

The Aliveness Project, Inc.
Minneapolis, Minnesota

Single Audit Compliance Report
For the Year Ended
December 31, 2020



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	1-2
EXHIBIT A: Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2020 and 2019.....	3
EXHIBIT B: Statement of Functional Expense – For the Year Ended December 31, 2020 with Comparative Totals for 2019.....	4
EXHIBIT C: Statement of Functional Expense – For the Year Ended December 31, 2019.....	5
EXHIBIT D: Statements of Financial Position – December 31, 2020 and 2019.....	6
EXHIBIT E: Statements of Cash Flows – For the Years Ended December 31, 2020 and 2019.....	7
NOTES TO FINANCIAL STATEMENTS.....	8-14
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.....	15-16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	17-19
SUMMARY OF AUDITOR'S RESULTS AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	20-22
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	25
CORRECTIVE ACTION PLAN.....	26



Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

**INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS AND
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

Board of Directors
The Aliveness Project, Inc.
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Aliveness Project, Inc., which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expense, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
The Aliveness Project, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Aliveness Project, Inc., as December 31, 2020 and 2019, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 audits 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021, on our consideration of The Aliveness Project, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Aliveness Project Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Aliveness Project, Inc.'s internal control over financial reporting and compliance.


Carpenter, Frost & Associates, LLP
Certified Public Accountants

Minneapolis, Minnesota
October 19, 2021

THE ALIVENESS PROJECT, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and Revenue:				
Government Grants and Contracts	\$ 1,555,128	\$ -	\$ 1,255,242	\$ -
Grants and Contributions	494,148	253,353	415,027	45,000
Special Event Contributions	5,210	-	140,656	-
Program Fees:				
Program Fee Income	606,974	-	540,072	-
Direct Expenses	(478,437)	-	(421,589)	-
Net Program Fees	128,537	-	118,483	-
Charitable Gaming:				
Gross Receipts	1,805,826	-	4,165,123	-
Prizes	(1,415,881)	-	(3,351,771)	-
Expenses	(344,948)	-	(653,830)	-
Net Charitable Gaming	44,997	-	159,522	-
Miscellaneous	4,275	-	5,576	-
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	206,598	(206,598)	60,000	(60,000)
Total Support and Revenue	2,438,893	46,755	2,154,506	(15,000)
Expense:				
Program Services:				
Food Services	832,249	-	744,859	-
Member Services	768,884	-	690,249	-
Outreach & Education	423,552	-	325,325	-
Total Program Services	2,024,685	-	1,760,433	-
Support Services:				
Management and General	243,983	-	220,698	-
Fundraising	165,321	-	144,180	-
Total Support Services	409,304	-	364,878	-
Total Expense	2,433,989	-	2,125,311	-
Change in Net Assets	4,904	46,755	29,195	(15,000)
Net Assets - Beginning of Year	1,887,030	12,500	1,857,835	27,500
Net Assets - End of Year	\$ 1,891,934	\$ 59,255	\$ 1,887,030	\$ 12,500
				\$ 1,899,530

