GLOBAL MINNESOTA
AUDITED FINANCIAL STATEMENTS
June 30, 2023

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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 statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year 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, 2023, and the changes in its net assets and its cash flows for the year 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.

Mark Harrington, CPA (Retired) | Wayne Langer, CPA | Greg Heck, CPA, CVA | Greg Emmerich, CPA
Michael Belknap, CPA | Nichole Fairbanks, CPA | Jesse Fraley, CPA | Anna Anderson, CPA | Steven Schurhamer, CPA

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 audit.
- 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.

Report on Summarized Comparative Information

We have previously audited Global Minnesota's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Langer & Associates

September 12, 2023

GLOBAL MINNESOTA
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 177,040	308,023
Accounts receivable	2,963	3,765
Government contributions receivable	-	40,500
Other contributions receivable	31,500	60,940
Prepaid expenses	22,767	24,911
Investments	312,622	388,693
TOTAL CURRENT ASSETS	546,892	826,832
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	113,822	109,756
Leasehold improvements	2,900	2,900
	116,722	112,656
Less: accumulated depreciation	(98,709)	(93,432)
TOTAL PROPERTY AND EQUIPMENT, net	18,013	19,224
OTHER ASSETS		
Investments	836,789	805,713
Unemployment services trust	13,443	30,378
Interest in charitable trust	35,658	34,703
Operating lease right-of-use asset	93,257	-
TOTAL OTHER ASSETS	979,147	870,794
TOTAL ASSETS	$ 1,544,052	$ 1,716,850

See notes to financial statements

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 15,854	61,283
Accrued expenses	21,969	21,850
Deferred revenue	500	-
Operating lease liability, current portion	57,624	-
TOTAL CURRENT LIABILITIES	95,947	83,133
Operating lease liability, net of current portion	32,497	-
TOTAL LIABILITIES	128,444	83,133
NET ASSETS		
Without donor restrictions		
Board designated reserve	205,390	188,205
Board designated Major Gifts campaign	50,229	161,383
Undesignated	211,608	220,810
Total without donor restrictions	467,227	570,398
With donor restrictions	948,381	1,063,319
TOTAL NET ASSETS	1,415,608	1,633,717
TOTAL LIABILITIES AND NET ASSETS	$ 1,544,052	$ 1,716,850

GLOBAL MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
SUPPORT AND REVENUE				
Foundations and grants	$ 58,225	$ -	$ 58,225	$ 71,778
Public contributions	475,315	137,448	612,763	567,010
Government contributions	225,430	-	225,430	378,017
Program income	64,316	80	64,396	45,979
Annual gala, net	189,347	-	189,347	114,221
In-kind contributions	7,449	-	7,449	9,942
Realized and unrealized investment gain (loss)	(4,716)	47,612	42,896	(143,114)
Interest and dividend income, net of fees	11,617	15,835	27,452	17,654
Miscellaneous	273	-	273	28
Net assets released from restrictions	315,913	(315,913)	-	-
TOTAL SUPPORT AND REVENUE	1,343,169	(114,938)	1,228,231	1,061,515
EXPENSES				
Program services	1,094,517	-	1,094,517	973,385
Management and general	186,671	-	186,671	122,791
Development	165,152	-	165,152	156,296
TOTAL EXPENSES	1,446,340	-	1,446,340	1,252,472
CHANGE IN NET ASSETS	(103,171)	(114,938)	(218,109)	(190,957)
NET ASSETS, BEGINNING	570,398	1,063,319	1,633,717	1,824,674
NET ASSETS, ENDING	$ 467,227	$ 948,381	1,415,608	$ 1,633,717

See notes to financial statements

GLOBAL MINNESOTA
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (218,109)	$ (190,957)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,583	7,351
Interest and dividends reinvested, net of fees	(29,276)	(18,050)
Realized and unrealized loss (gain) on investments	(41,941)	135,143
Change in interest in charitable trust	(955)	7,971
Change in:		
Accounts receivable	802	(3,090)
Government contributions receivable	40,500	(15,909)
Other contributions receivable	29,440	11,760
Prepaid expenses	2,144	7,185
Unemployment services trust	16,935	(607)
Operating lease asset and liabilities	(3,136)	-
Accounts payable	(45,429)	29,187
Accrued expenses	119	(19,192)
Deferred revenue	500	-
NET CASH USED IN OPERATING ACTIVITIES	(241,823)	(49,208)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,371)	(6,111)
Purchase of investments	-	(100,000)
Cash proceeds from investments	116,211	32,747
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	110,840	(73,364)
DECREASE IN CASH AND CASH EQUIVALENTS	(130,983)	(122,572)
CASH AND CASH EQUIVALENTS, BEGINNING	308,023	430,595
CASH AND CASH EQUIVALENTS, ENDING	$ 177,040	$ 308,023

