

**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER  
NEW BRIGHTON, MINNESOTA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**



**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**Project Management Institute - Minnesota Chapter**  
New Brighton, Minnesota

### Opinion

We have audited the financial statements of Project Management Institute - Minnesota Chapter, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Project Management Institute - Minnesota Chapter as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Project Management Institute - Minnesota Chapter 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 Project Management Institute - Minnesota Chapter's ability to continue as a going concern for one year after the date that the financial statements are issued.

### 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 GAAS 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.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

Misstatements 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 GAAS, 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 Project Management Institute - Minnesota Chapter'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 Project Management Institute - Minnesota Chapter'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 audit.

*Smith, Schafu and Associates, Ltd.*

Minneapolis, Minnesota  
October 28, 2022



**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
<b>Current Assets</b>		
Cash and cash equivalents	<b>\$ 994,394</b>	<b>\$ 785,684</b>
Accounts receivable	<b>8,345</b>	<b>1,000</b>
Prepaid expenses	<b>1,079</b>	<b>9,800</b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,003,818</u></b>	<b><u>\$ 796,484</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	<b>\$ -</b>	<b>\$ 12,428</b>
Deferred revenue	<b>43,866</b>	<b>48,585</b>
 Total Current Liabilities	<b><u>43,866</u></b>	<b><u>61,013</u></b>
 <b>Net Assets</b>		
Without donor restrictions	<b>749,909</b>	<b>735,471</b>
With donor restrictions	<b>210,043</b>	<b>-</b>
 Total Net Assets	<b><u>959,952</u></b>	<b><u>735,471</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,003,818</u></b>	<b><u>\$ 796,484</u></b>

**See Notes to Financial Statements**

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**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Years Ended December 31, 2021 and 2020**

	Without Donor Restrictions	With Donor Restrictions	2021	2020
<b>Revenues and Members' Support</b>				
Contributions	\$ -	\$ 210,043	<b>\$ 210,043</b>	\$ -
Events	166,156	-	<b>166,156</b>	169,254
Membership dues	94,469	-	<b>94,469</b>	104,273
Other income	18,325	-	<b>18,325</b>	-
Sponsorships	5,782	-	<b>5,782</b>	10,975
Interest income	5	-	<b>5</b>	6
Total Revenues and Members' Support	284,737	210,043	<b>494,780</b>	284,508
<b>Functional Expenses</b>				
Program services				
Professional Development Days	77,600	-	<b>77,600</b>	82,510
Other programs	99,981	-	<b>99,981</b>	90,436
General and administrative	64,463	-	<b>64,463</b>	56,946
Member development	28,255	-	<b>28,255</b>	45,469
Total Functional Expenses	270,299	-	<b>270,299</b>	275,361
<b>Increase in Net Assets</b>	14,438	210,043	<b>224,481</b>	9,147
<b>NET ASSETS, BEGINNING OF YEAR</b>	735,471	-	<b>735,471</b>	726,324
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 749,909</u>	<u>\$ 210,043</u>	<u><b>\$ 959,952</b></u>	<u>\$ 735,471</u>

**See Notes to Financial Statements**

**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2021**

	Program Services			General & Administrative	Member Development	Totals
	Professional Development Days	Other Programs	Totals			
Management fees	\$ 32,467	\$ 32,467	\$ 64,934	\$ 27,056	\$ 16,232	\$ 108,222
Professional fees	16,498	46,640	63,138	23,321	7,773	94,232
Facility and hosting fees	24,200	-	24,200	-	-	24,200
Technology services	32	8,985	9,017	1,925	1,925	12,867
Event administration fees	-	7,659	7,659	2,553	-	10,212
Website	-	-	-	5,703	-	5,703
Awards and gifts	701	-	701	2,517	-	3,218
Advertising	2,458	-	2,458	-	-	2,458
Travel	225	1,662	1,887	-	-	1,887
Communication services	-	-	-	164	1,479	1,643
Scholarships and donations	-	924	924	462	154	1,540
Postage and delivery	1,019	105	1,124	211	35	1,370
Food for events	-	1,000	1,000	-	-	1,000
Insurance	-	473	473	236	79	788
Volunteer gala	-	-	-	-	567	567
Office supplies and expenses	-	-	-	282	-	282
Training	-	66	66	33	11	110
Equipment rental	-	-	-	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 77,600</b>	<b>\$ 99,981</b>	<b>\$ 177,581</b>	<b>\$ 64,463</b>	<b>\$ 28,255</b>	<b>\$ 270,299</b>

