

**GLOBAL MINNESOTA**  
**AUDITED FINANCIAL STATEMENTS**  
June 30, 2016 and 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Global Minnesota  
(formerly Minnesota International Center)  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Global Minnesota (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Minnesota as of June 30, 2016 and 2015, 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.

*Harrington Langer & Associates*

September 9, 2016

**GLOBAL MINNESOTA**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 628,190	\$ 829,493
Accounts receivable	36,328	16,586
Pledges receivable, current portion	140,149	104,939
Grants receivable, current portion	39,000	39,000
In-kind contributions on hand	-	4,578
Prepaid expenses	20,525	20,674
<b>TOTAL CURRENT ASSETS</b>	<b>864,192</b>	<b>1,015,270</b>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Furniture and equipment	125,245	123,011
Leasehold improvements	2,900	2,900
	128,145	125,911
Less: accumulated depreciation	(97,625)	(87,463)
<b>TOTAL PROPERTY AND EQUIPMENT, net</b>	<b>30,520</b>	<b>38,448</b>
<b>OTHER ASSETS</b>		
Investments	762,132	797,229
Pledges receivable, net of current portion	9,966	18,183
Grants receivable, net of current portion	-	39,000
Interest in charitable trust	39,087	41,584
<b>TOTAL OTHER ASSETS</b>	<b>811,185</b>	<b>895,996</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,705,897</b>	<b>\$ 1,949,714</b>

	<u>2016</u>	<u>2015</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 37,591	\$ 21,534
Accrued expenses	<u>23,487</u>	<u>15,129</u>
<b>TOTAL LIABILITIES</b>	<u>61,078</u>	<u>36,663</u>
<b>NET ASSETS</b>		
Unrestricted		
Board designated reserve	248,675	255,358
Undesignated	<u>176,573</u>	<u>168,902</u>
Total unrestricted	425,248	424,260
Temporarily restricted	795,981	1,047,224
Permanently restricted	<u>423,590</u>	<u>441,567</u>
<b>TOTAL NET ASSETS</b>	<u>1,644,819</u>	<u>1,913,051</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,705,897</u></u>	<u><u>\$ 1,949,714</u></u>

**GLOBAL MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016  
(With Comparative Totals For 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
<b>SUPPORT AND REVENUE</b>					
Foundations and grants	\$ 57,870	\$ 5,000	\$ -	\$ 62,870	\$ 50,500
Public contributions	380,235	176,270	-	556,505	798,754
Government grants	68,541	54,654	-	123,195	178,270
Program income	107,119	2,215	-	109,334	63,147
Annual gala, net	122,951	-	-	122,951	179,429
In-kind contributions	15,851	331	-	16,182	19,470
Realized and unrealized investment gain	(4,211)	(4,373)	(6,496)	(15,080)	15,581
Interest and dividend income, net of fees	(2,466)	6,440	(2,340)	1,634	(1,326)
Miscellaneous	-	-	-	-	10
Net assets released from restrictions	500,921	(491,780)	(9,141)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,246,811</b>	<b>(251,243)</b>	<b>(17,977)</b>	<b>977,591</b>	<b>1,303,835</b>
<b>EXPENSES</b>					
Program services	967,255	-	-	967,255	862,370
Management and general	115,697	-	-	115,697	108,076
Development	162,871	-	-	162,871	135,098
<b>TOTAL EXPENSES</b>	<b>1,245,823</b>	<b>-</b>	<b>-</b>	<b>1,245,823</b>	<b>1,105,544</b>
<b>CHANGE IN NET ASSETS</b>	<b>988</b>	<b>(251,243)</b>	<b>(17,977)</b>	<b>(268,232)</b>	<b>198,291</b>
<b>NET ASSETS, BEGINNING</b>	<b>424,260</b>	<b>1,047,224</b>	<b>441,567</b>	<b>1,913,051</b>	<b>1,714,760</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 425,248</b>	<b>\$ 795,981</b>	<b>\$ 423,590</b>	<b>\$ 1,644,819</b>	<b>\$ 1,913,051</b>

