

GLOBAL MINNESOTA
AUDITED FINANCIAL STATEMENTS
June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 17 to the financial statements, a prior period adjustment was made to record the value of the Unemployment Services Trust Account. Our opinion is not modified with respect to this matter.

Harrington Langer & Associates

September 21, 2020

GLOBAL MINNESOTA
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 843,076	\$ 779,448
Accounts receivable	8,405	11,568
Government contributions receivable, current portion	39,000	42,000
Other contributions receivable, current portion	40,000	90,043
In-kind contributions on hand	-	1,334
Prepaid expenses	42,593	27,146
	973,074	951,539
 PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	88,779	130,782
Leasehold improvements	2,900	2,900
	91,679	133,682
Less: accumulated depreciation	(79,103)	(115,332)
	12,576	18,350
 OTHER ASSETS		
Investments	764,358	751,261
Unemployment services trust	22,664	20,980
Government contributions receivable, net of current portion	-	39,000
Other contributions receivable, net of current portion	3,350	6,667
Interest in charitable trust	36,663	37,770
	827,035	855,678
 TOTAL ASSETS	\$ 1,812,685	\$ 1,825,567

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,744	\$ 10,107
Accrued expenses	22,538	19,101
Deferred revenue	61,572	-
	<u>88,854</u>	<u>29,208</u>
NET ASSETS		
Without donor restrictions		
Board designated reserve	163,744	165,269
Board designated Major Gifts campaign	205,383	205,383
Undesignated	218,422	218,825
Total without donor restrictions	<u>587,549</u>	<u>589,477</u>
With donor restrictions	<u>1,136,282</u>	<u>1,206,882</u>
	<u>1,723,831</u>	<u>1,796,359</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,812,685</u>	<u>\$ 1,825,567</u>

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
(With Comparative Totals For 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
SUPPORT AND REVENUE				
Foundations and grants	\$ 64,250	\$ -	\$ 64,250	\$ 280,536
Public contributions	507,703	172,458	680,161	622,147
Government contributions	209,972	-	209,972	215,441
Program income	100,849	-	100,849	129,617
Annual gala, net	173,411	5,750	179,161	140,624
In-kind contributions	5,189	-	5,189	19,946
Realized and unrealized investment gain	887	19,018	19,905	30,268
Interest and dividend income (loss), net of fees	(2,594)	19,078	16,484	3,184
Miscellaneous	4,577	-	4,577	5,009
Net assets released from restrictions	286,904	(286,904)	-	-
TOTAL SUPPORT AND REVENUE	1,351,148	(70,600)	1,280,548	1,446,772
EXPENSES				
Program services	1,030,661	-	1,030,661	1,023,677
Management and general Development	116,455	-	116,455	257,008
	205,960	-	205,960	199,369
TOTAL EXPENSES	1,353,076	-	1,353,076	1,480,054
CHANGE IN NET ASSETS	(1,928)	(70,600)	(72,528)	(33,282)
NET ASSETS, BEGINNING	589,477	1,206,882	1,796,359	1,829,641
NET ASSETS, ENDING	\$ 587,549	\$ 1,136,282	1,723,831	\$ 1,796,359

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Foundations and grants	\$ 280,536	\$ -	\$ 280,536
Public contributions	427,639	194,508	622,147
Government contributions	81,853	133,588	215,441
Program income	127,842	1,775	129,617
Annual gala, net	140,624	-	140,624
In-kind contributions	18,612	1,334	19,946
Realized and unrealized investment gain	5,312	24,956	30,268
Interest and dividend income (loss), net of fees	(1,938)	5,122	3,184
Miscellaneous	5,009	-	5,009
Net assets released from restrictions	319,529	(319,529)	-
TOTAL SUPPORT AND REVENUE	1,405,018	41,754	1,446,772
EXPENSES			
Program services	1,023,677	-	1,023,677
Management and general	257,008	-	257,008
Development	199,369	-	199,369
TOTAL EXPENSES	1,480,054	-	1,480,054
CHANGE IN NET ASSETS	(75,036)	41,754	(33,282)
NET ASSETS, BEGINNING (as originally stated)	644,218	1,165,128	1,809,346
Prior period adjustment	20,295	-	20,295
NET ASSETS, BEGINNING (as restated)	664,513	1,165,128	1,829,641
NET ASSETS, ENDING	\$ 589,477	\$ 1,206,882	\$ 1,796,359

