

GLOBAL MINNESOTA
AUDITED FINANCIAL STATEMENTS
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Global Minnesota
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, 2019 and 2018, 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, 2019 and 2018, 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 10, 2019

GLOBAL MINNESOTA
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 779,448	\$ 711,393
Accounts receivable	11,568	3,831
Pledges receivable, current portion	90,043	81,375
Grants receivable, current portion	42,000	108,000
In-kind contributions on hand	1,334	-
Prepaid expenses	<u>27,146</u>	<u>39,027</u>
TOTAL CURRENT ASSETS	<u>951,539</u>	<u>943,626</u>
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	130,782	129,916
Leasehold improvements	<u>2,900</u>	<u>2,900</u>
	133,682	132,816
Less: accumulated depreciation	<u>(115,332)</u>	<u>(104,971)</u>
TOTAL PROPERTY AND EQUIPMENT, net	<u>18,350</u>	<u>27,845</u>
OTHER ASSETS		
Investments	751,261	839,353
Pledges receivable, net of current portion	6,667	-
Grants receivable, net of current portion	39,000	-
Interest in charitable trust	<u>37,770</u>	<u>39,021</u>
TOTAL OTHER ASSETS	<u>834,698</u>	<u>878,374</u>
TOTAL ASSETS	<u><u>\$ 1,804,587</u></u>	<u><u>\$ 1,849,845</u></u>

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,107	\$ 16,953
Accrued expenses	<u>19,101</u>	<u>23,546</u>
TOTAL LIABILITIES	<u>29,208</u>	<u>40,499</u>
NET ASSETS		
Without donor restrictions		
Board designated reserve	165,269	260,322
Board designated Major Gifts campaign	205,383	205,383
Board designated Board Approved Draws	-	23,666
Undesignated	<u>197,845</u>	<u>154,847</u>
Total without donor restrictions	568,497	644,218
With donor restrictions	<u>1,206,882</u>	<u>1,165,128</u>
TOTAL NET ASSETS	<u>1,775,379</u>	<u>1,809,346</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,804,587</u></u>	 <u><u>\$ 1,849,845</u></u>

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals For 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
SUPPORT AND REVENUE				
Foundations and grants	\$ 280,536	\$ -	\$ 280,536	\$ 53,300
Public contributions	427,639	194,508	622,147	844,835
Government grants	81,853	133,588	215,441	148,083
Program income	127,842	1,775	129,617	70,604
Annual gala, net	140,624	-	140,624	201,219
In-kind contributions	18,612	1,334	19,946	15,824
Realized and unrealized investment gain	5,312	24,956	30,268	50,838
Interest and dividend income (loss), net of fees	(2,623)	5,122	2,499	10,787
Miscellaneous	5,009	-	5,009	1,282
Net assets released from restrictions	319,529	(319,529)	-	-
TOTAL SUPPORT AND REVENUE	1,404,333	41,754	1,446,087	1,396,772
EXPENSES				
Program services	1,023,677	-	1,023,677	958,599
Management and general	257,008	-	257,008	124,159
Development	199,369	-	199,369	152,569
TOTAL EXPENSES	1,480,054	-	1,480,054	1,235,327
CHANGE IN NET ASSETS	(75,721)	41,754	(33,967)	161,445
NET ASSETS, BEGINNING	644,218	1,165,128	1,809,346	1,647,901
NET ASSETS, ENDING	\$ 568,497	\$ 1,206,882	1,775,379	\$ 1,809,346

