

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

Roseville, Minnesota

CONSOLIDATED FINANCIAL STATEMENTS  
Including Independent Auditors' Report

As of and for the Years Ended December 31, 2018 and 2017

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

TABLE OF CONTENTS  
As of and for the Years Ended December 31, 2018 and 2017

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<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 15
<b>Supplemental Information</b>	
Consolidating Statements of Financial Position	16 - 17
Consolidating Statements of Activities	18 - 19

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Brain Injury Association of Minnesota  
DBA: Minnesota Brain Injury Alliance and  
Consolidated Affiliate (Minnesota Stroke Association)  
Roseville, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Brain Injury Association of Minnesota DBA: Minnesota Brain Injury Alliance and Affiliate (Minnesota Stroke Association) (the "Alliance"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Alliance as of December 31, 2018 and 2017, 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.

## **Other Matters**

### *Report on Consolidating Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 16 to 19 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
April 10, 2019

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
As of December 31, 2018 and 2017

<b>ASSETS</b>		
	2018	2017
Cash and cash equivalents	\$ 3,608,666	\$ 3,550,712
Accounts receivable, net of allowance for doubtful accounts of \$90,000 in 2018 and \$60,000 in 2017	652,528	847,831
Grants receivable	339,886	48,265
Prepaid expenses and other assets	46,380	27,451
Investments	1,500,000	1,250,000
Equipment and leasehold improvements, net	112,199	185,302
<b>TOTAL ASSETS</b>	<b>\$ 6,259,659</b>	<b>\$ 5,909,561</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	43,347	120,969
Accrued expenses	305,410	283,642
Prepaid memberships	1,700	2,227
Deferred revenues	1,550	4,450
Deferred rent	86,266	63,816
Total Liabilities	438,273	475,104
<b>NET ASSETS</b>		
Without donor restrictions	5,786,786	5,399,857
With donor restrictions	34,600	34,600
Total Net Assets	5,821,386	5,434,457
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,259,659</b>	<b>\$ 5,909,561</b>

See accompanying notes to consolidated financial statements.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Government grants	\$ 860,670	\$ -	\$ 860,670	\$ 861,212	\$ -	\$ 861,212
Contributions	230,806	-	230,806	218,823	-	218,823
Case management fees	4,718,552	-	4,718,552	4,469,523	-	4,469,523
Fundraising event revenue	122,218	-	122,218	127,733	-	127,733
Membership dues	3,408	-	3,408	2,959	-	2,959
Investment income	15,399	-	15,399	3,776	-	3,776
Professional development conferences	142,466	-	142,466	109,510	-	109,510
Other	73,909	-	73,909	56,692	-	56,692
Total Support and Revenue	6,167,428	-	6,167,428	5,850,228	-	5,850,228
<b>EXPENSES</b>						
Program	5,327,619	-	5,327,619	5,099,308	-	5,099,308
Management and general	121,210	-	121,210	86,170	-	86,170
Fundraising	331,670	-	331,670	154,951	-	154,951
Total Expenses	5,780,499	-	5,780,499	5,340,429	-	5,340,429
<b>CHANGE IN NET ASSETS</b>	386,929	-	386,929	509,799	-	509,799
NET ASSETS - Beginning of Year	5,399,857	34,600	5,434,457	4,890,058	34,600	4,924,658
<b>NET ASSETS - END OF YEAR</b>	\$ 5,786,786	\$ 34,600	\$ 5,821,386	\$ 5,399,857	\$ 34,600	\$ 5,434,457

See accompanying notes to consolidated financial statements.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018

