

MINNESOTA JUSTICE FOUNDATION
AUDITED FINANCIAL STATEMENTS
August 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Justice Foundation
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of the Minnesota Justice Foundation (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Minnesota Justice Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Minnesota Justice Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Minnesota Justice Foundation'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 Minnesota Justice Foundation'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.

Report on Summarized Comparative Information

We have previously reviewed Minnesota Justice Foundation's 2023 financial statements, and we stated that we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Harrington Langer & Associates

January 15, 2025

MINNESOTA JUSTICE FOUNDATION
STATEMENT OF FINANCIAL POSITION
August 31, 2024
(With Comparative Totals for 2023)

	<u>(Audited)</u> 2024	<u>(Reviewed)</u> 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 242,910	\$ 289,380
Contributions receivable	3,900	-
Prepaid expenses	7,485	7,339
Restricted cash - student chapter	7,484	7,216
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	261,779	303,935
 OTHER ASSETS		
Cash - board designated - reserves	321,705	253,477
ERC receivable	119,830	-
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 703,314</u>	<u>\$ 557,412</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,822	\$ 4,197
Accrued expenses	18,614	11,743
Funds held for others	7,484	7,216
Deferred revenue	36,000	-
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	64,920	23,156
 NET ASSETS		
Net assets without donor restrictions:		
Board designated - reserves	321,705	253,477
Undesignated	316,689	280,779
	<hr/>	<hr/>
Total without donor restrictions	638,394	534,256
Net assets with donor restrictions	<hr/>	<hr/>
	-	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 703,314</u>	<u>\$ 557,412</u>

MINNESOTA JUSTICE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	(Audited) Total 2024	(Reviewed) Total 2023
SUPPORT AND REVENUE				
Support:				
Contributions of cash and financial assets	\$ 329,809	\$ -	\$ 329,809	\$ 321,303
Special events, net of expenses of \$14,925 and \$12,988, respectively	25,265	-	25,265	53,332
Contributions of nonfinancial assets	22,971	-	22,971	40,454
Grant from governmental agency	210,000	-	210,000	143,000
Government contributions	119,838	-	119,838	-
Other income:				
Interest income	3,107	-	3,107	2,634
Other income	-	-	-	183
Net assets released from restrictions	-	-	-	-
TOTAL SUPPORT AND REVENUE	710,990	-	710,990	560,906
EXPENSES				
Program services	466,530	-	466,530	449,412
Management and general	118,322	-	118,322	63,707
Fundraising	22,000	-	22,000	19,995
TOTAL EXPENSES	606,852	-	606,852	533,114
CHANGE IN NET ASSETS	104,138	-	104,138	27,792
NET ASSETS, BEGINNING	534,256	-	534,256	506,464
NET ASSETS, ENDING	\$ 638,394	\$ -	\$ 638,394	\$ 534,256

MINNESOTA JUSTICE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024
(With Comparative Totals for 2023)

	Program Services	Management and General	Fundraising	(Audited) Total 2024	(Reviewed) Total 2023
Salaries	\$ 263,678	\$ 49,440	\$ 16,480	\$ 329,598	\$ 284,300
Payroll taxes	21,815	4,090	1,363	27,268	19,237
Employee benefits	46,533	8,724	2,908	58,165	44,133
Total personnel expenses	332,026	62,254	20,751	415,031	347,670
Summer fellowship stipends	106,650	-	-	106,650	106,895
Occupancy	14,560	2,730	910	18,200	18,950
Professional fees	350	35,770	108	36,228	26,296
Supplies	396	12,773	351	13,520	22,354
Insurance	3,932	737	246	4,915	4,834
Conferences, meetings and travel	5,283	1,004	12,489	18,776	7,176
Miscellaneous expenses	393	751	2,050	3,194	3,730
Postage, shipping, printing and copying	1,241	26	6	1,273	4,302
Dues and subscriptions	1,699	2,277	14	3,990	3,895
Total expenses	466,530	118,322	36,925	621,777	546,102
Less expenses included with revenue on the statements of activities					
Special events	-	-	(14,925)	(14,925)	(12,988)
Total expenses included in the expense section on the statement of activities	\$ 466,530	\$ 118,322	\$ 22,000	\$ 606,852	\$ 533,114

See notes to financial statements

MINNESOTA JUSTICE FOUNDATION
STATEMENTS OF CASH FLOW
For the Year Ended August 31, 2024
(With Comparative Totals for 2023)