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Foundations and grants	\$ 53,300	\$ -	\$ 53,300
Public contributions	623,571	221,264	844,835
Government grants	95,583	52,500	148,083
Program income	66,319	4,285	70,604
Annual gala, net	201,219	-	201,219
In-kind contributions	15,824	-	15,824
Realized and unrealized investment gain	16,455	34,383	50,838
Interest and dividend income (loss), net of fees	(2,876)	13,663	10,787
Miscellaneous	1,282	-	1,282
Net assets released from restrictions	379,507	(379,507)	-
TOTAL SUPPORT AND REVENUE	1,450,184	(53,412)	1,396,772
EXPENSES			
Program services	958,599	-	958,599
Management and general	124,159	-	124,159
Development	152,569	-	152,569
TOTAL EXPENSES	1,235,327	-	1,235,327
CHANGE IN NET ASSETS	214,857	(53,412)	161,445
NET ASSETS, BEGINNING	429,361	1,218,540	1,647,901
NET ASSETS, ENDING	\$ 644,218	\$ 1,165,128	\$ 1,809,346

GLOBAL MINNESOTA
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (33,967)	\$ 161,445
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,361	10,172
Interest and dividends reinvested, net of fees	(2,694)	(10,982)
Realized and unrealized gain on investments	(31,519)	(51,271)
Change in interest in charitable trust	1,251	433
Change in in-kind contributions on hand	(1,334)	1,118
(Increase) decrease in:		
Accounts receivable	(7,737)	16,672
Pledges receivable	(15,335)	82,403
Grants receivable	27,000	(30,000)
Prepaid expenses	11,881	(16,193)
(Decrease) increase in:		
Accounts payable	(6,846)	10,376
Accrued expenses	(4,445)	1,803
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(53,384)</u>	<u>175,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(866)	(5,853)
Cash proceeds from investments	<u>122,305</u>	<u>47,979</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>121,439</u>	<u>42,126</u>
INCREASE IN CASH AND CASH EQUIVALENTS	68,055	218,102
CASH AND CASH EQUIVALENTS, BEGINNING	<u>711,393</u>	<u>493,291</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 779,448</u></u>	<u><u>\$ 711,393</u></u>

GLOBAL MINNESOTA

	Program Services				Total Program Services	Support Services		Total 2018
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events		Development	Management and General	
Salaries	\$ 185,704	\$ 117,482	\$ 232,047	\$ 111,686	\$ 646,919	\$ 141,169	\$ 934,247	\$ 787,683
Payroll taxes	14,995	9,522	18,696	9,065	52,278	11,087	72,244	61,487
Employee benefits	13,291	8,909	17,714	8,716	48,630	8,013	63,831	57,108
Total Personnel Expenses	213,990	135,913	268,457	129,467	747,827	160,269	1,070,322	906,278
Representation	1,857	493	5,481	15,878	23,709	1,196	27,121	11,649
Professional development	541	368	1,721	1,748	4,378	626	7,292	11,877
Professional fees	7,538	4,501	6,540	5,445	24,024	1,826	35,370	27,357
Professional fees - Executive transition	-	-	-	-	-	68,465	68,465	-
Program food/beverage	10,443	15,186	7,006	30,274	62,909	1,926	91,938	110,271
Program events	13,596	6,209	2,820	9,976	32,601	861	62,606	90,165
Advertising and promotion	353	100	-	2,622	3,075	-	3,450	3,174
Resource materials	3,603	12,404	23	16	16,046	9	16,068	16,171
Internet	271	185	312	209	977	60	1,209	548
Audit/accounting	135	91	154	104	484	9,191	9,675	10,260
Supplies	2,209	1,357	2,265	2,783	8,614	1,790	14,976	14,231
Telephone	1,458	992	1,997	1,243	5,690	662	7,266	6,840
Postage	725	995	726	610	3,056	126	10,277	7,015
Dues and subscriptions	190	129	748	4,731	5,798	86	6,155	5,496
Printing	3,826	2,601	4,390	2,945	13,762	1,029	19,937	17,643
Insurance	1,546	1,051	1,774	1,190	5,561	701	7,231	8,438
Bank charges	210	520	-	801	1,531	768	11,025	13,776
Repairs and maintenance	2,315	1,573	2,656	1,782	8,326	1,050	10,826	10,197
Occupancy	11,816	8,033	18,397	9,096	47,342	5,361	60,109	58,838
Depreciation	2,215	1,505	2,542	1,705	7,967	1,006	10,361	10,172
Total expenses by function	278,837	194,206	328,009	222,625	1,023,677	257,008	1,551,679	1,340,396
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	(71,625)	(105,069)
Total expenses included in the statement of activities	\$ 278,837	\$ 194,206	\$ 328,009	\$ 222,625	\$ 1,023,677	\$ 257,008	\$ 1,480,054	\$ 1,235,327

