

MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
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FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Assistance Council for Veterans
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Minnesota Assistance Council for Veterans (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activity, functional expenses, and cash flows for the year then ended, and the related notes to 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Assistance Council for Veterans as of December 31, 2019, 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.

(Continued)

(1)

Adoption of New Accounting Standards

As discussed in Note 1 to the financial statements, Minnesota Assistance Council for Veterans has adopted Accounting Standards Updates (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Other Matters

Report on Summarized Comparative Information

We have previously audited Minnesota Assistance Council for Veterans' 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2020, on our consideration of Minnesota Assistance Council for Veterans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Minnesota Assistance Council for Veterans' internal control over financial reporting and compliance.

*Mahoney Ulbrich
Christiansen Russ P.A.*

August 27, 2020

MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,964,739	\$ 3,043,892
Accounts Receivable	1,246,146	901,456
Prepaid Expenses	85,307	101,464
Total Current Assets	4,296,192	4,046,812
Other Assets		
Certificates of Deposit	21,318	23,261
Security Deposit	22,637	10,789
Total Other Assets	43,955	34,050
Property and Equipment		
Land	885,734	885,734
Houses and Improvements	6,209,239	6,313,180
Furniture and Equipment	149,404	122,997
Vehicles	147,990	147,990
Accumulated Depreciation	(2,217,713)	(2,075,604)
Total Property and Equipment	5,174,654	5,394,297
Total Assets	\$ 9,514,801	\$ 9,475,159
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 99,916	\$ 134,742
Accrued Expenses	213,827	217,291
Deferred Revenue	28,131	13,942
Total Current Liabilities	341,874	365,975
Long Term Debt	2,189,539	2,125,844
Total Liabilities	2,531,413	2,491,819
NET ASSETS		
Net Assets - Without Donor Restrictions	3,948,838	3,916,256
Net Assets - With Donor Restrictions	3,034,550	3,067,084
Total Net Assets	6,983,388	6,983,340
Total Liabilities & Net Assets	\$ 9,514,801	\$ 9,475,159

