

**ASSOCIATION FOR NONSMOKERS-  
MINNESOTA**  
**AUDITED FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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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, 2018 and 2017 and the related statements of activities, cash flows, functional expenses, 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, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Herrington Janger & Assoc.*

March 27, 2019

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2018 and 2017

|  | 2018                | 2017              |
|--|---------------------|-------------------|
| <b>ASSETS</b>                            |                     |                   |
| <b>CURRENT ASSETS</b>                    |                     |                   |
| Cash and cash equivalents                | \$ 164,697          | \$ 223,108        |
| Certificates of deposit                  | 550,674             | 250,519           |
| Grants and accounts receivable           | 205,406             | 168,374           |
| Prepaid expenses                         | 3,511               | 2,058             |
| Inventory                                | -                   | 3,307             |
| Note receivable                          | 20,000              | 20,000            |
| <b>TOTAL CURRENT ASSETS</b>              | <b>944,288</b>      | <b>667,366</b>    |
| <b>PROPERTY AND EQUIPMENT, at cost</b>   |                     |                   |
| Furniture and equipment                  | 102,191             | 68,017            |
| Less: accumulated depreciation           | (61,510)            | (52,390)          |
| <b>TOTAL PROPERTY AND EQUIPMENT, net</b> | <b>40,681</b>       | <b>15,627</b>     |
| <b>OTHER ASSETS</b>                      |                     |                   |
| Certificates of deposit                  | 49,805              | -                 |
| <b>TOTAL ASSETS</b>                      | <b>\$ 1,034,774</b> | <b>\$ 682,993</b> |

|   | <u>2018</u>                       | <u>2017</u>                     |
|---|-----------------------------------|---------------------------------|
| <b>LIABILITIES AND NET ASSETS</b>       |                                   |                                 |
| <b>CURRENT LIABILITIES</b>              |                                   |                                 |
| Accounts payable                        | \$ 62,383                         | \$ 30,715                       |
| Accrued expenses                        | 32,299                            | 32,168                          |
| Grant advances                          | <u>221,085</u>                    | <u>19,147</u>                   |
| <b>TOTAL CURRENT LIABILITIES</b>        | <b>315,767</b>                    | <b>82,030</b>                   |
| <b>LONG-TERM LIABILITIES</b>            |                                   |                                 |
| Funds held for others                   | <u>130,532</u>                    | <u>104,162</u>                  |
| <b>TOTAL LIABILITIES</b>                | <b><u>446,299</u></b>             | <b><u>186,192</u></b>           |
| <b>NET ASSETS</b>                       |                                   |                                 |
| Net assets without donor restrictions   | 588,475                           | 496,801                         |
| Net assets with donor restrictions      | <u>-</u>                          | <u>-</u>                        |
| <b>TOTAL NET ASSETS</b>                 | <b><u>588,475</u></b>             | <b><u>496,801</u></b>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b><u><u>\$ 1,034,774</u></u></b> | <b><u><u>\$ 682,993</u></u></b> |

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total<br>2018     | Total<br>2017     |
|---------------------------------------|-------------------------------|----------------------------|-------------------|-------------------|
| <b>REVENUE AND SUPPORT</b>            |                               |                            |                   |                   |
| Contract and grant income             | \$ 1,888,763                  | \$ -                       | \$ 1,888,763      | \$ 1,348,280      |
| Member contributions                  | 11,747                        | -                          | 11,747            | 17,106            |
| Investment income                     | 6,134                         | -                          | 6,134             | 1,470             |
| Contributions                         | 11,712                        | -                          | 11,712            | 17,131            |
| Special event                         | 6,442                         | -                          | 6,442             | 5,695             |
| In-kind contributions                 | 90,000                        | -                          | 90,000            | 80,000            |
| Net assets released from restrictions | -                             | -                          | -                 | -                 |
| <b>TOTAL REVENUE AND<br/>SUPPORT</b>  | <u>2,014,798</u>              | <u>-</u>                   | <u>2,014,798</u>  | <u>1,469,682</u>  |
| <b>EXPENSES</b>                       |                               |                            |                   |                   |
| Program services                      | 1,738,375                     | -                          | 1,738,375         | 1,237,729         |
| Management and general                | 173,534                       | -                          | 173,534           | 159,272           |
| Fundraising                           | 11,215                        | -                          | 11,215            | 11,850            |
| <b>TOTAL EXPENSES</b>                 | <u>1,923,124</u>              | <u>-</u>                   | <u>1,923,124</u>  | <u>1,408,851</u>  |
| <b>CHANGE IN NET ASSETS</b>           | 91,674                        | -                          | 91,674            | 60,831            |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  | <u>496,801</u>                | <u>-</u>                   | <u>496,801</u>    | <u>435,970</u>    |
| <b>NET ASSETS, END OF YEAR</b>        | <u>\$ 588,475</u>             | <u>\$ -</u>                | <u>\$ 588,475</u> | <u>\$ 496,801</u> |