See notes to financial statements

GLOBAL MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Program Services					Support Services			
	K - 12 Education	Discussion Groups	Professional Exchanges	World Affairs Events	Total Program Services	Development	Management and General	Total 2023	Total 2022
Salaries	188,882	82,788	248,672	237,874	758,216	117,163	95,363	970,742	896,953
Payroll taxes	15,943	6,956	21,118	20,049	64,066	9,677	7,985	81,728	64,147
Employee benefits	17,446	7,062	18,853	23,426	66,787	14,379	13,074	94,240	58,958
Total Personnel Expenses	222,271	96,806	288,643	281,349	889,069	141,219	116,422	1,146,710	1,020,058
Representation/travel	1,368	-	1,670	662	3,700	447	136	4,283	712
Professional development	546	187	7,288	1,853	9,874	259	431	10,564	3,239
Professional fees	507	174	995	558	2,234	241	35,901	38,376	20,443
Program food/beverage	6,247	1,267	7,526	26,480	41,520	30,402	3,022	74,944	43,022
Program events	4,794	126	2,475	14,045	21,440	17,683	231	39,354	99,530
Advertising and promotion	317	-	-	533	850	-	-	850	5,115
Resource materials	1,675	9,710	777	559	12,721	-	48	12,769	12,828
Information technology	4,398	1,507	6,171	4,831	16,907	2,085	3,736	22,728	23,855
Audit/accounting/legal	190	65	249	209	713	-	13,557	14,270	10,775
Supplies	2,880	986	4,016	3,391	11,273	2,142	1,478	14,893	10,636
Telephone	1,412	484	1,850	1,552	5,298	670	663	6,631	6,640
Postage and shipping	163	551	121	153	988	4,403	144	5,535	5,653
Dues and subscriptions	444	82	1,054	5,261	6,841	113	960	7,914	7,073
Printing and copying	1,220	418	1,599	1,509	4,746	4,227	572	9,545	4,865
Insurance	1,866	640	2,444	2,050	7,000	885	876	8,761	7,836
Processing and bank fees	-	301	-	593	894	9,526	1,178	11,598	10,660
Occupancy	14,179	4,860	18,573	15,577	53,189	6,724	6,658	66,571	63,080
Depreciation	1,402	481	1,837	1,540	5,260	665	658	6,583	7,351
Total expenses by function	265,879	118,645	347,288	362,705	1,094,517	221,691	186,671	1,502,879	1,363,371
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(56,539)	-	(56,539)	(110,899)
Total expenses included in the statement of activities	$ 265,879	$ 118,645	$ 347,288	$ 362,705	$ 1,094,517	$ 165,152	$ 186,671	$ 1,446,340	$ 1,252,472

See notes to financial statements

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Global Minnesota is the leading nonprofit, nonpartisan organization dedicated to connecting, informing and engaging Minnesotans with the world. As world events evolve rapidly, we are committed to providing Minnesota with relevant and timely information on international issues, foreign policy, and cultural topics to participate in the international sphere, and for Minnesota to extend its influence around the globe. Throughout 2022-2023, over 450 activities covering 137 countries, engaged more than 15,000 people to connect with and learn about our changing world.

Global Minnesota was founded in the 1950's as a welcoming organization for international students and visitors coming to Minnesota. It was created as a university-community partnership that engaged 'citizen diplomats' in connecting with those visiting from around the world. 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. Global Minnesota continues to offer free and low-cost hybrid, in-person, and virtual programs to expand accessibility and create more avenues for participation. This past year, Global Minnesota supported a new initiative to increase international students and scholars engagement opportunities, reaching thousands of visiting international students from dozens of universities.

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 28 international visitors from 24 countries to expand global education in Minnesota classrooms. Across 150 separate visits, global educators logged almost 3,500 contact hours and sparked the global curiosity of over 1,500 young students. Academic WorldQuest engaged 27 teams from schools around the metro area and Greater Minnesota. We also implemented a new virtual youth diplomacy program, connecting high school students in Minnesota with students living in Ukraine.

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 nearly two dozen groups located across the state. Thousands of Minnesotans engage in these conversations with more than 19 local speakers ready to share their global expertise.

Professional Exchanges connect emerging leaders from around the world to Minnesotans for cultural and professional exchanges. Global Minnesota brings together local experts and participating visitors to 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. This year, Professional Exchanges program hosted over 300 visiting professionals, representing 110 countries.

World Affairs Events, the public face of Global Minnesota, are unique and diverse opportunities that go beyond international headlines, spark cultural conversations, and connect audiences with some of the world's best thinkers. This past year, Global Minnesota hosted nearly 75 public events ranging from presentations by visiting Ambassadors, to corporate briefings, informational sessions with international visitors to cultural activities, and panel presentations on current events. These events informed over 5,000 people across Minnesota and around the world on a variety of international relations, policy, and cultural experience topics.

