

GLOBAL MINNESOTA
AUDITED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Mark D. Harrington, CPA
Wayne A. Langer, CPA
Nichole Fairbanks, CPA
Jesse Fraley, CPA
Anna Anderson, CPA



Gregory W. Heck, CPA, CVA
Greg L. Emmerich, CPA
Michael Belknap, CPA
Benjamin J. Roff, CPA, CVA

563 PHALEN BOULEVARD • ST. PAUL, MN 55130
phone 651.481.1128 • fax 651.481.0982

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, 2021 and 2020, 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, 2021 and 2020, 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 16, 2021

GLOBAL MINNESOTA
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 430,595	\$ 843,076
Investments	300,378	-
Accounts receivable	675	8,405
Government contributions receivable	24,591	39,000
Other contributions receivable, current portion	72,700	40,000
Prepaid expenses	32,096	42,593
TOTAL CURRENT ASSETS	861,035	973,074
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	103,645	88,779
Leasehold improvements	2,900	2,900
TOTAL PROPERTY AND EQUIPMENT, at cost	106,545	91,679
Less: accumulated depreciation	(86,081)	(79,103)
TOTAL PROPERTY AND EQUIPMENT, net	20,464	12,576
OTHER ASSETS		
Investments	943,868	764,358
Unemployment services trust	29,771	22,664
Other contributions receivable, net of current portion	-	3,350
Interest in charitable trust	42,674	36,663
TOTAL OTHER ASSETS	1,016,313	827,035
TOTAL ASSETS	\$ 1,897,812	\$ 1,812,685

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 32,096	\$ 4,744
Accrued expenses	41,042	22,538
Deferred revenue	-	61,572
	<u>73,138</u>	<u>88,854</u>
NET ASSETS		
Without donor restrictions		
Board designated reserve	202,179	165,269
Board designated Major Gifts campaign	205,383	205,383
Undesignated	215,952	216,897
Total without donor restrictions	<u>623,514</u>	<u>587,549</u>
With donor restrictions	<u>1,201,160</u>	<u>1,136,282</u>
	<u>1,824,674</u>	<u>1,723,831</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,897,812</u>	<u>\$ 1,812,685</u>

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals For 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
SUPPORT AND REVENUE				
Foundations and grants	\$ 102,220	\$ -	\$ 102,220	\$ 64,250
Public contributions	572,931	137,001	709,932	680,161
Government contributions	209,482	-	209,482	209,972
Program income	35,707	-	35,707	100,849
Annual gala, net	118,394	1,000	119,394	179,161
In-kind contributions	19,112	-	19,112	5,189
Realized and unrealized investment gain	39,434	152,995	192,429	19,905
Interest and dividend income (loss), net of fees	3,956	3,778	7,734	16,484
Miscellaneous	13,665	-	13,665	4,577
Net assets released from restrictions	229,896	(229,896)	-	-
TOTAL SUPPORT AND REVENUE	1,344,797	64,878	1,409,675	1,280,548
EXPENSES				
Program services	996,395	-	996,395	1,030,661
Management and general	103,108	-	103,108	116,455
Development	209,329	-	209,329	205,960
TOTAL EXPENSES	1,308,832	-	1,308,832	1,353,076
CHANGE IN NET ASSETS	35,965	64,878	100,843	(72,528)
NET ASSETS, BEGINNING	587,549	1,136,282	1,723,831	1,796,359
NET ASSETS, ENDING	\$ 623,514	\$ 1,201,160	1,824,674	\$ 1,723,831

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Foundations and grants	\$ 64,250	\$ -	\$ 64,250
Public contributions	507,703	172,458	680,161
Government contributions	209,972	-	209,972
Program income	100,849	-	100,849
Annual gala, net	173,411	5,750	179,161
In-kind contributions	5,189	-	5,189
Realized and unrealized investment gain	887	19,018	19,905
Interest and dividend income (loss), net of fees	(2,594)	19,078	16,484
Miscellaneous	4,577	-	4,577
Net assets released from restrictions	286,904	(286,904)	-
TOTAL SUPPORT AND REVENUE	1,351,148	(70,600)	1,280,548
EXPENSES			
Program services	1,030,661	-	1,030,661
Management and general	116,455	-	116,455
Development	205,960	-	205,960
TOTAL EXPENSES	1,353,076	-	1,353,076
CHANGE IN NET ASSETS	(1,928)	(70,600)	(72,528)
NET ASSETS, BEGINNING	589,477	1,206,882	1,796,359
NET ASSETS, ENDING	\$ 587,549	\$ 1,136,282	\$ 1,723,831

