

CONSERVATION MINNESOTA

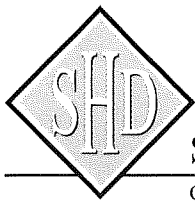
FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

CONSERVATION MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Conservation Minnesota
Minneapolis, Minnesota

I have audited the accompanying financial statements of Conservation Minnesota, a nonprofit organization, which comprise the statements of financial position as of June 30, 2017, and the related statements of activity, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT, continued

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation Minnesota as of June 30, 2017, 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.

Emphasis of Matter

I have also audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Conservation Minnesota and its related organization, Conservation Minnesota Voter Center, which comprise the consolidated statements of financial positions as of June 30, 2017, and the related consolidated statements of activity, functional expenses and cash flows for the year then ended (none of which is presented herein), and I expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Conservation Minnesota and its related organization, and the financial statements of Conservation Minnesota presented herein are not a valid substitute for those consolidated financial statements.



Sherry D. Heffernan, Ltd.

September 8, 2017

CONSERVATION MINNESOTA
Statement of Financial Position
June 30, 2017

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 423,712
Cash and cash equivalents - board designated	116,754
	<u>540,466</u>
Contributions receivable	37,000
Grants receivable	258,200
Prepaid expenses	10,202
	<u>845,868</u>
Fixed assets:	
Website design and software	22,608
Property and equipment	6,782
	<u>29,390</u>
Less accumulated depreciation	<u>(29,285)</u>
	<u>105</u>
TOTAL ASSETS	<u>\$ 845,973</u>

CURRENT LIABILITIES

Due to related organization	\$ 82,396
Accounts payable	16,437
Accrued expenses	34,940
	<u>133,773</u>

NET ASSETS

Unrestricted	
Undesignated	97,970
Board designated	116,754
	<u>214,724</u>
Temporarily restricted	<u>497,476</u>
TOTAL NET ASSETS	<u>712,200</u>

TOTAL LIABILITIES AND NET ASSETS \$ 845,973

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

CONSERVATION MINNESOTA
Statement of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES:			
PUBLIC SUPPORT:			
Grants	\$ 559,165	\$ 549,750	\$ 1,108,915
Grants from related organization	130,000	-	130,000
Contributions	404,716	-	404,716
REVENUE:			
Fees for services	22,138	-	22,138
Interest income and miscellaneous	1,085	-	1,085
	<u>1,117,104</u>	<u>549,750</u>	<u>1,666,854</u>
Net assets released from restrictions	335,216	(335,216)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>1,452,320</u>	<u>214,534</u>	<u>1,666,854</u>
EXPENSES:			
Program services	1,237,925	-	1,237,925
Management and general	124,203	-	124,203
Fundraising	58,053	-	58,053
TOTAL EXPENSES	<u>1,420,181</u>	<u>-</u>	<u>1,420,181</u>
INCREASE IN NET ASSETS	32,139	214,534	246,673
NET ASSETS AT BEGINNING OF YEAR	<u>182,585</u>	<u>282,942</u>	<u>465,527</u>
NET ASSETS AT END OF YEAR	<u>\$ 214,724</u>	<u>\$ 497,476</u>	<u>\$ 712,200</u>

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

CONSERVATION MINNESOTA
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 246,673
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,455
Change in assets and liabilities:	
Contributions receivable	3,110
Grants receivable	(44,200)
Prepaid expenses	5,524
Due to related organization	(41,087)
Accounts payable	(64,552)
Accrued expenses	<u>2,254</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES AND INCREASE IN CASH AND CASH EQUIVALENTS	<u>115,177</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>425,289</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 540,466</u>

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

CONSERVATION MINNESOTA
Statement of Functional Expenses
Year Ended June 30, 2017

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u> <u>Supporting</u> <u>Services</u>	
Salaries, taxes and benefits	\$ 779,291	\$ 100,718	\$ 27,357	\$ 128,075	\$ 907,366
Contract services	200,415	11,007	3,221	14,228	214,643
Printing and copying	84,154	92	16,146	16,238	100,392
Occupancy	38,817	3,999	1,324	5,323	44,140
Postage and delivery	37,396	141	9,610	9,751	47,147
Database management	26,695	1,821	-	1,821	28,516
Website maintenance	23,361	-	-	-	23,361
Advertising	5,989	-	-	-	5,989
Office expenses	4,307	2,335	210	2,545	6,852
Travel	15,608	1,195	115	1,310	16,918
Conferences and meetings	7,210	1,153	70	1,223	8,433
Insurance	8,160	809	-	809	8,969
Depreciation/amortization	6,522	933	-	933	7,455
Total expenses	<u>\$ 1,237,925</u>	<u>\$ 124,203</u>	<u>\$ 58,053</u>	<u>\$ 182,256</u>	<u>\$ 1,420,181</u>
	<u>87%</u>	<u>9%</u>	<u>4%</u>	<u>13%</u>	<u>100%</u>

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

CONSERVATION MINNESOTA
Notes to Financial Statements
June 30, 2017

1) Nature of Activities

Conservation Minnesota (hereinafter referred to as CM or the organization) is a Minnesota nonprofit corporation established in 2002 to educate private citizens and organizations concerned with conservation and the basic processes and techniques of effective participation in government and policy development. The organization works to conserve and protect Minnesota's natural resources and its environment, to increase citizen participation in government and the democratic process, and to provide conservation information that is beneficial in decision making by individuals and their communities.

