

MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
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DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Assistance Council for Veterans
Saint Paul, 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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activity, functional expenses, and cash flows for the years 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)
(1)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021, 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.*

June 15, 2021

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,634,897	\$ 2,964,739
Accounts Receivable	1,942,207	1,246,146
Prepaid Expenses	115,147	85,307
Total Current Assets	5,692,251	4,296,192
Other Assets		
Accounts Receivable, less current portion	292,219	-
Certificates of Deposit	22,367	21,318
Security Deposit	12,473	22,637
Total Other Assets	327,059	43,955
Property and Equipment		
Land	1,038,881	885,734
Houses and Improvements	6,919,908	6,209,239
Furniture and Equipment	195,713	149,404
Vehicles	189,289	147,990
Construction in Progress	48,363	-
Accumulated Depreciation	(2,488,002)	(2,217,713)
Total Property and Equipment	5,904,152	5,174,654
Total Assets	\$ 11,923,462	\$ 9,514,801
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 230,387	\$ 99,916
Accrued Expenses	316,598	213,827
Deferred Rent	45,095	28,131
Total Current Liabilities	592,080	341,874
Long Term Debt	2,665,563	2,189,539
Total Liabilities	3,257,643	2,531,413
NET ASSETS		
Net Assets - Without Donor Restrictions	5,393,135	3,948,838
Net Assets - With Donor Restrictions	3,272,684	3,034,550
Total Net Assets	8,665,819	6,983,388
Total Liabilities & Net Assets	\$ 11,923,462	\$ 9,514,801

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF ACTIVITY
YEARS ENDED DECEMBER 31, 2020**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	\$ 2,101,370	\$ 981,756	\$ 3,083,126
In-Kind Contributions	359,064	183,305	542,369
Total Support	<u>2,460,434</u>	<u>1,165,061</u>	<u>3,625,495</u>
Revenue			
Government Grants	6,814,330	35,531	6,849,861
Contracts	58,190	-	58,190
Interest Income	8,040	-	8,040
Rental Income	143,498	-	143,498
Other Revenue	6,874	-	6,874
Total Revenue	<u>7,030,932</u>	<u>35,531</u>	<u>7,066,463</u>
Net Assets Released from Restriction	<u>962,458</u>	<u>(962,458)</u>	<u>-</u>
Total Support and Revenue	10,453,824	238,134	10,691,958
EXPENSE			
Program Expenses	7,548,519	-	7,548,519
Management and General	1,122,538	-	1,122,538
Fundraising	338,470	-	338,470
Total Expenses	<u>9,009,527</u>	<u>-</u>	<u>9,009,527</u>
CHANGE IN NET ASSETS	1,444,297	238,134	1,682,431
Net Assets - Beginning of Year	<u>3,948,838</u>	<u>3,034,550</u>	<u>6,983,388</u>
NET ASSETS - END OF YEAR	<u>\$ 5,393,135</u>	<u>\$ 3,272,684</u>	<u>\$ 8,665,819</u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF ACTIVITY
YEARS ENDED DECEMBER 31, 2019**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	\$ 1,041,513	\$ 693,363	\$ 1,734,876
In-Kind Contributions	644,883	-	644,883
Total Support	<u>1,686,396</u>	<u>693,363</u>	<u>2,379,759</u>
Revenue			
Government Grants	4,894,900	-	4,894,900
Contracts	64,629	-	64,629
Interest Income	23,371	-	23,371
Rental Income	211,537	-	211,537
Gain on Sale of House	84,255	-	84,255
Other Revenue	12,118	-	12,118
Total Revenue	<u>5,290,810</u>	<u>-</u>	<u>5,290,810</u>
Net Assets Released from Restriction	<u>725,897</u>	<u>(725,897)</u>	<u>-</u>
Total Support and Revenue	7,703,103	(32,534)	7,670,569
EXPENSE			
Program Expenses	6,230,348	-	6,230,348
Management and General	1,089,675	-	1,089,675
Fundraising	350,498	-	350,498
Total Expenses	<u>7,670,521</u>	<u>-</u>	<u>7,670,521</u>
CHANGE IN NET ASSETS	32,582	(32,534)	48
Net Assets - Beginning of Year	<u>3,916,256</u>	<u>3,067,084</u>	<u>6,983,340</u>
NET ASSETS - END OF YEAR	<u>\$ 3,948,838</u>	<u>\$ 3,034,550</u>	<u>\$ 6,983,388</u>

MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020

2020								
Program Services								
	Management & General	Fundraising	Housing	Employment	Legal	Other Program Services	Total Program Services	Total
Expenses								
Salaries and Wages	\$ 602,050	\$ 216,899	\$ 1,723,792	\$ 434,299	\$ 235,985	\$ 7,230	\$ 2,401,306	\$ 3,220,255
Fringe Benefits	36,610	10,679	220,895	57,731	40,785	688	320,099	367,388
Payroll Taxes	71,549	18,037	148,515	37,599	19,875	643	206,632	296,218
Total Personnel	<u>710,209</u>	<u>245,615</u>	<u>2,093,202</u>	<u>529,629</u>	<u>296,645</u>	<u>8,561</u>	<u>2,928,037</u>	<u>3,883,861</u>
Professional Services	151,251	45,859	221,688	17,119	14,471	200	253,478	450,588
Housing	903	-	2,784,086	40,147	299	3,469	2,828,001	2,828,904
Rent	41,970	11,403	72,654	32,066	16,545	297	121,562	174,935
Repairs and Maintenance	3,071	-	254,296	3,530	139	651	258,616	261,687
Utilities	840	-	143,191	2,083	-	-	145,274	146,114
Equipment and Supplies	55,781	6,428	94,191	13,622	7,171	11,280	126,264	188,473
Dues and Memberships	4,927	2,812	58,960	488	1,917	578	61,943	69,682
Office Equipment	20,155	2,153	8,945	209	131	2,719	12,004	34,312
Printing and Postage	4,624	1,258	8,789	2,528	3,016	1,388	15,721	21,603
Telephone and Internet	7,750	1,533	58,290	14,283	5,603	9,400	87,576	96,859
Insurance	61,528	-	-	-	-	-	-	61,528
Professional Development	6,240	4,493	2,187	2,937	1,446	22,887	29,457	40,190
Food	928	116	1,199	115	12	1,443	2,769	3,813
Travel	3,971	1,488	24,996	25,868	1,955	14,594	67,413	72,872
Marketing and Communications	2,211	1,321	270	-	967	8,665	9,902	13,434
Fundraising Events	70	6,152	-	-	-	-	-	6,222
Program Events	-	-	4,300	10	799	1,201	6,310	6,310
Staff Events	11	-	-	-	-	298	298	309
Depreciation	24,277	-	234,774	-	-	11,238	246,012	270,289
Interest	2,000	-	83,159	-	-	-	83,159	85,159
Miscellaneous Expenses	8,301	923	19,042	6,086	702	374	26,204	35,428
Sub-Total Expenses	<u>1,111,018</u>	<u>331,554</u>	<u>6,168,219</u>	<u>690,720</u>	<u>351,818</u>	<u>99,243</u>	<u>7,310,000</u>	<u>8,752,572</u>
Professional Services	-	6,916	-	450	85,172	3,459	89,081	95,997
Equipment and Supplies	11,520	-	34,020	-	-	-	34,020	45,540
Rent	-	-	114,218	-	-	-	114,218	114,218
Other	-	-	-	-	-	1,200	1,200	1,200
In-Kind Expense	<u>11,520</u>	<u>6,916</u>	<u>148,238</u>	<u>450</u>	<u>85,172</u>	<u>4,659</u>	<u>238,519</u>	<u>256,955</u>
Total Expenses	<u>\$ 1,122,538</u>	<u>\$ 338,470</u>	<u>\$ 6,316,457</u>	<u>\$ 691,170</u>	<u>\$ 436,990</u>	<u>\$ 103,902</u>	<u>\$ 7,548,519</u>	<u>\$ 9,009,527</u>