**GLOBAL MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Foundations and grants	\$ 50,500	\$ -	\$ -	\$ 50,500
Public contributions	429,080	369,674	-	798,754
Government grants	63,428	114,842	-	178,270
Program income	62,797	350	-	63,147
Annual gala, net	179,429	-	-	179,429
In-kind contributions	14,892	4,578	-	19,470
Realized and unrealized investment gain	639	14,147	795	15,581
Interest and dividend income, net of fees	(2,664)	3,573	(2,235)	(1,326)
Miscellaneous	10	-	-	10
Net assets released from restrictions	338,288	(329,671)	(8,617)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,136,399</u>	<u>177,493</u>	<u>(10,057)</u>	<u>1,303,835</u>
<b>EXPENSES</b>				
Program services	862,370	-	-	862,370
Management and general Development	108,076	-	-	108,076
	135,098	-	-	135,098
<b>TOTAL EXPENSES</b>	<u>1,105,544</u>	<u>-</u>	<u>-</u>	<u>1,105,544</u>
<b>CHANGE IN NET ASSETS</b>	30,855	177,493	(10,057)	198,291
<b>NET ASSETS, BEGINNING</b>	<u>393,405</u>	<u>869,731</u>	<u>451,624</u>	<u>1,714,760</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 424,260</u>	<u>\$ 1,047,224</u>	<u>\$ 441,567</u>	<u>\$ 1,913,051</u>

**GLOBAL MINNESOTA**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (268,232)	\$ 198,291
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,162	10,152
Interest and dividends reinvested, net of fees	(1,626)	1,022
Realized and unrealized (gain) loss on investments	12,583	(18,134)
Change in interest in charitable trust	2,497	2,553
Change in in-kind contributions on hand	4,578	(1,055)
(Increase) decrease in:		
Accounts receivable	(19,742)	(5,627)
Pledges receivable	(26,993)	61,445
Grants receivable	39,000	(39,000)
Prepaid expenses	149	(2,809)
(Decrease) increase in:		
Accounts payable	16,057	5,484
Accrued expenses	8,358	(3,353)
	<u>(223,209)</u>	<u>208,969</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
	<u>(223,209)</u>	<u>208,969</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,234)	(9,655)
Cash proceeds from investments	24,140	23,617
	<u>21,906</u>	<u>13,962</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
	<u>21,906</u>	<u>13,962</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease obligation	-	(1,454)
	<u>-</u>	<u>(1,454)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(201,303)	221,477
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>829,493</u>	<u>608,016</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 628,190</u>	<u>\$ 829,493</u>
<b>SUPPLEMENTAL CASH FLOWS DISCLOSURES</b>		
Interest paid	\$ -	\$ 40

See notes to financial statements



**GLOBAL MINNESOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2016  
(With Comparative Totals for 2015)

	Program Services				Support Services				
	Global Education	Great Decisions	IVLP	World Affairs Program	Total Program Services	Development	Management and General	Total 2016	Total 2015
Salaries	\$ 210,258	\$ 90,934	\$ 176,920	\$ 97,930	\$ 576,042	\$ 112,377	\$ 77,182	\$ 765,601	\$ 671,535
Payroll taxes	16,793	7,296	14,010	7,857	45,956	7,479	6,235	59,670	52,967
Employee benefits	14,776	7,798	16,617	8,621	47,812	8,494	6,849	63,155	45,721
<b>Total Personnel Expenses</b>	<b>241,827</b>	<b>106,028</b>	<b>207,547</b>	<b>114,408</b>	<b>669,810</b>	<b>128,350</b>	<b>90,266</b>	<b>888,426</b>	<b>770,223</b>
Representation	885	1,112	4,532	9,905	16,434	1,277	281	17,992	20,965
Professional development	310	138	828	426	1,702	737	75	2,514	3,388
Professional fees	14,202	7,087	11,772	7,768	40,829	6,411	3,986	51,226	30,634
Program food/beverage	10,515	8,260	10,580	47,112	76,467	448	209	77,124	69,696
Program events	11,842	3,844	909	13,456	30,051	6	50	30,107	43,082
Advertising and promotion	672	246	408	469	1,795	80	-	1,875	2,736
Resource materials	8,155	12,261	4	3	20,423	3	2	20,428	13,369
Internet	442	234	388	256	1,320	295	166	1,781	1,481
Audit/accounting	161	85	142	93	481	-	8,390	8,871	8,924
Supplies	1,943	902	1,504	1,341	5,690	1,131	683	7,504	6,027
Telephone	1,866	986	2,107	1,081	6,040	1,289	695	8,024	7,833
Postage	1,918	1,368	1,190	840	5,316	3,698	204	9,218	6,380
Dues and subscriptions	222	117	724	3,658	4,721	275	88	5,084	6,201
Printing	7,175	3,918	5,772	3,827	20,692	1,739	1,078	23,509	23,482
Insurance	1,904	1,006	1,670	1,104	5,684	1,275	717	7,676	5,556
Bank charges	272	384	-	907	1,563	2,811	1,497	5,871	5,852
Repairs and maintenance	2,998	1,584	2,631	1,737	8,950	2,005	1,124	12,079	14,122
Occupancy	13,988	7,391	12,277	8,101	41,757	9,354	5,241	56,352	55,150
Relocation	-	-	-	-	-	-	-	-	251
Interest									40
Depreciation	2,522	1,333	2,214	1,461	7,530	1,687	945	10,162	10,152
<b>Total Expenses</b>	<b>\$ 323,819</b>	<b>\$ 158,284</b>	<b>\$ 267,199</b>	<b>\$ 217,953</b>	<b>\$ 967,255</b>	<b>\$ 162,871</b>	<b>\$ 115,697</b>	<b>\$ 1,245,823</b>	<b>\$ 1,105,544</b>

