

Charities Review Council of Minnesota, Inc.

Financial Statements Together with Independent Auditors' Report

December 31, 2020

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Charities Review Council of Minnesota, Inc.
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Charities Review Council of Minnesota, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charities Review Council of Minnesota, Inc. as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Roseville, Minnesota
June 3, 2021

Olsen Thielen & Co., Ltd.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 166,912	\$ 193,434
Grants Receivable	25,000	16,157
Other Accounts Receivable	3,720	-
Prepaid Expenses	2,677	4,262
Total Current Assets	<u>198,309</u>	<u>213,853</u>
EQUIPMENT AND SOFTWARE:		
Office Equipment	6,099	6,099
Website Software	190,905	190,905
Total Equipment and Software	<u>197,004</u>	<u>197,004</u>
Less Accumulated Depreciation	<u>197,004</u>	<u>187,877</u>
Equipment and Software, Net	<u>-</u>	<u>9,127</u>
TOTAL ASSETS	<u>\$ 198,309</u>	<u>\$ 222,980</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 4,306	\$ 2,592
Accrued Expenses	9,925	5,918
Deferred Revenue - Fee for Service	20,467	31,537
Deferred Revenue - Forum	5,000	5,000
Total Liabilities	<u>39,698</u>	<u>45,047</u>
NET ASSETS:		
Without Donor Restrictions	143,611	141,933
With Donor Restrictions	15,000	36,000
Total Net Assets	<u>158,611</u>	<u>177,933</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 198,309</u>	<u>\$ 222,980</u>

The accompanying notes are an integral part of the financial statements.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

**STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Public Support:						
United Way Donations	\$ 50	\$ -	\$ 50	\$ 205	\$ -	\$ 205
Individuals	33,860	-	33,860	29,663	-	29,663
Corporations and Foundations	244,675	-	244,675	146,800	36,000	182,800
In-Kind Contributions	-	-	-	547	-	547
Fee for Service	106,929	-	106,929	125,697	-	125,697
Biennial Forum Meeting	-	-	-	45,313	-	45,313
Government Grants	60,000	-	60,000	-	-	-
Other Revenue	3,848	-	3,848	480	-	480
Net Assets Released from Restrictions	21,000	(21,000)	-	122,000	(122,000)	-
Total Support and Revenues	<u>470,362</u>	<u>(21,000)</u>	<u>449,362</u>	<u>470,705</u>	<u>(86,000)</u>	<u>384,705</u>
EXPENSES:						
Program Services:	325,326	-	325,326	417,276	-	417,276
Management and General	107,836	-	107,836	92,999	-	92,999
Fundraising	35,522	-	35,522	31,762	-	31,762
Total Expenses	<u>468,684</u>	<u>-</u>	<u>468,684</u>	<u>542,037</u>	<u>-</u>	<u>542,037</u>
CHANGE IN NET ASSETS	1,678	(21,000)	(19,322)	(71,332)	(86,000)	(157,332)
NET ASSETS, Beginning of Year	141,933	36,000	177,933	241,149	122,000	363,149
ADOPTION OF ASC 606	-	-	-	(27,884)	-	(27,884)
NET ASSETS, End of Year	<u>\$ 143,611</u>	<u>\$ 15,000</u>	<u>\$ 158,611</u>	<u>\$ 141,933</u>	<u>\$ 36,000</u>	<u>\$ 177,933</u>

