

**GLOBAL MINNESOTA**  
**AUDITED FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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  
Steven Schurhamer, CPA

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

### **Opinion**

We have audited the accompanying financial statements of Global Minnesota (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Minnesota and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Minnesota's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Global Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

*Hamington Langer & Associates*

September 21, 2022

**GLOBAL MINNESOTA**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 308,023	\$ 430,595
Investments	388,693	300,378
Accounts receivable	3,765	675
Government contributions receivable	40,500	24,591
Other contributions receivable	60,940	72,700
Prepaid expenses	24,911	32,096
<b>TOTAL CURRENT ASSETS</b>	<b>826,832</b>	<b>861,035</b>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Furniture and equipment	109,756	103,645
Leasehold improvements	2,900	2,900
	112,656	106,545
Less: accumulated depreciation	(93,432)	(86,081)
<b>TOTAL PROPERTY AND EQUIPMENT, net</b>	<b>19,224</b>	<b>20,464</b>
<b>OTHER ASSETS</b>		
Investments	805,713	943,868
Unemployment services trust	30,378	29,771
Interest in charitable trust	34,703	42,674
<b>TOTAL OTHER ASSETS</b>	<b>870,794</b>	<b>1,016,313</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,716,850</b>	<b>\$ 1,897,812</b>

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 61,283	\$ 32,096
Accrued expenses	<u>21,850</u>	<u>41,042</u>
<b>TOTAL LIABILITIES</b>	<u>83,133</u>	<u>73,138</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated reserve	188,205	202,179
Board designated Major Gifts campaign	161,383	205,383
Undesignated	<u>220,810</u>	<u>215,952</u>
Total without donor restrictions	<u>570,398</u>	<u>623,514</u>
With donor restrictions	<u>1,063,319</u>	<u>1,201,160</u>
<b>TOTAL NET ASSETS</b>	<u>1,633,717</u>	<u>1,824,674</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,716,850</u>	<u>\$ 1,897,812</u>

**GLOBAL MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2022  
(With Comparative Totals For 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
<b>SUPPORT AND REVENUE</b>				
Foundations and grants	\$ 71,778	\$ -	\$ 71,778	\$ 102,220
Public contributions	441,497	125,513	567,010	709,932
Government contributions	339,017	39,000	378,017	209,482
Program income	43,179	2,800	45,979	35,707
Annual gala, net	114,221	-	114,221	119,394
In-kind contributions	9,942	-	9,942	19,112
Realized and unrealized investment gain (loss)	(28,038)	(115,076)	(143,114)	192,429
Interest and dividend income, net of fees	1,983	15,671	17,654	7,734
Miscellaneous	28	-	28	13,665
Net assets released from restrictions	205,749	(205,749)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,199,356</u>	<u>(137,841)</u>	<u>1,061,515</u>	<u>1,409,675</u>
<b>EXPENSES</b>				
Program services	973,385	-	973,385	996,395
Management and general	122,791	-	122,791	103,108
Development	156,296	-	156,296	209,329
<b>TOTAL EXPENSES</b>	<u>1,252,472</u>	<u>-</u>	<u>1,252,472</u>	<u>1,308,832</u>
<b>CHANGE IN NET ASSETS</b>	(53,116)	(137,841)	(190,957)	100,843
<b>NET ASSETS, BEGINNING</b>	<u>623,514</u>	<u>1,201,160</u>	<u>1,824,674</u>	<u>1,723,831</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 570,398</u>	<u>\$ 1,063,319</u>	<u>1,633,717</u>	<u>\$ 1,824,674</u>

**GLOBAL MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Foundations and grants	\$ 102,220	\$ -	\$ 102,220
Public contributions	572,931	137,001	709,932
Government contributions	209,482	-	209,482
Program income	35,707	-	35,707
Annual gala, net	118,394	1,000	119,394
In-kind contributions	19,112	-	19,112
Realized and unrealized investment gain	39,434	152,995	192,429
Interest and dividend income (loss), net of fees	3,956	3,778	7,734
Miscellaneous	13,665	-	13,665
Net assets released from restrictions	229,896	(229,896)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,344,797</u>	<u>64,878</u>	<u>1,409,675</u>
<b>EXPENSES</b>			
Program services	996,395	-	996,395
Management and general	103,108	-	103,108
Development	209,329	-	209,329
<b>TOTAL EXPENSES</b>	<u>1,308,832</u>	<u>-</u>	<u>1,308,832</u>
<b>CHANGE IN NET ASSETS</b>	35,965	64,878	100,843
<b>NET ASSETS, BEGINNING</b>	<u>587,549</u>	<u>1,136,282</u>	<u>1,723,831</u>
<b>NET ASSETS, ENDING</b>	<u><u>\$ 623,514</u></u>	<u><u>\$ 1,201,160</u></u>	<u><u>\$ 1,824,674</u></u>