GLOBAL MINNESOTA
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 100,843	\$ (72,528)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,140	8,987
Interest and dividends reinvested, net of fees	(3,157)	(16,665)
Realized and unrealized gain on investments	(186,418)	(21,012)
Change in interest in charitable trust	(6,011)	1,107
Change in in-kind contributions on hand	-	1,334
Donated property and equipment	(12,960)	-
(Increase) decrease in:		
Accounts receivable	7,730	3,163
Government contributions receivable	14,409	42,000
Other contributions receivable	(29,350)	53,360
Prepaid expenses	10,497	(15,447)
Unemployment services trust	(7,107)	(1,684)
(Decrease) increase in:		
Accounts payable	27,352	(5,363)
Accrued expenses	18,504	3,437
Deferred revenue	(61,572)	61,572
	(119,100)	42,261
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,068)	(3,213)
Purchase of investments	(300,000)	-
Cash proceeds from investments	9,687	24,580
	(293,381)	21,367
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(412,481)	63,628
CASH AND CASH EQUIVALENTS, BEGINNING	843,076	779,448
CASH AND CASH EQUIVALENTS, ENDING	\$ 430,595	\$ 843,076

GLOBAL MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Program Services				Support Services				
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events	Total Program Services	Development	Management and General	Total 2021	Total 2020
Salaries	\$ 167,670	\$ 119,227	\$ 203,745	\$ 220,680	\$ 711,322	\$ 155,159	\$ 65,293	\$ 931,774	\$ 912,950
Payroll taxes	12,470	8,775	14,931	16,317	52,493	11,157	4,810	68,460	68,014
Employee benefits	14,000	12,061	21,771	23,280	71,112	18,268	6,922	96,302	69,921
Total Personnel Expenses	194,140	140,063	240,447	260,277	834,927	184,584	77,025	1,096,536	1,050,885
Representation/travel	-	-	-	30	30	20	4	54	5,442
Professional development	1,936	1,209	2,413	2,624	8,182	1,440	767	10,389	11,002
Professional fees	1,287	826	1,901	4,207	8,221	2,031	5,353	15,605	35,622
Program food/beverage	14	9	19	9,716	9,758	8,170	5	17,933	54,101
Program events	350	(60)	250	7,020	7,560	32,047	-	39,607	26,513
Advertising and promotion	50	-	-	8,438	8,488	-	-	8,488	3,373
Resource materials	1,966	13,045	-	-	15,011	-	-	15,011	20,778
Information technology	113	72	215	1,743	2,143	82	38	2,263	634
Audit/accounting	121	78	155	160	514	-	9,761	10,275	10,226
Supplies	1,505	966	2,179	4,410	9,060	1,506	509	11,075	9,500
Telephone	1,313	843	1,876	1,742	5,774	951	444	7,169	7,552
Postage and shipping	242	532	148	220	1,142	2,583	240	3,965	5,940
Dues and subscriptions	539	122	974	5,654	7,289	138	64	7,491	8,856
Printing and copying	271	174	347	359	1,151	3,143	91	4,385	12,826
Insurance	1,198	770	1,536	1,589	5,093	867	406	6,366	12,166
Processing and bank fees	-	228	-	327	555	7,656	1,148	9,359	9,916
Equipment and technology	3,714	2,385	4,761	4,925	15,785	2,688	2,819	21,292	11,189
Occupancy	11,574	7,433	14,841	15,351	49,199	8,379	3,916	61,494	61,096
Depreciation	1,532	984	1,965	2,032	6,513	1,109	518	8,140	8,987
Total expenses by function	221,865	169,679	274,027	330,824	996,395	257,394	103,108	1,356,897	1,366,604
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(48,065)	-	(48,065)	(13,528)
Total expenses included in the statement of activities	\$ 221,865	\$ 169,679	\$ 274,027	\$ 330,824	\$ 996,395	\$ 209,329	\$ 103,108	\$ 1,308,832	\$ 1,353,076

See notes to financial statements

GLOBAL MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

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

See notes to financial statements

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Global Minnesota is a nonprofit, nonpartisan organization, connecting, informing and engaging Minnesotans with the world. In a year that saw the incredible impact of events and forces from across the globe on people throughout Minnesota, Global Minnesota's role in bringing people together to learn from each other, understand issues and cultures and look for solutions, was more important than ever. The organization is uniquely situated to take relevant and timely information on international issues, foreign policy, and cultural topics, and provides the space and opportunity for Minnesotans to engage and discuss. Celebrating 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 hundreds of activities engaging thousands of people in learning more about the world.

Global Minnesota was founded in 1950's 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.

