

H. F. No. 310

~~(d)~~ (c) An organization licensed under chapter 349 must perform an annual certified inventory and cash count at the end of its fiscal year and submit the report to the commissioner within 30 days after the end of its fiscal year. The report shall be on a form prescribed by the commissioner.

~~(e)~~ (d) The commissioner of revenue shall prescribe standards for the audits, certified inventory, and cash count reports required under this subdivision. The standards may vary based on the gross receipts of the organization. The standards must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. A complete, true, and correct copy of ~~the audits~~ any required audit, and the annual certified inventory, and cash count report must be filed as prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 309.53, subdivision 3, is amended to read:

Subd. 3. **Financial statement requirements; audited financial statements; exceptions.** (a) The financial statement shall include a balance sheet, statement of income and expense, and statement of functional expenses, shall be consistent with forms furnished by the attorney general, and shall be prepared in accordance with generally accepted accounting principles so as to make a full disclosure of the following, including necessary allocations between each item and the basis of such allocations:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.24 (2) a charitable organization licensed to conduct lawful gambling under chapter 349  
3.25 shall compute revenue from lawful gambling by subtracting prizes actually paid from gross  
3.26 receipts, as defined in section 349.12, subdivision 21.

3.27 **EFFECTIVE DATE.** This section is effective July 1, 2019.