

# **Minnesota Justice Foundation**

Minneapolis, Minnesota

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Financial Statements  
Independent Accountant's Review Report  
For the Years Ended  
August 31, 2022 and 2021



**CERTIFIED PUBLIC ACCOUNTANTS**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A:     Statements of Activities– For the Years Ended August 31, 2022 and 2021.....	2
EXHIBIT B:     Statement of Functional Expense – For the Year Ended August 31, 2022 with Comparative Totals for 2021.....	3
EXHIBIT C:     Statement of Functional Expense – For the Year Ended August 31, 2021 (Audited).....	4
EXHIBIT D:     Statements of Financial Position – August 31, 2022 and 2021.....	5
EXHIBIT E:     Statements of Cash Flows – For the Years Ended August 31, 2022 and 2021.....	6
NOTES TO FINANCIAL STATEMENTS .....	7-11



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### Independent Accountant's Review Report

Board of Directors  
Minnesota Justice Foundation  
Minneapolis, Minnesota

We have reviewed the accompanying financial statements of Minnesota Justice Foundation (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Minnesota Justice Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United State of America.

### Prior Period Financial Statements

The financial statements for the year ended August 31, 2021 were audited by us, and we expressed an unmodified opinion on them in our report dated March 30, 2022. We have not performed any auditing procedures since that date.

*Carpenter, Evert & Associates, L.L.C.*  
Certified Public Accountants

Minneapolis, Minnesota  
May 1, 2023



MINNESOTA JUSTICE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED AUGUST 31, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022 (Reviewed)				2021 (Audited)	
	Program Services	Management & General	Support Services		Total All Services	Total All Services
			Fundraising	Support Services		
Salaries	\$ 213,072	\$ 32,385	\$ 6,549	\$ 38,934	\$ 252,006	\$ 246,566
Employee Benefits	37,937	5,767	1,166	6,933	44,870	39,919
Payroll Taxes	16,279	2,474	500	2,974	19,253	17,928
Total Personnel Costs	267,288	40,626	8,215	48,841	316,129	304,413
Clerk Stipends	141,874	-	-	-	141,874	128,868
Occupancy	16,022	2,435	492	2,927	18,949	15,900
Professional Fees	170	15,822	-	15,822	15,992	8,267
Supplies	9,141	2,345	2,729	5,074	14,215	12,240
Insurance	3,660	1,166	113	1,279	4,939	4,468
Printing and Copying	1,814	1,361	1,361	2,722	4,536	-
Conferences, Meetings and Travel	4,004	-	283	283	4,287	2,564
Miscellaneous	3,424	273	190	463	3,887	1,457
Postage and Shipping	3,019	168	168	336	3,355	7
Dues and Subscriptions	2,404	1,030	-	1,030	3,434	2,866
Total Expense	\$ 452,820	\$ 65,226	\$ 13,551	\$ 78,777	\$ 531,597	\$ 481,050

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, 2021 (AUDITED)

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

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

MINNESOTA JUSTICE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2022 AND 2021

	<u>2022 (Reviewed)</u>	<u>2021 (Audited)</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents - Operations	\$ 449,035	\$ 441,764
Prepaid Expense	6,968	6,968
Student Chapter Restricted Cash	6,717	7,495
Total Current Assets	462,720	456,227
Cash - Board Designated - Reserves	60,000	60,000
TOTAL ASSETS	\$ 522,720	\$ 516,227
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 1,406	1,369
Accrued Expenses	8,133	4,345
Funds Held For Others	6,717	7,495
PPP Loan	-	57,722
Total Current Liabilities	16,256	70,931
Net Assets:		
Without Donor Restrictions:		
Board Designated - Reserves	60,000	60,000
Undesignated	438,464	385,296
Total Without Donor Restrictions	498,464	445,296
With Donor Restrictions	8,000	-
Total Net Assets	506,464	445,296
TOTAL LIABILITIES AND NET ASSETS	\$ 522,720	\$ 516,227