See accompanying Notes to Financial Statements

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019**

	2019			
	<u>Management & General</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Total</u>
Expenses				
Salaries and Wages	\$ 466,236	\$ 199,795	\$ 2,027,797	\$ 2,693,828
Fringe Benefits	35,957	8,620	296,718	341,295
Payroll Taxes	75,649	14,595	174,963	265,207
Total Personnel	<u>577,842</u>	<u>223,010</u>	<u>2,499,478</u>	<u>3,300,330</u>
Professional Services	174,256	55,690	255,290	485,236
Housing	600	-	1,546,566	1,547,166
Rent	58,208	3,692	116,661	178,561
Repairs and Maintenance	3,363	402	138,897	142,662
Utilities	147	39	169,596	169,782
Equipment and Supplies	65,243	13,586	88,623	167,452
Dues and Memberships	6,292	3,266	41,128	50,686
Office Equipment	20,713	260	53,785	74,758
Printing and Postage	5,533	815	18,922	25,270
Telephone and Internet	11,940	1,472	92,531	105,943
Insurance	70,711	68	4,367	75,146
Professional Development	5,472	249	22,099	27,820
Food	3,529	286	16,792	20,607
Travel	20,669	3,352	139,380	163,401
Marketing and Communications	2,536	6,295	22,096	30,927
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
Interest	-	-	93,011	93,011
Miscellaneous Expenses	6,337	435	32,272	39,044
Sub-Total Expenses	<u>1,087,931</u>	<u>334,033</u>	<u>5,603,674</u>	<u>7,025,638</u>
Professional Services	-	-	422,040	422,040
Equipment and Supplies	1,744	16,465	83,513	101,722
Rent	-	-	90,000	90,000
Other	-	-	31,121	31,121
In-Kind Expense	<u>1,744</u>	<u>16,465</u>	<u>626,674</u>	<u>644,883</u>
Total Expenses	<u>\$ 1,089,675</u>	<u>\$ 350,498</u>	<u>\$ 6,230,348</u>	<u>\$ 7,670,521</u>

See accompanying Notes to Financial Statements
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**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Cash flows from operating activities		
Change In Net Assets	\$ 1,682,431	\$ 48
Change in Cash from Operating Activities		
Depreciation	270,289	265,756
Gain on sale of house	-	(84,255)
Donated Property and Land Less Debt Assumed	(492,640)	-
Discount Amortization on Notes Payable	83,159	86,059
Accounts Receivable	(988,280)	(344,690)
Prepaid Expenses	(29,840)	16,157
Security Deposit	10,164	(11,848)
Accounts Payable	130,471	(34,826)
Accrued Expenses	102,771	(3,464)
Deferred Revenue	16,964	14,189
Net cash used by Operating Activities	785,489	(96,874)
Cash flows from Investing Activities		
Purchase of Property and Equipment	(414,282)	(153,453)
Sale of Property and Equipment	-	225,000
Sales (Purchases) of Long Term Investments	(1,049)	1,943
Net cash used by Investing Activities	(415,331)	73,490
Cash flows from Financing Activities		
Proceeds from Paycheck Protection Program Loan	300,000	-
Payments of Long-Term Debt	-	(55,769)
Net cash used by Financing Activities	300,000	(55,769)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	670,158	(79,153)
Cash and Cash Equivalents - Beginning of Year	\$ 2,964,739	\$ 3,043,892
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,634,897	\$ 2,964,739
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Expense Paid	\$ -	\$ 6,952
Noncash investing and financing activities:		
Donated property and land in 2020	\$ 455,859	\$ -
Debt assumed on property acquisition, net of imputed interest of \$76,135 for 2020	\$ 92,865	\$ -

See accompanying Notes to Financial Statements
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**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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.

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.

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 4 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, 2020 and 2019, the Organization's uninsured cash balances were approximately \$1,458,000 and \$834,000. Management believes the Organization is not exposed to any significant credit risk on its accounts.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, 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 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.

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.

In 2020, two houses were donated to the Organization with values of \$392,164 and \$322,987. No houses were donated in 2019.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Organization's revenue is also derived from non-cost-reimbursable federal and state contracts and grants, which are contributions temporarily restricted for a time period and purpose. Revenue is recognized upon execution of the respective grant agreements and the restrictions are released when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

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 equipment, telephone and internet, dues and memberships, depreciation, salaries and wages, benefits, payroll taxes, food, supplies, professional services, telephone and internet, insurance, repairs and maintenance, events, marketing, rent, professional development, travel, utilities, and miscellaneous, which are allocated on the basis of estimates of employee time and effort.

Rent Expense

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

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 2017 through 2019 are open to examination by federal and state authorities.