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Support				
Contributions	\$ 1,041,513	\$ 693,363	\$ 1,734,876	\$ 1,849,794
In-Kind Contributions	644,883	-	644,883	708,022
Total Support	<u>1,686,396</u>	<u>693,363</u>	<u>2,379,759</u>	<u>2,557,816</u>
Revenue				
Government Grants	4,894,900	-	4,894,900	4,511,982
Contracts	64,629	-	64,629	227,474
Interest Income	23,371	-	23,371	18,190
Rental Income	211,537	-	211,537	234,313
Gain on Sale of House	84,255	-	84,255	-
Other Revenue	12,118	-	12,118	17,022
Total Revenue	<u>5,290,810</u>	<u>-</u>	<u>5,290,810</u>	<u>5,008,981</u>
Net Assets Released from Restriction	<u>725,897</u>	<u>(725,897)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	7,703,103	(32,534)	7,670,569	7,566,797
EXPENSE				
Program Expenses	6,230,348	-	6,230,348	5,982,483
Management and General	1,089,675	-	1,089,675	1,012,732
Fundraising	350,498	-	350,498	278,046
Total Expenses	<u>7,670,521</u>	<u>-</u>	<u>7,670,521</u>	<u>7,273,261</u>
CHANGE IN NET ASSETS	32,582	(32,534)	48	293,536
Net Assets - Beginning of Year	<u>3,916,256</u>	<u>3,067,084</u>	<u>6,983,340</u>	<u>6,689,804</u>
NET ASSETS - END OF YEAR	<u>\$ 3,948,838</u>	<u>\$ 3,034,550</u>	<u>\$ 6,983,388</u>	<u>\$ 6,983,340</u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019				2018
	Management & General	Fundraising	Program Services	Total	
Expenses					
Salaries and Wages	\$ 466,236	\$ 199,795	\$ 2,027,797	\$ 2,693,828	\$ 2,360,957
Fringe Benefits	35,957	8,620	296,718	341,295	278,149
Payroll Taxes	75,649	14,595	174,963	265,207	232,017
Total Personnel	<u>577,842</u>	<u>223,010</u>	<u>2,499,478</u>	<u>3,300,330</u>	<u>2,871,123</u>
Professional Services	174,256	55,690	255,290	485,236	321,248
Housing	600	-	1,546,566	1,547,166	1,821,339
Rent	58,208	3,692	116,661	178,561	168,193
Repairs and Maintenance	3,363	402	138,897	142,662	132,078
Utilities	147	39	169,596	169,782	171,532
Equipment and Supplies	65,243	13,586	88,623	167,452	284,335
Dues and Memberships	6,292	3,266	41,128	50,686	121,986
Office Equipment	20,713	260	53,785	74,758	5,453
Printing and Postage	5,533	815	18,922	25,270	25,270
Telephone and Internet	11,940	1,472	92,531	105,943	95,769
Insurance	70,711	68	4,367	75,146	53,509
Professional Development	5,472	249	22,099	27,820	20,657
Food	3,529	286	16,792	20,607	35,074
Travel	20,669	3,352	139,380	163,401	190,257
Marketing and Communications	2,536	6,295	22,096	30,927	14,571
Fundraising Events	516	20,798	563	21,877	-
Program Events	126	-	28,940	29,066	-
Staff Events	4,165	318	6,654	11,137	-
Depreciation	49,733	-	216,023	265,756	235,159
Interest	-	-	93,011	93,011	75,339
Miscellaneous Expenses	6,337	435	32,272	39,044	11,347
Sub-Total Expenses	<u>1,087,931</u>	<u>334,033</u>	<u>5,603,674</u>	<u>7,025,638</u>	<u>6,654,239</u>
Professional Services	-	-	422,040	422,040	364,845
Equipment and Supplies	1,744	16,465	83,513	101,722	118,001
Occupancy	-	-	90,000	90,000	110,916
Other	-	-	31,121	31,121	25,260
In-Kind Expense	<u>1,744</u>	<u>16,465</u>	<u>626,674</u>	<u>644,883</u>	<u>619,022</u>
Total Expenses	<u><u>\$ 1,089,675</u></u>	<u><u>\$ 350,498</u></u>	<u><u>\$ 6,230,348</u></u>	<u><u>\$ 7,670,521</u></u>	<u><u>\$ 7,273,261</u></u>

See accompanying Notes to Financial Statements

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
Cash flows from operating activities		
Change In Net Assets	\$ 48	\$ 293,536
Change in Cash from Operating Activities		
Depreciation	265,756	235,159
Gain on sale of house	(84,255)	-
Donated Stock-Investments	-	14,953
Donated Property and Land Less Debt Assumed	-	(222,772)
Discount Amortization on Notes Payable	86,059	75,339
Accounts Receivable	(344,690)	11,027
Prepaid Expenses	16,157	(71,461)
Security Deposit	(11,848)	(5,979)
Accounts Payable	(34,826)	12,780
Accrued Expenses	(3,464)	23,082
Deferred Revenue	14,189	13,943
Net cash used by Operating Activities	(96,874)	379,607
Cash flows from Investing Activities		
Purchase of Property and Equipment	(153,453)	(247,149)
Sale of Property and Equipment	225,000	-
Sales (Purchases) of Long Term Investments	1,943	(2,061)
Net cash used by Investing Activities	73,490	(249,210)
Cash flows from Financing Activities		
Payments of Long-Term Debt	(55,769)	-
Net cash used by Financing Activities	(55,769)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,153)	130,397
Cash and Cash Equivalents - Beginning of Year	\$ 3,043,892	\$ 2,913,495
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,964,739	\$ 3,043,892
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Expense Paid	\$ 6,952	\$ -
Noncash investing and financing activities:		
Donated property and land in 2018	\$ -	\$ 387,456
Debt assumed on property acquisition, net of imputed interest of \$133,772 for 2018	\$ -	\$ 164,684

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Minnesota Assistance Council for Veterans (the Organization) is a Minnesota nonprofit organization formed in December 1990 to provide/coordinate preventive, transitional and supportive services for veterans who are experiencing homelessness or who are in danger of becoming homeless and who are motivated towards positive change. The Organization provides services statewide through its regional offices located in Duluth, the Twin Cities, and Mankato.

