

**PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER
MINNEAPOLIS, MINNESOTA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**



PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Project Management Institute - Minnesota Chapter
Minneapolis, Minnesota

We have audited the accompanying financial statements of Project Management Institute - Minnesota Chapter (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets without restrictions, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 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.

To the Board of Directors
Project Management Institute - Minnesota Chapter
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Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Project Management Institute - Minnesota Chapter as of December 31, 2020 and 2019, and the changes in its net assets without restrictions and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Smith, Schafu and Associates, Ltd.

Minneapolis, Minnesota
September 23, 2021

PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 785,684	\$ 786,123
Accounts receivable	1,000	-
Prepaid expenses	9,800	20,640
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TOTAL ASSETS	\$ 796,484	\$ 806,763
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LIABILITIES AND NET ASSETS WITHOUT RESTRICTIONS		
Current Liabilities		
Accounts payable	\$ 12,428	\$ 14,911
Deferred revenue	48,585	65,528
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Total Current Liabilities	61,013	80,439
Net Assets Without Restrictions	735,471	726,324
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TOTAL LIABILITIES AND NET ASSETS WITHOUT RESTRICTIONS	\$ 796,484	\$ 806,763
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See Notes to Financial Statements

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PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
WITHOUT RESTRICTIONS**

For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenues and Members' Support		
Events	\$ 169,254	\$ 444,438
Membership dues	104,273	114,852
Sponsorships	10,975	21,030
Interest income	6	11
	<hr/>	<hr/>
Total Revenues and Members' Support	284,508	580,331
Functional Expenses		
Program services		
Professional Development Days	82,510	330,735
Other programs	90,436	207,030
General and administrative	56,946	84,744
Member development	45,469	57,532
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Total Functional Expenses	275,361	680,041
Increase (Decrease) in Net Assets Without Restrictions	9,147	(99,710)
NET ASSETS WITHOUT RESTRICTIONS, BEGINNING OF YEAR	726,324	826,034
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NET ASSETS WITHOUT RESTRICTIONS, END OF YEAR	\$ 735,471	\$ 726,324
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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	\$ 30,786	\$ 18,470	\$ 123,142
Professional fees	30,031	22,572	52,603	11,286	3,762	67,651
Technology services	-	12,778	12,778	2,738	2,738	18,254
Volunteer gala	-	-	-	-	13,208	13,208
Event administration fees	-	10,408	10,408	-	-	10,408
Facility fees	8,000	1,802	9,802	-	200	10,002
Advertising	3,500	-	3,500	-	4,911	8,411
Website	-	-	-	6,877	-	6,877
Food for events	-	3,669	3,669	-	-	3,669
Materials	873	612	1,485	1,223	204	2,912
Awards and gifts	-	-	-	2,768	-	2,768
Printing and copying	1,894	53	1,947	107	18	2,072
Communication services	-	-	-	199	1,791	1,990
Postage and delivery	1,046	171	1,217	342	57	1,616
Travel	130	881	1,011	-	-	1,011
Scholarships and donations	-	240	240	120	40	400
Equipment rental	-	110	110	220	37	367
Insurance	-	197	197	99	33	329
Office supplies and expenses	93	-	93	181	-	274
Training	-	-	-	-	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 82,510	\$ 90,436	\$ 172,946	\$ 56,946	\$ 45,469	\$ 275,361