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2017

|                                       | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|---------------------------------------|---------------------------------------|------------------------------------|-------------------|
| <b>REVENUE AND SUPPORT</b>            |                                       |                                    |                   |
| Contract and grant income             | \$ 1,348,280                          | \$ -                               | \$ 1,348,280      |
| Member contributions                  | 17,106                                | -                                  | 17,106            |
| Investment income                     | 1,470                                 | -                                  | 1,470             |
| Contributions                         | 17,131                                | -                                  | 17,131            |
| Special event                         | 5,695                                 | -                                  | 5,695             |
| In-kind contributions                 | 80,000                                | -                                  | 80,000            |
| Net assets released from restrictions | -                                     | -                                  | -                 |
|                                       | <u>1,469,682</u>                      | <u>-</u>                           | <u>1,469,682</u>  |
| <b>TOTAL REVENUE AND<br/>SUPPORT</b>  |                                       |                                    |                   |
|                                       | <u>1,469,682</u>                      | <u>-</u>                           | <u>1,469,682</u>  |
| <b>EXPENSES</b>                       |                                       |                                    |                   |
| Program services                      | 1,237,729                             | -                                  | 1,237,729         |
| Management and general                | 159,272                               | -                                  | 159,272           |
| Fundraising                           | 11,850                                | -                                  | 11,850            |
|                                       | <u>1,408,851</u>                      | <u>-</u>                           | <u>1,408,851</u>  |
| <b>TOTAL EXPENSES</b>                 |                                       |                                    |                   |
|                                       | <u>1,408,851</u>                      | <u>-</u>                           | <u>1,408,851</u>  |
| <b>CHANGE IN NET ASSETS</b>           | 60,831                                | -                                  | 60,831            |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  | <u>435,970</u>                        | <u>-</u>                           | <u>435,970</u>    |
| <b>NET ASSETS, END OF YEAR</b>        | <u>\$ 496,801</u>                     | <u>\$ -</u>                        | <u>\$ 496,801</u> |

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017

|   | 2018              | 2017              |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                   |
| Change in net assets  | \$ 91,674         | \$ 60,831         |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation  | 9,120             | 3,344             |
| Interest reinvested   | (5,830)           | (270)             |
| (Increase) decrease in:   |                   |                   |
| Grants and accounts receivable  | (37,032)          | (34,446)          |
| Prepaid expenses  | (1,453)           | 1,205             |
| Inventory   | 3,307             | (3,307)           |
| Increase (decrease) in:   |                   |                   |
| Accounts payable  | 31,668            | (10,833)          |
| Accrued expenses  | 131               | (34,896)          |
| Grant advances  | 201,938           | (9,261)           |
|   | <u>293,523</u>    | <u>(27,633)</u>   |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>  |                   |                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Redemption of certificate of deposit  | 155,870           | 100,000           |
| Purchase of certificate of deposit  | (500,000)         | (250,000)         |
| Purchases of equipment  | (34,174)          | (10,754)          |
|   | <u>(378,304)</u>  | <u>(160,754)</u>  |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  |                   |                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                   |
| Funds held for others   | 26,370            | 104,162           |
|   | <u>26,370</u>     | <u>104,162</u>    |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>  | (58,411)          | (84,225)          |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | <u>223,108</u>    | <u>307,333</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u>\$ 164,697</u> | <u>\$ 223,108</u> |