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

THE ALIVENESS PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020					2019									
	Program Services			Support Services		Program Services			Support Services						
	Food Services	Member Services	Outreach & Education	Total Program Services	Management & General	Fund-raising	Total Support Services	Food Services	Member Services	Outreach & Education	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services
Salaries	\$ 265,900	\$ 526,652	\$ 269,596	\$ 1,062,248	\$ 126,820	\$ 132,890	\$ 259,710	\$ 1,321,958	\$ 1,111,819						\$ 1,111,819
Payroll Taxes	22,724	44,998	23,041	90,763	10,832	11,351	22,183	112,946	107,030						107,030
Employee Benefits	17,947	35,536	18,196	71,679	8,554	8,964	17,518	89,197	85,816						85,816
Total Personnel Costs	306,571	607,186	310,933	1,224,690	146,206	153,205	299,411	1,524,101	1,299,665						1,299,665
Food Services	278,256	-	-	278,256	-	-	-	278,256	248,567						248,567
Professional Fees	109,044	72,696	36,348	218,088	12,116	12,116	24,232	242,320	205,465						205,465
Utilities and Trash Removal	31,269	12,507	6,254	50,030	12,507	-	12,507	62,537	59,735						59,735
Office Supplies	4,757	14,274	9,516	28,547	19,032	-	19,032	47,579	46,320						46,320
Insurance	17,411	11,607	5,804	34,822	3,869	-	3,869	38,691	31,209						31,209
Advertising and Member Outreach	-	2,802	25,222	28,024	-	-	-	28,024	37,976						37,976
Interest Expense	13,713	5,486	2,743	21,942	5,486	-	5,486	27,428	26,354						26,354
Printing and Copying	1,680	5,043	3,362	10,085	6,724	-	6,724	16,809	18,680						18,680
Miscellaneous	3,614	3,614	3,614	10,842	3,614	-	3,614	14,456	7,232						7,232
Conferences and Training	2,787	2,787	2,787	8,361	2,787	-	2,787	11,148	7,028						7,028
Telephone	1,507	2,924	1,507	5,938	2,924	-	2,924	8,862	10,082						10,082
Postage	761	2,282	1,521	4,564	3,042	-	3,042	7,606	3,922						3,922
Property Rental and Maintenance	3,696	1,478	739	5,913	1,478	-	1,478	7,391	5,538						5,538
Bank Fees	1,338	1,338	1,338	4,014	1,338	-	1,338	5,352	3,016						3,016
Travel and Mileage	869	869	869	2,607	869	-	869	3,476	6,720						6,720
Depreciation	54,976	21,991	10,995	87,962	21,991	-	21,991	109,953	107,801						107,801
Total Expense	\$ 832,249	\$ 768,884	\$ 423,552	\$ 2,024,685	\$ 243,983	\$ 165,321	\$ 409,304	\$ 2,433,989	\$ 2,125,311						\$ 2,125,311

The accompanying Notes to Financial Statements are an integral part of this statement.

THE ALIVENESS PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services				Support Services			Total All Services
	Food Services	Member Services	Outreach & Education	Total Program Services	Management & General	Fund- raising	Support Services	
Salaries	\$ 235,655	\$ 466,707	\$ 183,246	\$ 885,608	\$ 111,658	\$ 114,553	\$ 226,211	\$ 1,111,819
Payroll Taxes	21,626	42,829	16,816	81,271	10,247	10,512	20,759	102,030
Employee Benefits	18,189	36,023	14,144	68,356	8,618	8,842	17,460	85,816
Total Personnel Costs	275,470	545,559	214,206	1,035,235	130,523	133,907	264,430	1,299,665
Food Services	248,567	-	-	248,567	-	-	-	248,567
Professional Fees	92,459	61,640	30,820	184,919	10,273	10,273	20,546	205,465
Utilities and Trash Removal	29,868	11,947	5,974	47,789	11,947	-	11,947	59,736
Office Supplies	4,632	13,896	9,264	27,792	18,528	-	18,528	46,320
Insurance	14,044	9,363	4,681	28,088	3,121	-	3,121	31,209
Advertising and Member Outreach	-	3,798	34,178	37,976	-	-	-	37,976
Interest Expense	13,177	5,271	2,635	21,083	5,271	-	5,271	26,354
Printing and Copying	1,868	5,604	3,736	11,208	7,472	-	7,472	18,680
Miscellaneous	1,808	1,808	1,808	5,424	1,808	-	1,808	7,232
Conferences and Training	1,757	1,757	1,757	5,271	1,757	-	1,757	7,028
Telephone	1,714	3,327	1,714	6,755	3,327	-	3,327	10,082
Postage	392	1,177	784	2,353	1,569	-	1,569	3,922
Property Rental and Maintenance	2,768	1,108	554	4,430	1,108	-	1,108	5,538
Bank Fees	754	754	754	2,262	754	-	754	3,016
Travel and Mileage	1,680	1,680	1,680	5,040	1,680	-	1,680	6,720
Depreciation	53,901	21,560	10,780	86,241	21,560	-	21,560	107,801
Total Expense	\$ 744,859	\$ 690,249	\$ 325,325	\$ 1,760,433	\$ 220,698	\$ 144,180	\$ 364,878	\$ 2,125,311

The accompanying Notes to Financial Statements
are an integral part of this statement.