See notes to financial statements

**GLOBAL MINNESOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2015

	Program Services				Support Services			Total
	Global Education	Great Decisions	IVLP	World Affairs Program	Total Program Services	Development	Management and General	
Salaries	\$ 172,406	\$ 86,575	\$ 162,752	\$ 87,146	\$ 508,879	\$ 89,474	\$ 73,182	\$ 671,535
Payroll taxes	13,497	6,816	12,741	6,858	39,912	7,151	5,904	52,967
Employee benefits	11,271	6,896	8,939	6,615	33,721	6,205	5,795	45,721
<b>Total Personnel Expenses</b>	<b>197,174</b>	<b>100,287</b>	<b>184,432</b>	<b>100,619</b>	<b>582,512</b>	<b>102,830</b>	<b>84,881</b>	<b>770,223</b>
Representation	2,106	2,323	5,462	9,236	19,127	1,655	183	20,965
Professional development	653	72	1,692	656	3,073	271	44	3,388
Professional fees	8,261	5,210	7,998	5,240	26,709	2,408	1,517	30,634
Program food/beverage	8,652	5,937	7,675	45,884	68,148	350	1,198	69,696
Program events	16,753	2,415	851	22,694	42,713	240	129	43,082
Advertising and promotion	643	561	98	832	2,134	594	8	2,736
Resource materials	3,967	9,079	21	276	13,343	17	9	13,369
Internet	53	33	52	32	170	1,303	8	1,481
Audit/accounting	231	143	224	140	738	-	8,186	8,924
Supplies	1,292	706	1,215	1,215	4,428	915	684	6,027
Telephone	1,665	1,032	2,035	1,011	5,743	1,439	651	7,833
Postage	1,396	1,287	1,227	786	4,696	1,601	83	6,380
Dues and subscriptions	149	92	444	3,665	4,350	1,791	60	6,201
Printing	6,361	3,943	6,176	4,087	20,567	2,178	737	23,482
Insurance	1,273	789	1,232	773	4,067	972	517	5,556
Bank charges	423	402	-	705	1,530	2,591	1,731	5,852
Repairs and maintenance	3,230	2,002	3,126	1,960	10,318	2,467	1,337	14,122
Occupancy	12,635	7,832	12,232	7,670	40,369	9,651	5,130	55,150
Relocation	64	39	61	39	203	48	-	251
Interest	-	-	-	-	-	-	40	40
Depreciation	2,326	1,442	2,252	1,412	7,432	1,777	943	10,152
<b>Total Expenses</b>	<b>\$ 269,307</b>	<b>\$ 145,626</b>	<b>\$ 238,505</b>	<b>\$ 208,932</b>	<b>\$ 862,370</b>	<b>\$ 135,098</b>	<b>\$ 108,076</b>	<b>\$ 1,105,544</b>

See notes to financial statements

**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:**

Global Minnesota (formerly Minnesota International Center) connects individuals, organizations, and communities to the world. Through a unique lineup of programs, Global Minnesota takes relevant and timely information on international issues, foreign policy, and cultural topics, and provides the space and opportunity for Minnesotans to engage and discuss. As a nonprofit, nonpartisan organization for nearly 65 years, Global Minnesota is unparalleled in its ability to deliver programs that allow Minnesotans to connect and participate in the international sphere, and for Minnesota to extend its influence around the globe. Under the guiding principles: connect, inform, engage, this year Global Minnesota produced over 600 activities that engaged more than 15,000 in participation on learning more about the world.