GLOBAL MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Program Services				Total Program Services	Support Services		Total
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events		Development	Management and General	
Salaries	\$ 174,867	\$ 100,790	\$ 210,405	\$ 107,923	\$ 593,985	\$ 108,529	\$ 85,169	\$ 787,683
Payroll taxes	14,055	8,157	16,861	8,758	47,831	6,919	6,737	61,487
Employee benefits	11,840	7,590	15,704	8,215	43,349	6,568	7,191	57,108
Total Personnel Expenses	200,762	116,537	242,970	124,896	685,165	122,016	99,097	906,278
Representation	525	942	2,785	6,163	10,415	853	381	11,649
Professional development	1,340	935	2,978	2,434	7,687	3,640	550	11,877
Professional fees	4,862	3,305	5,836	3,486	17,489	8,420	1,448	27,357
Program food/beverage	6,433	14,812	8,996	40,750	70,991	38,247	1,033	110,271
Program events	12,608	6,788	1,055	23,005	43,456	46,521	188	90,165
Advertising and promotion	-	50	-	3,124	3,174	-	-	3,174
Resource materials	2,155	13,095	-	550	15,800	371	-	16,171
Internet	121	82	139	93	435	69	44	548
Audit/accounting	138	94	159	106	497	280	9,483	10,260
Supplies	2,212	1,323	2,344	2,411	8,290	5,043	898	14,231
Telephone	1,383	940	2,092	1,065	5,480	786	574	6,840
Postage	756	848	706	475	2,785	4,139	91	7,015
Dues and subscriptions	226	154	3,410	1,284	5,074	330	92	5,496
Printing	3,055	2,487	3,454	2,317	11,313	5,650	680	17,643
Insurance	1,846	1,255	2,119	1,421	6,641	1,046	751	8,438
Bank charges	294	520	-	757	1,571	10,406	1,799	13,776
Repairs and maintenance	2,231	1,517	2,560	1,718	8,026	1,264	907	10,197
Occupancy	12,873	8,752	14,771	9,909	46,305	7,296	5,237	58,838
Depreciation	2,225	1,513	2,554	1,713	8,005	1,261	906	10,172
Total expenses by function	256,045	175,949	298,928	227,677	958,599	257,638	124,159	1,340,396
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(105,069)	-	(105,069)
Total expenses included in the statement of activities	\$ 256,045	\$ 175,949	\$ 298,928	\$ 227,677	\$ 958,599	\$ 152,569	\$ 124,159	\$ 1,235,327

See notes to financial statements

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Global Minnesota connects, informs and engages Minnesotans with 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. This year Global Minnesota produced over 700 activities engaging more than 22,000 in participation to learn 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. Today, Global Minnesota still engages ‘citizen diplomats’ but, has evolved into a multifaceted nonpartisan organization providing globally-focused educational opportunities for people of all ages across Minnesota. 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 advance international understanding and engagement. And, we are committed to serving Minnesota from a foundation built on values of respect, collaboration, nonpartisanship, global competency, inclusion and courage.

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.