	Resource Facilitation Information and Resources	Education and Systems Advocacy	Public Awareness	Case Management	Volunteer Program	Multicultural Outreach	Brain Injury Program	Minnesota Stroke Association Program	Management and General	Fundraising	Total
Salaries and wages	\$ 723,600	\$ 252,315	\$ 71,644	\$ 1,687,335	\$ 54,333	\$ 100,673	\$ 2,889,900	\$ 676,896	\$ 86,785	\$ 180,978	\$ 3,834,559
Payroll tax expense	47,683	14,025	4,207	134,636	2,805	7,012	210,368	53,686	4,656	11,781	280,491
Employee benefits	73,074	21,493	6,448	206,328	4,298	10,746	322,387	82,273	7,109	18,054	429,823
Total Salaries and Related Expenses	844,357	287,833	82,299	2,028,299	61,436	118,431	3,422,655	812,855	98,550	210,813	4,544,873
Advertising and promotion	350	-	18,680	-	-	-	19,030	205	-	31,713	50,948
Bad debt expense	-	-	-	44,372	-	-	44,372	27,307	-	-	71,679
Insurance	2,779	817	245	7,846	163	409	12,259	3,128	271	687	16,345
Contract services	48,851	6,671	702	19,404	339	815	76,782	3,854	660	4,273	85,569
Dues and subscriptions	523	388	18	549	14	27	1,519	-	12	512	2,043
Postage	4,698	1,463	18,913	13,034	271	676	39,055	7,374	455	4,705	51,589
Printing	3,442	1,445	41,876	3,012	61	143	49,979	21,436	128	1,136	72,679
Professional fees	6,036	1,778	538	18,123	374	866	27,715	10,658	741	3,276	42,390
Rental	68,666	20,196	6,059	193,880	4,039	10,098	302,938	77,310	6,705	16,964	403,917
Repairs and maintenance	2,843	13,473	9,443	8,028	348	418	34,553	10,526	277	27,219	72,575
Workshops and educational programs	-	-	-	120	-	2,326	2,446	476	-	613	3,535
Conference expense	-	415	-	-	-	-	415	1,500	-	-	1,915
Supplies	5,492	2,805	8,881	14,361	527	2,190	34,256	5,252	4,347	14,087	57,942
Travel expenses	5,504	6,541	3,583	51,351	315	4,146	71,440	15,894	819	3,058	91,211
Utilities	2,823	1,324	357	12,713	158	395	17,770	3,100	1,970	663	23,503
Professional development	4,769	594	7	4,126	4	206	9,706	3,282	1,911	19	14,918
Board expense	-	-	-	-	-	-	-	-	2,562	-	2,562
National Alliance dues	2,222	657	202	6,161	152	303	9,697	-	152	253	10,102
Employee recognition	302	121	36	1,376	228	36	2,099	292	220	61	2,672
Hiring expense	116	52	15	1,121	113	36	1,453	-	-	-	1,453
Legislative expenses	-	5,738	-	-	-	-	5,738	-	-	-	5,738
Other expenses	260	35,981	12,751	2,092	474	219	51,777	15,337	334	9,790	77,238
Total Expense before Depreciation	1,004,033	388,292	204,605	2,429,968	69,016	141,740	4,237,654	1,019,786	120,114	329,842	5,707,396
Depreciation	16,083	4,752	1,462	44,592	1,097	2,193	70,179	-	1,096	1,828	73,103
Total Expenses	\$ 1,020,116	\$ 393,044	\$ 206,067	\$ 2,474,560	\$ 70,113	\$ 143,933	\$ 4,307,833	\$ 1,019,786	\$ 121,210	\$ 331,670	\$ 5,780,499

See accompanying notes to consolidated financial statements.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2017