In addition to direct housing (Transitional and Permanent Supportive), the Organization assists many veterans with rental/mortgage assistance, employment services and civil legal assistance to prevent homelessness and re-house homeless veterans and their families. The Organization does not duplicate services already provided or available to veterans through Federal, State or County benefits; rather, the Organization frequently acts as a resource or liaison between government agencies and other service providers to ensure direct, comprehensive case management services are provided to the veteran without duplication of effort or resources. The Organization has three main program areas: housing, employment and civil legal services. The Organization provides inclusive support services for each program area.

Change in Accounting Principles

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU requires that an entity recognize revenue for the transfer of goods or services to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The Organization adopted the new standard as of January 1, 2019, using the modified retrospective method and applied the new standard to all contracts. The comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. There were no material changes in the timing of its recognition of revenue or net assets as a result of the adoption.

In 2019, the Organization adopted ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of ASU 2018-08 has been applied using the modified prospective method to the financial statements for the year ended December 31, 2019, and the years going forward. As a result, there was no cumulative-effect adjustment to opening net assets as of January 1, 2019 and no material change to the 2019 financial statements in comparison to the prior year. The presentation and disclosures of contributions have been enhanced in accordance with the standard.

Financial Statement Presentation

Net assets and support, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See Note 3 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Organization maintains cash balances with quality financial institutions. At times, such balances may be in excess of the FDIC insurance limit. At December 31, 2019 and 2018, the Organization's uninsured cash balances were approximately \$834,000 and \$1,013,000. Management believes the Organization is not exposed to any significant credit risk on its accounts.

Cash and Cash Equivalents

The Organization considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Organization provides an allowance for bad debts based on management judgment considering historical information. An allowance is provided when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At December 31, 2019 and 2018, an allowance was not warranted, as substantially all receivables were from government agencies and management believed they were all collectible.

Property and Equipment

Expenditures for property and equipment over \$5,000 (\$2,500 prior to 2018) are capitalized at cost. Costs of repairs and minor replacements are charged to expense as incurred. Contributed property and equipment is recorded at fair market value at date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. In the absence of stipulations regarding how long the related asset must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided on the estimated useful life of each asset through the use of the straight-line method.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Free and Below-Market-Interest Loans

When the Organization is allowed to pay below-market or no interest on a loan, the difference between the stated interest rate and market interest rate for comparable financing represents a contribution. Such loans are initially recorded at fair value based on the market interest rate. The difference between the principal amount of the loan payable and the fair value of the loan is recorded as a discount and as restricted contribution revenue. Amortization of the loan discount is recorded using the effective interest method by recognizing interest expense and increasing the loan payable. As interest expense is recognized, net assets with restrictions are reclassified to net assets without restrictions.

Contributions

Contributions received are recorded as contributions with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Unconditional contributions and pledges are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

In-kind Services, Facilities and Materials

Donated services are recorded in the statement of activity at estimated market value if the services create or enhance non-financial assets or require specialized skills which would have been purchased if not provided through donation.

Donated materials are valued and recorded at their estimated market value at the date of receipt. Donated office space is valued and recorded at estimated rental value.

Government Grants and Contracts

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are contributions 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. Funds received but not yet earned are recorded as deferred revenue. Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

Government grants are from a limited number of federal and state agencies.

Functional Allocation of Expense

The financial statements report certain categories of expenses that are attributable to more than one function. The expenses that are allocated include office expenses, dues and memberships, depreciation, salaries and wages, benefits, payroll taxes, food, supplies, professional services, telephone and internet, insurance, maintenance, events, marketing, rent, professional development, travel, utilities, and miscellaneous, which are allocated on the basis of estimates of employee time and effort.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent Expense

Base rent expense is recognized evenly over the term of the lease. Excess rent recognized over payments due is reported as deferred revenue. Common area maintenance costs are recognized when invoiced.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute. 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. The Organization believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

The Organization's tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2016 through 2018 are open to examination by federal and state authorities.