The accompanying notes are an integral part of the financial statements.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	2020							Total All Services
	Program Services				Support Services			
	Nonprofit Services	Donor Information/ Education Services	Donor Nonprofit Relations	Total Program	Management and General	Fundraising	Total Support	
Salaries	\$ 124,552	\$ 18,157	\$ 47,640	\$ 190,349	\$ 49,601	\$ 12,216	\$ 61,817	\$ 252,166
Payroll Taxes	9,256	1,371	3,653	14,280	3,718	925	4,643	18,923
Retirement Plan Contribution	7,462	1,095	2,848	11,405	3,800	738	4,538	15,943
Total Personnel Expenses	<u>141,270</u>	<u>20,623</u>	<u>54,141</u>	<u>216,034</u>	<u>57,119</u>	<u>13,879</u>	<u>70,998</u>	<u>287,032</u>
Professional Fees	46,023	1,310	3,139	50,472	34,445	13,543	47,988	98,460
Conferences and Meetings	80	5	93	178	219	3	222	400
Occupancy	15,082	2,867	5,099	23,048	6,835	1,895	8,730	31,778
Printing and Publications	977	6,688	409	8,074	727	4,691	5,418	13,492
Transportation	33	-	-	33	109	-	109	142
Postage	53	1,825	5	1,883	253	755	1,008	2,891
Equipment Lease and Maintenance	1,718	244	654	2,616	759	162	921	3,537
Membership Dues and Subscriptions	3,978	187	531	4,696	2,140	131	2,271	6,967
Bank Fees	-	-	-	-	2,339	21	2,360	2,360
Telephone	1,796	266	688	2,750	714	180	894	3,644
Insurance	1,982	300	782	3,064	870	209	1,079	4,143
Public Awareness	1,901	530	102	2,533	115	22	137	2,670
Staff Development	366	19	75	460	1,015	12	1,027	1,487
Supplies	234	27	97	358	177	19	196	554
Total Expenses Before Depreciation	<u>215,493</u>	<u>34,891</u>	<u>65,815</u>	<u>316,199</u>	<u>107,836</u>	<u>35,522</u>	<u>143,358</u>	<u>459,557</u>
Depreciation	<u>9,127</u>	<u>-</u>	<u>-</u>	<u>9,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,127</u>
Total Expenses	<u>\$ 224,620</u>	<u>\$ 34,891</u>	<u>\$ 65,815</u>	<u>\$ 325,326</u>	<u>\$ 107,836</u>	<u>\$ 35,522</u>	<u>\$ 143,358</u>	<u>\$ 468,684</u>

The accompanying notes are an integral part of the financial statements.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES (Continued)
YEAR ENDED DECEMBER 31, 2019**

	2019							Total All Services
	Program Services				Support Services			
	Nonprofit Services	Donor Information/ Education Services	Donor Nonprofit Relations	Total Program	Management and General	Fundraising	Total Support	
Salaries	\$ 138,915	\$ 10,322	\$ 56,783	\$ 206,020	\$ 37,815	\$ 17,972	\$ 55,787	\$ 261,807
Payroll Taxes	10,602	770	4,433	15,805	2,887	1,383	4,270	20,075
Retirement Plan Contribution	8,575	617	3,472	12,664	2,312	1,106	3,418	16,082
Total Personnel Expenses	158,092	11,709	64,688	234,489	43,014	20,461	63,475	297,964
Professional Fees	23,186	8,550	37,120	68,856	34,593	184	34,777	103,633
Conferences and Meetings	3,345	26	29,186	32,557	1,187	24	1,211	33,768
Occupancy	17,028	734	5,765	23,527	5,537	2,174	7,711	31,238
Printing and Publications	1,268	5,860	240	7,368	639	5,736	6,375	13,743
Transportation	4,702	14	762	5,478	120	93	213	5,691
Postage	511	2,220	139	2,870	319	2,157	2,476	5,346
Equipment Lease and Maintenance	2,514	215	1,051	3,780	697	336	1,033	4,813
Membership Dues and Subscriptions	3,146	403	408	3,957	635	127	762	4,719
Bank Fees	—	—	—	—	4,100	14	4,114	4,114
Telephone	1,675	156	747	2,578	499	211	710	3,288
Insurance	1,250	109	590	1,949	492	166	658	2,607
Public Awareness	163	525	715	1,403	48	22	70	1,473
Staff Development	444	14	25	483	841	10	851	1,334
Supplies	365	27	159	551	199	47	246	797
Miscellaneous	—	—	34	34	79	—	79	113
Total Expenses Before Depreciation	217,689	30,562	141,629	389,880	92,999	31,762	124,761	514,641
Depreciation	27,396	—	—	27,396	—	—	—	27,396
Total Expenses	\$ 245,085	\$ 30,562	\$ 141,629	\$ 417,276	\$ 92,999	\$ 31,762	\$ 124,761	\$ 542,037