Global Minnesota was founded in 1953 as a welcoming organization for international students, scholars, and visitors who came to Minnesota. It was created as a University-community partnership that engaged ‘citizen diplomats’ to connect Minnesotans with these visiting students and scholars. In the past 63 years, Global Minnesota has evolved from its direct service roots into a multifaceted nonpartisan organization providing globally-focused educational opportunities for people of all ages across Minnesota. Global Minnesota membership consists of approximately 1,600 individual members and 48 corporate members. Global Minnesota is one of the top 10 World Affairs Councils of America; a proud member of Global Ties U.S., the nonprofit arm of the U.S. Department of State’s International Visitors Leadership Program; and an affiliate of the Foreign Policy Association.

Global Minnesota’s mission is to promote international understanding and engagement: we educate, we inspire, and we provide enriching experiences. And, we are committed to serving Minnesota from a foundation built on values of trust, collaboration, global competency, nonpartisanship, intercultural communication, hospitality, and stewardship.

Distinct program areas provide rich and varied opportunities to connect with others from around the globe, serve as citizen diplomats, and gain a deeper understanding of the world.

**Professional Exchanges** bring emerging young leaders from around the world to Minnesota for cultural and professional exchange opportunities. Global Minnesota connects local industry experts and participating visitors to foster awareness about international issues and cultivate effective exchange of industry best practices. Global Minnesota serves as the state’s premier coordinator of the U.S. Department of State’s International Visitor Leadership Program and partners with public and private institutions to create custom professional exchange opportunities. Minnesota is a top destination for international visitors, and this year Global Minnesota hosted 439 program participants from 129 countries.

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**K-12 Education** programs support Minnesota educators and students in their efforts to learn more about the world and develop the knowledge, skills, and dispositions necessary for success in today's global society. The program includes three components:

- Classroom Connection brings the world's cultures directly to Minnesota elementary school children. Students, teachers, and international speakers come together for a series of interactive cross-cultural conversations and lessons that support Minnesota education standards. This year, Classroom Connection engaged 1,570 students for more than 5,000 hours of cross-cultural learning.
- Academic WorldQuest is an international knowledge competition that challenges high school students to think globally and quiz locally about critical issues facing the U.S. and world. This past year, 140 students competing on 35 teams participated in Academic WorldQuest.
- Global Discussions in the Schools is a diverse and applicable current events curriculum for high school students. Through in-depth analysis of today's top foreign policy topics, students go beyond the headlines and become active participants in the world community.

**Public Events**, the public face of Global Minnesota, are unique and diverse opportunities that go beyond international headlines, spark cultural conversations within communities, and connect audiences with some of the world's best thinkers. Events include hearing from high-caliber international speakers and diplomats, experiencing a blend of culture and cuisine at local restaurants, and networking with globally-minded people. This past year, Global Minnesota produced 34 community events with total attendance of 3,400.

**Discussion Groups** are based on the Foreign Policy Association's Great Decisions program and offer individuals from across the state the opportunity to explore the year's most important international issues and foreign policy topics. They provide an alternative to international digital news and social media and bring together friends, colleagues, and neighbors who share a passion – or curiosity – for global issues. Global Minnesota coordinates the largest Great Decisions discussion group program in the country and builds additional programs around the eight critical topics including a free monthly presentation by a local expert. Global Minnesota also collaborates with the Minneapolis *Star Tribune* to present monthly opinions on a Great Decisions topic. This past year, 50 groups convened 272 Great Decisions meetings with total attendance of more than 8,850.

This year's **gala**, Celebration of the Republic of Korea, raised nearly \$266,000 to support Global Minnesota's work and mission.

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Cash and Cash Equivalents:**

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains cash balances at several financial institutions that are insured by the FDIC up to \$250,000. At June 30, 2016 and 2015, the Organization's uninsured cash balances were \$0 and \$311,298, respectively.

**Allowance for Doubtful Accounts:**

The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At June 30, 2016 and 2015, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**Restricted Net Assets:**

Temporarily restricted net assets are those that are used by the Organization and have been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

**Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Support and Revenue:**

Contributions received and unconditional promises to give are measured at their fair market value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Support and Revenue (continued):**

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred with the accrual basis of accounting.

