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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 3299

03/05/2018 Authored by Marquart
The bill was read for the first time and referred to the Committee on Health and Human Services Reform

1.1 A bill for an act
1.2 relating to nonprofit organizations; exempting the value of certain donated durable
1.3 medical equipment from certain charitable organization requirements; amending
1.4 Minnesota Statutes 2016, section 309.53, subdivision 3.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 309.53, subdivision 3, is amended to read:

1.7 Subd. 3. **Financial statement requirements; audited financial statements; exceptions.**

1.8 (a) The financial statement shall include a balance sheet, statement of income and expense,
1.9 and statement of functional expenses, shall be consistent with forms furnished by the attorney
1.10 general, and shall be prepared in accordance with generally accepted accounting principles
1.11 so as to make a full disclosure of the following, including necessary allocations between
1.12 each item and the basis of such allocations:

1.13 ~~(a)~~ (1) total receipts and total income from all sources;

1.14 ~~(b)~~ (2) cost of management and general;

1.15 ~~(c)~~ (3) program services;

1.16 ~~(d)~~ (4) cost of fund-raising;

1.17 ~~(e)~~ (5) cost of public education;

1.18 ~~(f)~~ (6) funds or properties transferred out of state, with explanation as to recipient and
1.19 purpose;

1.20 ~~(g)~~ (7) total net amount disbursed or dedicated within this state, broken down into total
1.21 amounts disbursed or dedicated for each major purpose, charitable or otherwise;

2.1 ~~(h)~~ (8) names of professional fund-raisers used during the accounting year and the
2.2 financial compensation and profit resulting to each professional fund-raiser; and

2.3 ~~(i)~~ (9) a list of the five highest paid directors, officers, and employees of the organization
2.4 and its related organizations, as that term is defined by section 317A.011, subdivision 18,
2.5 that receive total compensation of more than \$100,000, together with the compensation paid
2.6 to each.

2.7 (b) For purposes of this subdivision, "compensation" is defined as the total amount
2.8 reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and
2.9 its related organizations to the individual. The value of fringe benefits and deferred
2.10 compensation paid by the charitable organization and all related organizations as that term
2.11 is defined by section 317A.011, subdivision 18, shall also be reported as a separate item for
2.12 each person whose compensation is required to be reported pursuant to this subdivision.

2.13 (c) Unless otherwise required by this subdivision, the financial statement need not be
2.14 certified.

2.15 (d) A financial statement of a charitable organization which has received total revenue
2.16 in excess of \$750,000 for the 12 months of operation covered by the statement shall be
2.17 accompanied by an audited financial statement prepared in accordance with generally
2.18 accepted accounting principles that has been examined by an independent certified public
2.19 accountant for the purpose of expressing an opinion. In preparing the audit the certified
2.20 public accountant shall take into consideration capital, endowment or other reserve funds,
2.21 if any, controlled by the charitable organization.

2.22 (e) For purposes of calculating the \$750,000 total revenue threshold provided by this
2.23 subdivision;

2.24 (1) the value of donated food to a nonprofit food shelf may not be included if the food
2.25 is donated for subsequent distribution at no charge, and not for resale; and

2.26 (2) the value of durable medical equipment and supplies donated to a medical surplus
2.27 recovery organization may not be included if the organization redistributed the equipment
2.28 and supplies at no charge within the United States, and not for resale.

2.29 **EFFECTIVE DATE.** This section is effective July 1, 2018.