The accompanying notes are an integral part of the financial statements.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

**STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (19,322)	\$ (157,332)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	9,127	27,396
Changes in Assets and Liabilities:		
Grants Receivable	(8,843)	93,600
Other Accounts Receivable	(3,720)	-
Prepaid Expenses	1,585	8,048
Accounts Payable	1,714	(15,771)
Accrued Expenses	4,007	(3,060)
Deferred Revenue	(11,070)	(19,347)
Net Cash Flows From Operating Activities	<u>(26,522)</u>	<u>(66,466)</u>
NET CHANGE IN CASH	(26,522)	(66,466)
CASH at Beginning of Year	<u>193,434</u>	<u>259,900</u>
CASH at End of Year	<u>\$ 166,912</u>	<u>\$ 193,434</u>

The accompanying notes are an integral part of the financial statements.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Charities Review Council of Minnesota, Inc. (the Council) is incorporated under the laws of the State of Minnesota as a nonprofit organization operating exclusively for charitable purposes.

The Council is an independent resource for both donors and nonprofits who desire to improve the community through strong, accountable charities supported by informed donors. The Council's mission is building donor and nonprofit relationships for strong vibrant and just communities. The Council does this by:

- Empowering donors to make informed, thoughtful giving decisions.
- Strengthening nonprofits by building accountability into their governance and operations.
- Building strong and authentic donor and nonprofit relationships that better serve community needs.

The Council reviews nonprofit organizations that voluntarily participate in its Accountability Wizard®. Results of these reviews help the public better understand the strengths and practices of nonprofit organizations before giving. Donors may access these review results as well as charitable giving tips on the Council's website or in their printed Smart Giver Newsletter.

The Council also offers learning opportunities to nonprofit organizations by providing tools and resources for organizations to meet and sustain accountability. To assist nonprofits in fully meeting all 25 Accountability Standards®, the Council provides technical assistance in making structural, policy or procedural changes. The Diversity, Equity & Inclusion (DEI) Toolkit is an affordable and accessible online resource for nonprofits that helps organizations better understand the people, processes, and power of their organization.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Council and related changes are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations which the Board of Directors has discretionary control.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Council must continue to use the resources in accordance with the donor's instructions.

Accounting Estimates

The presentation 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 disclosure 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.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing these financial statements, the Council has evaluated for recognition or disclosure the events or transactions that occurred through June 3, 2021, the date the financial statements were available to be issued. Except as discussed in Note 8 and 10, there were no subsequent events that required recognition or disclosure in the financial statements.

Grants Receivable

Grants receivable consists of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows, if the present value factor is determined to be material. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history. The allowance for uncollectible contributions was \$0 at December 31, 2020 and 2019.

Equipment, Software and Depreciation

Equipment, and software are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals exceeding \$1,000 are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 5 years.

Revenue Recognition and Deferred Revenue

Contribution and Grant Revenue

Contribution and Grant revenues are not subject to ASC 606. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Council reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor 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. Donor-imposed contributions are reported as net assets with restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Council when the restrictions are released.

Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Revenue (Continued)

Fees for Service

Fees for Service revenue relate primarily to the revenue earned from not-for-profit organizations going through the Council's Accountability Wizard® process. In this process, not for profit organizations pay consideration to the Council to guide them through the Council's Accountability Standards®. The Council works with the not-for-profit organization to implement and document the Council's standards of accountability to the organization's donors and the community. Once the Council verifies that the not-for-profit organization has met all the Council's standards, the Council issue a "Meets Standards®" seal to the not-for-profit organization which is good for 3 years. The Council has analyzed the process and determined that the average time of completion for a not-for-profit organization to complete the registration and certification process to receive the "Meets Standards®" seal is approximately 7 months from start to finish. The Council recognizes its revenue over the 7 month period for the Accountability Wizard® process. Cash consideration is paid for at the start of the application process and fees are based on the size of the organization applying. The Council allocates the recognition of revenue over the 7 months estimate as performance obligations are completed. Deferred Revenue – Fee for Service consists of cash which has been received but all performance obligations have not yet been met.