	Resource Facilitation Information and Resources	Education and Systems Advocacy	Public Awareness	Case Management	Volunteer Program	Multicultural Outreach	Brain Injury Program	Minnesota Stroke Association Program	Management and General	Fundraising	Total
Salaries and wages	\$ 659,789	\$ 237,551	\$ 69,133	\$ 1,645,760	\$ 51,619	\$ 105,566	\$ 2,769,418	\$ 701,213	\$ 62,506	\$ 103,733	\$ 3,636,870
Payroll tax expense	50,616	15,984	3,996	127,873	3,996	7,992	210,457	46,620	3,996	5,328	266,401
Employee benefits	66,241	20,918	5,230	167,346	5,230	10,459	275,424	61,012	5,230	6,973	348,639
Total Salaries and Related Expenses	776,646	274,453	78,359	1,940,979	60,845	124,017	3,255,299	808,845	71,732	116,034	4,251,910
Advertising and promotion	-	213	13,260	-	-	-	13,473	22,445	-	17,493	53,411
Bad debt expense	-	-	-	43,184	-	-	43,184	58,224	-	-	101,408
Insurance	3,704	1,170	292	9,357	292	585	15,400	3,411	292	390	19,493
Contract services	48,501	9,670	2,319	18,345	1,400	2,299	82,534	5,699	399	1,001	89,633
Dues and subscriptions	213	239	218	536	228	28	1,462	484	18	28	1,992
Postage	4,089	1,455	19,608	10,278	320	641	36,391	6,262	320	3,540	46,513
Printing	1,234	1,227	43,015	1,671	62	91	47,300	15,527	111	97	63,035
Professional fees	6,039	1,893	486	15,250	486	921	25,075	8,990	486	666	35,217
Rental	49,926	15,766	3,942	126,127	3,942	7,883	207,586	45,984	3,942	5,255	262,767
Repairs and maintenance	2,385	14,101	8,106	6,024	491	377	31,484	27,407	188	771	59,850
Workshops and educational programs	250	-	-	-	-	2,470	2,720	2,256	-	250	5,226
Conference expense	-	460	-	-	-	-	460	-	-	-	460
Supplies	6,486	3,913	2,960	20,637	803	5,743	40,542	14,573	1,249	4,505	60,869
Travel expenses	6,978	5,301	2,031	53,354	193	5,814	73,671	15,905	808	1,668	92,052
Utilities	3,085	1,569	336	10,749	236	473	16,448	2,859	1,442	315	21,064
Professional development	4,009	963	365	6,636	7	790	12,770	2,275	1,248	299	16,592
Board expense	-	-	-	-	-	-	-	756	1,647	-	2,403
National Alliance dues	2,208	672	192	5,568	192	288	9,120	-	192	288	9,600
Employee recognition	759	330	1,026	1,904	82	115	4,216	869	97	77	5,259
Hiring expense	15	-	-	749	40	-	804	108	406	-	1,318
Legislative expenses	-	4,200	-	-	-	-	4,200	-	-	-	4,200
Other expenses	796	38,647	16,452	2,163	362	1,702	60,122	9,772	279	304	70,477
Total Expense before Depreciation	917,323	376,242	192,967	2,273,511	69,981	154,237	3,984,261	1,052,651	84,856	152,981	5,274,749
Depreciation	15,106	4,598	1,314	38,094	1,314	1,970	62,396	-	1,314	1,970	65,680
Total Expenses	\$ 932,429	\$ 380,840	\$ 194,281	\$ 2,311,605	\$ 71,295	\$ 156,207	\$ 4,046,657	\$ 1,052,651	\$ 86,170	\$ 154,951	\$ 5,340,429

See accompanying notes to consolidated financial statements.



**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 386,929	\$ 509,799
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	73,103	65,680
Change in allowance on accounts receivable	30,000	34,000
Changes in assets and liabilities		
Accounts receivable	165,303	(176,802)
Grants receivable	(291,621)	(2,075)
Prepaid expenses and other assets	(18,929)	9,177
Accounts payable	(77,622)	3,391
Accrued expenses	21,768	27,646
Prepaid memberships	(527)	274
Deferred revenues	(2,900)	(16,595)
Deferred rent	22,450	(3,119)
Net Cash Flows From Operating Activities	307,954	451,376
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(250,000)	(250,000)
Purchases of equipment and leasehold improvements	-	(92,764)
Net Cash Flows From Investing Activities	(250,000)	(342,764)
<b>Net Change in Cash and Cash Equivalents</b>	57,954	108,612
CASH AND CASH EQUIVALENTS - Beginning of Year	3,550,712	3,442,100
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,608,666	\$ 3,550,712

See accompanying notes to consolidated financial statements.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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*Nature of Activities*

Brain Injury Association of Minnesota DBA: Minnesota Brain Injury Alliance (the "Alliance") is a statewide nonprofit organization formed to provide support, advocacy and education for survivors of head injury and their families. The mission of the Alliance is to enhance the quality of life for persons with head injuries and their families and to work toward the prevention of head injuries. The Alliance's office is an information and resource center which provides educational materials, video tapes and rehabilitation resources. They are affiliated with the United States Brain Injury Alliance.

Minnesota Brain Injury Alliance is the sole member of the Minnesota Chapter of the National Stroke Association and has voting rights and the power to appoint and terminate directors. The Minnesota Stroke Association is a statewide nonprofit organization formed to raise awareness about stroke and to enhance the quality of life for all people coping with its sudden and long-term effects.