THE ALIVENESS PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 346,503	\$ 246,606
Cash - Capital Reserve	27,528	27,528
Cash - Operating Reserve	347,053	145,881
Cash - Gaming	32,246	82,329
Total Cash	<u>753,330</u>	<u>502,344</u>
Grants and Contracts Receivable	184,765	147,373
Prepaid Expense	5,075	4,904
Other Assets	10,939	-
Total Current Assets	<u>954,109</u>	<u>654,621</u>
Property and Equipment - Net	<u>1,969,408</u>	<u>2,072,350</u>
TOTAL ASSETS	<u>\$ 2,923,517</u>	<u>\$ 2,726,971</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 57,871	\$ 98,090
Accrued Salaries and Vacation	63,838	86,926
Mortgage Note Payable	48,401	53,593
PPP SBA Loan	258,400	-
Security Deposits Held	350	350
Total Current Liabilities	<u>428,860</u>	<u>238,959</u>
Notes Payable	<u>543,468</u>	<u>588,482</u>
Total Liabilities	<u>972,328</u>	<u>827,441</u>
Net Assets:		
Without Donor Restrictions	1,891,934	1,887,030
With Donor Restrictions	59,255	12,500
Total Net Assets	<u>1,951,189</u>	<u>1,899,530</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,923,517</u>	<u>\$ 2,726,971</u>

The accompanying Notes to Financial Statements
are an Integral part of these statements.

THE ALIVENESS PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>Increase (Decrease) in Cash</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change In Net Assets	\$ 51,659	\$ 14,195
Total Adjustments	<u>(1,856)</u>	<u>228,708</u>
Net Cash Provided by Operating Activities	49,803	242,903
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(7,011)	(38,000)
Cash Flows from Financing Activities:		
Mortgage Note Payable Proceeds	615,755	-
PPP Loan Proceeds	258,400	-
Principal Payments on Notes Payable	<u>(665,961)</u>	<u>(51,184)</u>
Net Cash Provided (Used) by Financing Activities	<u>208,194</u>	<u>(51,184)</u>
Net Increase in Cash	250,986	153,719
Cash - Beginning of Year	<u>502,344</u>	<u>348,625</u>
Cash - End of Year	<u>\$ 753,330</u>	<u>\$ 502,344</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid For:		
Interest	<u>\$ 27,428</u>	<u>\$ 26,354</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organizational Purpose

The Aliveness Project, Inc. (The Aliveness Project) is a membership based community center in Minneapolis that links people living with HIV with resources to lead healthy, self-directed lives.

Organizational Summary

The Aliveness Project puts its values and principles into mission-driven action through the following approaches:

- **Service Delivery** - The Aliveness Project programs (case management prevention, outreach, care linkage) and services (meals, food shelf, integrated therapies, member services) takes a skills building, self-determination focused approach to improving overall emotional and physical health outcomes for PLWHA and, where necessary, foster connection to appropriate resources to remove barriers.
- **Social Support** – Our community center model provides a safe and supportive forum for community building and voice-finding for PLWHA, their families and those dedicated to improving outcomes for PLWHA.
- **Education, Awareness, Erasure of Stigma** - The Aliveness Project's staff, members, and volunteers provide accurate information about HIV to newly diagnosed people living with HIV and their families, as well as wider community education, to eliminate stigma and influence policies impacting both HIV prevention and care strategies.

Vision Statement:

Across Minnesota, there is decreased stigma of HIV/AIDS, increased access to service and better health outcomes for people living with HIV. The Aliveness Project members feel supported as part of a safe community center that maximizes their health and well-being. Staff reflects the diversity of the epidemic, deliver member directed programs that evolve in a changing environment, and dedicate themselves to the overall health of The Aliveness Project community

The Aliveness Project's services include:

Food Services – Includes an on-site meal program that serves 10 meals per week and over 32,000 meals each year, and a food shelf that distributes over 140,000 pounds of food per year, and a medical nutritional therapy program that offers nutritional counseling.

Member Services – Includes a case management program, integrative therapy program (acupuncture, massage and other treatments), social events, a holiday basket program and other supportive services for individuals living with HIV/AIDS.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Outreach and Education – Includes a health and wellness program that offers educational seminars, HIV testing, a resource library with Internet access, the *Aliveline* newsletter, and The Aliveness Project's website (www.aliveness.org).

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to The Aliveness Project, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Aliveness Project reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Property and Equipment

All major expenditures above \$1,000 for property and equipment are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

A portion of The Aliveness Project's revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when The Aliveness Project has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Aliveness Project recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Aliveness Project recognizes program service fee revenue when the performance obligations of providing the services are met.

Charitable Gaming is recognized at the time the sale occurs. They are reported net of prizes and expenses.