**GLOBAL MINNESOTA**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (190,957)	\$ 100,843
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,351	8,140
Interest and dividends reinvested, net of fees	(18,050)	(3,157)
Realized and unrealized loss (gain) on investments	135,143	(186,418)
Change in interest in charitable trust	7,971	(6,011)
Donated property and equipment	-	(12,960)
(Increase) decrease in:		
Accounts receivable	(3,090)	7,730
Government contributions receivable	(15,909)	14,409
Other contributions receivable	11,760	(29,350)
Prepaid expenses	7,185	10,497
Unemployment services trust	(607)	(7,107)
(Decrease) increase in:		
Accounts payable	29,187	27,352
Accrued expenses	(19,192)	18,504
Deferred revenue	-	(61,572)
	<u>(49,208)</u>	<u>(119,100)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(6,111)	(3,068)
Purchase of investments	(100,000)	(300,000)
Cash proceeds from investments	32,747	9,687
	<u>(73,364)</u>	<u>(293,381)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(122,572)	(412,481)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>430,595</u>	<u>843,076</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 308,023</u>	<u>\$ 430,595</u>



**GLOBAL MINNESOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2022  
(With Comparative Totals for 2021)

	Program Services				Support Services				
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events	Total Program Services	Development	Management and General	Total 2022	Total 2021
Salaries	\$ 160,997	\$ 101,879	\$ 226,315	\$ 222,386	\$ 711,577	\$ 116,071	\$ 69,305	\$ 896,953	\$ 931,774
Payroll taxes	11,720	7,082	16,339	16,232	51,373	8,443	4,331	64,147	68,460
Employee benefits	7,827	4,841	16,056	15,499	44,223	9,087	5,648	58,958	96,302
<b>Total Personnel Expenses</b>	<b>180,544</b>	<b>113,802</b>	<b>258,710</b>	<b>254,117</b>	<b>807,173</b>	<b>133,601</b>	<b>79,284</b>	<b>1,020,058</b>	<b>1,096,536</b>
Representation/travel	44	14	236	49	343	345	24	712	54
Professional development	-	-	2,596	69	2,665	-	574	3,239	10,389
Professional fees	-	-	-	-	-	-	20,443	20,443	15,605
Program food/beverage	3,807	913	2,681	2,571	9,972	32,433	617	43,022	17,933
Program events	7,081	385	3,121	20,533	31,120	68,353	57	99,530	39,607
Advertising and promotion	50	-	-	3,229	3,279	1,836	-	5,115	8,488
Resource materials	2,469	10,359	-	-	12,828	-	-	12,828	15,011
Information technology	4,233	2,392	6,024	5,433	18,082	2,560	3,213	23,855	22,605
Audit/accounting	127	71	179	162	539	-	10,236	10,775	10,275
Supplies	1,755	991	2,923	2,252	7,921	2,045	670	10,636	11,075
Telephone	1,267	716	1,792	1,626	5,401	756	483	6,640	7,169
Postage and shipping	142	631	159	145	1,077	4,380	196	5,653	3,965
Dues and subscriptions	281	100	779	5,741	6,901	105	67	7,073	7,491
Printing and copying	400	226	566	514	1,706	3,006	153	4,865	4,385
Insurance	1,495	845	2,115	1,919	6,374	892	570	7,836	6,366
Processing and bank fees	12	520	-	183	715	8,868	1,077	10,660	9,359
Occupancy	12,037	6,800	17,025	15,448	51,310	7,178	4,592	63,080	62,444
Depreciation	1,403	792	1,984	1,800	5,979	837	535	7,351	8,140
<b>Total expenses by function</b>	<b>217,147</b>	<b>139,557</b>	<b>300,890</b>	<b>315,791</b>	<b>973,385</b>	<b>267,195</b>	<b>122,791</b>	<b>1,363,371</b>	<b>1,356,897</b>
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(110,899)	-	(110,899)	(48,065)
<b>Total expenses included in the statement of activities</b>	<b>\$ 217,147</b>	<b>\$ 139,557</b>	<b>\$ 300,890</b>	<b>\$ 315,791</b>	<b>\$ 973,385</b>	<b>\$ 156,296</b>	<b>\$ 122,791</b>	<b>\$ 1,252,472</b>	<b>\$ 1,308,832</b>