**See Notes to Financial Statements**

**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2020**

	Program Services			General & Administrative	Member Development	Totals
	Professional Development Days	Other Programs	Totals			
Management fees	\$ 36,943	\$ 36,943	\$ 73,886	\$ 30,785	\$ 18,471	\$ 123,142
Professional fees	30,031	22,572	52,603	11,286	3,762	67,651
Facility and hosting fees	8,000	1,802	9,802	-	200	10,002
Technology services	-	12,778	12,778	2,738	2,738	18,254
Event administration fees	-	10,408	10,408	-	-	10,408
Website	-	-	-	6,877	-	6,877
Awards and gifts	-	-	-	2,768	-	2,768
Advertising	3,500	-	3,500	-	4,911	8,411
Travel	130	881	1,011	-	-	1,011
Communication services	-	-	-	199	1,791	1,990
Scholarships and donations	-	240	240	120	40	400
Postage and delivery	1,046	171	1,217	342	57	1,616
Food for events	-	3,669	3,669	-	-	3,669
Insurance	-	197	197	99	33	329
Volunteer gala	-	-	-	-	13,208	13,208
Office supplies and expenses	2,860	665	3,525	1,512	221	5,258
Training	-	-	-	-	-	-
Equipment rental	-	110	110	220	37	367
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 82,510</b>	<b>\$ 90,436</b>	<b>\$ 172,946</b>	<b>\$ 56,946</b>	<b>\$ 45,469</b>	<b>\$ 275,361</b>

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**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	<b>\$ 224,481</b>	<b>\$ 9,147</b>
Adjustments to reconcile change in net assets to net cash from operations:		
(Increase) decrease in:		
Accounts receivable	<b>(7,345)</b>	<b>(1,000)</b>
Prepaid expenses	<b>8,721</b>	<b>10,840</b>
Increase (decrease) in:		
Accounts payable	<b>(12,428)</b>	<b>(2,483)</b>
Deferred revenue	<b>(4,719)</b>	<b>(16,943)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>208,710</b>	<b>(439)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>785,684</b>	<b>786,123</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 994,394</b>	<b>\$ 785,684</b>

**See Notes to Financial Statements**

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## PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

### NOTES TO FINANCIAL STATEMENTS

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#### 1. Description of Organization and Summary of Significant Accounting Policies

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##### Description of Organization

Project Management Institute - Minnesota Chapter (the Institute) provides value to members and the community through opportunities for career development and to advocate the advancement of the project management profession and its disciplines.

##### Basis of Accounting and Revenues and Members' Support Recognition

The Institute maintains its books and records on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

For contracts that are within the scope of FASB ASB 606, *Revenue from Contracts with Customers*, the Institute performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Institute satisfies a performance obligation.

Revenue is measured based on consideration specified with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Institute recognized revenue when it satisfies a performance obligation by transferring control over a service to a customer.

For performance obligations related to the Institute's events and event sponsorships control transfers to the customer and revenue is recognized at a point in time when the event occurs. Performance obligations related to memberships and general sponsorships are completed throughout the year as benefits are consumed and transferred to members. The Institute's over time contracts are billed on a fixed price basis and revenue is recognized over time as the benefits are consumed. The payment terms and conditions in customer contracts require payment prior to an event or start of membership year, therefore the Institute does not have any significant financing components.

##### Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Institute is required to report information regarding its financial position and activities, based on the existence or absence of imposed restrictions as either:

*Net Assets Without Restrictions* – Net assets available for use in general operations and not subject to restrictions.

## PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

### NOTES TO FINANCIAL STATEMENTS

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Basis of Presentation (Continued)

*Net Assets With Donor Restrictions* – Net assets subject to imposed restrictions. Some imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified. Other imposed restrictions are perpetual in nature, where the restriction stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

##### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Institute considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with members and sponsors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Therefore no valuation allowance is maintained for these accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off. All accounts receivable are expected to be collected within one year of the statement of financial position date.