Subsequent Events

The Organization sold a property located in Minneapolis, MN for \$185,000 on January 21, 2021.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 15, 2021, the date these financial statements were available to be issued, and identified no further significant events or transactions to disclose.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable are due in the following years ending December 31:

2021	\$	1,942,208
2022		150,000
2023		150,000
		2,242,208
Less discounts to net present value (1.77%)		(7,781)
		2,234,427
Less current portion		(1,942,208)
Accounts receivable, long-term portion	\$	292,219

NOTE 3 LONG-TERM DEBT

Description	2020	2019
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
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.	256,478	256,478
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:		
Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on June 26, 2037. The loan is discounted at 3.25%.	165,000	165,000

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2020</u>	<u>2019</u>
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on June 26, 2037. The loan is discounted at 3.25%.	90,289	90,289
City of Duluth, 0% annual interest with lump-sum payment due on April 1, 2023. The loan is discounted at 3.25%.	10,000	10,000
City of Duluth, 0% annual interest with lump-sum payment due on July 24, 2036. The loan is discounted at 3.25%.	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>		
City of Duluth, 0% annual interest with lump-sum payment due on March 14, 2023. The loan is discounted at 3.25%.	391,600	391,600
Duluth Economic Development Authority, 0% annual interest with lump-sum payment due on March 8, 2031. The loan is discounted at 3.25%.	300,000	300,000
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
BATC Foundation, 0% annual interest with lump-sum payment due on October 9, 2031. The loan is discounted at 5.00% and is secured by the related building project.	169,000	-
Choice Financial Group (CFG), 1% annual interest with lump-sum payment due on April 1, 2022, if not forgiven. See Note 4.	300,000	-
	4,113,430	3,644,430
Imputed Interest	(1,447,867)	(1,454,891)
Long-Term Debt	<u>\$ 2,665,563</u>	<u>\$ 2,189,539</u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 LONG-TERM DEBT (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ -
2022	300,000
2023	400,871
2024	-
2025	-
Thereafter	<u>1,964,692</u>
Total	<u><u>\$2,665,563</u></u>

NOTE 4 PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In April 2020, the Organization entered into a promissory note with Choice Financial Group in the amount of \$300,000 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1.00% per annum and is scheduled to mature April 2022. Up to 100% of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). The Organization received full forgiveness subsequent to year-end on March 12, 2021.

NOTE 5 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:	2020	2019
Outreach	\$ 284,895	\$ 417,273
Women's Program	29,920	50,134
Other Housing Costs	353,903	438,443
St. Paul House Project	-	90,000
Other Program Restrictions	<u>210,169</u>	<u>338,803</u>
	878,887	1,334,653
Subject to the passage of time:		
Loan Discounts	1,447,867	1,454,891
Veteran Housing	336,957	86,033
Multi-Year Pledge Time Restrictions	450,000	-
Not subject to appropriation or expenditure:		
Land	<u>158,973</u>	<u>158,973</u>
Total	<u><u>\$ 3,272,684</u></u>	<u><u>\$ 3,034,550</u></u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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:

	<u>2020</u>	<u>2019</u>
Loan Discount Amortization	\$ 83,159	\$ 86,059
United Way Housing	2,997	2,967
Outreach Program	185,069	390,200
Women's Program	22,914	38,997
Other Housing Costs	395,337	117,210
StandDown Events	-	17,643
St. Paul House Project	90,000	-
Other Program Restrictions	182,982	72,821
Total	<u>\$ 962,458</u>	<u>\$ 725,897</u>

NOTE 6 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 \$123,265 and \$112,940 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7 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>
2021	\$ 154,039
2022	157,921
2023	161,875
2024	165,903
2025	170,016
Thereafter	218,042
Total	<u>\$ 1,027,796</u>

The rental expense for the years ended December 31, 2020 and 2019 was \$140,222 and \$128,226, respectively.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 COMMITTED GRANTS AND CONTRACTS

Government Grants – The Organization has conditional promises to give totaling \$2,860,166 and \$3,254,032 at December 31, 2020 and 2019, respectively, 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 2021 and 2022.

NOTE 9 COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in the U.S. and international markets. There is a significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

NOTE 10 AVAILABILITY AND LIQUIDITY

The following represents Minnesota Assistance Council for Veteran’s financial assets at December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,634,897	\$ 2,964,739
Accounts receivable	2,234,426	1,246,146
Total financial assets	5,869,323	4,210,885
Less amounts not available to be used within a year:		
Net assets with donor restrictions	878,887	1,334,860
Time restrictions	300,000	-
Financial assets available to meet general expenditures over the next twelve months	\$ 4,690,436	\$ 2,876,025

Minnesota Assistance Council for Veterans’ 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.