

**ASSOCIATION FOR NONSMOKERS-
MINNESOTA**
AUDITED FINANCIAL STATEMENTS
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Management and Board of Directors
Association for Nonsmokers-Minnesota
St. Paul, Minnesota

We have audited the accompanying financial statements of Association for Nonsmokers-Minnesota (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Association for Nonsmokers-Minnesota as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Harrington Langer & Associates

May 26, 2021

ASSOCIATION FOR NONSMOKERS-MINNESOTA
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 356,944	\$ 146,225
Certificates of deposit	300,502	600,000
Contracts receivable	179,709	242,993
Contributions receivable	1,443	6,694
Prepaid expenses	3,592	4,995
Note receivable	20,000	20,000
TOTAL CURRENT ASSETS	862,190	1,020,907
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	115,851	113,677
Less: accumulated depreciation	(93,141)	(76,870)
TOTAL PROPERTY AND EQUIPMENT, net	22,710	36,807
OTHER ASSETS		
Funds held for others	112,950	120,295
TOTAL ASSETS	\$ 997,850	\$ 1,178,009

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,672	\$ 63,041
Accrued expenses	54,931	44,074
Contract advances	<u>105,297</u>	<u>306,414</u>
TOTAL CURRENT LIABILITIES	181,900	413,529
LONG-TERM LIABILITIES		
Funds held for others	<u>112,950</u>	<u>120,295</u>
TOTAL LIABILITIES	<u>294,850</u>	<u>533,824</u>
NET ASSETS		
Net assets without donor restrictions	703,000	644,185
Net assets with donor restrictions	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>703,000</u>	<u>644,185</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 997,850</u></u>	<u><u>\$ 1,178,009</u></u>

ASSOCIATION FOR NONSMOKERS-MINNESOTA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

(With Comparative Totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
REVENUE AND SUPPORT				
Contract revenue	\$ 1,521,333	\$ -	\$ 1,521,333	\$ 1,847,566
Member contributions	63,386	-	63,386	9,630
Investment income	14,971	-	14,971	11,699
Contributions	17,022	-	17,022	18,511
Special event	4,206	-	4,206	5,485
In-kind contributions	95,000	-	95,000	90,000
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>1,715,918</u>	<u>-</u>	<u>1,715,918</u>	<u>1,982,891</u>
EXPENSES				
Program services				
Point-Of-Sale	440,776	-	440,776	503,428
MN prevention resource center	217,489	-	217,489	308,835
Technical assistance and training	152,673	-	152,673	260,847
Live smoke free	148,310	-	148,310	435,896
Other program services	<u>467,636</u>	<u>-</u>	<u>467,636</u>	<u>233,217</u>
Total program services	<u>1,426,884</u>	<u>-</u>	<u>1,426,884</u>	<u>1,742,223</u>
Supportive services				
Management and general	216,369	-	216,369	172,186
Fundraising	<u>13,850</u>	<u>-</u>	<u>13,850</u>	<u>12,772</u>
Total supportive services	<u>230,219</u>	<u>-</u>	<u>230,219</u>	<u>184,958</u>
TOTAL EXPENSES	<u>1,657,103</u>	<u>-</u>	<u>1,657,103</u>	<u>1,927,181</u>
CHANGE IN NET ASSETS	58,815	-	58,815	55,710
NET ASSETS, BEGINNING OF YEAR	<u>644,185</u>	<u>-</u>	<u>644,185</u>	<u>588,475</u>
NET ASSETS, END OF YEAR	<u>\$ 703,000</u>	<u>\$ -</u>	<u>\$ 703,000</u>	<u>\$ 644,185</u>