GLOBAL MINNESOTA
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (72,528)	\$ (33,282)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,987	10,361
Interest and dividends reinvested, net of fees	(16,665)	(2,694)
Realized and unrealized gain on investments	(21,012)	(31,519)
Change in interest in charitable trust	1,107	1,251
Change in in-kind contributions on hand	1,334	(1,334)
(Increase) decrease in:		
Accounts receivable	3,163	(7,737)
Government contributions receivable	42,000	27,000
Other contributions receivable	53,360	(15,335)
Prepaid expenses	(15,447)	11,881
Unemployment services trust	(1,684)	(685)
(Decrease) increase in:		
Accounts payable	(5,363)	(6,846)
Accrued expenses	3,437	(4,445)
Deferred revenue	61,572	-
	<u>42,261</u>	<u>(53,384)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	<u>42,261</u>	<u>(53,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,213)	(866)
Cash proceeds from investments	24,580	122,305
	<u>21,367</u>	<u>121,439</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
	<u>21,367</u>	<u>121,439</u>
INCREASE IN CASH AND CASH EQUIVALENTS	63,628	68,055
CASH AND CASH EQUIVALENTS, BEGINNING	<u>779,448</u>	<u>711,393</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 843,076</u>	<u>\$ 779,448</u>

GLOBAL MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	Program Services				Support Services				
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events	Total Program Services	Development	Management and General	Total 2020	Total 2019
Salaries	\$ 182,057	\$ 126,609	\$ 205,333	\$ 173,433	\$ 687,432	\$ 151,955	\$ 73,563	\$ 912,950	\$ 934,247
Payroll taxes	13,713	9,474	15,401	12,944	51,532	10,954	5,528	68,014	72,244
Employee benefits	13,513	8,319	17,663	14,823	54,318	9,745	5,858	69,921	63,831
Total Personnel Expenses	209,283	144,402	238,397	201,200	793,282	172,654	84,949	1,050,885	1,070,322
Representation/travel	921	417	647	1,825	3,810	345	1,287	5,442	27,121
Professional development	1,706	-	6,072	2,616	10,394	264	344	11,002	7,292
Professional fees	3,540	2,118	3,939	11,325	20,922	7,601	7,099	35,622	35,370
Professional fees - Executive transition	-	-	-	-	-	-	-	-	68,465
Program food/beverage	9,025	7,790	553	32,005	49,373	3,302	1,426	54,101	91,938
Program events	9,099	5,081	556	9,367	24,103	2,355	55	26,513	62,606
Advertising and promotion	158	89	120	818	1,185	2,058	130	3,373	3,450
Resource materials	2,475	17,600	-	447	20,522	256	-	20,778	16,068
Internet	131	78	145	123	477	81	76	634	1,209
Audit/accounting	140	84	156	132	512	-	9,714	10,226	9,675
Supplies	1,898	1,127	2,112	2,698	7,835	1,061	604	9,500	14,976
Telephone	1,604	960	1,969	1,507	6,040	991	521	7,552	7,266
Postage and shipping	504	693	468	400	2,065	3,781	94	5,940	10,277
Dues and subscriptions	-	-	530	5,460	5,990	789	2,077	8,856	6,155
Printing and copying	2,155	1,289	2,397	2,350	8,191	4,029	606	12,826	19,937
Insurance	2,649	1,585	2,947	2,488	9,669	1,636	861	12,166	7,231
Processing and bank fees	466	565	-	728	1,759	7,364	793	9,916	11,025
Equipment and technology	2,420	1,448	2,693	2,273	8,834	1,495	860	11,189	10,826
Occupancy	13,304	7,958	14,800	12,494	48,556	8,217	4,323	61,096	60,109
Depreciation	1,957	1,170	2,177	1,838	7,142	1,209	636	8,987	10,361
Total expenses by function	263,435	194,454	280,678	292,094	1,030,661	219,488	116,455	1,366,604	1,551,679
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(13,528)	-	(13,528)	(71,625)
Total expenses included in the statement of activities	\$ 263,435	\$ 194,454	\$ 280,678	\$ 292,094	\$ 1,030,661	\$ 205,960	\$ 116,455	\$ 1,353,076	\$ 1,480,054