Subsequent Events

In March 2020, the state of Minnesota began to enact measures to combat the global pandemic resulting from a novel strain of coronavirus known as COVID-19. Measures have included regulatory restrictions on citizen and business activities as well as recommendations for further voluntary curtailment of activities. There has been no immediate impact on the Organizations operations. Future potential impacts may include disruptions or restrictions on employees' ability to work. The future effects of these issues are unknown. The Organization obtained a forgivable loan totaling \$300,000 through the Paycheck Protection Program created by the CARES Act. The loan is forgivable in certain circumstances if utilized for qualified business expenses. The loan bears interest at 1% and must be repaid by April 2022 if not forgiven.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 27, 2020, the date these financial statements were available to be issued.

NOTE 2 LONG-TERM DEBT

Description	2019	2018
Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on December 8, 2035. The loan is discounted at 7.25% and is secured by the related building project.	\$ 100,000	\$ 100,000
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on December 8, 2035. The loan is discounted at 7.25% and is secured by the related building project.	464,588	464,588
St. Louis County HRA, 0% annual interest with lump-sum payment due on February 23, 2030. The loan is discounted at 4.875% and is secured by the related building project.	150,000	150,000

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 2 LONG-TERM DEBT (CONTINUED)

Description	2019	2018
<p>City of Minneapolis Department of Community Planning and Economic Development (CPED), 'simple' interest of 1% per annum on the outstanding balance, deferred. The loan is discounted at 5.26% and matures on January 18, 2037, at which time a lump-sum payment is due. The loan is secured by the related building projects. The outstanding balance and accrued interest will be immediately due and payable upon the occurrence of any one of the following: 1) the sale, assignment, conveyance, transfer, lease, lien, encumbrance, or refinancing of the project by the borrower without the Lender's prior written consent; 2) any use of the project or a portion that violates any federal, state or local law, statute or ordinance, which includes discrimination, pornography, gambling, or drug related activities; provided however that the Borrower shall not be in default as a result of illegal activities at the Project by tenants of the Project if Borrower is pursuing all reasonable actions to prohibit such illegal activities; or 3) default by the borrower in the performance of any other covenant, term or condition of this Note, the Loan Agreement or any other agreement or mortgage relating to encumbering the Project.</p>	256,478	278,842
<p>The Organization purchased a property for \$1 from the House of Phoenix, LLC. All mortgages and restrictions were assumed by the Organization as part of the transaction. Several funding sources have continuing compliance requirements. Below are the various funding sources:</p>		
<p>Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on June 26, 2037. The loan is discounted at 3.25%.</p>	165,000	165,000
<p>Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on June 26, 2037. The loan is discounted at 3.25%.</p>	90,289	90,289
<p>City of Duluth, 0% annual interest with lump-sum payment due on April 1, 2023. The loan is discounted at 3.25%.</p>	10,000	10,000
<p>City of Duluth, 0% annual interest with lump-sum payment due on July 24, 2036. The loan is discounted at 3.25%.</p>	15,000	15,000
<p>The Organization purchased Duluth Veterans Housing. Loans and grants included in this agreement were transferred to the Organization and included resources from Greater Minnesota Housing Fund, Duluth Economic Development Authority, and Minnesota Housing Finance Agency. Several funding sources have continuing compliance requirements. Below are the various funding sources:</p>		
<p>City of Duluth, 0% annual interest with lump-sum payment due on March 7, 2020. The loan is discounted at 3.25%.</p>	391,600	391,600
<p>Duluth Economic Development Authority, 0% annual interest with lump-sum payment due on March 8, 2031. The loan is discounted at 3.25%.</p>	300,000	300,000