ASSOCIATION FOR NONSMOKERS-MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
REVENUE AND SUPPORT			
Contract and grant income	\$ 1,847,566	\$ -	\$ 1,847,566
Member contributions	9,630	-	9,630
Investment income	11,699	-	11,699
Contributions	18,511	-	18,511
Special event	5,485	-	5,485
In-kind contributions	90,000	-	90,000
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>1,982,891</u>	<u>-</u>	<u>1,982,891</u>
EXPENSES			
Program services			
Point-Of-Sale	503,428	-	503,428
MN Prevention Resource Center	308,835	-	308,835
Technical Assistance and Training	260,847	-	260,847
Live Smoke Free	435,896	-	435,896
Other Program Services	<u>233,217</u>	<u>-</u>	<u>233,217</u>
Total program services	<u>1,742,223</u>	<u>-</u>	<u>1,742,223</u>
Supportive services			
Management and general	172,186	-	172,186
Fundraising	<u>12,772</u>	<u>-</u>	<u>12,772</u>
Total supportive services	<u>184,958</u>	<u>-</u>	<u>184,958</u>
TOTAL EXPENSES	<u>1,927,181</u>	<u>-</u>	<u>1,927,181</u>
CHANGE IN NET ASSETS	55,710	-	55,710
NET ASSETS, BEGINNING OF YEAR	<u>588,475</u>	<u>-</u>	<u>588,475</u>
NET ASSETS, END OF YEAR	<u>\$ 644,185</u>	<u>\$ -</u>	<u>\$ 644,185</u>

ASSOCIATION FOR NONSMOKERS-MINNESOTA
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 58,815	\$ 55,710
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,271	15,360
Interest reinvested	(502)	(6,237)
(Increase) decrease in:		
Contracts receivable & contracts receivable	68,535	(44,281)
Prepaid expenses	1,403	(1,484)
Increase (decrease) in:		
Accounts payable	(41,369)	658
Accrued expenses	10,857	11,775
Contract advances	(201,117)	85,329
Funds held for others	-	(10,237)
	(87,107)	106,593
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificate of deposit	600,000	485,942
Purchase of certificate of deposit	(300,000)	(600,000)
Purchases of equipment	(2,174)	(11,486)
	297,826	(125,544)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	210,719	(18,951)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	146,225	165,176
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 356,944	\$ 146,225

ASSOCIATION FOR NONSMOKERS-MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Program Services					Supportive Services				
	Point-Of-Sale	MN Prevention Resource Center	Technical Assistance and Training	Live Smoke Free	All Other Programs	Total Program Services	Management and General	Fund-raising	Total 2020	Total 2019
Salaries	\$ 274,542	\$ 106,380	\$ 89,242	\$ 89,169	\$ 250,622	\$ 809,955	\$ 79,728	\$ 9,470	\$ 899,153	\$ 877,444
Payroll taxes	22,321	8,664	7,297	7,265	12,232	57,779	5,688	676	64,143	62,208
Benefits	53,017	19,700	18,085	20,113	31,305	142,220	14,000	1,663	157,883	152,462
Total Personnel Expenses	349,880	134,744	114,624	116,547	294,159	1,009,954	99,416	11,809	1,121,179	1,092,114
Contract services	52,849	56,174	23,629	725	135,338	268,715	42,309	-	311,024	400,843
Program media and supplies	13,139	5,432	346	1,104	10,444	30,465	-	-	30,465	158,818
Office supplies	655	2,567	525	843	618	5,208	3,011	289	8,508	15,014
Postage and delivery	508	353	1,682	2,255	1,193	5,991	1,125	-	7,116	9,382
Telephone and internet	4,489	4,137	1,561	281	1,727	12,195	4,798	-	16,993	14,725
Printing	4,964	1,299	8,024	19,786	4,892	38,965	405	1,752	41,122	70,923
Dues and subscriptions	815	455	925	40	3,519	5,754	2,018	-	7,772	9,284
Travel	2,555	47	863	550	2,306	6,321	41	-	6,362	33,174
Conferences and meetings	3,067	1,467	190	2,509	2,241	9,474	-	-	9,474	32,523
Insurance	-	-	-	-	463	463	1,484	-	1,947	1,825
Rent, utilities, and maintenance	4,254	9,174	-	3,600	9,026	26,054	44,470	-	70,524	69,934
Miscellaneous	3,601	1,640	304	70	1,710	7,325	1,021	-	8,346	3,262
Depreciation	-	-	-	-	-	-	16,271	-	16,271	15,360
Total Expenses	\$ 440,776	\$ 217,489	\$ 152,673	\$ 148,310	\$ 467,636	\$1,426,884	\$ 216,369	\$ 13,850	\$1,657,103	\$1,927,181