##### Contributions

Contributions are recognized when the donor makes a promise to give to the Institute that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.



## PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Income Taxes

The Institute is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. As a result, the Institute does not pay federal income tax. Therefore no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Institute does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Institute's federal informational returns are subject to examination by the IRS, generally for three years after they were filed.

##### Advertising Costs

The Institute expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$2,458 and \$8,411, respectively.

##### Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments.

##### Concentration of Credit Risks

The Institute's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Institute keeps its cash with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. There were approximately \$761,000 and \$535,000 in cash balances in excess of the federally insurance limit as of December 31, 2021 and 2020, respectively.

Management routinely assesses the financial strength of its members and sponsors and as a consequence, believes that accounts receivable credit risk is limited.

##### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

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##### Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through October 28, 2022, the date the financial statements were available to be issued.

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#### 2. Liquidity and Availability

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Financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions, as of December 31, 2021 and 2020, consisted of cash and cash equivalents of \$784,716 and \$786,684, respectively. As part of the Institute's liquidity management plan, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due.

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#### 3. Commitments

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##### Management Services

The Institute had entered into a management services agreement with The Harrington Company (THC) through October 31, 2021, and was not extended. The agreement provided for an hourly charge of \$65.50. The Institute paid \$114,832 and \$123,052 in fees to THC during the years ended December 31, 2021 and 2020, respectively.

##### Consulting Services

The Institute has entered into a consulting services agreement for IT and management services with TrimaxSecure, through October 2022, with annual 2.5% increases thereafter. The agreement provides for a monthly minimum fee of \$6,167. The Institute paid \$61,696 and \$50,975 for consulting services under this agreement during the years ended December 31, 2021 and 2020, respectively.

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## PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Functional Classification of Expenses

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The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated on the basis of estimates of time and effort.

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#### 5. Revenue and Contract Balances

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Revenue disaggregated by timing of satisfaction of performance obligations, for the years ended December 31, 2021 and 2020 was as follows:

	<b>2021</b>	2020
Performance obligations satisfied at a point in time	<b>\$ 170,131</b>	\$ 173,229
Performance obligations satisfied over time	<b>96,276</b>	111,273
Total	<b><u>\$ 266,407</u></b>	<u>\$ 284,502</u>

Revenue from performance obligations satisfied over time consists of Institute's membership dues and general sponsorships. Revenue from performance obligations satisfied at a point in time consists of the Institute's events and event sponsorships.

Contract liabilities include funds received in advance for events or membership, which are recognized in the periods to which they relate, and consisted of the following:

	<b><u>Contract Liabilities</u></b>
Balance as of January 1, 2020	<u>\$ 65,528</u>
Balance as of December 31, 2020	<u>\$ 48,585</u>
Balance as of December 31, 2021	<u>\$ 43,866</u>

## PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 5. Revenue and Contract Balances (Continued)

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Contract liabilities consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Members' dues	\$ 43,866	\$ 47,780
Events	-	805
Total Contract Liabilities	<u>\$ 43,866</u>	<u>\$ 48,585</u>

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#### 6. Net Assets With Donor Restrictions

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Net assets with donor restrictions consisted of \$210,043 as of December 31, 2021. These funds were received from the national PMI Education Foundation, which is no longer administering the restriction and spending of the funds. The funds are to be used for scholarships or any social good work aligned with the Institute's mission. There were no net assets with donor restrictions as of December 31, 2020.

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#### 7. Government Assistance

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In February 2021, the Institute received a Paycheck Protection Program (PPP) loan under the Economic Aid to Hard-hit Small Businesses, Nonprofits and Venues Act. The loan was to be used to pay consulting, management fees and related costs. The loan was uncollateralized and fully guaranteed by the Federal Government. During the year ended December 31, 2021, the Institute received forgiveness and recorded revenue, which is included in other income on the statement of activities and changes in net assets, of \$18,325, the full amount of the Institute's PPP loan.

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