Conferences

The Council hosts a biennial Forum event centered on building donor and nonprofit relationships for strong, vibrant and just communities. Registration fees for this event are billed to the participant at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from this event is recognized at the point in time the event is held and the Council's performance obligation to hold the event is completed. The Council also provides the opportunity to sponsor the event. Event sponsors pay for sponsorship packages for events in exchange for access for their representatives to the event itself, access to the event materials, and access to the registrants attending the events to promote their own businesses. Registration and sponsorships for the Council's events opens months before the events are scheduled to be held. Cash receipts for registrations collected in advance of the meeting is deferred as a contract liability until earned when the event is held at which point the revenue is recognized. Cash receipts for sponsorships are evaluated for elements of an exchange transaction or elements of a contribution based on the individual contact. If the sponsorship is considered an exchange transaction, the deposit is deferred as a contract liability and recognized when the event is held at which point the revenue is recognized. If the sponsorship is considered a contribution, then the deposit is treated as contributions restricted for the event and recognized as revenue under the contribution and grant guidelines as noted above.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Revenue (Continued)

As a practical expedient, the Council groups similar contracts or similar performance obligations together into portfolios of contracts if doing so does not result in a significant difference from applying the new accounting standard to the individual contracts.

Contract liabilities include deferred revenues related to advanced payments for Accountability Wizard® fees. These deposits are deferred until the performance obligations are completed. Contract liability balances were \$20,467 at December 31, 2020 and \$31,537 at December 31, 2019.

In-Kind Contributions

Included in in-kind contributions is donated services, recorded at fair market value. Donated services are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would ordinarily be purchased if not provided by donation. Contributed services, including promises to give, that do not meet these criteria are not recognized. Donated services were \$0 and \$547 for 2020 and 2019.

Many individuals have donated time and services to advance the Council's programs and objectives. The value of these services has not been recorded in the financial statements because it does not meet the definition of recognition under generally accepted accounting principles.

Volunteers provided approximately 371 and 240 service hours to the Council during the years ended 2020 and 2019.

Functional Allocation of Expense

The costs of providing various programs and services are summarized on a functional basis on the statement of activities. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

The Council allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and administrative that are common to several functions are allocated based on the proportion of time spent by employees performing those functions.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Council.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Joint Fundraising Costs

The Council's Donor Information/Education program is conducted to achieve programmatic goals by utilizing the direct mail campaign's request for contributions. Costs of conducting the direct mail campaign totaled \$10,091 and \$10,842 as of December 31, 2020 and 2019. Joint costs allocated to the Donor Information/Education program was \$9,461 and \$9,925, allocated to management and general was \$315 and \$342, and allocated to fundraising was \$315 and \$575 in 2020 and 2019, respectively.

Income Taxes

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code but is subject to income tax on net unrelated business income. The Council had no unrelated business income tax in 2020 and 2019.

The Council reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Council recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Council has identified no income tax uncertainties. The Council files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Credit Risk

Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of cash. The Council places its cash with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. As of December 31, 2020, the Council had no significant concentrations of credit risk.

Recently Issued Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. It is to be adopted using the modified retrospective approach. The Council is currently evaluating this guidance to determine the impact it may have on its financial statements.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council maintains and manages adequate operating reserves per policies set by the board of directors. The Finance Committee regularly reviews and recommends reserve policies to the board of directors for approval. The Board of Directors has not formally designated any funds as reserve funds.

The Council goal is to maintain an operating reserve of 90 days of budgeted operating expenses, less noncash items such as depreciation. The reserve consists of cash and assets with donor restrictions that will likely be released within 90 days.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 166,912	\$ 193,434
Pledges Receivable	25,000	16,157
Other Accounts Receivable	3,720	-
Total Financial Assets	<u>195,632</u>	<u>209,591</u>
Net Assets with Donor Restrictions:		
Time Restricted Net Assets	-	16,000
Purpose Restricted	15,000	20,000
Less Financial Assets with Donor Restrictions	<u>15,000</u>	<u>36,000</u>
Total Financial Assets Available for General Expenditure within One Year	<u>\$ 180,632</u>	<u>\$ 173,591</u>

