,705	1,577	5,282	37,744
Other Expense and Uncollectibles	8,611	(2,108)	4,008	1,900	10,511
Insurance	10,803	(1,845)	2,569	724	11,527
Dues and Subscriptions	1,707	636	2,117	2,753	4,460
Staff Mileage and Travel	422	–	88	88	510
Marketing, Advertising and Promotion	4,716	386	7,935	8,321	13,037
Depreciation	<u>21,469</u>	<u>3,876</u>	<u>4,473</u>	<u>8,349</u>	<u>29,818</u>
Total Expenses	<u>\$ 6,446,894</u>	<u>\$ 556,421</u>	<u>\$ 690,496</u>	<u>\$ 1,246,917</u>	<u>\$ 7,693,812</u>

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



**WALLIN EDUCATION PARTNERS**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	<b>\$ 5,507,810</b>	\$ 3,165,019
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	<b>49,207</b>	29,818
Realized and Unrealized Investment (Gains) Losses	<b>(207,454)</b>	72,275
Changes in Operating Assets and Liabilities:		
Pledges Receivable	<b>(1,812,685)</b>	(1,437,974)
Interest and Other Receivable	<b>8,722</b>	(17,900)
Prepaid Expenses and Deposits	<b>(7,920)</b>	(13,598)
Accounts Payable	<b>(14,305)</b>	109,573
Accrued Compensation and Benefits	<b>47,760</b>	89,183
Net Cash Flows From Operating Activities	<b>3,571,135</b>	1,996,396
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property & Equipment	<b>(39,599)</b>	(126,375)
Purchases of Investments	<b>(11,803,500)</b>	(3,189,118)
Proceeds from Sales of Investments	<b>295,968</b>	4,480,051
Net Cash Flows From Investing Activities	<b>(11,547,131)</b>	1,164,558
NET CHANGE IN CASH AND CASH EQUIVALENTS	<b>(7,975,996)</b>	3,160,954
CASH AND CASH EQUIVALENTS at Beginning of Year	<b>13,570,124</b>	10,409,170
CASH AND CASH EQUIVALENTS at End of Year	<b>\$ 5,594,128</b>	\$ 13,570,124
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Initial Right-of-Use Asset and Lease Obligation Upon Lease Commitment	<b>\$ -</b>	\$ 240,452

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

# WALLIN EDUCATION PARTNERS

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

The mission of Wallin Education Partners (the Organization) is to ensure college and career success for high potential students from low-income backgrounds, and through our efforts help build diverse, equitable, and vibrant communities. We do this through a comprehensive model of financial aid and holistic support, and collaboration with our business, education, community, and philanthropic partners.

The vision of the Organization is a future where all students have full access to college and career success, where every scholar can reach their full potential, and where our program helps build a more equitable society.

Wallin Education Partners believes that education is key to making our communities more equitable and recognizes that students have many paths to expand their education and career opportunities. The Organization knows that college and career success doesn't look the same for everyone and has created multiple pathways for the diverse community of Wallin scholars. Over 30 years, the Organization has served more than 6,000 scholars in four-year or two-year programs. Scholars receive significant financial support spread out over their time in college. Additionally, scholars receive professional, focused, one-on-one, individualized advising from day one through graduation; and access to community and career opportunities including internships, jobs, career fairs, and workshops.

#### 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.

## WALLIN EDUCATION PARTNERS

### NOTES TO FINANCIAL STATEMENTS

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

##### **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.

##### **Subsequent Events**

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 14, 2023, the date the financial statements were available to be issued. Except as discussed below in Note 9, there were no subsequent events that required recognition or disclosure in the financial statements.

##### **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 the 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, 2023 and 2022.

##### **Property and Depreciation**

Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals exceeding \$1,000 are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three years.

