

**DRAFT**

5/10/19

**PROTECT MINNESOTA  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**PREPARED BY:**

**BWK ROGERS PC**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

## TABLE OF CONTENTS

<b>Independent Accountant’s Review Report.....</b>	<b>1-2</b>
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### **Financial Statements**

<b>Statements of Financial Position .....</b>	<b>3</b>
---	----------

<b>Statement of Activities .....</b>	<b>4</b>
--------------------------------------	----------

<b>Statement of Functional Expenses.....</b>	<b>5</b>
--	----------

<b>Statements of Cash Flows.....</b>	<b>6</b>
--------------------------------------	----------

<b>Notes to Financial Statements.....</b>	<b>7-11</b>
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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
Protect Minnesota

We have reviewed the accompanying financial statements of Protect Minnesota (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Summarized Comparative Information**

We previously reviewed Protect Minnesota's 2017 financial statements and in our conclusion dated August 7, 2018, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

### **Emphasis of Matter – Changes in Accounting Principle**

As discussed in Note 6 to the financial statements, Protect Minnesota implemented the provisions of Accounting Standards Update (ASU) 2016-14 Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-For-Profit Entities*.

[Date TBD]

**PROTECT MINNESOTA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents	\$ 142,532	\$ 69,875
Fiscal Agent Cash	13,799	-
Accounts Receivable	11,896	16,267
Due from Related Party	5,000	-
Prepaid Expenses	3,070	-
Total Current Assets	<u>\$ 176,297</u>	<u>\$ 86,142</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 5,000	\$ 6,400
Accrued Expenses	9,975	5,741
Fiscal Agent Liability	13,799	-
Total Current Liabilities	<u>28,774</u>	<u>12,141</u>
Net Assets		
Without Donor Restrictions	47,523	74,001
With Donor Restrictons	<u>100,000</u>	<u>-</u>
Total Net Assets	<u>147,523</u>	<u>74,001</u>
Total Liabilities and Net Assets	<u>\$ 176,297</u>	<u>\$ 86,142</u>

See accompanying notes and independent accountant's review report.

**PROTECT MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH COMPARATIVE TOTALS FOR 2017**

	2018			<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 367,123	\$ 100,000	\$ 467,123	\$ 270,543
Program Revenue	15,597	-	15,597	45,864
Investment Income	41	-	41	15
Total Support and Revenue	382,761	100,000	482,761	316,422
 <b>EXPENSES</b>				
Program Services	308,607	-	308,607	217,329
Supporting Services				
Management and General	80,482	-	80,482	55,255
Fundraising	20,150	-	20,150	6,022
Total Supporting Services	100,632	-	100,632	61,277
Total Expenses	409,239	-	409,239	278,606
 <b>CHANGE IN NET ASSETS</b>	(26,478)	100,000	73,522	37,816
Net Assets, Beginning of Year	74,001	-	74,001	36,185
Net Assets, End of Year	\$ 47,523	\$ 100,000	\$ 147,523	\$ 74,001

See accompanying notes and independent accountant's review report.

**PROTECT MINNESOTA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH COMPARATIVE TOTALS FOR 2017**

	2018					<u>2017</u>
	Program <u>Services</u>	<u>Supporting Services</u>			<u>Total</u>	
		Management & General	Fundraising	<u>Total</u>		
<b>SALARIES AND RELATED EXPENSES</b>						
Salaries	\$ 136,682	\$ 45,561	\$ -	\$ 45,561	\$ 182,243	\$ 126,378
Benefits	4,282	1,427	-	1,427	5,709	384
Taxes	<u>17,209</u>	<u>5,737</u>	<u>-</u>	<u>5,737</u>	<u>22,946</u>	<u>17,434</u>
Total Salaries and Related Expenses	158,173	52,725	-	52,725	210,898	144,196
<b>OTHER EXPENSES</b>						
Professional Fees	-	10,773	2,305	13,078	13,078	8,815
Office Expenses	18,918	10,534	12,685	23,219	42,137	15,771
Information Technology	2,671	890	-	890	3,561	2,133
Occupancy	4,935	1,645	-	1,645	6,580	6,860
Travel	3,100	1,034	-	1,034	4,134	2,241
Fundraising	-	-	-	-	-	6,022
Conferences, Conventions, and Meetings	5,415	1,409	-	1,409	6,824	17,371
Insurance	-	697	-	697	697	250
Membership Dues	-	775	-	775	775	1,990
Research	805	-	-	-	805	-
Educational Event	114,590	-	-	-	114,590	70,057
Event	-	-	5,160	5,160	5,160	-
Honorarium	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900</u>
Total Expenses	<u>\$ 308,607</u>	<u>\$ 80,482</u>	<u>\$ 20,150</u>	<u>\$ 100,632</u>	<u>\$ 409,239</u>	<u>\$ 278,606</u>

See accompanying notes and independent accountant's review report.