Income Tax

The Aliveness Project has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Aliveness Project's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Aliveness Project continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, The Aliveness Project annually files a Return of Organization Exempt From Income Tax (Form 990).

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions can affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Subsequent Events

The Aliveness Project has evaluated the effect that subsequent events would have on the financial statements through October 19, 2021 which is the date financial statements were available to be issued.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there is still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, The Aliveness Project expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

3. Financial Instruments

Significant Concentrations of Credit Risk

The Aliveness Project provides services within the Twin Cities area. The amounts due for grants and contracts receivable are from local residents, governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2020 and 2019, the Aliveness Project held funds at a local financial institution in excess of federally insured limits.

4. Grants and Contracts Receivable

The outstanding balance of grants and contracts receivable at December 31, 2020, is expected to be collected over the following fiscal years:

<u>Due in the Year Ending December 31,</u>	
2021	\$ <u>184,765</u>

5. Property and Equipment

The Aliveness Project owned the following assets as of:

	<u>December 31,</u>		<u>Estimated</u>
	<u>2019</u>	<u>2019</u>	<u>Useful Lives</u>
Building and Improvements	\$ 2,545,921	\$ 2,545,921	7-39 years
Furniture and Equipment	<u>204,068</u>	<u>197,057</u>	3-7 years
	2,749,989	2,742,978	
Less Accumulated Depreciation	<u>780,581</u>	<u>670,628</u>	
	<u>\$ 1,969,408</u>	<u>\$ 2,072,350</u>	

Depreciation expense of \$109,953 and \$107,801 was recorded for the years ended December 31, 2020 and 2019, respectively.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. Notes Payable

The breakdown of notes payable is as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Mortgage payable to Bremer Bank is due in monthly payments of \$6,115 including interest at the rate of 4.35%. The note is secured by property. The maturity date is July 28, 2027. This note was refinanced in July 2020.	\$ 591,869	\$ 642,075
Less Portion Due Within One (1) Year	48,401	53,593
Long-term Portion	\$ 543,468	\$ 588,482

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 48,401
2022	50,549
2023	52,793
2024	55,135
2025	57,582
2026 and thereafter	327,409
Total	\$ 591,869

7. PPP SBA Loan

On April 16, 2020, The Aliveness Project received a loan (the "Loan") from Bremer Bank, NA in the aggregate amount of \$258,400, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note issued by the Borrower, matures on April 16, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on October 16, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower's covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the SBA.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. PPP SBA Loan (continued)

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In accordance with these Loan forgiveness terms, funds from the Loan were used by The Aliveness Project for payroll costs, group health care and retirement benefits, and rent.

If the Loan is 100% forgiven, then no payments will be due from The Aliveness Project. If The Aliveness Project does not receive 100% forgiveness, there will be a loan modification at the time of the decision which will communicate the repayment terms of the remaining loan balance. The Aliveness Project has elected to carry the Loan as debt on its statement of financial position as of December 31, 2020 per FASB ASC 470.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Meal Program and Food Shelf	\$ 28,956	\$ 12,500
Memorials	20,160	-
Integrative Therapies	<u>10,139</u>	<u>-</u>
Total	<u>\$ 59,255</u>	<u>\$ 12,500</u>

9. Major Source of Support

Major sources of support were as follows as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Hennepin County	\$ 941,318	\$ 816,681
State of Minnesota	<u>613,810</u>	<u>438,561</u>
Total	<u>\$ 1,555,128</u>	<u>\$ 1,255,242</u>

10. Defined Contribution Plan

The Aliveness Project maintains a SIMPLE IRA plan covering all eligible employees. The Aliveness Project's contribution totaled \$14,664 and \$9,274 for the years ended December 31, 2020 and 2019, respectively.