NOTE 3 - GRANTS RECEIVABLE

The following is a schedule of unconditional promises to give at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Within 1 Year	<u>\$ 25,000</u>	<u>\$ 16,157</u>
Total Grants Receivable	<u>\$ 25,000</u>	<u>\$ 16,157</u>

As of December 31, 2020 and 2019, the Council had conditional promises to give as a result of being named as a beneficiary in individuals' wills. Conditional promises to give are not recordable under GAAP and, in addition, the amount of the conditional promises to give is undeterminable.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LEASE COMMITMENTS

The Council leases its principal office. This lease is non-cancelable and expires November 30, 2021. The lease provides for monthly base rent.

The Council also leases copier equipment. This lease expires in September 2022 and requires monthly payments of \$255.

Lease expense and future minimum lease commitments are as follows:

	Real Estate	Equipment	Total
Expense:			
2020	\$ 31,778	\$ 3,537	\$ 35,315
2019	31,238	4,813	36,051
Commitments:			
2021	\$ 14,300	\$ 3,060	\$ 17,360
2022	—	2,295	2,295
Total Commitments	\$ 14,300	\$ 5,355	\$ 19,655

NOTE 5 - RETIREMENT PLAN

The Council has established a retirement plan pursuant to section 403(b) of the Internal Revenue Code. Eligible employees may contribute up to 100% of their salaries. The Council makes a discretionary contribution of 5% of eligible employee's compensation to the Plan and a discretionary matching contribution on a dollar-for-dollar basis up to an additional 2% of compensation. Plan expense was \$15,943 and \$16,082 in 2020 and 2019.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2020	2019
Time Restricted:		
General Operations	\$ —	\$ 16,000
Total Time Restricted	—	16,000
Purpose Restricted:		
Biennial Forum Meeting	15,000	20,000
Total Purpose Restricted	15,000	20,000
Total Net Assets with Donor Restrictions	\$ 15,000	\$ 36,000

Net assets with donor restrictions released from restriction were \$21,000 and \$122,000 in 2020 and 2019. Net assets with donor restrictions were released from restriction due to satisfaction of program restrictions and passage of time.

CHARITIES REVIEW COUNCIL OF MINNESOTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CONCENTRATION

The Council derived 23% of its revenues from two donors, for the year ended December 31, 2020, and 8% of its revenues from a single donor, for the year ended December 31, 2019.

NOTE 8 - GOVERNMENT GRANTS

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. Part of CARES was the Paycheck Protection Program (PPP) which allowed for organizations to apply for a potentially forgivable loan if the proceeds were used for the specified purposes. In accordance with Accounting Standards Codification 958-605, the Organization reflected this loan as a conditional grant and recorded it as a liability on their statement of financial position. It is to remain a liability until the conditions of the program have been met by using the funds for the specified purposes. In 2020, the Organization incurred qualifying expenses of \$56,000 which the Organization believes meets the conditions of the program and as a result, \$56,000 of the refundable advance was reclassified to unrestricted grant revenue in 2020. The Organization has received official notification of forgiveness of this loan from the SBA.

In addition, the Council received an Economic Injury Disaster Loan (EIDL) of \$4,000 during 2020. As this advance was made during 2020, it is also recorded as Government Grant revenue on its statement of activities. This EIDL loan was ultimately forgiven in 2021. The total of Government Grants received from the PPP loan and EIDL advances totaled \$60,000 for the year ended December 31, 2020.

NOTE 9 - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Council cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact the Council's operations and impact its financial statements.

NOTE 10 - SUBSEQUENT EVENTS

In March 2021, the Council received a grant of \$15,000 from Ramsey County. These are funds from the Coronavirus Aid, Relief and Economic Security (CARES) Act that the County was able to allocate to those that applied for funding.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. Part of the CARES Act was the Paycheck Protection Program (PPP) which allowed for organizations to apply for a potentially forgivable loan if the proceeds were used for the specified purposes. Potential forgiveness of this loan is dependent upon how the PPP funds are expended and subject to the Local Bank and possibly US Small Business Administration approval. In February 2021, the Council received a \$51,092 loan from the PPP program second draw and expects to use it for the designated purposes.