**In-kind Contributions:**

Donated goods, equipment, services, and facilities are recorded at fair value at the date of donation. Donated services are recorded when there is an objective basis to measure the value of such services and the service involves specialized skills that would be purchased, if not provided by donation.

**Functional Allocation of Expenses:**

The costs of services provided and expenses are allocated among the programs and supporting services benefited based on usage or full-time equivalent employees.

**Advertising:**

Advertising costs are charged to expense as incurred. During the years ended June 30, 2016 and 2015, advertising costs were \$1,875 and \$2,736 respectively.

**Investments:**

Investments are stated at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the increase (decrease) in unrestricted net assets unless the income or loss is restricted by donor or law.

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Property and Equipment:**

Assets acquired by purchase are stated at cost. Assets acquired by gift, if material, are stated at their fair market value at the time of the donation.

Depreciation is computed over the estimated useful lives of the assets by the straight-line method. The following estimated useful lives are used in computing depreciation:

	<u>Years</u>
Furniture and equipment	5 - 7
Leasehold improvements	7 - 25

Depreciation expense for the years ended June 30, 2016 and 2015 amounted to \$10,162 and \$10,152, respectively.

**Income Taxes:**

The Organization operates as a charitable organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes.

Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

**Subsequent Events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 9, 2016, the date the financial statements were available to be issued.

**Reclassifications:**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

**NOTE 2. BORROWING ARRANGEMENTS**

The Organization maintains credit arrangements upon which they can borrow up to \$35,000. Balances on these accounts accrue interest at approximately 12%. These accounts are unsecured. Outstanding balances on these accounts totaled \$10,722 and \$6,720 for the years ended June 30, 2016 and 2015, respectively.

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable were as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Receivable in:		
Less than one year	\$ 179,149	\$ 143,939
One to five years	<u>9,966</u>	<u>57,183</u>
	<u>\$ 189,115</u>	<u>\$ 201,122</u>

At June 30, 2016 and 2015, management considered all pledges and grants receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**NOTE 4. INTEREST IN CHARITABLE TRUST**

The Organization is a 40% remainder beneficiary of the Bonnie Skelton Charitable Remainder Trust. The Organization reports its beneficial interest in the assets of the Trust at fair value. The change in the fair value is included in investment income on the accompanying Statement of Activities. As of June 30, 2016 and 2015, the Organization's beneficial interest amounted to \$39,087 and \$41,584, respectively.

**NOTE 5. FAIR VALUE MEASUREMENT AND INVESTMENTS**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for which Level 1 inputs are not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no plan assets requiring the use of Level 3 inputs for the periods presented.

Mutual funds: Valued at the closing net asset value (NAV) of shares held at the fiscal year end. If the mutual fund makes its net asset values publicly available daily to set the price for purchases and redemptions the following day, the mutual fund is categorized as within Level 1.

Investments held at Minneapolis Foundation (Note 6): Valued at the unit value reported by the Foundation based on the quoted prices of the underlying investment holdings.



**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 5. FAIR VALUE MEASUREMENT AND INVESTMENTS (continued)**

The following table represents the fair value measurements of assets recognized in the statements of financial position that are measured on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2016 and 2015:

2016	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments held at Minneapolis Foundation	\$ 472,265	\$ -	\$ 472,265
Mutual funds	289,867	289,867	-
Interest in Charitable Trust	39,087	-	39,087
	<u>\$ 801,219</u>	<u>\$ 289,867</u>	<u>\$ 511,352</u>
2015	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments held at Minneapolis Foundation	\$ 496,925	\$ -	\$ 496,925
Mutual funds	300,304	300,304	-
Interest in Charitable Trust	41,584	-	41,584
	<u>\$ 838,813</u>	<u>\$ 300,304</u>	<u>\$ 538,509</u>

At June 30, 2016 and 2015, investments consisted of the following:

	2016	2015
Investments held at Minneapolis Foundation	\$ 472,265	\$ 496,925
Mutual funds	289,867	300,304
	<u>\$ 762,132</u>	<u>\$ 797,229</u>

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. FAIR VALUE MEASUREMENT AND INVESTMENTS (continued)**

Investment income was as follows for the years ended June 30, 2016 and 2015:

	2016	2015
Dividends and interest, net of fees	\$ 1,634	\$ (1,327)
Net realized and unrealized gains (losses)	(15,080)	15,581
	\$ (13,446)	\$ 14,254

**NOTE 6. ENDOWMENT FUNDS**

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with the endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of MIC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. ENDOWMENT FUNDS (continued)**

The Organization has adopted investment and spending policies for investment assets to support the mission by providing earnings and capital appreciation to support agency programs, capital expenditures, and board-directed initiatives through a strategic plan that strives to maintain and grow the investment corpus and provide annual operating earnings to support MIC's mission. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as temporarily restricted funds and board-designated funds.