See notes to financial statements

**GLOBAL MINNESOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2021

	Program Services				Support Services			
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events	Total Program Services	Development	Management and General	
Salaries	\$ 167,670	\$ 119,227	\$ 203,745	\$ 220,680	\$ 711,322	\$ 155,159	\$ 65,293	\$ 931,774
Payroll taxes	12,470	8,775	14,931	16,317	52,493	11,157	4,810	68,460
Employee benefits	14,000	12,061	21,771	23,280	71,112	18,268	6,922	96,302
<b>Total Personnel Expenses</b>	<b>194,140</b>	<b>140,063</b>	<b>240,447</b>	<b>260,277</b>	<b>834,927</b>	<b>184,584</b>	<b>77,025</b>	<b>1,096,536</b>
Representation/travel	-	-	-	30	30	20	4	54
Professional development	1,936	1,209	2,413	2,624	8,182	1,440	767	10,389
Professional fees	1,287	826	1,901	4,207	8,221	2,031	5,353	15,605
Program food/beverage	14	9	19	9,716	9,758	8,170	5	17,933
Program events	350	(60)	250	7,020	7,560	32,047	-	39,607
Advertising and promotion	50	-	-	8,438	8,488	-	-	8,488
Resource materials	1,966	13,045	-	-	15,011	-	-	15,011
Information technology	3,648	2,342	4,747	6,431	17,168	2,641	2,796	22,605
Audit/accounting	121	78	155	160	514	-	9,761	10,275
Supplies	1,505	966	2,179	4,410	9,060	1,506	509	11,075
Telephone	1,313	843	1,876	1,742	5,774	951	444	7,169
Postage and shipping	242	532	148	220	1,142	2,583	240	3,965
Dues and subscriptions	539	122	974	5,654	7,289	138	64	7,491
Printing and copying	271	174	347	359	1,151	3,143	91	4,385
Insurance	1,198	770	1,536	1,589	5,093	867	406	6,366
Processing and bank fees	-	228	-	327	555	7,656	1,148	9,359
Occupancy	11,753	7,548	15,070	15,588	49,959	8,508	3,977	62,444
Depreciation	1,532	984	1,965	2,032	6,513	1,109	518	8,140
<b>Total expenses by function</b>	<b>221,865</b>	<b>169,679</b>	<b>274,027</b>	<b>330,824</b>	<b>996,395</b>	<b>257,394</b>	<b>103,108</b>	<b>1,356,897</b>
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(48,065)	-	(48,065)
<b>Total expenses included in the statement of activities</b>	<b>\$ 221,865</b>	<b>\$ 169,679</b>	<b>\$ 274,027</b>	<b>\$ 330,824</b>	<b>\$ 996,395</b>	<b>\$ 209,329</b>	<b>\$ 103,108</b>	<b>\$ 1,308,832</b>

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. This past year, we have adapted our diverse programming to fit a changing world by taking the best aspects of online participation and merging these innovations with a return to in-person programming. 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 over 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 the 1950's as a welcoming organization for international students 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 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 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. We are committed to serving Minnesota from a foundation built on the 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 we emerge into a post-pandemic world, we are offering hybrid, in-person, and virtual options throughout our programming to create even more avenues for participation to expand accessibility. In 2021-2022, Global Minnesota returned to its roots with a new initiative to engage even more international students and scholars in programs across the Organization and in new initiatives.

**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. Throughout the school year, Global Minnesota brought 32 international visitors from 15 countries to expand global education in Minnesota classrooms. Across 92 separate visits, global educators logged more than 2,000 contact hours and sparked the global curiosity of over 1,100 young students. Academic WorldQuest engaged 30 teams from schools around the metro area and Greater Minnesota.

**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 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 programs in the country with over two dozen groups. These groups are located all over the state and include both in-person and virtual discussions. Thousands of Minnesotans around the state have been engaged in these conversations with more than 20 expert local speakers.

**Professional Exchanges** connect emerging leaders from around the world to Minnesotans for in-person and 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 for the U.S. Department of State's International Visitor Leadership Program and partners with public and private institutions to create custom professional exchange opportunities. The Professional Exchanges program hosted over 400 international visitors, representing 120 different countries from around the world.

**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 2021-22 Global Minnesota hosted 28 public events ranging from small corporate meetings, to receptions for visiting ambassadors and large panel discussions with virtual symposia. These events educated and informed over 6,000 people across Minnesota and around the world on a variety of international relations, foreign policy, and cultural experience topics.

Generous donors also stepped up to support this year's annual Gala in June 2022 with over \$300,000 raised for Global Minnesota's programs and mission.

**New Accounting Pronouncement:**

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized, a policy about monetizing rather than utilizing the asset(s). The Organization has implemented Topic 958 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.

