

**YOUTHRISE**

**SCHEDULE OF FEDERAL EXPENDITURES  
AND INDEPENDENT AUDITOR'S REPORTS**

For The Year Ended December 31, 2021

**- This page intentionally left blank -**

**YOUTHPRISE**  
**TABLE OF CONTENTS**

---

	<u>Page Number</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Year Audit Findings	12

**- This page intentionally left blank -**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Youthprise  
Minneapolis, Minnesota

We have audited, in accordance with the 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, the financial statements of Youthprise (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Youthprise's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Youthprise's internal control. Accordingly, we do not express an opinion on the effectiveness of the Youthprise's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described

in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2021-003 to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Youthprise's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Youthprise's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Youthprise's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Youthprise's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

August 24, 2022



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Youthprise  
Minneapolis, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Youthprise’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Youthprise’s major federal programs for the year ended December 31, 2021. Youthprise’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Youthprise complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Youthprise and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Youthprise’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Youthprise's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Youthprise's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Youthprise's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Youthprise's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Youthprise's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Youthprise's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Youthprise as of and for the year ended December 31, 2021, and have issued our report thereon dated August 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

August 24, 2022

**YOUTHPRISE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended December 31, 2021

Federal Funding Source/ Pass Through Agency / Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures	Pass-through to Subrecipients
<b>U.S. Department of Agriculture:</b>				
Received directly from federal sources:				
Community Food Projects	10.225	Not Applicable	\$20,143	\$ -
Passed Through State of Minnesota:				
Child and Adult Care Food Program	10.558	2MN300061	168,317	-
Summer Food Service Program for Children - (Child Nutrition Cluster)	10.559	None Noted	<u>2,747,166</u>	<u>-</u>
Subtotal U.S. Department of Agriculture			<u>2,935,626</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed through City of Saint Paul, Minnesota:				
COVID-19 - Community Development Block Grants/Entitlement Grants (CDBG-Entitlement Grants Cluster)	14.218	B-20-MW-27-007	<u>118,539</u>	<u>68,539</u>
<b>U.S. Department of Justice:</b>				
Received directly from federal sources:				
Children Exposed to Violence	16.818	Not Applicable	271,217	111,930
Passed Through State of Minnesota:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	A-T2-2016-YTHPRS-005	<u>30,795</u>	<u>-</u>
Subtotal U.S. Department of Justice			<u>302,012</u>	<u>111,930</u>
<b>U.S. Department of the Treasury:</b>				
Passed through Ramsey County, Minnesota:				
COVID-19 - Coronavirus Relief Fund	21.019	FASD COVID19-0043	<u>539</u>	<u>-</u>
<b>U.S. Environmental Protection Agency:</b>				
Received directly from federal sources:				
Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program	66.306	Not Applicable	<u>45,890</u>	<u>-</u>
<b>U.S. Department of Education:</b>				
Passed through Ignite Afterschool:				
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund (Education)	84.425U	None Noted	<u>12,628</u>	<u>-</u>
<b>U.S. Department of Health and Human Services:</b>				
Passed through Community Action Partnership of Hennepin County:				
COVID-19 - Community Services Block Grant	93.569	None Noted	<u>8,921</u>	<u>5,000</u>
<b>AmeriCorps: U.S. Corporation for National and Community Service:</b>				
Received directly from federal sources:				
Social Innovation Fund	94.019	Not Applicable	<u>1,829</u>	<u>-</u>
Total Federal Awards			<u>\$3,425,984</u>	<u>\$185,469</u>

*Notes to Schedule of Expenditures of Federal Awards*

*Note 1. Basis of Presentation*

*The schedule of expenditures of federal awards is presented on the accrual basis of accounting. Expenditures are recognized when incurred.*

*Note 2. Indirect Cost Rate*

*Youthprise elected to use the 10% de minimis cost rate for indirect (F&A) costs.*

**YOUTHPRISE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2021

---

<b>SECTION I - SUMMARY OF AUDIT RESULTS</b>
---

Financial Statements

- A. Type of auditors' report issued: Unmodified
- B. Internal control over financial reporting:
- Material weakness(es) identified?   X   Yes        No
  - Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes        No
- C. Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

- D. Internal control over major programs:
- Material weakness(es) identified?        Yes   X   No
  - Significant deficiency(ies) identified that are not considered to be material weaknesses??        Yes   X   No
- E. Type of auditors' report issued on compliance for major programs: Unmodified
- F. Any other findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?        Yes   X   No
- G. Identification of major programs:
- Summer Food Service Program for Children - (Child Nutrition Cluster),  
ALN 10.559
- H. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- I. Auditee qualified as a low-risk auditee?        Yes   X   No

**YOUTHPRISE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2021

---

<b>SECTION II - FINANCIAL STATEMENT FINDINGS</b>
--

**Finding 2021-001: Audit Adjustments and Year-End Closing Process**

*Criteria:* Controls over financial information should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements in a timely manner.