See notes to financial statements

GLOBAL MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services				Support Services			
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events	Total Program Services	Development	Management and General	Total
Salaries	\$ 185,704	\$ 117,482	\$ 232,047	\$ 111,686	\$ 646,919	\$ 146,159	\$ 141,169	\$ 934,247
Payroll taxes	14,995	9,522	18,696	9,065	52,278	8,879	11,087	72,244
Employee benefits	13,291	8,909	17,714	8,716	48,630	7,188	8,013	63,831
Total Personnel Expenses	213,990	135,913	268,457	129,467	747,827	162,226	160,269	1,070,322
Representation/travel	1,857	493	5,481	15,878	23,709	2,216	1,196	27,121
Professional development	541	368	1,721	1,748	4,378	2,288	626	7,292
Professional fees	7,538	4,501	6,540	5,445	24,024	9,520	1,826	35,370
Professional fees - Executive transition	-	-	-	-	-	-	68,465	68,465
Program food/beverage	10,443	15,186	7,006	30,274	62,909	27,103	1,926	91,938
Program events	13,596	6,209	2,820	9,976	32,601	29,144	861	62,606
Advertising and promotion	353	100	-	2,622	3,075	375	-	3,450
Resource materials	3,603	12,404	23	16	16,046	13	9	16,068
Internet	271	185	312	209	977	172	60	1,209
Audit/accounting	135	91	154	104	484	-	9,191	9,675
Supplies	2,209	1,357	2,265	2,783	8,614	4,572	1,790	14,976
Telephone	1,458	992	1,997	1,243	5,690	914	662	7,266
Postage nad shipping	725	995	726	610	3,056	7,095	126	10,277
Dues and subscriptions	190	129	748	4,731	5,798	271	86	6,155
Printing and copying	3,826	2,601	4,390	2,945	13,762	5,146	1,029	19,937
Insurance	1,546	1,051	1,774	1,190	5,561	969	701	7,231
Processing and bank fees	210	520	-	801	1,531	8,726	768	11,025
Equipment and technology	2,315	1,573	2,656	1,782	8,326	1,450	1,050	10,826
Occupancy	11,816	8,033	18,397	9,096	47,342	7,406	5,361	60,109
Depreciation	2,215	1,505	2,542	1,705	7,967	1,388	1,006	10,361
Total expenses by function	278,837	194,206	328,009	222,625	1,023,677	270,994	257,008	1,551,679
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(71,625)	-	(71,625)
Total expenses included in the statement of activities	\$ 278,837	\$ 194,206	\$ 328,009	\$ 222,625	\$ 1,023,677	\$ 199,369	\$ 257,008	\$ 1,480,054

See notes to financial statements

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND 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 70 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 425 activities engaging thousands of people in 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. 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. As was the case for nonprofits around the world, Global Minnesota’s programs changed to meet the requirements, needs and opportunities presented by the pandemic.

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.

- Pre-pandemic, the Classroom Connection brought the world’s cultures directly to more than 2,000 Minnesota elementary school children. Students, teachers, and international speakers came together for a series of interactive cross-cultural conversations and lessons that support Minnesota education standards through more than 4,000 contact hours of learning.
- In Academic WorldQuest, 31 high school teams competed to test their international knowledge and their ability to think globally about critical issues facing the U.S. and world.
- The closing of schools for in-person learning shifted resources to support international speakers and research alternate models of connecting with K-12 students.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND 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, or digitally. A highlight of the year was a sold-out Great Decisions Conference on U.S. – Mexico Relations, featuring the current Ambassador of Mexico to the U.S. and the former U.S. Ambassador to Mexico. With the pandemic, Global Minnesota continued the free monthly speaker programs, via a new digital platform, and some discussion groups continued to meet using a digital platform, while others shifted to self-study.

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 prior to the pandemic, Global Minnesota hosted 320 program participants, including nearly 100 Fulbright scholars, from 105 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 62 events – almost 70% of which were free for participants. The shift to online events precipitated by the pandemic brought broader audiences and new learnings for the organization.

Generous sponsors continued their support of this year’s annual gala, Italia 2020, despite the cancellation of the in-person event and the move to an online auction. Over \$187,000 was raised for Global Minnesota’s programs and mission.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND 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.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2020, the Organization had received refundable advances of approximately \$52,500 that are included in deferred revenue in the accompanying financial statements.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020 and 2019, The Organization's uninsured cash balances amounted to approximately \$41,000 and \$129,000, 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, 2020 and 2019, management considered all outstanding accounts and contributions receivable 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, 2020 and 2019 amounted to \$8,987 and \$10,361, respectively.

Advertising:

Advertising costs are charged to expense as incurred. During the years ended June 30, 2020 and 2019, advertising costs were \$3,373 and \$3,450, respectively.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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:

FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND 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 21, 2020, the date the financial statements were available to be issued.