**Board Designated Reserve:**

The Board of Directors of the Organization initiated a board designated reserve fund in 1983. This fund is managed by the Minneapolis Foundation (the Foundation), which invests in diversified equity and fixed income funds. The Fund is carried at the fair value of the underlying securities as reported to the Foundation. The endowment assets are invested in a manner that is intended to preserve the principal with medium to high appreciating potential under the Foundation's investment strategy. The market value of the fund was \$248,675 and \$255,358 as of June 30, 2016 and 2015, respectively. Investment expenses associated with this fund were \$2,473 and \$2,359 for the years ended June 30, 2016 and 2015, respectively. Income from the board designated reserve fund is available for operating purposes.

**Permanently Restricted – Building New Bridges: Cornerstone Fund:**

In fiscal 1994, the Board of Directors initiated a Building New Bridges Campaign by establishing an endowment fund known as the Cornerstone Fund through the Minneapolis Foundation (the Foundation). The Fund is carried at the fair value of the underlying securities as reported to the Foundation. Limitations exist that preclude the use of net gains for operating purposes. The endowment assets are invested in a manner that is intended to provide capital appreciation to provide support and grow real purchasing power of assets under the Foundation's investment strategy. The Foundation limits the release of funds to 4 percent of the underlying assets, based upon a three-year quarterly moving average value of the assets. When gains (losses) are released, they are recorded as unrestricted investment gains (losses) when received. The market value of the fund was \$223,590 and \$241,567 as of June 30, 2016 and 2015, respectively. Investment loss (net of fees), including realized and unrealized losses, was \$(8,837) and \$(1,440) for the years ended June 30, 2016 and 2015, respectively.

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. ENDOWMENT FUNDS (continued)**

**Permanently Restricted – SIT Investment Associates Endowment Campaign:**

In fiscal year 2008, the Board of Directors initiated an Endowment Campaign by establishing a donor advised fund through the SIT Investment Associates Foundation. The SIT Investment Associates Foundation may accept contributions to the Fund from any individual or corporate donor, and from the Organization itself. The endowment assets are invested in a manner that is intended to earn the highest possible return under the SIT Investment Associates' investment strategy. The fund was required to be invested in SIT Mutual Funds through December 31, 2013. Income or principal from the Fund shall be distributed to the Organization to carry out its general charitable purposes. The Organization may withdraw 5% of the account's value annually for operations. The original gift instrument does not explicitly state the portion of the Fund that must be maintained in perpetuity. Therefore, during the year ended June 30, 2011, the Board determined that the portion of the Fund that should be maintained (preserved) permanently consistent with the relevant law to be the original gift amount, which amounted to \$200,000. The Fund balance at June 30, 2016 and 2015 totaled \$289,867 and \$300,304, respectively.

Endowment net asset composition by type of fund at June 30, 2016 and 2015 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Donor restricted	\$ -	\$ 89,867	\$ 423,590	\$ 513,457
Board designated	248,675	-	-	248,675
	<u>\$ 248,675</u>	<u>\$ 89,867</u>	<u>\$ 423,590</u>	<u>\$ 762,132</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2015				
Donor restricted	\$ -	\$ 100,304	\$ 441,567	\$ 541,871
Board designated	255,358	-	-	255,358
	<u>\$ 255,358</u>	<u>\$ 100,304</u>	<u>\$ 441,567</u>	<u>\$ 797,229</u>

**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 6. ENDOWMENT FUNDS (continued)**

Changes in endowment net assets for the years ended June 30, 2016 and 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment, 7/1/14	\$ 257,078	\$ 95,032	\$ 451,624	\$ 803,734
Investment return:				
Interest and dividends	-	3,573	-	3,573
Management fees	(2,359)	-	(2,235)	(4,594)
Realized and unrealized gains	639	16,699	795	18,133
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(15,000)</u>	<u>(8,617)</u>	<u>(23,617)</u>
Endowment, 6/30/15	255,358	100,304	441,567	797,229
Investment return:				
Interest and dividends	-	6,440	-	6,440
Management fees	(2,473)	-	(2,340)	(4,813)
Realized and unrealized gains	(4,210)	(1,877)	(6,497)	(12,584)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(15,000)</u>	<u>(9,140)</u>	<u>(24,140)</u>
Endowment, 6/30/16	<u>\$ 248,675</u>	<u>\$ 89,867</u>	<u>\$ 423,590</u>	<u>\$ 762,132</u>