Conservation Minnesota's program focuses include the following:

Public Education

Conservation Minnesota provides credible, non-partisan information about current and emerging issues that affect public health, water quality, and Minnesota's Great Outdoors so that individual Minnesotans can make informed decisions that protect our health and natural resources.

Public Engagement

Conservation Minnesota is guided by the priorities of Minnesotans and engages its statewide network of over 70,000 individuals and local leaders with meaningful opportunities to help solve the conservation issues that they tell us are most important.

Public Policy

Conservation Minnesota develops and advocates for public policies that ensure our cherished Minnesota lakes, lands and way of life are protected for the benefit of current and future generations.

2) Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted assets are resources over which the Board of Directors has discretionary control. Temporarily restricted assets are resources which are subject to a donor imposed restriction which generally will be satisfied by organizational actions or the passage of time. Permanently restricted resources are subject to a donor imposed restriction that such assets are restricted permanently.

CONSERVATION MINNESOTA
Notes to Financial Statements

2) Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organizations consider all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of temporary cash investments and grants receivable. The organization places its temporary cash investments with financial institutions as noted below. Concentrations of credit risk with respect to grants receivable are limited due to the financial stability of the contributors.

CM grants receivable include amounts from one donor comprising 87% of the balance at June 30, 2017.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The organization maintains its deposits in financial institutions located in the Twin Cities. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 there were no uninsured cash balances.

Concentration of Public Support

In 2017 CM received approximately 45% of its total public support from two donors.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There were no significant bad debts in 2017.

CONSERVATION MINNESOTA
Notes to Financial Statements

2) Summary of Significant Accounting Policies, continued

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fixed Assets

The organization capitalizes all expenditures for property and equipment, website design and software in excess of \$5,000. Purchased fixed assets are recorded at cost. Donated property is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three years. In 2017 depreciation expense was \$7,455.

Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Net Assets Designated for Specific Purposes by Board of Directors

The Board of Directors authorized cash reserve funds to provide an internal source of funds for situations such as one-time unbudgeted expenses, unanticipated loss in funding or uninsured losses.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CONSERVATION MINNESOTA
Notes to Financial Statements

2) Summary of Significant Accounting Policies, continued

Income Taxes

CM has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and contributions by donors are tax deductible.

3) Contributions and Grants Receivable

CM's contributions and grants receivable are collectible in less than one year. The discount to present value amount is not significant and uncollectible promises are expected to be insignificant.

4) Operating Lease

CMVC (see note 6) leases office space under an operating lease which expires September 30, 2017. Monthly rent is \$3,267 which includes utilities, real estate taxes and insurance. Rent expense was \$39,202 for 2017 with \$35,325 allocated to CM.

Future minimum lease payments under this operating lease are \$9,801.

5) Retirement Plan

Conservation Minnesota sponsors a 401(k) retirement plan under CMVC (see Note 6). The Plan states that the board may make discretionary matching or profit sharing contributions. The organization currently matches up to 4% of gross salaries for qualified employees. The Plan requires two years of service before the employee is fully vested on employer contributions. Employees may make additional pre-tax contributions through payroll deductions. Plan expense was \$28,572 for CM for the year ended June 30, 2017.

6) Related Organization

Conservation Minnesota Voter Center, Inc. (CMVC) is a Minnesota nonprofit corporation established in 1999. It researches public opinion and government actions on conservation issues, providing reliable information to help Minnesotans make decisions that protect the health of our air, water, communities and families. CMVC is exempt from federal income tax under Code Section 501(c)(4) of the Internal Revenue Code and Minnesota Statute 290.05.

CMVC has five Board members, all of whom are also included on CM's Board of 20 members and therefore it is considered a related organization.

CONSERVATION MINNESOTA
Notes to Financial Statements

6) Related Organization, continued

CM has a resource allocation agreement with CMVC. In this agreement, both organizations share certain resources, including office space, maintenance and personnel. Those items are allocated on a pro-rata basis of hours worked in support of each entity. As part of this agreement, CMVC was reimbursed approximately \$1,286,800 in 2017 from CM. CM owed CMVC \$82,396 at June 30, 2017.

CMVC has a rent lease agreement through September 30, 2017. CM is obligated to pay its share of rent expense based on the same basis as other expenses as noted above.

CMVC made grants to CM of \$130,000 for the year ended June 30, 2017.

7) Board Designated Net Assets

Board designated net asset balances are \$116,754 as of June 30, 2017. These amounts are not available for general operations unless released by the Board of Directors.

8) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2017:

Time restrictions	\$ 477,916
Safer toxics project	<u>19,560</u>
	<u>\$ 497,476</u>

9) Grantor or Donor Restrictions

Certain contributions or grants from donors are subject to special audit by the donor. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

10) Income Taxes

The organization has evaluated its potential exposure for uncertain tax positions and management has expressed there are no uncertain tax positions as of June 30, 2017. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

11) Subsequent Events

The organization has evaluated subsequent events through September 8, 2017, the date the financial statements were available to be issued. It is not aware of any subsequent events that require recognition or disclosure in the consolidated financial statements.