**PROTECT MINNESOTA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 73,522	\$ 37,816
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
(Increase) in Fiscal Agent Cash	(13,799)	-
Decrease (Increase) in Accounts Receivable	4,371	(6,276)
(Increase) in Due from Related Party	(5,000)	-
(Increase) in Prepaid Expenses	(3,070)	-
(Decrease) Increase in Accounts Payable	(1,400)	6,400
Increase in Fiscal Agent Liability	13,799	-
Increase in Accrued Expenses	<u>4,234</u>	<u>1,211</u>
Net Cash Provided by Operating Activities	<u>72,657</u>	<u>39,151</u>
Net Increase in Cash	72,657	39,151
Cash and Cash Equivalents, Beginning of Year	<u>69,875</u>	<u>30,724</u>
Cash and Cash Equivalents, End of Year	<u>\$ 142,532</u>	<u>\$ 69,875</u>

See accompanying notes and independent accountant's review report.



**PROTECT MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1. ORGANIZATION**

Protect Minnesota is a 501(c)(3) non-profit that works to end gun violence, deaths, and injuries through education, advocacy, and organizing. We emphasize prevention, using a public health model, and we seek to build a strong, statewide, values-based movement to end gun violence that recognizes the issue as one of justice and human rights.

Our mission is to promote a culture of health and safety for all Minnesotans by preventing gun violence through effective laws, policies, and community education.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Income Taxes

Services (IRS) as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, accordingly, is generally not subject to income taxes, except for taxes pertaining to unrelated business income. The Organization is exempt from state taxes under Minnesota Statute 290.05. Therefore, there is no provision for income taxes, and unrelated income subject to tax is considered to be insignificant.

**PROTECT MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

Protect Minnesota considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Receivables

Receivables are stated at net realizable value. No allowance for doubtful accounts has been provided, as management believes all accounts receivable are collectible based on past history. Accounts past due more than 90 days are individually analyzed for collectability. Write-offs are made based on management's assessment of the facts and circumstances surrounding the specific past due receivables.

Support & Revenue Recognition

Revenues and public support are reported as an increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as an increase or a decrease in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted contributions, the restriction of which are met in the same year as the contributions is made, are reported as unrestricted contributions.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. No significant contributions of such goods or services were received during the years ended December 31, 2018 and 2017, respectively.

**PROTECT MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from the estimates.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are based on time records. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on analyses performed by the Organization's management.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NOTE 3. LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2018 and 2017, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions. Amounts not available include net assets with donor restrictions of \$100,000 and \$0 at December 31, 2018 and 2017, respectively.

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$142,532	\$69,875
Receivables	<u>16,896</u>	<u>16,267</u>
Total Financial Assets	159,428	86,142
Net Assets With Donor Restrictions	<u>(100,000)</u>	<u>---</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 59,428</u>	<u>\$86,142</u>

**PROTECT MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 3. LIQUIDITY AND AVAILABILITY (continued)**

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**NOTE 4. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through the date the financial statements were issued, [Date TBD]. There are no subsequent events required to be disclosed in accordance with accounting standards.

**NOTE 5. INCOME TAX UNCERTAINTIES**

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for the uncertainty in income taxes recognized in the entity's consolidated financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's financial statements.

The Organization's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2014 to 2018 are open to examination by federal, state, and local authorities.

**NOTE 6. CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no change on net assets previously reported.

**PROTECT MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 7. OPERATING LEASE**

In November 2015, Protect Minnesota signed a one-year lease for office space and amended the lease in November 2016 for one additional year with monthly payments of \$526. The lease expired December 31, 2017.

In January 2018, Protect Minnesota signed a six-month lease for office space with monthly payments of \$500. The lease expires June 1, 2018. Future minimum payments total \$3,000 for this lease for the year ending December 31, 2018.

During the year, Protect Minnesota signed a twelve-month lease for office space with monthly payments of \$500. The lease expires June 1, 2019. Future minimum payments total \$3,000 for this lease for the year ending December 31, 2018.

Total rent expense under these leases was \$6,580 and \$6,860 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Change the Way Minnesotans		
Think About Gun Violence	<u>\$100,000</u>	<u>\$ -</u>