See Notes to Financial Statements

PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services			General & Administrative	Member Development	Totals
	Professional Development Days	Other Programs	Totals			
Management fees	\$ 45,995	\$ 45,995	\$ 91,990	\$ 38,329	\$ 22,998	\$ 153,317
Professional fees	90,361	46,181	136,542	23,090	7,697	167,329
Technology services	-	16,996	16,996	3,642	3,642	24,280
Volunteer gala	-	-	-	-	12,962	12,962
Event administration fees	-	31,883	31,883	-	-	31,883
Facility fees	50,265	4,604	54,869	-	512	55,381
Advertising	1,096	-	1,096	-	1,509	2,605
Website	-	-	-	6,000	-	6,000
Food for events	110,764	24,534	135,298	-	-	135,298
Materials	10,590	2,343	12,933	4,687	781	18,401
Awards and gifts	1,177	-	1,177	1,161	-	2,338
Printing and copying	5,780	559	6,339	1,117	186	7,642
Communication services	-	-	-	674	6,070	6,744
Postage and delivery	1,538	1,059	2,597	2,117	353	5,067
Travel	12,786	28,461	41,247	-	-	41,247
Scholarships and donations	-	1,837	1,837	918	306	3,061
Equipment rental	-	512	512	1,025	171	1,708
Insurance	-	215	215	108	36	359
Office supplies and expenses	383	-	383	950	-	1,333
Training	-	1,851	1,851	926	309	3,086
TOTAL FUNCTIONAL EXPENSES	\$ 330,735	\$ 207,030	\$ 537,765	\$ 84,744	\$ 57,532	\$ 680,041

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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Increase (Decrease) in net assets without restrictions	\$ 9,147	\$ (99,710)
Adjustments to reconcile change in net assets to net cash from operations:		
(Increase) decrease in:		
Accounts receivable	(1,000)	1,500
Prepaid expenses	10,840	(4,890)
Increase (decrease) in:		
Accounts payable	(2,483)	(7,309)
Deferred revenue	(16,943)	(3,414)
	(439)	(113,823)
Net (Decrease) in Cash and Cash Equivalents	(439)	(113,823)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	786,123	899,946
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 785,684	\$ 786,123

See Notes to Financial Statements

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PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

NOTES TO FINANCIAL STATEMENTS

1. Description of Organization and Summary of Significant Accounting Policies

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

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

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. The Institute had no net assets with donor restrictions as of December 31, 2020 and 2019.

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.

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.

PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Advertising Costs

The Institute expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$8,411 and \$2,605.

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 \$535,000 and \$555,000 in cash balances in excess of the federally insurance limit as of December 31, 2020 and 2019.

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.

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.

PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Liquidity and Availability

Financial assets as of December 31, 2020 and 2019, available for general expenditure within one year of the statement of financial position date consisted of cash and cash equivalents of \$786,684 and \$786,123. 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.

None of the financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

3. Commitments

Management Services

The Institute has entered into a management services agreement with The Harrington Company (THC) through October 31, 2021. The agreement provides for an hourly charge of \$65.50. The Institute paid \$123,052 and \$156,125 in fees to THC during the years ended December 31, 2020 and 2019, respectively.

Consulting Services

The Institute has entered into a consulting services agreement for IT services with TrimaxSecure, through December 2021. The agreement provides for a monthly minimum fee of \$1,750. The Institute paid \$50,975 and \$67,689 for consulting services under this agreement during the years ended December 31, 2020 and 2019, respectively.

4. Functional Classification of Expenses

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.

PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Revenue and Contract Balances (Continued)

Revenue disaggregated by timing of satisfaction of performance obligations, for the years ended December 31, 2020 and 2019 as follows:

	2020	2019
Performance obligations satisfied at a point in time	\$ 180,229	\$ 458,468
Performance obligations satisfied over time	104,273	121,852
Total	\$ 284,502	\$ 580,320

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:

	Contract Liabilities
Balance as of January 1, 2019	\$ 68,942
Balance as of December 31, 2019	\$ 65,528
Balance as of December 31, 2020	\$ 48,585

Contract liabilities consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Members' dues	\$ 47,780	\$ 58,738
Events	805	6,790
Total Deferred Revenues	\$ 48,585	\$ 65,528

PROJECT MANAGEMENT INSTITUTE - MINNESOTA CHAPTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through September 23, 2021, the date the financial statements were available to be issued.

On December 27, 2020, the Economic Aid to Hard-hit Small Businesses, Nonprofits and Venues Act was signed into law in response to COVID-19. Under the Act, the Institute qualified for a Paycheck Protection Program (PPP) loan of approximately \$18,000 in 2021. The PPP loan provides the Institute with money to pay payroll and related costs. The loan was forgiven in full in August of 2021.