**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, 2022 and 2021, the Organization had no uninsured cash balances.

**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, 2022 and 2021, 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	3 - 7
Leasehold improvements	7

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$7,351 and \$8,140, respectively.

**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.

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, 2022 and 2021, the Organization had received no refundable advances.

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

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

**NOTE 1. ORGANIZATION AND 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.

**Advertising:**

Advertising costs are charged to expense as incurred. During the years ended June 30, 2022 and 2021, advertising costs were \$5,115 and \$8,488, respectively.

**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.

**Subsequent Events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 21, 2022, the date the financial statements were available to be issued.

**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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End		
Cash and cash equivalents	\$ 308,023	\$ 430,595
Accounts receivable	3,765	675
Government contributions receivable	40,500	24,591
Other contributions receivable	60,940	72,700
Investments	1,194,406	1,244,246
Interest in charitable trust	<u>34,703</u>	<u>42,674</u>
 Total financial assets	 1,642,337	 1,815,481
 Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,063,319)	(1,201,160)
Less net assets with restrictions to be met in less than one year	617,910	719,281
Board designated funds	<u>(349,588)</u>	<u>(407,562)</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 847,340</u>	 <u>\$ 926,040</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in:		
Less than one year	\$ 101,440	\$ 97,291
One to five years	<u>-</u>	<u>-</u>
	<u>\$ 101,440</u>	<u>\$ 97,291</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, 2022 and 2021, the Organization's beneficial interest amounted to \$34,703 and \$42,674, respectively.

**NOTE 6. INVESTMENTS**

At June 30, 2022 and 2021, investments consisted of the following:

	2022	2021
Investments held at Minneapolis Foundation	\$ 306,542	\$ 484,058
Mutual funds	887,864	760,188
	\$1,194,406	\$1,244,246

**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: <ul style="list-style-type: none"> <li>• Quoted prices for similar assets/liabilities in active markets;</li> <li>• Quoted prices for identical or similar assets in non-active markets;</li> <li>• Inputs other than quoted prices that are observable for the asset/liability; and,</li> <li>• Inputs that are derived principally from or corroborated by other observable market data.</li> </ul> |
| 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, 2022 and 2021:

2022	Fair Value	Level 1	Level 2	Level 3
Investments held at Minneapolis Foundation	\$ 306,542	\$ -	\$ -	\$ 306,542
Mutual funds	887,864	887,864	-	-
Interest in Charitable Trust	34,703	-	-	34,703
Unemployment Services Trust	30,378	-	30,378	-
	<u>\$ 1,259,487</u>	<u>\$ 887,864</u>	<u>\$ 30,378</u>	<u>\$ 341,245</u>
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>

**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 7. FAIR VALUE MEASUREMENT (continued)**

Reconciliation of assets measured using level 3 inputs as of June 30, 2022 and 2021, was as follows:

	Investments held at Minneapolis Foundation	Interest in Charitable Trust
	<u>                    </u>	<u>                    </u>
Fair Value, 7/1/20	\$ 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	484,058	42,674
Investment return:		
Management fees	(4,369)	-
Realized and unrealized gains (losses)	(36,390)	(7,971)
Transfers	(127,000)	-
Distributions	<u>(9,757)</u>	<u>-</u>
Fair Value, 6/30/22	<u>\$ 306,542</u>	<u>\$ 34,703</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. A portion of 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. During the year ended June 30, 2022, the Organization transferred \$127,000 of these funds into a Vanguard brokerage account. The fair value of the Fund was \$188,205 and \$202,179 as of June 30, 2022 and 2021, respectively. Investment expenses associated with this fund were \$1,845 and \$2,070 for the years ended June 30, 2022 and 2021, 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 \$245,409 and \$281,879 as of June 30, 2022 and 2021, respectively. Investment gain (loss) (net of fees), including realized and unrealized gains (losses), was (\$26,713) and \$54,486 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 totaled \$372,099 and \$459,810, respectively.