**NOTE 7. LEASE COMMITMENTS**

During the year ended June 30, 2016, the Organization entered into an operating lease agreement for office space expiring December 31, 2018. Rent expense under this lease was \$55,268 and \$54,185 for the years ended June 30, 2016 and 2015, respectively.

As of June 30, 2016, future minimum payments under this lease were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 56,374
2018	<u>28,466</u>
	<u>\$ 84,840</u>

During the year ended June 30, 2010, the Organization entered into a capital lease for office equipment. This lease expired during the year ending June 30, 2015.

**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 8. RESTRICTED NET ASSETS**

Restricted net assets at June 30, 2016 and 2015 consisted of the following:

	2016	2015
<b>The sources for temporarily restricted assets:</b>		
Unappropriated earnings on SIT Investments		
Endowment Fund (NOTE 6)	\$ 89,867	\$ 100,304
Interest in charitable trust	39,087	41,584
Target	-	10,000
Global Ties	34,654	36,842
Global Ties - Global Summit Grant	20,000	-
David Winston Bell	5,000	-
Anonymous Gifts	1,000	-
State of Minnesota	39,000	78,000
Anonymous Major Gifts Campaign	416,456	542,119
Fund-A-Need contributions and pledges	32,900	44,673
3M Foundation	20,000	20,000
Equipment Fund-A-Need	15,607	19,064
Technology Fund-A-Need	6,659	8,562
Leasehold Improvements Major Gifts	1,819	2,233
Relocation Furn & Fixtures Major Gifts	594	706
Carlson Family Foundation	-	50,000
Delta Airlines travel vouchers held for use	-	4,578
Delta Airlines Inkind Ticket	331	-
Young Professionals and Culture thru Cuisine	2,215	350
Corporate membership	70,792	61,209
SIT Foundation Draw	-	27,000
	\$ 795,981	\$ 1,047,224
<b>Temporarily restricted for the following activities:</b>		
Program Support	\$ 112,588	\$ 174,511
General Operations	589,794	725,597
International Visitor Leadership Program	68,599	49,842
Academic WorldQuest	5,000	23,367
Classroom Connection	20,000	73,907
	\$ 795,981	\$ 1,047,224
<b>Permanently restricted:</b>		
Endowment Funds (NOTE 6)	\$ 423,590	\$ 441,567

**GLOBAL MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. IN-KIND CONTRIBUTIONS**

The Organization had received donated goods and equipment totaling \$16,182 and \$19,470 in 2016 and 2015, respectively. The Organization also had assistance from approximately 907 and 778 volunteers in 2016 and 2015, respectively, many of whom donated significant amounts of their time for the Organization’s program services. No amounts have been reflected in these financial statements for these donations because the services did not fit the requirements of generally accepted accounting principles.

**NOTE 10. RETIREMENT PLANS**

The Organization established a 403(b) defined contribution plan effective January 1, 1998, which covers substantially all employees. After fifteen months of employment, the Organization makes contributions on behalf of participants at three percent of each participant’s annual compensation. Participants are one hundred percent vested in any contributions made by the Organization on their behalf. During the years ended June 30, 2016 and 2015, the Organization contributed \$14,602 and \$14,978, respectively, to the plan.

**NOTE 11. ANNUAL GALA**

The annual gala event was held during the years ended June 30, 2016 and 2015 for fundraising purposes. The total receipts, expenses, and net earnings at June 30, 2016 and 2015 were as follows:

	2016	2015
Annual gala receipts	\$ 216,577	\$ 260,272
Less: gala expenses	(93,626)	(80,843)
Annual gala, net	\$ 122,951	\$ 179,429

Development expense reported on the statements of activities includes annual gala expenses of \$16,386 and \$9,148 during 2016 and 2015, respectively, which consisted of donated services and in-kind gifts. The 2016 and 2015 annual galas also raised \$32,900 and \$43,907, of temporarily restricted revenue dedicated to the Global Education Program for the fiscal years ended June 30, 2017 and 2016, respectively.