**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

|                                  | Program<br>Services | Management<br>and<br>General | Fund-<br>raising | Total<br>2018      | Total<br>2017      |
|----------------------------------|---------------------|------------------------------|------------------|--------------------|--------------------|
| Salaries                         | \$ 798,725          | \$ 64,267                    | \$ 8,658         | \$ 871,650         | \$ 777,055         |
| Payroll taxes                    | 58,853              | 4,735                        | 638              | 64,226             | 56,124             |
| Benefits                         | 134,578             | 10,828                       | 1,459            | 146,865            | 118,067            |
| <b>Total Personnel Expenses</b>  | <b>992,156</b>      | <b>79,830</b>                | <b>10,755</b>    | <b>1,082,741</b>   | <b>951,246</b>     |
| Contract services                | 478,810             | 20,339                       | -                | 499,149            | 194,402            |
| Program media and supplies       | 56,195              | -                            | -                | 56,195             | 47,913             |
| Office supplies                  | 9,193               | 2,900                        | 120              | 12,213             | 10,666             |
| Postage and delivery             | 8,113               | 772                          | 340              | 9,225              | 6,535              |
| Telephone and internet           | 8,258               | 4,839                        | -                | 13,097             | 8,081              |
| Printing                         | 71,314              | 3,366                        | -                | 74,680             | 63,092             |
| Dues and subscriptions           | 7,804               | 2,069                        | -                | 9,873              | 5,187              |
| Travel                           | 50,727              | 974                          | -                | 51,701             | 36,626             |
| Conferences and meetings         | 27,552              | -                            | -                | 27,552             | 22,320             |
| Insurance                        | 463                 | 1,211                        | -                | 1,674              | 1,517              |
| Rent, utilities, and maintenance | 20,510              | 46,914                       | -                | 67,424             | 55,574             |
| Miscellaneous                    | 7,280               | 1,200                        | -                | 8,480              | 2,348              |
| Depreciation                     | -                   | 9,120                        | -                | 9,120              | 3,344              |
| <b>Total Expenses</b>            | <b>\$1,738,375</b>  | <b>\$ 173,534</b>            | <b>\$ 11,215</b> | <b>\$1,923,124</b> | <b>\$1,408,851</b> |

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2017

|                                  | Program<br>Services | Management<br>and<br>General | Fund-<br>raising | Total              |
|----------------------------------|---------------------|------------------------------|------------------|--------------------|
| Salaries                         | \$ 707,208          | \$ 61,885                    | \$ 7,962         | \$ 777,055         |
| Payroll taxes                    | 51,079              | 4,470                        | 575              | 56,124             |
| Benefits                         | 107,454             | 9,403                        | 1,210            | 118,067            |
| <b>Total Personnel Expenses</b>  | <b>865,741</b>      | <b>75,758</b>                | <b>9,747</b>     | <b>951,246</b>     |
| Contract services                | 172,398             | 22,004                       | -                | 194,402            |
| Program media and supplies       | 47,913              | -                            | -                | 47,913             |
| Office supplies                  | 8,086               | 2,580                        | -                | 10,666             |
| Postage and delivery             | 5,630               | 552                          | 353              | 6,535              |
| Telephone and internet           | 3,992               | 4,089                        | -                | 8,081              |
| Printing                         | 59,523              | 1,858                        | 1,711            | 63,092             |
| Dues and subscriptions           | 3,177               | 2,010                        | -                | 5,187              |
| Travel                           | 35,091              | 1,496                        | 39               | 36,626             |
| Conferences and meetings         | 22,320              | -                            | -                | 22,320             |
| Insurance                        | 460                 | 1,057                        | -                | 1,517              |
| Rent, utilities, and maintenance | 11,516              | 44,058                       | -                | 55,574             |
| Miscellaneous                    | 1,882               | 466                          | -                | 2,348              |
| Depreciation                     | -                   | 3,344                        | -                | 3,344              |
| <b>Total Expenses</b>            | <b>\$ 1,237,729</b> | <b>\$ 159,272</b>            | <b>\$ 11,850</b> | <b>\$1,408,851</b> |

**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.

**Basis of Presentation:**

The financial statements of Association for Nonsmokers-Minnesota have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Association for Nonsmokers-Minnesota 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 Association for Nonsmokers-Minnesota'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 Association for Nonsmokers-Minnesota 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.

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.

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Support and Expenses:**

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 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.

**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. Management believes the Organization is not exposed to any significant credit risk with respect to cash and cash equivalents.

**Certificates of Deposit:**

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

**Grants and Accounts Receivable:**

The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At December 31, 2018 and 2017, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Grants from Governmental Agencies:**

Government grants are typically designated for use by specific program and/or conditional upon future events. Advances and/or revenue from such grants are deferred until such conditions are met or services rendered. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the disallowance is made.