COVID-19:

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents Global Minnesota's financial assets available for general expenditure within one year of June 30, 2020 and 2019:

	2020	2019
Financial Assets at Year-End		
Cash and cash equivalents	\$ 843,076	\$ 779,448
Accounts receivable	8,405	11,568
Government contributions receivable	39,000	81,000
Other contributions receivable	43,350	96,710
Investments	764,358	751,261
Interest in charitable trust	36,663	37,770
Total financial assets	1,734,852	1,757,757
Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,136,282)	(1,206,882)
Less net assets with restrictions to be met in less than one year	695,850	713,424
Board designated funds	(369,127)	(370,652)
Financial assets available to meet general expenditures within one year	\$ 925,293	\$ 893,647

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable were as follows as of June 30, 2020 and 2019:

	2020	2019
Receivable in:		
Less than one year	\$ 79,000	\$ 132,043
One to five years	3,350	45,667
	\$ 82,350	\$ 177,710

NOTE 4. UNEMPLOYMENT SERVICES TRUST

The Organization makes contributions to an Unemployment Services Trust. The trust is a pooled fund. The trust is used to pay unemployment claims made to the Organization. The trust's pooled assets were comprised of domestic and international equities, domestic bonds, and cash and cash equivalents.

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, 2020 and 2019, the Organization's beneficial interest amounted to \$36,663 and \$37,770, respectively.

NOTE 6. INVESTMENTS

At June 30, 2020 and 2019, investments consisted of the following:

	2020	2019
Investments held at Minneapolis Foundation	\$ 400,824	\$ 413,060
Mutual funds	363,534	338,201
	\$ 764,358	\$ 751,261

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENT (continued)

These levels are:

- | | |
|---------|---|
| 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 8) 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.

Unemployment Services Trust (Note 4): Pooled fund whose assets are comprised of domestic and international equities, domestic bond funds, and cash and cash equivalents.

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, 2020 and 2019:

2020	Fair Value	Level 1	Level 2	Level 3
Investments held at Minneapolis Foundation	\$ 400,824	\$ -	\$ -	\$ 400,824
Mutual funds	363,534	363,534	-	-
Interest in Charitable Trust	36,663	-	-	36,663
Unemployment Services Trust	22,664	-	22,664	-
	<u>\$ 823,685</u>	<u>\$ 363,534</u>	<u>\$ 22,664</u>	<u>\$ 437,487</u>
2019	Fair Value	Level 1	Level 2	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
Unemployment Services Trust	20,980	-	20,980	-
	<u>\$ 810,011</u>	<u>\$ 338,201</u>	<u>\$ 20,980</u>	<u>\$ 450,830</u>

Reconciliation of assets measured using level 3 inputs as of June 30, 2020 and 2019, was as follows:

	Investments held at Minneapolis Foundation	Interest in Charitable Trust
Fair Value, 7/1/18	\$ 512,062	\$ 39,021
Investment return:		
Management fees	(5,001)	-
Realized and unrealized gains (losses)	13,113	(1,251)
Distributions	(107,114)	-
Fair Value, 6/30/19	413,060	37,770
Investment return:		
Management fees	(4,854)	-
Realized and unrealized gains (losses)	2,198	(1,107)
Distributions	(9,580)	-
Fair Value, 6/30/20	<u>\$ 400,824</u>	<u>\$ 36,663</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 the 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 \$163,744 and \$165,269 as of June 30, 2020 and 2019, respectively. Investment expenses associated with this fund were \$2,412 and \$2,620 for the years ended June 30, 2020 and 2019, 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 \$237,081 and \$247,791 as of June 30, 2020 and 2019, respectively. Investment gain (loss) (net of fees), including realized and unrealized gains (losses), was (\$1,130) and \$5,420 for the years ended June 30, 2020 and 2019, respectively.

Sit Investment Associates Endowment Fund:

In fiscal 2008, the Board of Directors initiated an Endowment Fund 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, 2020 and 2019 totaled \$363,534 and \$338,201, respectively.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT FUNDS (continued)

Endowment net asset composition by type of fund at June 30, 2020 and 2019 were as follows:

<u>2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 163,744	\$ -	\$ 163,744
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	462,413	462,413
Accumulated investment gains	-	138,201	138,201
	<u>\$ 163,744</u>	<u>\$ 600,614</u>	<u>\$ 764,358</u>
<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>