Endowment net asset composition by type of fund at June 30, 2022 and 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Board designated endowment funds	\$ 188,205	\$ -	\$ 188,205
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	445,409	445,409
Accumulated investment gains	-	172,099	172,099
	<u>\$ 188,205</u>	<u>\$ 617,508</u>	<u>\$ 805,713</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>

**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 8. ENDOWMENT FUNDS (continued)**

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment, 7/1/20	\$ 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	202,179	741,689	943,868
Investment return, net	(13,974)	(91,434)	(105,408)
Appropriation of endowment assets			
pursuant to spending-rate policy	-	(32,747)	(32,747)
Distribution from board designated endowment			
pursuant to distribution policy	-	-	-
	<hr/>	<hr/>	<hr/>
Endowment, 6/30/22	<u>\$ 188,205</u>	<u>\$ 617,508</u>	<u>\$ 805,713</u>

**NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Program Support	\$ 117,250	\$ 5,000
Gala	-	1,000
International Student Engagement	-	58,418
Subject to passage of time:		
Interest in charitable trust	34,703	42,674
General operations	293,858	352,379
Endowments:		
Subject to appropriation and expenditure when a		
specified event occurs:		
Available for general operations	172,099	259,810
Subject to endowment spending policy and		
appropriation:		
Available for general operations	245,409	281,879
To be maintained in perpetuity	200,000	200,000
	<hr/>	<hr/>
	<u>\$ 1,063,319</u>	<u>\$ 1,201,160</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, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Program Support	\$ 5,000	\$ 39,600
International Student Engagement	58,418	-
Gala	1,000	5,750
Expiration of time restrictions:		
General operations	108,584	174,859
Endowments:		
Restricted purpose spending rate distributions and appropriations:		
General operations	32,747	9,687
	\$ 205,749	\$ 229,896

**NOTE 10. BORROWING ARRANGEMENTS**

The Organization maintains credit arrangements upon which they can borrow up to \$50,000. Balances on these accounts accrue interest up to 17.74%. These accounts are unsecured. Outstanding balances on these accounts totaled \$5,721 and \$6,619 as of June 30, 2022 and 2021, respectively, and are included in accounts payable. No interest was incurred on these accounts for the years ended June 30, 2022 and 2021.

**NOTE 11. BOARD DESIGNATED NET ASSETS**

Board designated net assets at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Board designated:		
Endowment Fund - Reserve	\$ 188,205	\$ 202,179
Major Gifts Campaign	161,383	205,383
	\$ 349,588	\$ 407,562

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

**NOTE 12. IN-KIND CONTRIBUTIONS**

In-kind contributions consisted of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Program events - services	\$ 5,159	\$ 3,150
Program events - materials	1,466	-
Printing and copying	2,767	2,402
Supplies	550	200
Resource materials	-	400
Furniture and Equipment	-	12,960
	\$ 9,942	\$ 19,112

The Organization received donated professional services for World Affairs Events and the Gala. 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. Based on current market rates for these services, the Organization would have paid \$1,580 and \$1,150 in 2022 and 2021, respectively, for the services provided for World Affairs Events and \$3,579 and \$2,000 in 2022 and 2021, respectively, for the services provided for the Gala. The Organization also received assistance from approximately 250 and 225 volunteers in 2022 and 2021, 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 meet the requirements of generally accepted accounting principles.

The Organization received contributed materials, supplies and printing that were utilized for World Affairs events, Academic WorldQuest and the Gala and recognized in an amount approximating the estimated fair market value at the time of the donation.

The Organization received donated software equipment with an estimated fair market value of \$12,960 for the year ended June 30, 2021.

All gifts-in-kind received by the Organization for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management.

**NOTE 13. RETIREMENT PLAN**

The Organization has a 403(b) defined contribution plan, which covers substantially all employees. After fifteen months of employment, the Organization makes 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, 2022 and 2021, the Organization contributed \$21,753 and \$16,664, respectively, to the plan.



**GLOBAL MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 14. LEASE COMMITMENTS**

The Organization has an operating lease agreement for office space expiring December 31, 2024. Rent expense under this lease was \$62,209 and \$61,009 for the years ended June 30, 2022 and 2021, respectively.

As of June 30, 2022, future minimum payments under this lease were as follows:

Year Ending June 30,	Amount
2023	\$ 63,474
2024	64,743
2025	32,692
	\$ 160,909

**NOTE 15. ANNUAL GALA**

The annual gala was held in person during the year ended June 30, 2022 and as a virtual event during the year ended June 30, 2021. The total receipts, expenses, and net earnings at June 30, 2022 and 2021 were as follows:

	2022	2021
Annual gala receipts	\$ 225,120	\$ 172,208
Less: gala expenses	(110,899)	(48,065)
Annual gala, net	\$ 114,221	\$ 124,143

Development expense reported on the Statements of Activities includes annual gala expenses of \$7,812 and \$4,402 during 2022 and 2021, respectively, which consisted of donated services and in-kind gifts. The 2022 and 2021 annual gala also raised \$75,450 and \$58,418, of restricted revenue dedicated to the programs for the fiscal year ended June 30, 2023 and 2022, respectively.

**NOTE 16. RECLASSIFICATIONS**

Certain prior period amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported net assets.