# WALLIN EDUCATION PARTNERS

## NOTES TO FINANCIAL STATEMENTS

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

#### Property and Depreciation (Continued)

Property and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Information Technology Equipment	\$ 112,275	\$ 83,231
Leasehold Improvements	34,001	34,001
Furniture and Equipment	<u>19,697</u>	<u>9,143</u>
Total	165,973	126,375
Less Accumulated Depreciation	<u>(79,024)</u>	<u>(29,818)</u>
Net Property and Equipment	<u>\$ 86,949</u>	<u>\$ 96,557</u>

#### 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.

Included in investments on the statement of financial position are money market funds held in brokerage accounts. The money market funds are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

#### 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.

#### 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 and depreciation are allocated based on salaries and wages due to the nature of the Organization's hybrid office, including hoteling arrangements.
- 3) Telephone and internet services, insurance, supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of salaries and wages.

# WALLIN EDUCATION PARTNERS

## NOTES TO FINANCIAL STATEMENTS

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

#### Functional Allocation of Expense

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.

#### 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.

# WALLIN EDUCATION PARTNERS

## NOTES TO FINANCIAL STATEMENTS

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

#### Adoption of Lease Standard

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies 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.

The Organization adopted this ASU in 2022, by using the optional transitional method associated with no adjustment to comparative period financial statements presented for prior periods. The Organization elected certain practical expedients, including the package of transition practical expedients. The Organization also made an accounting policy election to exempt short-term leases of 12 months or less from statement of financial position recognition requirements associated with the new standard fixed rental payments for short-term leases and will be recognized as a straight-line expense over the lease term.

The adoption of this standard did not have a significant effect on previously reported net assets.

### NOTE 2 - INVESTMENTS

Investments consist of the following at June 30:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money Market Funds	\$ 3,355,507	\$ 3,355,507	\$ —	\$ —
Short Term U.S Treasury Bills	8,005,199	8,197,959	—	—
Vanguard Ultra Short Bond Fund	817,524	801,996	817,524	794,412
Vanguard Short-Term Corporate Bond Index Fund	718,225	704,641	580,761	580,761
Vanguard Short-Term Investment Grade Fund	207,466	197,063	207,466	193,998
Vanguard Total International Stock Index Fund	82,357	73,007	82,357	65,002
Vanguard Total Stock Market Index Fund	121,593	119,326	121,593	100,340
Total Investments at Fair Market Value	<u>\$ 13,307,871</u>	<u>\$ 13,449,499</u>	<u>\$ 1,809,701</u>	<u>\$ 1,734,513</u>

Investment income (loss) consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and Dividend Income	\$ 220,005	\$ 58,952
Unrealized Gains (Losses)	207,955	(67,426)
Realized Losses	<u>(501)</u>	<u>(4,849)</u>
Investment Income (Loss)	<u>\$ 427,459</u>	<u>\$ (13,323)</u>

## WALLIN EDUCATION PARTNERS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 - INVESTMENTS (Continued)

The following tables, as of June 30, 2023 and 2022, provide information by level for assets that are measured at fair value, on a recurring basis:

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	\$ 3,355,507	\$ -	\$ -	\$ 3,355,507
Short Term U.S. Treasury Bills	-	8,197,959	-	8,197,959
Vanguard Funds	1,896,033	-	-	1,896,033
Total Investments at Fair Market Value	\$ 5,251,540	\$ 8,197,959	\$ -	\$ 13,449,499

  

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Vanguard Funds	\$ 1,734,513	\$ -	\$ -	\$ 1,734,513
Total Investments at Fair Market Value	\$ 1,734,513	\$ -	\$ -	\$ 1,734,513

The fair value of the Organization's money market funds, Vanguard Funds, were determined based on Level 1 inputs.

The fair values of the Organization's treasury bills were determined based on Level 2 inputs and are estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its term, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. In applying the valuation model, significant inputs include the probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

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.

#### 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 Trustees has adopted an investment policy that documents the 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, 2023 and 2022 are permissible investments per the Investment Policy.

## WALLIN EDUCATION PARTNERS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Board of Trustees 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 \$1,000,000.