ASSOCIATION FOR NONSMOKERS-MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services					Supportive Services			Total
	Point-Of-Sale	MN Prevention Resource Center	Technical Assistance and Training	Live Smoke Free	All Other Programs	Total Program Services	Management and General	Fund-raising	
Salaries	\$ 287,935	\$ 117,811	\$ 95,166	\$ 142,829	\$ 160,519	\$ 804,260	\$ 64,371	\$ 8,813	\$ 877,444
Payroll taxes	23,114	9,432	7,634	11,418	5,421	57,019	4,564	625	62,208
Benefits	53,731	22,858	18,589	29,637	14,931	139,746	11,185	1,531	152,462
Total Personnel Expenses	364,780	150,101	121,389	183,884	180,871	1,001,025	80,120	10,969	1,092,114
Contract services	61,247	116,722	16,509	169,799	21,682	385,959	14,884	-	400,843
Program media and supplies	39,104	3,764	97,834	11,051	4,046	155,799	2,899	120	158,818
Office supplies	2,343	3,112	1,377	4,198	3,984	15,014	-	-	15,014
Postage and delivery	1,130	1,192	1,295	4,254	398	8,269	772	341	9,382
Telephone and internet	2,826	3,860	1,351	1,009	840	9,886	4,839	-	14,725
Printing	10,882	8,551	14,856	32,692	576	67,557	2,024	1,342	70,923
Dues and subscriptions	798	3,057	1,212	308	1,840	7,215	2,069	-	9,284
Travel	7,208	1,057	2,645	10,422	10,868	32,200	974	-	33,174
Conferences and meetings	7,765	8,425	2,279	9,799	4,255	32,523	-	-	32,523
Insurance	-	-	-	-	614	614	1,211	-	1,825
Rent, utilities, and maintenance	4,163	8,984	-	8,280	1,593	23,020	46,914	-	69,934
Miscellaneous	1,182	10	100	200	1,650	3,142	120	-	3,262
Depreciation	-	-	-	-	-	-	15,360	-	15,360
Total Expenses	\$ 503,428	\$ 308,835	\$ 260,847	\$ 435,896	\$ 233,217	\$1,742,223	\$ 172,186	\$ 12,772	\$1,927,181

ASSOCIATION FOR NONSMOKERS-MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

This corporation is organized and shall be operated exclusively for the following charitable and education purposes:

- To promote and serve Minnesotans in their quest for clean, healthy air, free of tobacco smoke;
- To offer support to nonsmokers and nonsmokers' rights organizations in other states of the United States of America and in foreign countries;
- To prevent young people from starting to use tobacco;
- And more generally, to combat the health, environmental and economic problems resulting from tobacco use.

Pending Accounting Pronouncements:

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842) that requires lessees to recognize a right-of-use asset and lease liability on the statement of financial condition and disclose key information about leasing arrangements, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current U.S. GAAP. ASU 2016-02 is effective for annual periods beginning after December 15, 2021. The Company is in the process of assessing the impact of adoption of ASU 2016-02 on its financial statements.

Basis of Presentation:

The financial statements of Association for Nonsmokers-Minnesota, (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, where by the donor has stipulated the funds be maintained in perpetuity.

ASSOCIATION FOR NONSMOKERS-MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES 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 statements of activities.

Revenue Recognition:

The Organization recognizes revenue from exchange transactions, primarily through programs that educate and advocate non-smoking policies, when the qualifying expenditures are incurred. 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 contract advances in the statements of financial position. The Organization has no cost-reimbursable grants that have not been recognized at December 31, 2020 and 2019 because the qualifying expenditures have not yet been incurred, with advance payments of \$105,297 and \$306,414, are recognized in the statement of financial position at December 31, 2020 and 2019, respectively.

Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated 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 released to net assets without donor restrictions. Grants and contributions whose restrictions are met in the same reporting period are reflected as support without donor restrictions.