The services that the Alliance provides are as follows:

- > *Resource Facilitation Information and Resources* - offers on-going support after hospital discharge for persons with brain injury and their family members, and offers resources and referrals to appropriate services. The program is intended to aid with the transition from hospital back to home, work, school and the community.
- > *Education* - recognizes that everyone is a partner in learning and as a result provides quality educational opportunities for both consumers and for professional development. Educational opportunities include specialized training for consumers and professionals about brain injury and prevention and several conferences throughout the year.
- > *Systems Advocacy* - identifies the needs of children and adults living with brain injury in Minnesota and carries forward sound, progressive public policy that addresses those needs and creates equity in access to services. The creation of the Citizen Advocate network empowers and educates individuals to self-advocate with the belief that the strongest voice of change comes from people most directly affected by brain injury.
- > *Public Awareness* - is committed to producing a clear, unified message to help cultivate a deeper understanding of brain injury. This is achieved through written materials on the website, print and email newsletters, brochures, public awareness events, media relations and by building community collaborations.
- > *Case Management* - assists consumers on Traumatic Brain Injury (TBI) Waivers and Community Alternative for Disabled Individuals (CADI) Waivers, and provides Relocation Service Coordination within contracted counties and offers flexible case management services for consumers utilizing Consumer Directed Community Supports (CDCS). The consumers' choices and preferences are supported through assessments, identifying available resources, empowering personal responsibility, advocating for services needed, accessing funding sources (waiver and non-waiver) for medical, social and educational needs, and monitoring the plan of care to ensure the safety and health of the consumer.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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- > *Volunteer Program*- provides volunteers of all abilities and backgrounds opportunities to contribute to Alliance programs, work with staff members and serve people across the state, increasing awareness of brain injury and the Alliance. Volunteers build skills while giving back to the community. Volunteer opportunities provide valuable work experience in a safe environment for persons with brain injury.
  
- > *Multicultural Outreach* - broadens awareness of brain injury in racially/ethnically diverse communities by working closely with existing cultural service organizations to provide education and support to professionals and community members. Through these community collaborations, the program strengthens service to communities of color, offering an empowering environment in which persons with brain injury can heal, professionals can learn how to work effectively with persons with brain injury, and community members can learn how to prevent brain injury.

*Principles of Consolidation*

The consolidated financial statements include the accounts of Brain Injury Association of Minnesota DBA: Minnesota Brain Injury Alliance and its affiliate, Minnesota Stroke Association (collectively, the "Alliance"). All significant intercompany balances and transactions have been eliminated in consolidation.

*Cash and Cash Equivalents*

The Alliance defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash on deposit in excess of federally insured limits are subject to the usual banking risks of funds in excess of those limits.

*Receivables*

Receivables are carried at the unpaid balance of the original amount billed less an estimate made for doubtful accounts which is based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Bad debts are expensed when deemed uncollectible. Receivables are generally unsecured.

*Investments*

Investments, other than certificates of deposit, are recorded at fair value. Certificate of deposits are carried at cost which approximates market value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in net assets without donor restrictions.

*Equipment and Leasehold Improvements*

Equipment and leasehold improvements are stated at cost, or in the case of donated property and equipment, at estimated fair market value at the date of the gift. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Equipment and leasehold improvements over \$1,000 are capitalized and are depreciated using the straight-line method over the shorter of their estimated useful life or the length of the lease.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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*Deferred Revenues*

Certain revenues applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the revenues are earned.

*Net Assets*

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

**Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations.

**With Donor Restrictions** - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations.

*Board Designated Net Assets*

The Alliance's Board of Directors has the ability to designate identified amounts of net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There are no board designated net assets at December 31, 2018 and 2017.

*Contribution Revenue Recognition*

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Alliance reports gifts of cash and other assets as with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

*Membership Dues Revenue Recognition*

Revenue from membership dues is recognized on a pro rata basis over the period to which the membership relates.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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AND CONSOLIDATED AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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*Government Grants Revenue Recognition*

Grants are recorded as revenue and a related receivable when earned. Advances and/or revenues from such grants are deferred until such conditions are met or services are rendered.

Expenditures under government contracts may be subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Alliance will record such disallowance at the time the assessment is made.

The Alliance received governmental grants generated from drivers' license revenues, principally from the Minnesota Department of Health and Minnesota Department of Human Services.

