

**Minnesota Justice Foundation**  
Minneapolis, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
August 31, 2021 and 2020



**CERTIFIED PUBLIC ACCOUNTANTS**

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### Independent Auditor's Report

Board of Directors  
Minnesota Justice Foundation  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Minnesota Justice Foundation, which comprise the statement of financial position as of August 31, 2021 and the related statements of activities and changes in net assets, functional expense, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Justice Foundation as of August 31, 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.

Board of Directors  
Minnesota Justice Foundation

**Prior Period Financial Statements**

The August 31, 2020 financial statements were reviewed by us, and our report thereon, dated May 26, 2021, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Carpenter, Evert and Associates, Ltd.*  
Certified Public Accountants

Minneapolis, Minnesota  
March 30, 2022



MINNESOTA JUSTICE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED AUGUST 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021(Audited)				2020 (Reviewed)	
	Program Services	Management & General	Fundraising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 208,473	\$ 31,686	\$ 6,407	\$ 38,093	\$ 246,566	\$ 234,416
Employee Benefits	33,752	5,130	1,037	6,167	39,919	36,070
Payroll Taxes	15,158	2,304	466	2,770	17,928	17,382
Total Personnel Costs	257,383	39,120	7,910	47,030	304,413	287,868
Clerk Stipends	128,868	-	-	-	128,868	112,518
Occupancy	13,444	2,043	413	2,456	15,900	15,900
Supplies	7,952	1,260	3,028	4,288	12,240	16,197
Professional Fees	69	8,198	-	8,198	8,267	15,352
Insurance	3,262	1,106	100	1,206	4,468	4,763
Dues and Subscriptions	2,006	860	-	860	2,866	2,248
Conferences, Meetings and Travel	2,395	1	168	169	2,564	17,877
Miscellaneous	992	410	55	465	1,457	1,247
Postage and Shipping	3	2	2	4	7	4,159
Printing and Copying	-	-	-	-	-	4,106
Total Expense	\$ 416,374	\$ 53,000	\$ 11,676	\$ 64,676	\$ 481,050	\$ 482,235

The accompanying Notes to Financial Statements are an integral part of this statement.

MINNESOTA JUSTICE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED AUGUST 31, 2020 (REVIEWED)

	Support Services				Total All Services
	Program Services	Management & General	Fundraising	Support Services	
Salaries	\$ 198,199	\$ 30,125	\$ 6,092	\$ 36,217	\$ 234,416
Employee Benefits	30,497	4,636	937	5,573	36,070
Payroll Taxes	14,696	2,234	452	2,686	17,382
Total Personnel Costs	243,392	36,995	7,481	44,476	287,868
Clerk Stipends	112,518	-	-	-	112,518
Occupancy	13,444	2,043	413	2,456	15,900
Supplies	10,387	2,944	2,866	5,810	16,197
Professional Fees	79	15,273	-	15,273	15,352
Insurance	3,512	1,143	108	1,251	4,763
Dues and Subscriptions	1,573	675	-	675	2,248
Conferences, Meetings and Travel	15,188	1,760	929	2,689	17,877
Miscellaneous	1,109	107	31	138	1,247
Postage and Shipping	1,663	1,248	1,248	2,496	4,159
Printing and Copying	3,696	205	205	410	4,106
Total Expense	\$ 406,561	\$ 62,393	\$ 13,281	\$ 75,674	\$ 482,235

The accompanying Notes to Financial Statements  
are an integral part of this statement.

MINNESOTA JUSTICE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2021 AND 2020

	<u>2021 (Audited)</u>	<u>2020 (Reviewed)</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents - Operations	\$ 441,764	\$ 400,059
Grants Receivable	-	5,000
Prepaid Expense	6,968	5,943
Other Assets	7,495	2,367
Total Current Assets	<u>456,227</u>	<u>413,369</u>
 Cash - Board Designated - Reserves	 <u>60,000</u>	 <u>60,000</u>
 TOTAL ASSETS	 <u>\$ 516,227</u>	 <u>\$ 473,369</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 1,369	-
Accrued Expenses	4,345	6,604
Funds Held For Others	7,495	2,366
PPP Loan	57,722	57,800
Total Current Liabilities	<u>70,931</u>	<u>66,770</u>
Net Assets:		
Without Donor Restrictions:		
Board Designated - Reserves	60,000	60,000
Undesignated	385,296	341,299
Total Without Donor Restrictions	<u>445,296</u>	<u>401,299</u>
With Donor Restrictions	<u>-</u>	<u>5,300</u>
Total Net Assets	<u>445,296</u>	<u>406,599</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 516,227</u>	 <u>\$ 473,369</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.



