

ASSOCIATION FOR NONSMOKERS - MINNESOTA
AUDITED FINANCIAL STATEMENTS
December 31, 2022 and 2021



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Association for Nonsmokers - Minnesota as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association for Nonsmokers - Minnesota and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Association for Nonsmokers - Minnesota's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association for Nonsmokers - Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association for Nonsmokers - Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Harrington Langer & Associates

May 12, 2023

ASSOCIATION FOR NONSMOKERS - MINNESOTA
STATEMENTS OF FINANCIAL POSITIONS
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 635,948	\$ 648,237
Contracts receivable	206,955	190,694
Contributions receivable	1,311	1,980
Prepaid expenses	5,240	5,616
TOTAL CURRENT ASSETS	849,454	846,527
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	95,597	98,442
Less: accumulated depreciation	(92,332)	(88,375)
TOTAL PROPERTY AND EQUIPMENT, net	3,265	10,067
OTHER ASSETS		
Funds held for others	29,656	83,320
TOTAL ASSETS	\$ 882,375	\$ 939,914
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,549	\$ 8,250
Accrued expenses	75,014	61,715
Contract advances	28,956	806
TOTAL CURRENT LIABILITIES	107,519	70,771
LONG-TERM LIABILITIES		
Funds held for others	29,656	83,320
TOTAL LIABILITIES	137,175	154,091
NET ASSETS		
Net assets without donor restrictions	745,200	785,823
Net assets with donor restrictions	-	-
TOTAL NET ASSETS	745,200	785,823
TOTAL LIABILITIES AND NET ASSETS	\$ 882,375	\$ 939,914

ASSOCIATION FOR NONSMOKERS - MINNESOTA
STATEMENT OF ACTIVITIES
December 31, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
REVENUE AND SUPPORT				
Contract revenue	\$ 1,090,358	\$ -	\$ 1,090,358	\$ 1,449,526
Member contributions	40,149	-	40,149	57,132
Investment income	1,110	-	1,110	1,658
Contributions	16,344	-	16,344	22,069
Special event	7,664	-	7,664	8,206
In-kind contributions	95,000	-	95,000	95,000
Loss on sale of fixed assets	(399)	-	(399)	-
Net assets released from restrictions	-	-	-	-
	1,250,226	-	1,250,226	1,633,591
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program services				
Point-Of-Sale	181,427	-	181,427	345,230
MN prevention resource center	184,376	-	184,376	258,007
Technical assistance and training	165,651	-	165,651	116,819
Live smoke free	128,860	-	128,860	132,155
Other program services	475,399	-	475,399	508,284
	1,135,713	-	1,135,713	1,360,495
Total program services				
Supportive services				
Management and general	146,009	-	146,009	176,642
Fundraising	9,127	-	9,127	13,631
	155,136	-	155,136	190,273
Total supportive services				
	1,290,849	-	1,290,849	1,550,768
TOTAL EXPENSES				
CHANGE IN NET ASSETS	(40,623)	-	(40,623)	82,823
NET ASSETS, BEGINNING OF YEAR	785,823	-	785,823	703,000
NET ASSETS, END OF YEAR	\$ 745,200	\$ -	\$ 745,200	\$ 785,823

See notes to financial statements

ASSOCIATION FOR NONSMOKERS - MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
REVENUE AND SUPPORT			
Contract and grant income	\$ 1,449,526	\$ -	\$ 1,449,526
Member contributions	57,132	-	57,132
Investment income	1,658	-	1,658
Contributions	22,069	-	22,069
Special event	8,206	-	8,206
In-kind contributions	95,000	-	95,000
Net assets released from restrictions	-	-	-
	1,633,591	-	1,633,591
TOTAL REVENUE AND SUPPORT			
EXPENSES			
Program services			
Point-Of-Sale	345,230	-	345,230
MN Prevention Resource Center	258,007	-	258,007
Technical Assistance and Training	116,819	-	116,819
Live Smoke Free	132,155	-	132,155
Other Program Services	508,284	-	508,284
	1,360,495	-	1,360,495
Total program services			
Supportive services			
Management and general	176,642	-	176,642
Fundraising	13,631	-	13,631
	190,273	-	190,273
Total supportive services			
	1,550,768	-	1,550,768
TOTAL EXPENSES			
CHANGE IN NET ASSETS	82,823	-	82,823
NET ASSETS, BEGINNING OF YEAR	703,000	-	703,000
NET ASSETS, END OF YEAR	\$ 785,823	\$ -	\$ 785,823