	<u>(Audited)</u> 2024	<u>(Reviewed)</u> 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 104,138	\$ 27,792
Change in:		
Contributions receivable	(3,900)	-
Prepaid expenses	(146)	(371)
ERC receivable	(119,830)	-
Accounts payable	(1,375)	2,791
Accrued expenses	6,871	3,610
Funds held for others	268	499
Deferred revenue	36,000	-
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>22,026</u>	<u>34,321</u>
INCREASE IN CASH AND CASH EQUIVALENTS	22,026	34,321
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>550,073</u>	<u>515,752</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u><u>\$ 572,099</u></u>	<u><u>\$ 550,073</u></u>
CASH AND CASH EQUIVALENTS RECONCILIATION		
Cash and cash equivalents	\$ 242,910	\$ 289,380
Restricted cash - student chapter	7,484	7,216
Cash - board designated - reserves	321,705	253,477
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Cash and cash equivalents	<u><u>\$ 572,099</u></u>	<u><u>\$ 550,073</u></u>

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Minnesota Justice Foundation (the Organization or MJF) is a nonprofit. Minnesota law students founded Minnesota Justice Foundation (MJF) in 1982 to promote and support access to justice in Minnesota. These visionary students believed that lawyers and law students have a special professional obligation to provide quality legal services to those who cannot afford legal representation, and they aimed to call attention to the need for legal services for low-income people and for creating pro bono opportunities. MJF's mission: "MJF creates opportunities for law students to engage in public interest and pro bono legal service. MJF provides law students with access to professional experience and training while increasing the capacity of legal service organizations that serve the public interest. By strengthening law students' commitment to public interest and pro bono legal service, MJF builds a culture of service that students carry forward in their legal careers."

MJF provides services to students at the three Minnesota law schools and our partner organizations around the state of Minnesota to help increase access to justice for all Minnesotans. According to recent research by the statewide coalition of legal aid programs, two out of every three potential clients are turned away. These potential clients are all income-eligible and their cases have merit; there simply are not enough attorneys available to meet the needs of the community. Law students' participation helps programs serve more clients, while also giving law students valuable skills and experience. Students engage in meaningful, impactful legal work under attorney supervision, such as client intake, fact investigation, community education, legal research, document drafting, file management, and in-court appearances if they are eligible for certification under the Student Practice Rule. This provides a foundation for their future work in the public sector or in their pro bono practices.

MAJOR SERVICES AND ACTIVITIES:

- 1) Summer Fellowship Program (SFP),
- 2) Law School Public Service Program (LSPSP), including Street Law and Private Attorney Student Service (PASS), and
- 3) Student Chapters at the Mitchell Hamline School of Law, University of Minnesota Law School, and University of St. Thomas School of Law

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Nature of Activities (continued):

1) Summer Fellowship Program

The Summer Fellowship Program is one method by which MJF seeks to close the justice gap experienced by many Minnesotans who need access to legal services to address their basic human needs. Matching law students with opportunities to work for the summer at public interest law agencies such as legal aid offices and legal nonprofits increases the capacity of those agencies to serve more clients. Many legal service programs in Minnesota have to turn away eligible clients each year due to program and staffing limits, or lack of case priority. With the support of law student fellows, attorneys at public interest agencies are able to focus their time on more complex cases and client matters while still providing quality services to an even higher volume of clients.

Summer fellows work full time for 10 weeks at legal aid offices and public interest organizations across the state. Each fellow receives a stipend of \$6,250 paid by MJF. Since the program began in 1983, MJF has funded over 800 fellows. MJF fellows provide their placement agencies with intensive help with casework, research, legal writing, client intake, interviewing, and even courtroom representation. Feedback from supervisors tells us that agencies are able to serve more clients when they have a paid summer fellow working full time.

MJF fundraises for these fellowships and manages the entire process: from selecting which agencies will receive a fellow; to receiving student applications; to setting up interview times; and managing a list of offers and acceptances. Agencies select which students they will interview and make their own hiring decisions. Participating students work under the supervision of the agencies' own lawyers, gaining valuable practical experience while building the capacity of the programs to serve more clients.

The number of applicants to host the fellows always exceeds the funds available. Each year, MJF seeks to offer a variety of Fellowship opportunities to law students both in terms of geography and in legal subject area. Experiential learning through programs like MJF's Fellowship Program shapes the career path of future lawyers, and strengthens the pool of attorneys in Minnesota who are committed to doing legal work that serves the public interest either through their primary or pro bono practice. Summer funding allows students who otherwise could not afford an unpaid internship to explore public interest work.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Nature of Activities (continued):

2) Law School Public Service Program

The Law School Public Service Program (LSPSP) arose out of a collaboration between the three law schools, the Minnesota State Bar Association and MJF. This is a unique example of a multi-law school collaboration for community engagement. Operating continuously since 1999, LSPSP encourages law students to perform at least 50 hours of law-related volunteer service during their law school careers. This is sometimes referred to as the “50 hour challenge” by law students. It references Rule 6.1 of the Minnesota Rules of Professional Conduct which states that lawyers have an ethical obligation to perform pro bono work and/or provide financial support to civil legal aid programs. Students who complete at least 50 hours of volunteer service during their time in law school receive recognition from their law school and MJF. This recognition complements other awards that students are eligible to receive for their academic and extracurricular accomplishments.