- Classroom Connection brought the world's cultures directly to Minnesota elementary school children. Students, teachers, and international speakers came together for a series of interactive, virtual, cross-cultural conversations and lessons that support Minnesota education standards.
- In Academic WorldQuest, 29 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 opportunities across the state 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. 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 connect emerging leaders from around the world to Minnesotans for virtual cultural and professional exchanges. Global Minnesota brings together local experts and participating visitors to increase awareness, share best practices and look at solutions to important issues. 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 last year Global Minnesota hosted 259 program participants from 103 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. In 2020-21, events were fully virtual, featuring high-caliber speakers from across the globe and engaging a statewide, nationwide and global audience. Video and podcasts of programs allowed users to connect with content when and where it met their needs and subtitles increased accessibility. Nearly 90% of the 50 events Global Minnesota produced in 2020-21 were free for participants and thousands of people showed their interest in learning more about the world with their registrations.

Generous donors stepped up to support this year’s all virtual 70th Anniversary Gala in June 2021, when over \$225,000 was raised for Global Minnesota’s programs and mission.

New Accounting Pronouncement:

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. These amendments have been applied retrospectively to all periods presented, with no effect on net assets.

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.

Revenue Recognition:

The Organization recognizes program income in the following methods: 1) Fee for service income is recognized when the services are provided, 2) Registrations revenue is recognized when the program event takes place, 3) Sales of resource materials are recognized when the materials are sold and picked up or shipped to the customer, and 4) Hotel commissions are recognized when the hotel stay takes place that results in the commission revenue to be received.

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021 and 2020, the Organization had received refundable advances of approximately \$0 and \$52,500, respectively, that are included in deferred revenue in the accompanying financial statements.

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.

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.

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, 2021 and 2020, The Organization's uninsured cash balances amounted to approximately \$0 and \$41,000, 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, 2021 and 2020, 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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment:

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

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

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

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$8,140 and \$8,987, 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.

Advertising:

Advertising costs are charged to expense as incurred. During the years ended June 30, 2021 and 2020, advertising costs were \$8,488 and \$3,373, respectively.

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents Global Minnesota's financial assets available for general expenditure within one year of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End		
Cash and cash equivalents	\$ 430,595	\$ 843,076
Accounts receivable	675	8,405
Government contributions receivable	24,591	39,000
Other contributions receivable	72,700	43,350
Investments	1,244,246	764,358
Interest in charitable trust	<u>42,674</u>	<u>36,663</u>
 Total financial assets	 1,815,481	 1,734,852
 Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,201,160)	(1,136,282)
Less net assets with restrictions to be met in less than one year	719,281	695,850
Board designated funds	<u>(407,562)</u>	<u>(369,127)</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 926,040</u>	 <u>\$ 925,293</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. CONTRIBUTIONS RECEIVABLE

Contributions receivable were as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in:		
Less than one year	\$ 97,291	\$ 79,000
One to five years	<u>-</u>	<u>3,350</u>
	<u>\$ 97,291</u>	<u>\$ 82,350</u>

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, the Organization's beneficial interest amounted to \$42,674 and \$36,663, respectively.

NOTE 6. INVESTMENTS

At June 30, 2021 and 2020, investments consisted of the following:

	2021	2020
Investments held at Minneapolis Foundation	\$ 484,058	\$ 400,824
Mutual funds	760,188	363,534
	\$1,244,246	\$ 764,358

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:

- 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:
 - 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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENT (continued)

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.

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, 2021 and 2020:

2021	Fair Value	Level 1	Level 2	Level 3
Investments held at Minneapolis Foundation	\$ 484,058	\$ -	\$ -	\$ 484,058
Mutual funds	760,188	760,188	-	-
Interest in Charitable Trust	42,674	-	-	42,674
Unemployment Services Trust	29,771	-	29,771	-
	<u>\$ 1,316,691</u>	<u>\$ 760,188</u>	<u>\$ 29,771</u>	<u>\$ 526,732</u>
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>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENT (continued)

Reconciliation of assets measured using level 3 inputs as of June 30, 2021 and 2020, was as follows:

	Investments held at Minneapolis Foundation	Interest in Charitable Trust
	<u> </u>	<u> </u>
Fair Value, 7/1/19	\$ 413,060	\$ 37,770
Investment return:		
Management fees	(4,854)	-
Realized and unrealized gains (losses)	2,198	(1,107)
Distributions	<u>(9,580)</u>	<u>-</u>
Fair Value, 6/30/20	400,824	36,663
Investment return:		
Management fees	(4,511)	-
Realized and unrealized gains (losses)	97,432	6,011
Distributions	<u>(9,687)</u>	<u>-</u>
Fair Value, 6/30/21	<u>\$ 484,058</u>	<u>\$ 42,674</u>

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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT FUNDS (continued)

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 \$202,179 and \$163,744 as of June 30, 2021 and 2020, respectively. Investment expenses associated with this fund were \$2,070 and \$2,412 for the years ended June 30, 2021 and 2020, respectively. Income from the board designated reserve fund is available for operating purposes.