ASSOCIATION FOR NONSMOKERS - MINNESOTA
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (40,623)	\$ 82,823
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,403	12,643
Loss on sale of fixed assets	399	
(Increase) decrease in:		
Contracts receivable & contributions receivable	(15,592)	(11,522)
Prepaid expenses	376	(2,024)
Increase (decrease) in:		
Accounts payable	(4,701)	(13,422)
Accrued expenses	13,299	6,784
Contract advances	28,150	(104,491)
	(12,289)	(29,209)
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificate of deposit	-	300,502
Forgiveness of note receivable	-	20,000
	-	320,502
NET CASH PROVIDED BY INVESTING ACTIVITIES		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,289)	291,293
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	648,237	356,944
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 635,948	\$ 648,237

ASSOCIATION FOR NONSMOKERS - MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	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 2022	Total 2021
Salaries	\$ 97,918	\$ 99,286	\$ 118,712	\$ 77,380	\$ 287,025	\$ 680,321	\$ 67,669	\$ 9,071	\$ 757,061	\$ 824,414
Payroll taxes	7,736	7,337	9,371	6,116	12,198	42,758	8,443	-	51,201	57,399
Benefits	20,377	14,405	21,524	13,246	31,157	100,709	7,236	-	107,945	131,235
Total Personnel Expenses	126,031	121,028	149,607	96,742	330,380	823,788	83,348	9,071	916,207	1,013,048
Contract services	33,314	36,718	435	2,857	111,850	185,174	8,955	-	194,129	323,245
Program media and supplies	539	573	305	311	1,813	3,541	-	-	3,541	34,353
Office supplies	6,499	2,173	3,518	33	2,663	14,886	320	-	15,206	3,411
Postage and delivery	118	150	993	2,382	1,264	4,907	502	-	5,409	6,545
Telephone and internet	2,673	3,621	1,713	265	2,777	11,049	3,352	-	14,401	14,454
Printing	2,880	4,653	3,124	14,823	893	26,373	3,407	-	29,780	32,661
Dues and subscriptions	1,208	1,621	1,216	234	2,384	6,663	1,398	-	8,061	11,168
Travel	3,670	4,543	4,250	6,221	12,168	30,852	-	-	30,852	3,389
Conferences and meetings	1,000	-	88	1,015	2,845	4,948	25	-	4,973	9,595
Insurance	-	-	-	-	311	311	1,472	-	1,783	1,947
Rent, utilities, and maintenance	3,495	9,076	-	3,300	5,726	21,597	36,827	-	58,424	59,570
Miscellaneous	-	220	402	677	325	1,624	-	56	1,680	24,739
Depreciation	-	-	-	-	-	-	6,403	-	6,403	12,643
Total Expenses	\$ 181,427	\$ 184,376	\$ 165,651	\$ 128,860	\$ 475,399	\$ 1,135,713	\$ 146,009	\$ 9,127	\$ 1,290,849	\$ 1,550,768

See notes to financial statements

ASSOCIATION FOR NONSMOKERS - MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	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	\$ 205,216	\$ 119,092	\$ 85,451	\$ 78,871	\$ 259,181	\$ 747,811	\$ 67,265	\$ 9,338	\$ 824,414
Payroll taxes	16,746	9,269	6,633	6,368	13,050	52,066	4,683	650	57,399
Benefits	41,222	17,455	16,678	17,033	26,653	119,041	10,708	1,486	131,235
Total Personnel Expenses	263,184	145,816	108,762	102,272	298,884	918,918	82,656	11,474	1,013,048
Contract services	40,534	87,796	692	5,688	177,281	311,991	11,254	-	323,245
Program media and supplies	10,161	4,901	99	6,759	12,394	34,314	39	-	34,353
Office supplies	187	99	1,417	413	1,000	3,116	295	-	3,411
Postage and delivery	1,288	573	867	1,360	1,352	5,440	738	367	6,545
Telephone and internet	3,674	3,235	169	279	2,776	10,133	4,321	-	14,454
Printing	16,639	845	2,591	8,549	10	28,634	2,430	1,597	32,661
Dues and subscriptions	1,470	2,539	1,602	309	3,882	9,802	1,366	-	11,168
Travel	720	-	25	856	1,717	3,318	11	60	3,389
Conferences and meetings	2,785	1,470	595	2,470	2,230	9,550	45	-	9,595
Insurance	-	-	-	-	389	389	1,558	-	1,947
Rent, utilities, and maintenance	4,203	9,123	-	3,000	4,772	21,098	38,472	-	59,570
Miscellaneous	385	1,610	-	200	1,597	3,792	20,814	133	24,739
Depreciation	-	-	-	-	-	-	12,643	-	12,643
Total Expenses	\$ 345,230	\$ 258,007	\$ 116,819	\$ 132,155	\$ 508,284	\$ 1,360,495	\$ 176,642	\$ 13,631	\$ 1,550,768