THE ALIVENESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. Liquidity and Availability

The following represents The Aliveness Project's financial assets as of:

	December 31,	
	2020	2019
Financial Assets:		
Cash	\$ 753,330	\$ 502,344
Grants Receivable	184,765	147,373
Total Financial Assets	938,095	649,717
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	59,255	12,500
Net Assets With Restrictions to be met within a year	(59,255)	(12,500)
Total assets not available for general expenditures within one year:	-	-
Financial assets available for general expenditures within one year:	\$ 938,095	\$ 649,717

The Aliveness Project has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. As part of The Aliveness Project's liquidity plan, they have a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

12. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	December 31,	
	2020	2019
Depreciation	\$ 109,953	\$ 107,801
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(40,219)	821
Accrued Salaries and Vacation	(23,088)	16,351
Decreases (Increases) in Current Assets:		
Grants and Contracts Receivable	(37,392)	107,764
Prepaid Expense	(171)	(4,029)
Other Assets	(10,939)	-
Total Adjustments	\$ (1,856)	\$ 228,708



Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

**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**

Board of Directors

The Aliveness Project, Inc.
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 The Aliveness Project, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expense and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Aliveness Project, Inc.'s internal control over financial reporting (internal control) to determine the 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 The Aliveness Project, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Aliveness Project, Inc.'s internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be a significant deficiencies.

Board of Directors
The Aliveness Project, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Aliveness Project, Inc.'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 determination of financial statement amounts. 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*.

The Aliveness Project, Inc.'s Response to Findings

The Aliveness Project, Inc.'s response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Aliveness Project, Inc. response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

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.


Certified Public Accountants

Minneapolis, Minnesota
October 19, 2021



Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
The Aliveness Project, Inc.
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

We have audited The Aliveness Project, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Aliveness Project, Inc.'s major federal programs for the year ended December 31, 2020. The Aliveness Project, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Aliveness Project, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Aliveness Project, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Aliveness Project, Inc.'s compliance.

Board of Directors
The Aliveness Project, Inc.

Opinion on Each Major Federal Program

In our opinion, The Aliveness Project, Inc. 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedules of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to this matter.

The Aliveness Project, Inc.'s response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Aliveness Project, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

Report on Internal Control Over Compliance

Management of The Aliveness Project, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Aliveness Project, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Aliveness Project, Inc.'s internal control over compliance.

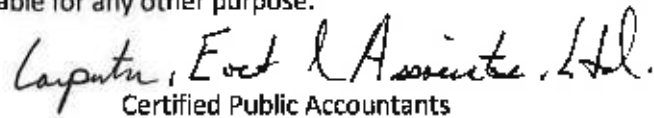
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Board of Directors
The Aliveness Project, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-003 that we consider to be a significant deficiency.

The Aliveness Project, Inc.'s response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Aliveness Project, Inc. response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Certified Public Accountants

Minneapolis, Minnesota
October 19, 2021

THE ALIVENESS PROJECT, INC.
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued – unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major program:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Major Programs: CFDA Number 93.914 HIV Emergency Relief Project Grants

Type of auditor's report issued on compliance for major programs – unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? Yes No

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

THE ALIVENESS PROJECT, INC.
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies:

2020-001 – Financial Statements Prepared with Assistance of Auditor

Condition: The auditor assisted in drafting the financial statements prepared under Generally Accepted Accounting Principles (GAAP).

Criteria: Management should prepare complete GAAP financial statements for the audit to ensure independence is not impaired.

Cause: It is not practical for the organization to prepare complete GAAP financial statements for internal use by management and the Board of Directors.

Effect: The financial statements prepared for internal purposes are not complete GAAP financial statements as required for the audit.

Recommendation: Management should be aware that the auditor assisted in drafting the GAAP financial statements and management should have a person with the skill and knowledge review and approve the draft financials.

2020-002 – Lack of Segregation of Duties

Condition: The limited number of people involved in the internal control structure does not allow for the complete segregation of duties.

Criteria: An ideal internal control structure should have separate individuals performing each function of the system.

Cause: The number of people required to have an ideal internal control structure with the complete segregation of duties is beyond the means of the organization.

Effect: A lack of segregation of duties can lead to errors or irregularities that arise in the normal course of an employee's duties, and may not be detected.

Recommendation: Management should be aware that there is a lack of segregation of duties that would exist in an ideal internal control structure and continue to monitor the system.

THE ALIVENESS PROJECT, INC.
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDIT

2020-003 – CFDA 93.914 Uniform Guidance

Condition: During the audit, we determined that payroll transactions charged to federal programs were not adequately documented.

Criteria: The organization is required to support payroll charges to federal cost objectives with adequate documentation as described in the Uniform Guidance 2 Code of Federal Regulations Section 200.430(i)(8)(i) Standards for Documentation of Personnel Expenses.

Cause: Support documentation did not exist for individuals charged to federal programs.