**Furniture and Equipment:**

All major expenditures for furniture and office equipment of \$500 or more are capitalized at cost. 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 is provided on the straight-line method over the estimated useful lives of the underlying assets, generally 3-7 years.

**Functional Expenses:**

Expenses are charged to each program based on direct expenditures incurred. 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.

**Income Taxes:**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

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 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.

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

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

**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.

**Inventories:**

Inventory consists of Live Smoke Free products. Inventory is priced at the lower of cost or market, as determined on a first-in, first-out basis. At December 31, 2018 and 2017, inventory was recorded at \$0 and \$3,307, respectively.

**Reclassifications:**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**New Accounting Pronouncement:**

On August 18, 2016, FASB issued 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. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Subsequent Events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 27, 2019, 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 the years ended December 31, 2018 and 2017.

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. CERTIFICATES OF DEPOSIT**

On December 31, 2018, the Organization had certificates of deposit with original maturities of greater than three months totaling \$600,479. These certificates bear interest between 1.55% and 2.80%, and mature at various dates through April 2020.

On December 31, 2017, the Organization had certificates of deposit with original maturities of greater than three months totaling \$250,519. These certificates bore interest between 1.00% and 1.80% and mature at various dates through July 2019.

**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, 2018:

|   | Amount     |
|---|------------|
| Financial Assets at Year-End  |            |
| Cash and cash equivalents   | \$ 164,697 |
| Certificates of deposit   | 550,674    |
| Grants and accounts receivable  | 225,406    |
| Total financial assets  | 940,777    |
| Less amounts not available to be used within one year                   |            |
| Net assets with donor restrictions                                      | -          |
| Less net assets with restrictions to be met in less than one year       | -          |
| Financial assets available to meet general expenditures within one year | \$ 940,777 |

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. CONCENTRATION OF CREDIT RISK**

The Organization maintained its cash balances at financial institutions located in the Minneapolis, Minnesota metropolitan area. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to \$250,000 for the years ended December 31, 2018 and 2017. At December 31, 2018 and 2017, the Organization had no uninsured cash balances.

**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. BORROWING ARRANGEMENT**

The Organization maintains a credit card account of which they can borrow up to \$30,000 and \$25,000 for the years ended December 31, 2018 and 2017, respectively. Advances on this credit card accrued interest at a rate of 14.24% and 13.24% for the years ended December 31, 2018 and 2017, respectively. There were outstanding advances on this credit card account of \$6,123 and \$7,395, which were included in the accounts payable balance as of December 31, 2018 and 2017, respectively.

**NOTE 7. MAJOR FUNDING SOURCES**

During the years ended December 31, 2018 and 2017, major sources of support and revenue (as a percentage of total revenue) were as follows:

|                                | 2018 | 2017 |
|--------------------------------|------|------|
| Clearway                       | 23%  | 29%  |
| Blue Cross Blue Shield         | 15%  | 22%  |
| Minnesota Department of Health | 12%  | 13%  |
| Department of Human Services   | 15%  | 11%  |
| Robert Wood Johnson Foundation | 12%  | *    |

\* Funding source was not a major source of support and revenue

At December 31, 2018 and 2017, accounts receivable included amounts due from these sources of approximately \$180,000 and \$143,000, respectively.

**NOTE 8. IN-KIND CONTRIBUTIONS**

The Organization recognized in-kind contributions of \$90,000 and \$80,000 for Executive Director Services for the years ended December 31, 2018 and 2017, respectively.

**NOTE 9. 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, 2018 and 2017, the Organization contributed \$38,316 and \$33,921, respectively, to this plan.

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 the years ended December 31, 2018 and 2017.



**ASSOCIATION FOR NONSMOKERS-MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10. LEASE COMMITMENTS**

The Organization leases office facilities under month to month operating leases. Rent expense on these leases amounted to approximately \$62,000 and \$51,000 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018, the Organization had future minimum lease payments of \$54,000 for the year ending December 31, 2019.

**NOTE 11. FUNDS HELD FOR OTHERS**

During the years ended December 31, 2018 and 2017, the Organization held unspent grant funds of an unrelated organization of \$130,532 and \$104,162, respectively. These funds are expected to be paid back to the unrelated organization during the five-year grant period.