The Organization reports gifts of goods and equipment as support without donor stipulations unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

ASSOCIATION FOR NONSMOKERS-MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

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. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as the result of other concentrations of credit risk.

Certificates of Deposit:

The certificates of deposit are valued at cost plus accrued interest.

Contracts and Contributions Receivable:

The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. On December 31, 2020 and 2019, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Property and Equipment:

Property and equipment are recorded at cost. Expenditures for renewals and betterments are capitalized. Repairs and maintenance costs are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in the results of operation. Equipment and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair market values at the date they are received. Depreciation expense is calculated on the straight-line method over the estimated useful lives of the assets:

	<u>Years</u>
Furniture and equipment	3-7

Depreciation expense was \$16,221 and \$15,360 for the years ended December 31, 2020 and 2019, respectively.

ASSOCIATION FOR NONSMOKERS-MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Functional Allocation of Expenses:

Expenses are charged to each program based on direct expenditures incurred and have been summarized on a functional basis. Any expenditures not directly chargeable are allocated to program support costs based on management's analysis and estimates of direct personnel hours and labor-related costs. These estimates are revised by management, as necessary, to reflect the current state of the Organization and to provide accurate expense allocations.

Estimates:

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

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 26, 2021, the date the financial statements were available to be issued.

NOTE 2. NOTE RECEIVABLE

The Organization has a \$20,000 non-interest-bearing note receivable for both years ended December 31, 2020 and 2019, respectively.

NOTE 3. CERTIFICATES OF DEPOSIT

On December 31, 2020 and 2019, the Organization had certificates of deposit with original maturities of greater than three months totaling \$300,502 and \$600,000. These certificates bear interest between 0.10% and 1.65% and mature at various dates through July 2021.

ASSOCIATION FOR NONSMOKERS-MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. AVAILABILITY AND LIQUIDITY

The following represents Association for Nonsmokers-Minnesota's financial assets available for general expenditure within one year of December 31, 2020 and 2019:

	2020	2019
Financial Assets at Year-End		
Cash and cash equivalents	\$ 356,944	\$ 146,225
Certificates of deposit	300,502	600,000
Contracts receivable	179,709	242,993
Contributions receivable	1,443	6,694
Total financial assets	\$ 838,598	\$ 995,912

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses. As part of its investment plan, excess cash is invested in certificates of deposit.

NOTE 5. MAJOR FUNDING SOURCES

For the year ended December 31, 2020, the Organization had support and revenue from two sources that accounted for approximately 32% of total revenue and support. The Organization also had amounts due from four sources that accounted for approximately 72% of total receivables for the year ended December 31, 2020.

For the year ended December 31, 2019, the Organization had support and revenue from four sources that accounted for approximately 63% of total revenue and support. The Organization also had amounts due from four sources that accounted for approximately 82% of total receivables for the year ended December 31, 2019.

NOTE 6. IN-KIND CONTRIBUTIONS

The Organization recognized in-kind contributions of \$95,000 and \$90,000 for Executive Director Services for the years ended December 31, 2020 and 2019, respectively.

ASSOCIATION FOR NONSMOKERS-MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension (SEP) Plan on behalf of its employees. The Organization makes discretionary contributions on behalf of eligible employees who have attained the age of 21 and meet certain employment requirements. For the years ended December 31, 2020 and 2019, the Organization contributed \$38,972 and \$37,512 to this plan, respectively.

The Organization sponsors a 403(b) retirement plan available to all employees that work 20 hours or more per week. Participating employees can contribute the maximum amount permitted by law. The Organization made no contributions to this plan for both years ended December 31, 2020 and 2019.

NOTE 8. LEASE COMMITMENTS

The Organization leases office facilities under an operating lease that expires in October 2021. Rent expense on this lease amounted to approximately \$66,000 and \$65,000 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments for the operating lease will be approximately \$46,000 to be paid in 2021.

NOTE 9. FUNDS HELD FOR OTHERS

During the years ended December 31, 2020 and 2019, the Organization held unspent grant funds of an unrelated organization of \$112,950 and \$120,295, respectively. These funds are expected to be paid back to the unrelated organization during the five-year grant period which expires in June 2022.