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 2 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2019</u>	<u>2018</u>
Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on January 29, 2040. The loan is discounted at 3.25%.	255,000	255,000
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on March 8, 2041. The loan is discounted at 3.25%.	373,019	373,019
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on March 3, 2026. The loan is discounted at 3.25%.	475,000	475,000
BATC Foundation, 0% annual interest with lump-sum payment due on October 6, 2029. The loan is discounted at 5.00%.	300,000	300,000
BATC Foundation, 0% annual interest with lump-sum payment due on October 31, 2030. The loan is discounted at 5.00%.	298,456	298,456
	<u>3,644,430</u>	<u>3,666,794</u>
Imputed Interest	<u>(1,454,891)</u>	<u>(1,540,950)</u>
Long-Term Debt	<u>\$ 2,189,539</u>	<u>\$ 2,125,844</u>

Principal payments required on all long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 376,046
2021	-
2022	-
2023	8,975
2024	-
Thereafter	<u>1,804,518</u>
Total	<u>\$2,189,539</u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

Subject to expenditure for specified purpose:	2019	2018
Outreach	\$ 417,273	\$ 543,128
Women's Program	50,134	36,893
Other Housing Costs	438,443	262,185
StandDown Events	-	5,536
St. Paul House Project	90,000	35,000
Other Program Restrictions	338,803	395,419
	1,334,653	1,278,161
 Subject to the passage of time:		
Loan Discounts	1,454,891	1,540,950
Veteran Housing	86,033	89,000
 Not subject to appropriation or expenditure:		
Land	158,973	158,973
Total	\$ 3,034,550	\$ 3,067,084

Not subject to appropriation or expenditure

Net assets with donor restrictions not subject to expenditure consist of donated land valued at \$165,825 which is to be used for housing of military veterans, reduced by \$6,852 for real estate taxes assumed in the transaction.

Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes for years ended December 31 are as follows:

	2019	2018
Loan Discount Amortization	\$ 86,059	\$ 76,366
United Way Housing	2,967	-
Outreach Program	390,200	174,998
Women's Program	38,997	113,314
Other Housing Costs	117,210	31,140
StandDown Events	17,643	10,743
Other Program Restrictions	72,821	135,253
Total	\$ 725,897	\$ 541,814

NOTE 4 PENSION PLAN

The Organization maintains a 403(b) plan covering all eligible employees. The Organization makes contributions to the plan equal to 4.1% of an individual's compensation. Pension expense was \$112,940 and \$70,230 for the years ended December 31, 2019 and 2018, respectively.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

NOTE 5 LEASE COMMITMENTS

The Organization occupies office space for its operations in four locations. Rental lease commitments with payments due only to the renewal date are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 137,822
2021	154,052
2022	157,903
2023	161,850
2024	165,897
Thereafter	388,094
Total	<u>\$ 1,165,618</u>

The rental expense for the years ended December 31, 2019 and 2018 was \$128,226 and \$116,740, respectively. This amount is net of \$0 in sublease income in 2019 and 2018.

NOTE 6 COMMITTED GRANTS AND CONTRACTS

Government Grants – The Organization has conditional promises to give totaling \$3,254,032 at December 31, 2019, which consists of government grants with remaining commitments that are conditional upon incurring eligible expenditures or performing certain services. Conditional promises to give are recognized in the financial statements when conditions have been met. The remaining contributions are expected to be recognized in 2020 and 2021.

NOTE 7 AVAILABILITY AND LIQUIDITY

Availability and Liquidity - The following represents Minnesota Assistance Council for Veteran's financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,964,739	\$ 3,043,892
Accounts receivable	1,246,146	901,456
Total financial assets	<u>4,210,885</u>	<u>3,945,348</u>
Less amounts not available to be used within a year:		
Net assets with donor restrictions	<u>1,334,860</u>	<u>1,278,369</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,876,025</u>	<u>\$ 2,666,979</u>

Minnesota Assistance Council for Veteran's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

Minnesota Assistance Council for Veterans is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Minnesota Assistance Council for Veterans must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Minnesota Assistance Council for Veterans' liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.