Generous donors also stepped up to support this year's annual Gala in May 2023 with over $300,000 raised for Global Minnesota's programs and mission.

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.

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued):

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, 2023, 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, 2023, management considered all outstanding accounts and contributions receivable amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Investments:

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

Property and Equipment:

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

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

	Years
Furniture and equipment	3 - 7
Leasehold improvements	7

Depreciation expense for the year ended June 30, 2023 amounted to $6,583.

Advertising:

Advertising costs are charged to expense as incurred. During the year ended June 30, 2023, advertising costs were $850.

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, 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.

In-kind Contributions:

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

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Recently Adopted Accounting Pronouncements:

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 were the recognition of $153,192 of operating lease right-of-use (ROU) assets and $155,385 of operating lease liabilities on the statement of financial position as of July 1, 2022. No cumulative effect adjustment to net assets as of July 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2022.

As part of the transition, the Organization implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients.

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Other practical expedients:

- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than one month. Leases of one month or less are not included in short-term lease costs.

Leases:

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in several noncancellable operating leases for office and storage space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease. Beginning July 1, 2022, operating lease ROU assets and related current and long-term portions of operating lease liabilities have been presented in the statement of financial position.

Lease Liabilities:

A lease liability is measured on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable The implicit rates of the Organization's leases are not readily determinable; accordingly, the Organization has made the election to use a risk-free rate in lieu of its incremental borrowing rate using a period comparable with that of the individual lease term based on the information available at the commencement date for each lease. For existing leases at implementation date of ASC 842, the risk-free rate used is the rate comparable with the remaining lease term as of the implementation date.

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

ROU Assets:

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the term of the lease. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

Accounting Policy Election for Short-term Leases:

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements from the year ended June 30, 2022, from which the summarized information was derived.

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 12, 2023, the date the financial statements were available to be issued.

NOTE 2. UNEMPLOYMENT SERVICES TRUST

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

NOTE 3. 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, 2023, the Organization's beneficial interest amounted to $35,658.

NOTE 4. AVAILABILITY AND LIQUIDITY

The following represents Global Minnesota's financial assets available for general expenditure within one year of June 30, 2023:

Financial Assets at Year-End	
Cash and cash equivalents	$ 177,040
Accounts receivable	2,963
Other contributions receivable	31,500
Investments	1,149,411
Interest in charitable trust	35,658
Total financial assets	1,396,572
Less amounts not available to be used within one year	
Net assets with donor restrictions	(948,381)
Less net assets with restrictions to be met in less than one year	496,484
Board designated funds	(255,619)
Financial assets available to meet general expenditures within one year	$ 689,056

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 5. INVESTMENTS

At June 30, 2023, investments consisted of the following:

Investments held at Minneapolis Foundation	$ 251,897
Mutual funds	897,514
	$ 1,149,411

NOTE 6. 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.

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.

Investments held at Minneapolis Foundation (Note 7) 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.

NOTE 6. FAIR VALUE MEASUREMENT (continued)

Interest in Charitable Trust (Note 3): 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.

Unemployment Services Trust (Note 2): 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, 2023:

	Fair Value	Level 1	Level 2	Level 3
Investments held at Minneapolis Foundation	$ 251,897	$ -	$ -	$ 251,897
Mutual funds	897,514	897,514	-	-
Interest in Charitable Trust	35,658	-	-	35,658
Unemployment Services Trust	13,443	-	13,443	-
	$1,198,512	$897,514	$ 13,443	$ 287,555

Reconciliation of assets measured using level 3 inputs as of June 30, 2023, was as follows:

	Investments held at Minneapolis Foundation	Interest in Charitable Trust
Fair value, 7/1/2022	$ 306,542	$ 34,703
Investment return:		
Management fees	(3,678)	-
Realized and unrealized gains (losses)	22,363	955
Transfers	(63,129)	-
Distributions	(10,201)	-
Fair Value, 6/30/2023	$ 251,897	$ 35,658

NOTE 7. 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 gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

The Organization has adopted investment and spending policies for investment assets to support the mission by providing earnings and capital appreciation to support the Organization's programs, capital expenditures, and board-directed initiatives through a strategic plan that strives to maintain and grow the investment corpus and provide annual operating earnings to support Global Minnesota's mission.

Board Designated Reserve:

The Board of Directors of the Organization initiated a Board Designated Reserve Fund in 1983. 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, 2023, the Organization closed the Minneapolis Foundation account and transferred the entire fund into a Vanguard brokerage account. The fair value of the Fund was $205,390 as of June 30, 2023. Investment expenses associated with this fund were $1,114 for the year ended June 30, 2023. Income from the board designated reserve fund is available for operating purposes.