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 the following 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 more than 2,600 students for 5,700 hours of cross-cultural learning.
- Academic WorldQuest is an international knowledge competition that challenges high school students to think globally about critical issues facing the U.S. and world. This past year, 141 students competing on 35 teams representing schools from across the state participated in Academic WorldQuest.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

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 high quality, nonpartisan information and bring together friends, colleagues, and neighbors who share a passion – or curiosity – for global issues. Global Minnesota coordinates one of 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 at locations in both Minneapolis and St. Paul. Global Minnesota also collaborates with the Minneapolis *Star Tribune* to present monthly opinions on a Great Decisions topic. This past year, 50 groups convened 250 Great Decisions meetings with total attendance of nearly 7,000.

Professional Exchanges bring emerging leaders from around the world to Minnesota for cultural and professional exchange. 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 from this program and others, and this year Global Minnesota hosted 490 program participants from 115 countries.

World Affairs 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 range from presentations with high-caliber international speakers and diplomats, to experiencing a blend of culture and cuisine at local restaurants, and networking with globally-minded people at a local brewery. This past year, Global Minnesota produced 80 events with total attendance of 7,200.

This year's **gala**, focused on South Africa, raised nearly \$280,000 to support Global Minnesota's programs and mission.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

Basis of Presentation:

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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, 2019 and 2018, The Organization's uninsured cash balances amounted to approximately \$129,000 and \$89,000, 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, 2019 and 2018, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

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.

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

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$10,361 and \$10,172, respectively.

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

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.

Functional Allocation of Expenses:

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable 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, 2019 and 2018, advertising costs were \$3,450 and \$3,174, 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.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for any uncertain position that more than likely than not would not be sustained upon examination by the applicable tax authorities. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Global Minnesota has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 10, 2019, the date the financial statements were available to be issued.

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents Global Minnesota's financial assets available for general expenditure within one year of June 30, 2019:

	<u>Amount</u>
Financial Assets at Year-End	
Cash and cash equivalents	\$ 779,448
Accounts receivable	11,568
Pledges receivable	96,710
Grants receivable	81,000
Investments	751,261
Interest in charitable trust	<u>37,770</u>
 Total financial assets	 1,757,757
 Less amounts not available to be used within one year	
Net assets with donor restrictions	(1,206,882)
Less net assets with restrictions to be met in less than one year	713,424
Board designated funds	<u>(370,652)</u>
 Financial assets available to meet general expenditures within one year	 <u><u>\$ 893,647</u></u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. The Organization's Board of Directors has designated a portion of its net assets for endowment and other purposes. Those amounts are identified as board designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

NOTE 3. 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 \$4,394 and \$7,983 as of June 30, 2019 and 2018, respectively, and are included in accounts payable.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable were as follows as of June 30, 2019 and 2018:

	2019	2018
Receivable in:		
Less than one year	\$ 132,043	\$ 189,375
One to five years	45,667	-
	<u>\$ 177,710</u>	<u>\$ 189,375</u>

At June 30, 2019 and 2018, management considered all pledges and grants receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

NOTE 5. 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 realized and unrealized investment gain (loss) on the accompanying statement of activities. As of June 30, 2019 and 2018, the Organization's beneficial interest amounted to \$37,770 and \$39,021, respectively.

NOTE 6. INVESTMENTS

At June 30, 2019 and 2018, investments consisted of the following:

	2019	2018
Investments held at Minneapolis Foundation	\$ 413,060	\$ 512,062
Mutual funds	338,201	327,291
	<u>\$ 751,261</u>	<u>\$ 839,353</u>

NOTE 7. FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Global Minnesota groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENT (continued)

- | | |
|---------|---|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date. |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none">• Quoted prices for similar assets/liabilities in active markets;• Quoted prices for identical or similar assets in non-active markets;• Inputs other than quoted prices that are observable for the asset/liability; and,• Inputs that are derived principally from or corroborated by other observable market data. |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data. |

Investments held at Minneapolis Foundation (Note 6) are pooled with other organizations' funds and invested in diversified portfolios of U.S. Treasury, marketable equity and fixed income securities, as well as limited marketability investments, including private equities, absolute return investments, and real estate. A substantial portion of the underlying assets is measured at Level 1 and Level 2 inputs. The Organization's ownership in such investments is represented by an undivided interest in investment portfolios managed by the Foundation, not in the underlying assets themselves. The undivided interests in these portfolios are not themselves publicly traded nor can they be valued based on observable direct or indirect inputs. Accordingly, they are reported as Level 3 measurements.