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, 2022 AND 2021

	<u>2022 (Reviewed)</u>	<u>2021 (Audited)</u>
<u>Increase in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 61,168	\$ 38,697
Total Adjustments	<u>(54,675)</u>	<u>(49,586)</u>
Net Cash Provided (Used) by Operating Activities	6,493	(10,889)
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
Proceeds from PPP Loan	<u>-</u>	<u>57,722</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>57,722</u>
Net Increase in Cash and Cash Equivalents	6,493	46,833
Cash and Cash Equivalents - Beginning of Year	<u>509,259</u>	<u>462,426</u>
Cash and Cash Equivalents - End of Year	<u>\$ 515,752</u>	<u>\$ 509,259</u>

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



MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022 AND 2021

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.

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believe the standards improve the usefulness and understandability of the Organization's financial reporting. The ASU has been applied retrospectively for the years ended August 31, 2022 and 2021, as required.

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022 AND 2021

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, 2022 and 2021. The Organization received its first PPP loan for \$57,800 in the year ending August 31, 2020. This PPP loan was forgiven in November 2020 and recorded as revenue in the year ending August 31, 2021. The Organization received a second PPP loan for \$57,722 in the year ended August 31, 2021. This PPP Loan was forgiven in October 2021 and recorded as revenue in the year ending August 31, 2022.

Contributions of Nonfinancial Assets

The Organization records contributions of nonfinancial assets at fair market value at date of donation. The policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization and not monetize them; therefore the use of these nonfinancial assets are included in expenses.

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.

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, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

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.

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 May 1, 2023, 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. Retirement Plan

The Organization pays 6% of eligible employees' salary into a Simplified Employee Pension Plan. Contributions to the plan were \$9,305 and \$ 9,204 for the years ended August 31, 2022 and 2021, respectively.

4. Board Designated Net Assets

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

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Reviewed)</u>	<u>(Audited)</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, 2022 AND 2021

5. Net Assets With Donor Restrictions

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

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
Restrictions that Expire:		
Purpose Restrictions:		
PASS Program	\$ 8,000	\$ -

6. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets consisted of amounts for the following for the years ended:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
Occupancy	\$ 18,949	\$ 15,900
Postage and Shipping	3,355	-
Printing and Copying	4,535	-
Supplies	902	102
Travel	-	5
Miscellaneous	966	-
	<u>\$ 28,707</u>	<u>\$ 16,007</u>

Contributed nonfinancial assets were utilized for programs and had no donor restrictions. Values were based on current market rates the Organization would have paid had the donation not occurred. Contributions of office space are estimated at the fair market value of the Organization's occupancy and recorded as a contribution and expense. All others are the estimated fair value of each item on the basis of retail values that would be received for selling similar supplies and services. These supplies and services were used in the year of contribution.

7. Cash Flow Operating Adjustments

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

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
PPP Loan Forgiveness	\$ (57,722)	\$ (57,800)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	37	1,369
Accrued Expenses	3,788	(2,259)
Funds Held For Others	(778)	5,129
Decreases (Increases) in Current Assets:		
Grants Receivable	-	5,000
Prepaid Expense	-	(1,025)
Total Adjustments	<u>\$ (54,675)</u>	<u>\$ (49,586)</u>

MINNESOTA JUSTICE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022 AND 2021

8. Liquidity and Availability

The following represents the Organization's financial assets at:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 509,035	\$ 501,764
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	8,000	-
Board Designated – Reserves	60,000	60,000
Net Assets with Restrictions to be met within a year	<u>(8,000)</u>	<u>-</u>
Financial assets available for general expenditures within one year:	<u>\$ 449,035</u>	<u>\$ 441,764</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. Since the Organization relies on contributions as the only source of income, the Organization's goal is to have adequate resources available to retain staff and to ensure our summer fellowship program grant commitments can be met.