*Condition:* Youthprise’s internal controls and year-end closing process did not identify all adjustments necessary to correctly report certain accounts. During the audit, there was a material audit adjustment made to reduce government grant revenue for Ramsey County by \$800,000 and recognize refundable advances for amounts received in 2021 by same amount.

*Cause:* Unknown; however, this could have been partially caused by a lack of segregation of duties over Youthprise’s transaction cycles as noted in Finding 2021-002 below.

*Effect:* By not having effective internal controls over financial information, there is a risk that financial statement misstatements could occur and not be detected in a timely manner.

*Recommendation:* We recommend Youthprise develop and implement internal controls to ensure sufficient oversight is maintained over its accounting records, including its year-end closing process.

*Views of Responsible Officials and Corrective Action Plan:* Youthprise will review its internal Controls to ensure sufficient oversight is maintained over its accounting records to prevent or detect and correct misstatements on a timely basis, including its internal controls over the year-end closing process.

**Finding 2021-002: Segregation of Duties**

*Criteria:* Generally, a system of internal control contemplates segregation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. In addition, internal controls should exist to ensure an Organization’s written policies and procedures are being followed.

Youthprise’ accounting policy over internal control states that “Youthprise strives to maintain sufficient internal controls to ensure that its financial data is properly and correctly recorded, processed, summarized and reported. Due to small staff size, Youthprise separates duties wherever possible, so that no one person handles a transaction from beginning to end. The Treasurer and the Chief Financial Officer review and approve journal entries made by the Controller on a quarterly basis.” The accounting policy over its bank reconciliation process

**YOUTHPRISE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2021

---

states that “The Chief Financial Officer and the Vice President review the bank reconciliation and documents approval by initialing and dating it.”

*Condition:* During 2021, there was a general lack of segregation of duties noted over various transaction cycles, as summarized below:

- Journal entries posted by the Director of Finance were not reviewed and approved.
- Bank reconciliations prepared by the Director of Finance were not reviewed and approved.
- There were numerous instances where the Director of Finance was the only individual posting receipts, reviewing the accounts receivable aging report, and authorizing write-offs and adjustments during 2021.
- Only the Office Manager was opening the mail and making deposits during 2021.

*Cause:* The lack of segregation of duties is caused by a combination of the COVID-19 impacts on workers physically present at the Youthprise office and also due to a lack of staff and oversight with finance department activities.

*Effect:* The lack of segregation of duties over Youthprise’s transaction cycles, including the lack of review and approval process, subjects Youthprise to a higher risk that errors or fraud could occur and would not be detected in a timely manner. This could have also contributed to the material audit adjustment noted in Finding 2021-001 above.

*Recommendation:* We recommend that Youthprise review and update its accounting policies and segregate duties as best it can within the limits of what Youthprise considers to be cost beneficial.

Ideally, two individuals should be present when opening up the mail and duties should be segregated so that no one individual handles a transaction from beginning to end, including having a proper review and approval process. In addition, Youthprise’ Board should remain aware of this situation, as their oversight is one compensating control.

*Views of Responsible Officials and Corrective Action Plan:* Youthprise will review its internal controls over its transaction cycles to ensure there is an adequate segregation of duties over all of its transaction cycles, to ensure there is sufficient staff and oversight within the finance department, and to ensure its internal policies and procedures are being followed.

**Finding 2021-003: Internal Controls over Credit Card Transactions**

*Criteria:* An Organization should have internal controls in place to ensure all credit card transactions are for reasonable and necessary business expenses and are supported by proper documentation. In addition, internal controls should exist to ensure an Organization’s written policies and procedures are being followed.

**YOUTHPRISE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2021

---

Youthprise's policy requires all credit cards to have supporting receipts, which must show the vendor's name, a description of the services provided, the date, and total expenses. Youthprise's travel and other expense reimbursement policy is to reimburse only for reasonable and necessary expenses, and also has a policy noting liquor or bar costs are not reimbursable.