Effect: Payroll charges to federal programs may not be reimbursed by the federal program.

Recommendation: Management should be aware of the payroll documentation requirements in order to be in compliance with federal programs.

THE ALIVENESS PROJECT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-001-This finding still exists in 2020. See 2020-001-this finding is being addressed by having management review and approve the draft financials, but is expected to be recurring.

2019-002-This finding still exists in 2020. See 2020-002-this finding is being addressed by having management stay aware of the issue and continue to monitor the internal control system., but is expected to be recurring.

2019-003-This finding still exists in 2020. See 2020-003-the 2019 audit was approved in late 2020 which didn't allow for any changes to be implemented in the 2020 year. It was corrected in 2021.

THE ALIVENESS PROJECT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
MAJOR PROGRAM				
U.S. Department of Health and Human Services:				
Hennepin County-Part A:	93.914			
On-Site Meals:				
3/1/19-2/29/20		A165029-SR	\$ -	\$ 26,020
3/1/20-2/28/21		HS00000521	-	206,358
Food Shelf:				
3/1/19-2/29/20		A165029-SR	-	14,283
3/1/20-2/28/21		HS00000521	-	129,992
Medical Nutrition Therapy:				
3/1/19-7/29/20		A165029-SR	-	14,252
3/1/20-2/28/21		HS00000521	-	32,748
Outreach:				
3/1/19-2/29/20		A165029-SR	-	8,281
Early Intervention Services:				
3/1/20-2/28/21		HS00000521	-	199,251
CARES Act Supplies:				
3/1/20-7/28/21		HS00000521	-	19,489
CARES Act Food Shelf:				
3/1/20-2/28/21		HS00000521	-	43,878
Total				694,552
OTHER FEDERAL ASSISTANCE				
U.S. Department of Health and Human Services:				
Hennepin County-Part B:	93.917			
Food Shelf:				
4/1/19-3/31/20		A165090-SR	-	\$ 17,976
4/1/20-3/31/21		HS00000547	-	9,997
On-Site Meals:				
4/1/19-3/31/20		A165090-SR	-	29,708
4/1/20-3/31/21		HS00000547	-	3,204
Medical Nutrition Therapy:				
4/1/19-3/31/20		A165090-SR	-	20,327
4/1/20-3/31/21		HS00000547	-	52,310
Early Intervention Services:				
4/1/19-3/31/20		A165090-SR	-	91,081
Health Education Risk Reduction:				
4/1/20-3/31/21		HS00000547	-	33,571
Outreach:				
4/1/19-3/31/20		A165090-SR	-	8,212
Medical Transportation:				
4/1/19-3/31/20		A165090-SR	-	2,321
4/1/20-3/31/21		HS00000547	-	5,719
Administration Rebate:				
4/1/20-3/31/21		HS00000547	-	32,340
Minnesota Department of Health:	93.917			
Early Intervention Services:				
3/1/18-1/1/22		140797	-	99,643
State of Minnesota Department of Human Services	93.917			
Non-Medical Case Management Services				
5/1/18-6/30/22		GRK%140284	-	152,202
Total				498,611
U.S. Department of the Treasury:				
Minnesota Department of Education:	21.019			
Meals-Covid-19 Food Insecurity				
7/1/20-12/30/20		GID 5305	-	30,763
				\$ 1,223,926

THE ALIVENESS PROJECT, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Aliveness Project, Inc. under the programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of The Aliveness Project, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Aliveness Project, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rates

The Aliveness Project, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



THE ALIVENESS PROJECT, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020

2020-001- Financial Statements Prepared with Assistance of Auditor

Explanation of Disagreement with Audit Finding: None

Actions Planned in Response to Finding: The recommended procedures have been implemented.

Official Responsible for Ensuring the CAP: Matt Toburen, Executive Director

Planned Completion Date: Completed

2020-002- Lack of Segregation of Duties

Explanation of Disagreement with Audit Finding: None

Actions Planned in Response to Finding: The recommended procedures have been implemented.

Official Responsible for Ensuring the CAP: Matt Toburen, Executive Director

Planned Completion Date: Completed

2020-003-CFDA 93.914 Uniform Guidance

Explanation of Disagreement with Audit Finding: None

Actions Planned in Response to Finding: Time studies will be performed during each year.

Official Responsible for Ensuring the CAP: Matt Toburen, Executive Director

Planned Completion Date: 2021