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 \$281,879 and \$237,081 as of June 30, 2021 and 2020, respectively. Investment gain (loss) (net of fees), including realized and unrealized gains (losses), was \$56,926 and (\$1,130) for the years ended June 30, 2021 and 2020, respectively.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT FUNDS (continued)

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, 2021 and 2020 totaled \$459,810 and \$363,534, respectively.

Endowment net asset composition by type of fund at June 30, 2021 and 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2021</u>			
Board designated endowment funds	\$ 202,179	\$ -	\$ 202,179
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	481,879	481,879
Accumulated investment gains	-	259,810	259,810
	<u>\$ 202,179</u>	<u>\$ 741,689</u>	<u>\$ 943,868</u>
<u>2020</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	-	437,081	437,081
Accumulated investment gains	-	163,533	163,533
	<u>\$ 163,744</u>	<u>\$ 600,614</u>	<u>\$ 764,358</u>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT FUNDS (continued)

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment, 7/1/19	\$ 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	-	-	-
	<hr/>	<hr/>	<hr/>
Endowment, 6/30/20	163,744	600,614	764,358
Investment return, net	38,435	150,762	189,197
Appropriation of endowment assets			
pursuant to spending-rate policy	-	(9,687)	(9,687)
Distribution from board designated endowment			
pursuant to distribution policy	-	-	-
	<hr/>	<hr/>	<hr/>
Endowment, 6/30/21	<u>\$ 202,179</u>	<u>\$ 741,689</u>	<u>\$ 943,868</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Program Support	\$ 5,000	\$ 39,600
Gala	1,000	5,750
International Student Engagement	58,418	-
Subject to passage of time:		
Interest in charitable trust	42,674	36,663
General operations	352,379	453,654
Endowments:		
Subject to appropriation and expenditure when a		
specified event occurs:		
Available for general operations	259,810	163,533
Subject to endowment spending policy and		
appropriation:		
Available for general operations	281,879	237,082
To be maintained in perpetuity	200,000	200,000
	<hr/>	<hr/>
	<u>\$ 1,201,160</u>	<u>\$ 1,136,282</u>

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions:		
Program Support	\$ 39,600	\$ 64,778
Professional Exchanges	-	55,588
Gala	5,750	-
Expiration of time restrictions:		
General operations	174,859	141,958
Endowments:		
Restricted purpose spending rate distributions and appropriations:		
General operations	9,687	24,580
	\$ 229,896	\$ 286,904

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 \$6,619 and \$2,043 as of June 30, 2021 and 2020, respectively, and are included in accounts payable.

NOTE 11. BOARD DESIGNATED NET ASSETS

Board designated net assets at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Board designated:		
Endowment Fund - Reserve	\$ 202,179	\$ 163,744
Major Gifts Campaign	205,383	205,383
	\$ 407,562	\$ 369,127

NOTE 12. IN-KIND CONTRIBUTIONS

The Organization received donated goods and equipment totaling \$19,112 and \$5,189 in 2021 and 2020, respectively. The Organization also had assistance from approximately 225 and 450 volunteers in 2021 and 2020, 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.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 13. LEASE COMMITMENTS

The Organization has an operating lease agreement for office space expiring December 31, 2022. Rent expense under this lease was \$61,009 and \$59,813 for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, future minimum payments under this lease were as follows:

Year Ending June 30,	Amount
2022	\$ 62,229
2023	31,423
	<u>\$ 93,652</u>

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, 2021 and 2020, the Organization contributed \$16,664 and \$12,734, respectively, to the plan.

NOTE 15. ANNUAL GALA

The annual gala was held as a virtual event during the year ended June 30, 2021 and as an online auction only during the year ended June 30, 2021 for fundraising purposes. The total receipts, expenses, and net earnings at June 30, 2021 and 2020 were as follows:

	2021	2020
Annual gala receipts	\$ 172,208	\$ 186,939
Less: gala expenses	(48,065)	(13,528)
Annual gala, net	<u>\$ 124,143</u>	<u>\$ 173,411</u>

Development expense reported on the Statements of Activities includes annual gala expenses of \$4,402 and \$2,395 during 2021 and 2020, respectively, which consisted of donated services and in-kind gifts. The 2021 annual gala also raised \$58,418, of restricted revenue dedicated to the programs for the fiscal year ended June 30, 2022.

GLOBAL MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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 Stability Act, provides for 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 Organization has used the proceeds for purposes consistent with the PPP and the full amount has been forgiven and was recorded as government contribution revenue during the year ended June 30, 2020.

NOTE 17. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 16, 2021, the date the financial statements were available to be issued.