The Law School Public Service Program was designed to create efficiencies for our civil legal aid partner agencies by situating MJF as a central point of contact for outreach regarding law student volunteers from the three Minnesota law schools. From our offices at each of the three Minnesota law schools, MJF staff maintain connections across the legal services community in order to understand, meet, and sometimes anticipate the needs of our partner organizations. The MJF staff attorneys divide a list of statewide legal services providers. Staff attorneys contact these providers at least three-four times a year to discuss fall, spring and summer semester volunteer opportunities and winter and spring break opportunities. Staff attorneys help their contacts think creatively about ways to best engage and supervise law student volunteers, help draft job descriptions, post these on our website and then recruit students. MJF then places law student volunteers at legal aid programs and other public interest law offices to serve Minnesotans with limited means based on the students’ interests and availability. Students volunteer throughout the year in a flexible manner that suits their schedules. Some volunteer positions are for one-day engagements at clinics; others are project-based, such as completing a research project for a case; and some are 4-10 hours/week for a semester. Utilizing volunteer law clerks allows the paid staff at our partner agencies to serve more clients and to devote more of their time to complex issues.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Nature of Activities (continued):

MJF works to make our offerings complementary to other resources available to the students through the law schools. MJF is a popular source of experiential opportunities, especially for first year law students who aren't able to access curricular experiential opportunities such as clinics during their 1L year. Through volunteering with MJF, law students have a chance to explore their interests and consider which experiential courses to prioritize in later semesters. MJF also works with upper-level students who participate in experiential learning coursework to allow them to record volunteer hours after they have completed the hours they need for course credit. This allows students to continue to build relationships and skills at their site, and is advantageous to their hosts from an efficiency standpoint because the students have already been onboarded.

MJF staff attorneys have exploratory conversations with prospective volunteers to discuss their career interests and professional development goals as part of helping the student identify which volunteer opportunities would be a good fit for them. Sometimes these conversations lead to ongoing informal mentorship relationships between the MJF staff attorneys and students. An MJF staff attorney can become a trusted advisor for a student by providing additional advice, support, and networking assistance as the student pursues their career goals, complementing the other essential advising resources available to the law students.

Participation in the Law School Public Service Program is open to all law school students, including students in the LLM programs. Participation is optional and completing 50 hours of volunteer work is not a requirement to participate. Students may get involved at any point in their law school experience. MJF staff attorneys actively work with their colleagues at the law schools (admissions, career and professional development, student affairs, externship advisors, clinical faculty, faculty teaching professional skills to first-year law students) to connect with incoming and current law students. MJF staff attorneys are available as a resource for students who do not have the time to volunteer and need guidance on how to identify other public interest law opportunities. Our aim is to make the Law School Public Service Program (and the relationships underpinning it) accessible for all students seeking public interest law experiences.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Nature of Activities (continued):

a) Street Law

Another aspect of LSPSP is Street Law, a legal education program. Street Law aims to educate youth about their legal rights and responsibilities. Law student volunteers teach in Twin Cities classrooms for an hour a week during spring semester. MJF provides training to the volunteers that emphasizes accessible, engaging, and interactive instruction methods. Sessions at the schools focus on topics such as entrepreneurship and business law, juvenile law, interacting with the police, landlord/tenant law, the work of legislators and policymakers, how judges are chosen, and consumer law. MJF modified the delivery of this program during earlier stages of the pandemic. Street Law aims to be a pathway for middle and high school students toward higher education. Street Law volunteers are encouraged to share about their experiences and realities of being a law school student, their reasoning for wanting to attend law school, and their plans and aspirations for how they will use their legal training in the future. Street Law includes a field trip component; some classrooms visit the law schools or judges' chambers and have a chance to engage with the legal field in a positive way.

b) Private Attorney Student Service

Another component of LSPSP is the Private Attorney Student Service program (PASS), which connects law students with private attorneys to work on *pro bono* matters. Pairing law students with private practice attorneys working on *pro bono* matters gives students the opportunity to observe how *pro bono* work can be incorporated into a busy private practice.

3) Student chapters

MJF was founded by law students. There is a student organization at each law school affiliated with MJF. The law students have several objectives with their student chapter activities.

- 1) Provide information about pro bono opportunities
- 2) Fundraise for their paid summer offerings (Public Interest Law Fellowships at Mitchell Hamline and St. Thomas; Public Interest Clerkships at University of Minnesota)
- 3) Provide community for law students who want to work in public interest law by helping students connect with classmates with common interests and career goals
- 4) Provide educational programming related to public interest law including attorney panels and various topics relevant to current events such as the census and its impact on public funding, and the needs of people in our communities who inject drugs, which included training on administering naloxone.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Nature of Activities (continued)

Student chapter members act as ambassadors for MJF with their classmates; this helps MJF reach more law students. And when students participate in fundraising to pay for summer experiences in public interest law for their classmates, they realize the level of need there is at legal aid programs in the state. This knowledge can make students more likely to donate and provide pro bono services for legal aid programs after they graduate and begin using their degrees.