Interest in Charitable Trust (Note 5): Valued at fair value of the assets held in the trust reported by the trustee. The Organization considers the measurement of its beneficial interest in the trust to be a Level 3 measurement because even though that measurement is based on the unadjusted fair value of the trust assets reported by the trustee, the Organization will never have the ability to direct the trustee to redeem them.

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 within Level 1.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENT (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, 2019 and 2018:

2019	Fair Value	Level 1	Level 3
Investments held at Minneapolis Foundation	\$ 413,060	\$ -	\$ 413,060
Mutual funds	338,201	338,201	-
Interest in Charitable Trust	37,770	-	37,770
	<u>\$ 789,031</u>	<u>\$ 338,201</u>	<u>\$ 450,830</u>
2018	Fair Value	Level 1	Level 3
Investments held at Minneapolis Foundation	\$ 512,062	\$ -	\$ 512,062
Mutual funds	327,291	327,291	-
Interest in Charitable Trust	39,021	-	39,021
	<u>\$ 878,374</u>	<u>\$ 327,291</u>	<u>\$ 551,083</u>

Reconciliation of assets measured using Level 3 inputs as of June 30, 2019 and 2018 was as follows:

	Investments held at Minneapolis Foundation	Interest in Charitable Trust
Fair Value, 7/1/17	\$ 513,712	\$ 39,454
Investment return:		
Interest and dividends	-	-
Management fees	(4,911)	-
Realized and unrealized gains (losses)	36,240	(433)
Distributions	<u>(32,979)</u>	<u>-</u>
Fair Value, 6/30/18	512,062	39,021
Investment return:		
Interest and dividends	-	-
Management fees	(5,001)	-
Realized and unrealized gains (losses)	13,113	(1,251)
Distributions	<u>(107,114)</u>	<u>-</u>
Fair Value, 6/30/19	<u>\$ 413,060</u>	<u>\$ 37,770</u>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. 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 Global Minnesota 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 retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation 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

The Organization has adopted investment and spending policies for investment assets to support the mission by providing earnings and capital appreciation to support Organization's 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 Global Minnesota's mission.

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 fair value of the fund was \$165,269 and \$260,322 as of June 30, 2019 and 2018, respectively. Investment expenses associated with this fund were \$2,620 and \$2,577 for the years ended June 30, 2019 and 2018, respectively. Income from the board designated reserve fund is available for operating purposes.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT FUNDS (continued)

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 fair value of the fund was \$247,791 and \$251,740 as of June 30, 2019 and 2018, respectively. Investment gain (loss) (net of fees), including realized and unrealized gains (losses), was \$5,420 and \$17,555 for the years ended June 30, 2019 and 2018, respectively.

Sit Investment Associates Endowment Campaign:

In fiscal 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. 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) in perpetuity, consistent with the relevant law, to be the original gift amount, which amounted to \$200,000. The Fund balance at June 30, 2019 and 2018 totaled \$338,201 and \$327,291, respectively.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT FUNDS (continued)

Endowment net asset composition by type of fund at June 30, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2019</u>			
Board designated endowment funds	\$ 165,269	\$ -	\$ 165,269
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	447,791	447,791
Accumulated investment gains	-	138,201	138,201
	<u>\$ 165,269</u>	<u>\$ 585,992</u>	<u>\$ 751,261</u>
<u>2018</u>			
Board designated endowment funds	\$ 260,322	\$ -	\$ 260,322
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	451,740	451,740
Accumulated investment gains	-	127,291	127,291
	<u>\$ 260,322</u>	<u>\$ 579,031</u>	<u>\$ 839,353</u>