*Condition:* Youthprise's internal controls were not consistently being followed during 2021. Per review of general ledger detail, it was noted that 125 credit card transactions totaling approximately \$10,900 were identified as having no receipts, based on the transaction descriptions. Of these transactions, 25 were \$100 or greater totaling approximately \$8,500.

During our review of two months of credit card purchases, we noted six transactions for reimbursement of food purchases totaling approximately \$500 that did not have either a receipt or a documented business purpose. We also noted that there was no documented approval of the credit card purchases for the two months reviewed.

*Cause:* Unknown; however, this could have been partially caused by a lack of staff and oversight with finance department activities, as noted in Finding 2021-002 above.

*Effect:* By not having effective internal controls over credit card purchases, there is an increased risk that unreasonable, unnecessary or fraudulent credit card purchases may be incurred by Youthprise.

*Recommendation:* We recommend Youthprise develop and implement internal controls to ensure sufficient oversight is maintained over its credit card transactions and ensure Youthprise's internal policies and procedures are being followed, including a documented review and approval process for all credit card purchases.

*Views of Responsible Officials and Corrective Action Plan:* Youthprise will review its internal controls over credit card transactions and develop monitoring plans to ensure its internal policies and procedures are being followed.

<b>SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>
--

None.

**YOUTHPRISE**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For The Year Ended December 31, 2021

---

<b>FOLLOW-UP ON PRIOR YEAR FINDINGS</b>
---

**FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001: Audit Adjustments and Year-End Closing Process**

*Condition:* Youthprise's internal controls and year-end closing process did not identify all adjustments necessary to correctly report certain accounts. Material audit adjustments made during the audit are as follows:

- Entry to recognize grant revenue and related receivable for \$224,990, and record strategic investment expense and related payable for \$76,739 for unrecorded activity in project 80018. This project was to cover specific program costs incurred by Youthprise through December 31, 2020.
- Entry for \$212,099 to decrease cash and adjust amounts released from restrictions, due to a journal entry posting error.

*Recommendation:* We recommend Youthprise develop and implement internal controls to ensure sufficient oversight is maintained over its accounting records, including its year-end closing process.

*Status:* Unresolved; see Finding No. 2021-001 for a continuation of this finding related to material audit adjustments and year-end closing process.

**Finding 2020-002: Internal Controls over Credit Card Transactions**

*Condition:* Youthprise's internal controls were not consistently being followed during 2020. Per review of general ledger detail, it was noted that 120 credit card transactions totaling approximately \$49,000 were identified as having no receipts, based on the transaction descriptions. Of these transactions, 30 were \$100 or greater totaling approximately \$47,000. Additionally, 21 of these transactions were for meal purchases, which either had no receipt, no itemized receipt for the purchase, or the receipt was illegible. This was substantiated by reviewing two months of credit card purchases during the audit. During our testing of these two months, we noted 13 transactions totaling approximately \$1,600 that did not have either a receipt or a documented business purpose.

*Recommendation:* We recommend Youthprise develop and implement internal controls to ensure sufficient oversight is maintained over its credit card transactions and ensure Youthprise's internal policies and procedures are being followed.

*Status:* Unresolved; see Finding No. 2021-003 for a continuation of this finding.

**YOUTHPRISE**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For The Year Ended December 31, 2021

---

**Finding 2020-003: Segregation of Duties - Journal Entry Review and Approval**

*Condition:* During 2020, journal entries posted by the Director of Finance were not consistently reviewed and approved.

*Recommendation:* We recommend that Youthprise review and update its accounting policies as determined necessary, and to segregate duties as best it can within the limits of what Youthprise considers to be cost beneficial. In addition, Youthprise' Board should remain aware of this situation, as their oversight is one compensating control.

*Status:* Unresolved; see Finding No. 2021-002 for a continuation of this finding.

**Finding 2020-004: Internal Control over Bank Reconciliations**

*Condition:* Bank reconciliations were not consistently prepared and reviewed on a timely basis to ensure all cash activity was reconciled between the bank statements and the general ledger. Additionally, there were several non-cash journal entries posted to cash accounts and listed as 'outstanding transactions' as of year-end.

*Recommendation:* We recommend Youthprise develop and implement internal controls over its month end close process to ensure all cash and investment balances are reconciled and reviewed monthly and that all unreconciled adjustments are addressed timely.

*Status:* Unresolved; see Finding No. 2021-002 for a continuation of this finding.

**FEDERAL AWARD FINDINGS**

None.

**- This page intentionally left blank -**