See notes to financial statements

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

This corporation is organized and shall be operated exclusively for the following charitable and educational 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.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized, a policy about monetizing rather than utilizing the asset(s). The Organization has implemented Topic 958 and have adjusted the presentation in these financial statements accordingly. These amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial positions for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior periods accounted for under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022.

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements (continued)

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

Package of practical expedients:

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

Other practical expedients:

- Election whereby the lease and non-lease components will not be separated for leases of manufacturing and office facilities.
- Election not to record right of use (ROU) assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

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

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

The accompanying financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021 because the qualifying expenditures have not yet been incurred, with advance payments of \$28,956 and \$806, are recognized in the statements of financial position at December 31, 2022 and 2021, 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.

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.

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021, 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 \$6,403 and \$12,643 for the years ended December 31, 2022 and 2021, respectively.

Impairment of Long-Lived Assets:

The Organization periodically reviews its long-lived assets for impairment and assesses whether significant events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated by the excess of the asset's carrying value over its fair value. Management does not believe impairment indicators are present for the years ended December 31, 2022 and 2021.

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.

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. 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 uncertain positions that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

Functional Allocation of Expenses:

Certain costs have been allocated between program, management and general and development and fundraising. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

Subsequent Events:

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

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure within one year, at December 31, 2022 and 2021:

	2022	2021
Financial Assets at Year-End		
Cash and cash equivalents	\$ 635,948	\$ 648,237
Contracts receivable	206,955	190,694
Contributions receivable	1,311	1,980
 Financial assets available to meet general expenditures within one year	 \$ 844,214	 \$ 840,911

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its investment plan, excess cash is invested in certificates of deposit.

NOTE 3. MAJOR FUNDING SOURCES

For the year ended December 31, 2022, the Organization had support and revenue from two sources that accounted for approximately 34% of total revenue and support. The Organization also had amounts due from two sources that accounted for approximately 53% of total receivables for the year ended December 31, 2022.

For the year ended December 31, 2021, the Organization had support and revenue from two sources that accounted for approximately 33% of total revenue and support. The Organization also had amounts due from four sources that accounted for approximately 69% of total receivables for the year ended December 31, 2021.

NOTE 4. IN-KIND CONTRIBUTIONS

The Organization recognized in-kind contributions of \$95,000 and \$95,000 for Executive Director Services for the years ended December 31, 2022 and 2021, respectively

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. 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, 2022 and 2021, the Organization contributed \$31,339 and \$35,175 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, 2022 and 2021.

NOTE 6. LEASE COMMITMENTS

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in a noncancellable operating lease for manufacturing and office facilities that's lease term is 12 months or less. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.⌘

⌘

Beginning January 1, 2022, there are no operating lease ROU assets and related current and long-term portions of operating lease liabilities presented in the balance sheet.

ASSOCIATION FOR NONSMOKERS - MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LEASE COMMITMENTS (continued)

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate. The implicit rates of the Organization's leases are not readily determinable; accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

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

Beginning in 2022, the Organization has elected not to separate nonlease components from lease components in leases for manufacturing and office facilities.

The Organization leases certain office facilities. The lease is for an initial 12 month term expiring in October 2023, with no annual renewal. This lease has been classified as a short-term operating lease. Rent expense on this lease amounted to approximately \$54,000 and \$55,000 for the years ended December 31, 2022 and 2021, respectively and it is included in the rent, utilities and maintenance line item on the statement of functional expenses.

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NOTE 7. FUNDS HELD FOR OTHERS

During the years ended December 31, 2022 and 2021, the Organization held unspent grant funds of an unrelated organization of \$29,656 and \$83,320, respectively. These funds are expected to be paid back to the unrelated organization during the five-year grant period which expires in June 2023.