*Fee for Services Revenue*

The Alliance contracts with the State of Minnesota to provide case management services. It also bills clients, insurance companies, HMO's and other third party payers for services provided. Revenues from these activities are recognized as the services are provided.

*Advertising Costs*

Advertising costs are charged to operations when incurred. Advertising costs amounted to \$50,948 and \$53,411 for the years ended December 31, 2018 and 2017, respectively.

*Retirement Plan*

The Alliance has a defined contribution retirement plan for employees. The plan is contributory and contributions are based on a percentage of compensation. The employer matching cost of the plan is paid currently and amounted to \$113,838 and \$106,702 for the years ended December 31, 2018 and 2017, respectively.

*Contributed Services*

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services have been received as donations throughout the year. However, these services do not meet the above criteria, and therefore have not been recorded.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs such as depreciation, insurance, professional fees, National Alliance dues and information technology have been allocated among the programs and supporting services benefited based on estimates of time and effort spent in each category.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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*Impairment of Long-Lived Assets*

The Alliance reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

*Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allocations to the various functional expense categories. Actual results could differ from those estimates.

*Tax-Exempt Status*

The Internal Revenue Service has determined that Minnesota Brain Injury Alliance and Minnesota Stroke Association are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal or state income taxes. However, any unrelated income may be subject to taxation.

The Alliance follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Alliance for uncertain tax positions as of December 31, 2018 and 2017.

*New Accounting Pronouncement Adopted in Current Year*

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Alliance adopted the provisions of this new standard during the year ended December 31, 2018. The primary changes include presenting two classes of net assets versus the three categories previously required. The standard also provides for enhanced disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and expenses by both natural and functional classification. This standard has been retrospectively applied to the prior period presented with certain transition provisions.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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*New Accounting Pronouncements Not Yet Effective*

In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers. This new guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. Early application is permitted. The Alliance is assessing the impact this new standard will have on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Alliance is assessing the impact this standard will have on its financial statements.

During June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments are effective for fiscal years beginning after December 15, 2018 and are intended to be implemented concurrently with ASU 2014-09. Early application is permitted. The Alliance is assessing the impact this standard will have on its financial statements.

*Subsequent Events*

In preparing these financial statements, the Alliance has considered events and transactions for potential disclosure through April 10, 2019, which is the date that the financial statements were available to be issued.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

The Alliance's financial assets as of December 31, 2018 available for general expenditures, within the following 12 months, are as follows:

Cash and cash equivalents	\$ 3,608,666
Grants receivable	339,886
Accounts receivable	652,528
Investments	<u>1,500,000</u>
 Total financial assets available to meet cash needs for general expenses within one year	 <u>\$ 6,101,080</u>

The Alliance's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due and targets a minimum of 310 days of operating expense coverage at any point in time.

Cash in excess of daily requirements is typically invested in short-term, liquid securities. The Organization also has an unsecured \$400,000 line of credit with Wells Fargo. See Note 5.

**NOTE 3 - INVESTMENTS**

Following is a summary of investments as of December 31, 2018 and 2017:

	2018	2017
Certificates of deposit - at cost	<u>\$ 1,500,000</u>	<u>\$ 1,250,000</u>

**NOTE 4 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements at December 31, 2018 and 2017 are summarized as follows:

	Depreciable Lives	2018	2017
Software	3 yrs. - 5 yrs.	\$ 35,800	\$ 35,800
Furniture and equipment	5 yrs.	<u>436,601</u>	<u>436,601</u>
Total equipment and leasehold improvements		472,401	472,401
 Less: Accumulated depreciation		 <u>(360,202)</u>	 <u>(287,099)</u>
 Equipment and leasehold improvements, net		 <u>\$ 112,199</u>	 <u>\$ 185,302</u>



**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 5 - LINE OF CREDIT**

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The Alliance has a \$400,000 line of credit with Wells Fargo which is subject to renewal on June 15, 2019. Borrowings bear interest at the bank's prime lending rate plus 0.5% over the index, with a floor of 5%. No funds have been drawn from this line since inception.