MINNESOTA JUSTICE FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021 (Audited)</u>	<u>2020 (Reviewed)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 38,697	\$ (17,689)
Total Adjustments	<u>(54,714)</u>	<u>41,952</u>
Net Cash Provided(Used) by Operating Activities	(16,017)	24,263
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
Proceeds from PPP Loan	<u>57,722</u>	<u>57,800</u>
Net Cash Provided by Financing Activities	<u>57,722</u>	<u>57,800</u>
Net Increase in Cash and Cash Equivalents	41,705	82,063
Cash and Cash Equivalents - Beginning of Year	<u>460,059</u>	<u>377,996</u>
Cash and Cash Equivalents - End of Year	<u>\$ 501,764</u>	<u>\$ 460,059</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

Minnesota Justice Foundation (the Organization) is a nonprofit, nonpartisan organization of law students and attorneys educating and encouraging its members and the legal community in their professional obligation to apply their skills and knowledge on behalf of the low-income, disadvantaged and unrepresented. The Organization links committed law students with attorneys to provide quality pro bono legal services, to encourage public service, to help shape public policy, and to promote social justice.

Fund Accounting

In order to observe the limitations and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. These net assets include both board designated and undesignated amounts.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement 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.

Other Assets / Funds Held for Others

The Organization is a fiscal sponsor for several unincorporated student chapters. Only the cash held and the corresponding liability is recorded in the financial statements.

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met

A portion of the Organization's revenue is derived from government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. 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 refundable advances in the statement of financial position. No refundable advances exist for the years ended August 31, 2021 and 2020. The Organization received a \$57,800 PPP loan in the year ended August 31, 2020 and initially recorded it as debt per FASB ASC 470. The loan amount was forgiven in November 2020 and included as support and revenue in the year ended August 31, 2021. The Organization received a second \$57,722 PPP loan in the year ended August 31, 2021 and recorded it as debt per ASC 470. This PPP Loan was forgiven in October 2021.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

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 reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Salaries and related expenses are allocated based on contemporaneous time records. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through March 30, 2022, which is the date financial statements were available to be issued.

2. Contingencies and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its future operating results, but reasonable estimates cannot be made at this time.

3. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services primarily within Minnesota, but also to other locations throughout the United States. Grants receivable are due from local institutions.

4. Retirement Plan

The Organization pays 6% of eligible employees' salary into a Simplified Employee Pension Plan. Contributions to the plan were \$9,204 and \$ 9,841 for the years ended August 31, 2021 and 2020, respectively.

5. Board Designated Net Assets

The Board of Directors made the following net assets designations as of:

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>(Audited)</u>	<u>(Reviewed)</u>
General Reserve	\$ 45,000	\$ 45,000
Operating Reserve	13,000	13,000
Fixed Asset Reserve	2,000	2,000
Total Board Designated- Reserves	<u>\$ 60,000</u>	<u>\$ 60,000</u>

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	August 31,	
	2021	2020
	(Audited)	(Reviewed)
Subject to Expenditures for Future Operations	\$ -	\$ 5,300

7. In-kind Contributions

The Organization recorded in-kind contributions at fair market value at date of donation. In-kind contributions, which are included in Contributions on the Statements of Activities and Changes in Net Assets, included the following:

	August 31,	
	2021	2020
	(Audited)	(Reviewed)
Occupancy	\$ 15,900	\$ 15,900
Postage and Shipping	-	4,156
Printing and Copying	-	4,106
Supplies	102	3,115
Travel	5	1,889
Technology Hosting Costs	-	25
Telephone	-	3
	\$ 16,007	\$ 29,194

The Organization received in-kind contributions primarily from three law schools in Minnesota.

8. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows:

	August 31,	
	2021	2020
	(Audited)	(Reviewed)
PPP Loan Forgiveness	\$ (57,800)	\$ -
Increases (Decreases) in Current Liabilities:		
Accounts Payable	1,369	-
Accrued Expenses	(2,259)	4,079
Funds Held For Others	5,129	(392)
Decreases (Increases) in Current Assets:		
Grants Receivable	5,000	37,600
Prepaid Expense	(1,025)	274
Other Assets	(5,128)	391
Total Adjustments	\$ (54,714)	\$ 41,952

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

9. Liquidity and Availability

The following represents the Organization's financial assets at:

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>(Audited)</u>	<u>(Reviewed)</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 501,764	\$ 460,059
Grants Receivable	-	5,000
Total Financial Assets	<u>501,764</u>	<u>465,059</u>
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	-	5,300
Board Designated – Reserves	60,000	60,000
Net Assets with Restrictions to be met within a year	-	<u>(5,300)</u>
Total assets not available for general expenditures within one year:	<u>60,000</u>	<u>60,000</u>
Financial assets available for general expenditures within one year:	<u>\$ 441,764</u>	<u>405,059</u>

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

The Organization also maintains board designated reserves of \$60,000 that is not considered available for use within one year. Although the Organization does not intend to spend from the board designated reserves, these amounts could be made available if necessary.

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.