NOTE 7. ENDOWMENT FUNDS (continued)

Building New Bridges - Cornerstone Fund:

In fiscal 1994, the Board of Directors initiated a Building New Bridges Campaign by establishing an endowment fund known as the Cornerstone Fund through the Minneapolis Foundation (the Foundation). The Fund is carried at the fair value of the underlying securities as reported to the Foundation. Limitations exist that preclude the use of net gains for operating purposes. The endowment assets are invested in a manner that is intended to provide capital appreciation to provide support and grow real purchasing power of assets under the Foundation's investment strategy. The Foundation limits the release of funds to 4 percent of the underlying assets, based upon a three-year quarterly moving average value of the assets. When gains (losses) are released, they are recorded as unrestricted investment gains (losses) when received. The fair value of the Fund was $251,897 as of June 30, 2023. Investment gains (net of fees), including realized and unrealized gains, was $16,689 for the year ended June 30, 2023.

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, 2023 totaled $379,502.

Endowment net asset composition by type of fund at June 30, 2023 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	$ 205,390	$ -	$ 205,390
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	451,897	451,897
Accumulated investment gains	-	179,502	179,502
	$ 205,390	$ 631,399	$ 836,789

NOTE 7. ENDOWMENT FUNDS (continued)

Changes in endowment net assets for the year ended June 30, 2023 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, 7/1/2022	$ 188,205	$ 617,508	$ 805,713
Investment return, net	17,185	62,492	79,677
Appropriation of endowment assets pursuant to spending-rate policy	-	(48,601)	(48,601)
Endowment, 6/30/2023	$ 205,390	$ 631,399	$ 836,789

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 consisted of the following:

Subject to expenditure for specified purpose:	
Program Support	$ 57,320
Subject to passage of time:	
Interest in charitable trust	35,658
General operations	224,004
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Available for general operations	179,502
Subject to endowment spending policy and appropriation:	
Available for general operations	251,897
To be maintained in perpetuity	200,000
	$ 948,381

NOTE 8. 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 year ended June 30, 2023:

Satisfaction of purpose restrictions:	
Program Support	$ 117,250
Expiration of time restrictions:	
General operations	150,063
Endowments:	
Restricted purpose spending rate distributions and appropriations:	
General operations	48,600
	$ 315,913

NOTE 9. BORROWING ARRANGEMENTS

The Organization maintains credit arrangements upon which they can borrow up to $50,000. Balances on these accounts accrue interest up to 22.74%. These accounts are unsecured. Outstanding balances on these accounts totaled $13,368 as of June 30, 2023, and are included in accounts payable. No interest was incurred on these accounts for the year ended June 30, 2023.

NOTE 10. BOARD DESIGNATED NET ASSETS

Board designated net assets at June 30, 2023 consisted of the following:

Board designated:	
Endowment Fund - Reserve	$205,390
Major Gifts Campaign	50,229
	$255,619

NOTE 11. 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 year ended June 30, 2023, the Organization contributed $13,020 to the plan.

NOTE 12. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30, 2023:

Program events - services	$ 1,800
Printing and copying	2,904
Professional fees	2,745
	$ 7,449

The Organization received donated professional services for legal services and for the Gala event. 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 $2,745 for legal services and $1,800 for the services provided for the Gala in 2023. The Organization also received assistance from approximately 300 volunteers in 2023, 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 the Gala, and recognized in an amount approximating the estimated fair market value at the time of the donation.

All gifts-in-kind received by the Organization for the year ended June 30, 2023 were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management.

NOTE 13. ANNUAL GALA

The annual gala was held during the year ended June 30, 2023. The total receipts, expenses, and net earnings at June 30, 2023 were as follows:

Annual gala receipts	$245,886
Less: gala expenses	(56,539)
Annual gala, net	$189,347

Development expense reported on the Statements of Activities includes annual gala expenses of $4,704 during 2023, which consisted of donated services and in-kind gifts. The 2023 annual gala also raised $57,240 of restricted revenue dedicated to the programs for the fiscal year ended June 30, 2024.

NOTE 14. LEASE COMMITMENTS

The Organization has an operating lease agreement for office space expiring December 31, 2024.

For the year ended June 30, 2023, total operating lease cost was $63,486, all of which is included in occupancy in the statement of functional expenses.

Supplemental cash flow information for the year ended June 30, 2023:

Operating cash flows from operating leases	$ 63,474
ROU assets obtained in exchange for new operating leases	$ 153,192

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term (in years)	1.42
Weighted average discount rate	2.89%

The maturities of operating lease liabilities as of June 30, 2023 were as follows:

Year Ending June 30,	Amount
2024	$ 59,402
2025	32,692
Total lease payments	$ 92,094
Less: interest	(1,973)
Present value of lease liability	$ 90,121