With MJF's programming, we aim to support important access to justice work in Minnesota and help law students develop into dedicated public interest and pro bono attorneys.

Basis of Presentation:

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Organization 's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

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. The Organization received cost-reimbursable grants of approximately \$187,000, that have not yet been recognized at August 31, 2024 because qualifying expenditures have not yet been incurred, with advance payments of \$187,000, recognized in the statement of financial position as grants and contributions.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Contributions of Nonfinancial Assets:

Donated goods, equipment, services, and facilities are recorded at fair value at the date of donation. Donated services are recorded when there is an objective basis to measure the value of such services and the service involves specialized skills that would be purchased, if not provided by donation.

Cash and Cash Equivalents:

For the purpose of the statements 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. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balance in excess of insured limits or as the result of other concentrations of credit risk.

Restricted Cash:

The Organization has restricted cash in the amount of \$7,484 for the year ended August 31, 2024. The cash is restricted due to the Organization holding cash for the student chapters at the University of Minnesota Law School and Mitchell Hamline Law School.

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 and disclosures in these financial statements. Actual results could differ from those estimates.

Income Taxes:

The Association is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code, and similar state statutes. No income tax expense has been recognized during the year ended August 31, 2024.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) for any uncertain position that more likely than not would not be sustained upon examination by the applicable tax authorities. The Association is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Functional Expenses:

The costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among programs and supporting services benefited. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

Comparative Financial Information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements from the year ended August 31, 2023, from which the summarized information was derived.

Advertising:

Advertising costs are charged to expense as incurred. Advertising expense was \$1,920 for the year ending August 31, 2024.

Subsequent Events:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 15, 2025, the date the financial statements were available to be issued.

NOTE 2. GOVERNMENT CONTRIBUTIONS

The CARES Act provided an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 31, 2021. Based on these additional provisions, the tax credit became equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter. The Organization qualified for the tax credit under the CARES Act and recorded \$119,830 as government contributions for the year ended August 31, 2024.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditure within one year of August 31, 2024:

	Amount
Financial Assets at Year-End	
Cash and cash equivalents	\$ 242,910
Assets limited to use:	
Restricted cash - student chapter	7,484
Cash - board designated - reserves	321,705
Total financial assets	572,099
Less amounts not available to be used within one year:	
Restricted cash - student chapter	(7,484)
Cash - board designated - reserves	(321,705)
Financial assets available to meet general expenditures within one year	\$ 242,910

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 that is not considered available for use within one year. The board designated reserves is calculated by (1) identifying the average monthly cost of personnel and administrative expenses over a 12-month period and the average monthly cost of the Summer Fellowship Program over the six-month period in which the program is in effect; (2) adding the monthly averages together; and (3) multiplying by six. 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.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 4. FUNDS HELD FOR OTHERS

Occasionally, the Organization has acted as a fiscal agent on behalf of the student chapters at the University of Minnesota Law School and Mitchell Hamline School of Law. As a fiscal agent, the Organization collected cash proceeds and disbursed cash to vendors on behalf of the Organization. The Organization, in its capacity as a fiscal agent, has little or no discretion in determining either the selection of vendors or the use of assets transferred to them by other organizations. Amounts received and paid in agency transactions are reported as increases or decreases in the Organization's assets and liabilities. As of August 31, 2024, amounts payable under agency transactions totaled \$7,484.

NOTE 5. BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at August 31, 2024:

	Amount
Operating reserve	\$ 321,705

NOTE 6. CONTRIBUTIONS OF NONFINANCIAL ASSETS

During the year ended August 31, 2024, the Organization received the following contributions of nonfinancial assets:

	Amount
Occupancy	\$ 18,200
Printing services and postage	2,367
Parking and transportation	2,034
Miscellaneous supplies	370
Total in-kind donations	\$ 22,971

Contributions of 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. These supplies and services were used in the year of contribution.

MINNESOTA JUSTICE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN

The Organization pays 6% of eligible employees' salary into a Simplified Employee Pension Plan. Contributions to the plan were \$13,376 for the year ended August 31, 2024.

NOTE 8. BORROWING ARRANGEMENTS

The Organization maintains a credit card arrangement with Visa through Associated Bank upon which they can borrow up to \$31,200. Purchases on this account accrue interest at a rate of 15.24%. This account is unsecured and is paid in full each month. Outstanding balances on this account totaled \$2,622 at August 31, 2024, and are included in accounts payable.