

Reporting and insights from 2021 and 2022 audits: Every Third Saturday

September 30, 2022

Executive summary

August 10, 2023

The Board of Directors
Every Third Saturday
5402 43rd Ave. S
Minneapolis, MN 55417

We have completed our audit of the financial statements of Every Third Saturday (ETS) for the year ended September 30, 2021 and September 30, 2022, and have issued our report thereon dated August 10, 2023. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your ETS's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas ETS should be aware of in your strategic planning. We are available to discuss these risks as they relate to your ETS's financial stability and future planning.

If you have questions at any point, please connect with us:

- Nicki Donlon, Partner: nicki.donlon@bakertilly.com or +1 (612) 876 4675
- Erin Meier, Manager: erin.meier@bakertilly.com or +1 (612) 876 4746

Sincerely,

Baker Tilly US, LLP



Nicki Donlon, Partner

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of ETS's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Board of Directors of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including:

- Internal control matters
- Qualitative aspects of ETS's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of ETS and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Review, recompute and substantiate financial statement amounts and disclosures
- Review application and disclosures for new accounting standards adopted
- Existence, valuation and proper classification of contributions and pledges receivable
- Payroll and other expenses
- Net assets and compliance with donor restrictions

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about ETS's current year results.

Key areas of focus and significant issues

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Reviewed manual journal entries and performed targeted testing	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Performed detailed analytics and sampled individual transactions	Procedures identified provided sufficient evidence for our audit opinion

Internal control matters

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A material weakness is a deficiency or 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 identified the following deficiencies as material weaknesses:

- Management is responsible for controls over the year-end financial reporting process including the preparation of the statements and ensuring that all necessary journal entries are recorded in the general ledger. As part of the audit, management requested that we prepare a draft of the financial statements, including the related notes to the financial statements. In addition, adjusting journal entries were identified during the audit. However, management reviewed approved and accepted responsibility for those financial statements and adjusting journal entries prior to issuance.

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 the Board of Directors. We identified the following deficiencies as significant deficiencies:

- In the ideal internal control structure, the origination and completion of single transactions are never under the control of the same individual. Each transaction passes through two or more individuals with the result that one is under the review of another. In an environment where this is not the case, errors may go undetected. ETS operates its accounting and reporting function with a limited number of individuals, which precludes a proper separation of duties. It is important for those charged with governance to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls rest in those charged with governance's knowledge and monitoring of matters relating to ETS's financial affairs.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by ETS are described in Note 1 to the financial statements.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates noted in the 2022 and 2021 audits.
- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for ETS or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The attached schedule summarizes the uncorrected misstatements that we presented to management, other than those that are clearly trivial, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section describes the effects on the financial reporting process indicated by the uncorrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ETS's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of ETS's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditors' report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and ETS that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant issues arise during the audit in connection with ETS's related parties.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Preparation of tax returns(s)
- Preparation of the financial statements
- Proposal of adjusting journal entries, if any

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the not-for-profit resource page at <https://www.bakertilly.com/page/audit-committee-resource-center>.

Summary schedule of corrected misstatements and summary schedule of uncorrected misstatements

Every Third Saturday

SUMMARY OF PASSED ADJUSTING JOURNAL ENTRIES
FOR COMMUNICATION TO MANAGEMENT AND GOVERNING BOARD
For the Year Ended September 30, 2022

<u>Description</u>	<u>Financial Statement Effect</u>		
	<u>Increase (Decrease) to Financial Statement Total</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>
Accrued Payroll	\$ -	\$ (10,562)	\$ 10,562
A/P	-	(37,249)	37,249
Current Year Net Audit Differences	<u>\$ -</u>	<u>\$ (47,811)</u>	47,811
Cumulative Effect of Prior Year's Differences			<u>(7,350)</u>
Total Uncorrected Differences			<u>\$ 40,461</u>

Every Third Saturday

SUMMARY OF PASSED ADJUSTING JOURNAL ENTRIES
FOR COMMUNICATION TO MANAGEMENT AND GOVERNING BOARD
For the Year Ended September 30, 2021

<u>Description</u>	<u>Financial Statement Effect</u>		
	<u>Increase (Decrease) to Financial Statement Total</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>
Accrued Payroll	\$ -	\$ (4,135)	\$ 4,135
A/P	<u>-</u>	<u>(3,215)</u>	<u>3,215</u>
Current Year Net Audit Differences	<u>\$ -</u>	<u>\$ (7,350)</u>	7,350
Cumulative Effect of Prior Year's Differences			<u>-</u>
Total Uncorrected Differences			<u>\$ 7,350</u>

Accounting changes relevant to the Organization

Accounting standards update

ASU	Description	Impacts you
2016-13	Financial Instruments – Credit Losses (Topic 326: Measurement of Credit Losses on Financial Instruments)	