Changes in endowment net assets for the years ended June 30, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, 7/1/17	\$ 270,214	\$ 554,865	\$ 825,079
Investment return, net	13,774	48,479	62,253
Appropriation of endowment assets pursuant to spending-rate policy	-	(24,313)	(24,313)
Distribution from board designated endowment pursuant to distribution policy	(23,666)	-	(23,666)
Endowment, 6/30/18	260,322	579,031	839,353
Investment return, net	2,693	31,330	34,023
Appropriation of endowment assets pursuant to spending-rate policy	-	(24,369)	(24,369)
Distribution from board designated endowment pursuant to distribution policy	(97,746)	-	(97,746)
Endowment, 6/30/19	<u>\$ 165,269</u>	<u>\$ 585,992</u>	<u>\$ 751,261</u>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Subject to expenditure for specified purpose:		
Program Support	\$ 80,909	\$ 97,142
Professional Exchanges	55,588	52,500
K-12 Education	61,869	-
Subject to passage of time:		
Interest in charitable trust	37,770	39,021
General operations	384,754	397,434
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Available for general operations	138,201	127,291
Subject to endowment spending policy and appropriation:		
Available for general operations	247,791	251,740
To be maintained in perpetuity	200,000	200,000
	<u>\$ 1,206,882</u>	<u>\$ 1,165,128</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions:		
Program Support	\$ 97,142	\$ 129,504
Professional Exchanges	52,500	35,316
K-12 Education - Classroom Connection	-	79,400
Expiration of time restrictions:		
Interest in charitable trust	-	-
General operations	145,518	110,974
Endowments:		
Restricted purpose spending rate distributions and appropriations:		
General operations	24,369	24,313
	<u>\$ 319,529</u>	<u>\$ 379,507</u>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. BOARD DESIGNATED NET ASSETS

Board designated net assets at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Board designated:		
Endowment Fund	\$ 165,269	\$ 260,322
Major Gifts Campaign	205,383	205,383
Board Approved Draws	-	23,666
	<u>\$ 370,652</u>	<u>\$ 489,371</u>

NOTE 11. LEASE COMMITMENTS

The Organization has an operating lease agreement for office space expiring December 31, 2020. Rent expense under this lease was \$58,640 and \$57,496 for the years ended June 30, 2019 and 2018, respectively.

As of June 30, 2019, future minimum payments under this lease were as follows:

Year Ending June 30,	Amount
2020	\$ 59,221
2021	<u>29,610</u>
	<u>\$ 88,831</u>

NOTE 12. IN-KIND CONTRIBUTIONS

The Organization received donated goods and equipment totaling \$19,946 and \$15,824 in 2019 and 2018, respectively. The Organization also had assistance from approximately 589 and 646 volunteers in 2019 and 2018, 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 13. RETIREMENT PLAN

The Organization has a 403(b) defined contribution plan, 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, 2019 and 2018, the Organization contributed \$19,130 and \$19,200, respectively, to the plan.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 14. ANNUAL GALA

The annual gala event was held during the years ended June 30, 2019 and 2018 for fundraising purposes. The total receipts, expenses, and net earnings at June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Annual gala receipts	\$ 212,249	\$ 306,288
Less: gala expenses	<u>(71,625)</u>	<u>(105,069)</u>
Annual gala, net	<u><u>\$ 140,624</u></u>	<u><u>\$ 201,219</u></u>

Development expense reported on the Statements of Activities includes annual gala expenses of \$6,676 and \$9,332 during 2019 and 2018, respectively, which consisted of donated services and in-kind gifts. The 2019 and 2018 annual galas also raised \$61,619 and \$50,301, of restricted revenue dedicated to the Programs for the fiscal years ended June 30, 2019 and 2018, respectively.