Changes in endowment net assets for the years ended June 30, 2020 and 2019 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment, 7/1/18	\$ 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	<u>(97,746)</u>	<u>-</u>	<u>(97,746)</u>
Endowment, 6/30/19	165,269	585,992	751,261
Investment return, net	(1,525)	39,201	37,676
Appropriation of endowment assets			
pursuant to spending-rate policy	-	(24,579)	(24,579)
Distribution from board designated endowment pursuant to distribution policy	<u>-</u>	<u>-</u>	<u>-</u>
Endowment, 6/30/20	<u>\$ 163,744</u>	<u>\$ 600,614</u>	<u>\$ 764,358</u>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Program Support	\$ 39,600	\$ 80,909
Professional Exchanges	-	55,588
Gala	5,750	-
K-12 Education	-	61,869
Subject to passage of time:		
Interest in charitable trust	36,663	37,770
General operations	453,654	384,754
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Available for general operations	163,533	138,201
Subject to endowment spending policy and appropriation:		
Available for general operations	237,082	247,791
To be maintained in perpetuity	200,000	200,000
	<u>\$ 1,136,282</u>	<u>\$ 1,206,882</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Program Support	\$ 64,778	\$ 97,142
Professional Exchanges	55,588	52,500
Expiration of time restrictions:		
General operations	141,958	145,518
Endowments:		
Restricted purpose spending rate distributions and appropriations:		
General operations	24,580	24,369
	<u>\$ 286,904</u>	<u>\$ 319,529</u>

NOTE 10. BORROWING ARRANGEMENTS

The Organization maintains credit arrangements upon which they can borrow up to \$50,000. Balances on these accounts accrue interest at approximately 12%. These accounts are unsecured. Outstanding balances on these accounts totaled \$2,043 and \$4,394 as of June 30, 2020 and 2019, respectively, and are included in accounts payable.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 11. BOARD DESIGNATED NET ASSETS

Board designated net assets at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Board designated:		
Endowment Fund	\$ 163,744	\$ 165,269
Major Gifts Campaign	205,383	205,383
	\$ 369,127	\$ 370,652

NOTE 12. LEASE COMMITMENTS

The Organization has an operating lease agreement for office space expiring December 31, 2022. Rent expense under this lease was \$59,813 and \$58,640 for the years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020, future minimum payments under this lease were as follows:

Year Ending June 30,	Amount
2021	\$ 61,009
2022	62,229
2023	31,423
	\$ 154,661

NOTE 13. IN-KIND CONTRIBUTIONS

The Organization received donated goods and equipment totaling \$5,189 and \$19,946 in 2020 and 2019, respectively. The Organization also had assistance from approximately 450 and 589 volunteers in 2020 and 2019, 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 14. RETIREMENT PLAN

The Organization has a 403(b) defined contribution plan, which covers substantially all employees. After fifteen months of employment, the Organization makes discretionary 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, 2020 and 2019, the Organization contributed \$12,734 and \$19,200, respectively, to the plan.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 15. ANNUAL GALA

The annual gala event was held as an in-person event during the year ended June 30, 2019 and as an online auction-only event during the year ended June 30, 2020 for fundraising purposes. The total receipts, expenses, and net earnings at June 30, 2020 and 2019 were as follows:

	2020	2019
Annual gala receipts	\$ 186,939	\$ 212,249
Less: gala expenses	(13,528)	(71,625)
Annual gala, net	\$ 173,411	\$ 140,624

Development expense reported on the Statements of Activities includes annual gala expenses of \$2,395 and \$6,676 during 2020 and 2019, respectively, which consisted of donated services and in-kind gifts. The 2019 annual gala also raised \$61,619, of restricted revenue dedicated to the programs for the fiscal year ended June 30, 2020.

NOTE 16. PPP FUNDING

On April 17, 2020, the Organization received loan proceeds in the amount of \$155,100 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act, provides loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The Organization expects to meet the PPP’s eligibility criteria and therefore, has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. As a result, the Organization has accounted for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended June 30, 2020, the Organization has used the entire proceeds for purposes consistent with the PPP. Therefore, the Organization has recognized the entire loan amount as contribution revenue in the accompanying financial statements. Although there is no absolute assurance that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in part or in whole, the Organization believes the possibility of that occurring to be remote.

NOTE 17. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2020, the Organization determined that the Unemployment Services Trust account should be reported as an asset of the Organization. As a result, the prior year’s beginning net assets increased by \$20,295. In addition, the change in the value of the account during the year ended June 30, 2019 and the value at June 30, 2019 has been restated and is reflected in the accompanying prior year’s financial statements, which resulted in an increase in the 2019 change in net assets of \$685.