The table below presents liquid financial assets available for general expenditure within one year at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 5,594,128	\$ 13,570,124
Investments	13,449,499	1,734,513
Pledges Receivable	11,997,315	10,184,630
Interest and Other Receivable	<u>14,924</u>	<u>23,646</u>
Liquid Financial Assets Available To Meet General Expenditures Within One Year	<u>31,055,866</u>	<u>25,512,913</u>
Less Those Unavailable for General expenditures Within One Year, Due to Donor-Imposed Time or Purpose Restrictions or Board Designations	<u>(30,479,463)</u>	<u>(25,179,608)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 576,403</u>	<u>\$ 333,305</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 target equal to three to six months of average operating costs plus an estimated three percent of annual four-year scholarships provided. This target range for FY 2024 based on budget and student data is \$1,560,000 to \$2,854,000. As of June 30, 2023, the board reserve consists of cash and cash equivalents of \$1,075,889. The purpose of the Board Reserve Fund is to ensure the stability of the mission, programs and ongoing operations of the organization.

#### NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Pledges Receivable - Short Term	\$ 6,569,105	\$ 5,812,467
Pledges Receivable - Long-Term	5,803,174	4,623,753
Less Discount to Present Value at 4%	<u>(374,964)</u>	<u>(251,590)</u>
Total Pledges Receivable	<u>\$ 11,997,315</u>	<u>\$ 10,184,630</u>



## WALLIN EDUCATION PARTNERS

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 4 - PLEDGES RECEIVABLE (Continued)

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

2024	\$ 6,569,105
2025	3,157,000
2026	1,862,174
2027	353,500
2028	200,500
Thereafter	<u>230,000</u>
	12,372,279
Less Discount at 4%	<u>(374,964)</u>
Total	<u>\$ 11,997,315</u>

#### NOTE 5 - NET ASSETS

Net assets with donor restrictions at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions:		
Program Support	\$ 7,154,212	\$ 6,286,799
Scholarships for Future Awards	17,593,017	15,323,241
Capacity Building	541,867	1,225,792
Community Outreach	146,744	350,000
Restricted-Non-Scholarship Funds	<u>521,501</u>	<u>508,948</u>
Total Net Assets with Donor Restrictions	<u>\$ 25,957,341</u>	<u>\$ 23,694,780</u>

Net assets with donor restrictions of \$8,032,418 and \$7,381,886 were released from restrictions in June 30, 2023 and 2022 due to satisfaction of program restrictions.

#### NOTE 6 - LEASE COMMITMENTS

Effective August 1, 2021, the Organization leases office space in St. Paul, Minnesota. This lease expires July 1, 2024. In addition to the required lease payments, the Organization also pays real estate taxes, repairs and maintenance, and insurance on leased property. Included in this footnote is a minor copier lease. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

The weighted average remaining lease term for this operating lease is 1.1 years and the weighted average discount rate of this operating lease is 3.7%.

## WALLIN EDUCATION PARTNERS

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 6 - LEASE COMMITMENTS (Continued)

Operating lease costs (included in Office Expense on Statement of Functional Expenses) and future minimum commitments including renewal options management is reasonably certain to exercise are as follows:

Operating Lease Costs:

<b>2023</b>	<b>\$ 83,177</b>
2022	79,355

Commitments:

2024	\$ 86,566
2025	8,138
2026	<u>990</u>
Total Lease Payments	95,694
Less Imputed Interest	<u>2,172</u>
Present Value of Lease Obligation	<u><u>\$ 93,522</u></u>

#### NOTE 7- PENSION PLAN

The Organization contributes to a 401K Plan that covers those employees who meet eligibility requirements. Contributions of \$87,657 and \$68,178 were made in the years ended June 30, 2023 and 2022, respectively.

#### NOTE 8- MAJOR SOURCES OF SUPPORT AND REVENUE

During 2023 and 2022 three donors accounted for 62% and 61%, respectively, of recorded revenue. At June 30, 2023 and 2022, five donors accounted for 89% and 91% of the pledges receivable.

#### NOTE 9 - SUBSEQUENT EVENTS

On June 8, 2023, the Organization entered into an Asset Transfer Agreement with UpTurnships, Inc., a Minnesota nonprofit corporation. The effective date of the agreement is July 1, 2023. At this time, substantially all of the assets and employees of UpTurnships, Inc., were transferred to the Organization. UpTurnships is a Section 501(c)(3) public charity that empowers student voices through culturally responsive work readiness training and coaching while working with employers in their efforts to be more culturally inclusive and equitable.