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**NOTE 6 - OPERATING LEASES**

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The Alliance has a noncancelable operating lease for the rental of office space that terminates in October 2028. The approximate future minimum lease payments as of December 31, 2018 are as follows:

2019	\$ 158,087
2020	169,503
2021	174,501
2022	178,663
2023	183,870
Thereafter	<u>960,302</u>
	<u>\$ 1,824,926</u>

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent. Rent expense on the operating lease was \$403,917 and \$262,767 for the years ended December 31, 2018 and 2017, respectively. Included in rent expense is the Alliance's proportionate share of operating expenses, which are paid in addition to minimum lease payments, per the lease agreement.

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**NOTE 7 - CONCENTRATIONS**

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The Alliance reported \$860,670 and \$861,212 of government grant revenue from the State of Minnesota during the years ended December 31, 2018 and 2017, respectively, representing a portion of driver's license revenues collected by the State. The grant with the State is effective through June 30, 2023. The receivable from the State related to these grants amounted to \$339,886 and \$48,265 at December 31, 2018 and 2017, respectively.

## **SUPPLEMENTAL INFORMATION**

**DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
As of December 31, 2018

<b>ASSETS</b>				
	Brain Injury Alliance	Minnesota Stroke Association	Eliminating Adjustments	Consolidated
Cash and cash equivalents	\$ 2,546,078	\$ 1,062,588	\$ -	\$ 3,608,666
Accounts receivable, net of allowance for doubtful accounts of \$90,000	714,903	93,730	(156,105)	652,528
Grants receivable	339,886	-	-	339,886
Prepaid expenses and other assets	45,567	813	-	46,380
Investments	1,500,000	-	-	1,500,000
Equipment and leasehold improvements, net	112,199	-	-	112,199
<b>TOTAL ASSETS</b>	<b>\$ 5,258,633</b>	<b>\$ 1,157,131</b>	<b>\$ (156,105)</b>	<b>\$ 6,259,659</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 42,903	\$ 156,549	\$ (156,105)	\$ 43,347
Accrued expenses	305,410	-	-	305,410
Prepaid memberships	1,700	-	-	1,700
Deferred revenues	1,250	300	-	1,550
Deferred rent	86,266	-	-	86,266
Total Liabilities	437,529	156,849	(156,105)	438,273
<b>NET ASSETS</b>				
Without donor restrictions	4,786,504	1,000,282	-	5,786,786
With donor restrictions	34,600	-	-	34,600
Total Net Assets	4,821,104	1,000,282	-	5,821,386
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,258,633</b>	<b>\$ 1,157,131</b>	<b>\$ (156,105)</b>	<b>\$ 6,259,659</b>

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
As of December 31, 2017

<b>ASSETS</b>				
	Brain Injury Alliance	Minnesota Stroke Association	Eliminating Adjustments	Consolidated
Cash and cash equivalents	\$ 2,669,622	\$ 881,090	\$ -	\$ 3,550,712
Accounts receivable, net of allowance for doubtful accounts of \$60,000	738,755	109,076	-	847,831
Grants receivable	48,265	-	-	48,265
Prepaid expenses and other assets	27,421	30	-	27,451
Investments	1,250,000	-	-	1,250,000
Equipment and leasehold improvements, net	185,302	-	-	185,302
<b>TOTAL ASSETS</b>	<b>\$ 4,919,365</b>	<b>\$ 990,196</b>	<b>\$ -</b>	<b>\$ 5,909,561</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 38,141	\$ 82,828	\$ -	\$ 120,969
Accrued expenses	283,642	-	-	283,642
Prepaid memberships	2,227	-	-	2,227
Deferred revenues	3,700	750	-	4,450
Deferred rent	63,816	-	-	63,816
Total Liabilities	391,526	83,578	-	475,104
<b>NET ASSETS</b>				
Without donor restrictions	4,493,239	906,618	-	5,399,857
With donor restrictions	34,600	-	-	34,600
Total Net Assets	4,527,839	906,618	-	5,434,457
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,919,365</b>	<b>\$ 990,196</b>	<b>\$ -</b>	<b>\$ 5,909,561</b>

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

	Without Donor Restrictions Brain Injury Alliance	Without Donor Restrictions Minnesota Stroke Association	With Donor Restrictions Brain Injury Alliance	Eliminating Adjustments	Total
<b>SUPPORT AND REVENUE</b>					
Government grants	\$ 860,670	\$ -	\$ -	\$ -	\$ 860,670
Contributions	108,668	122,138	-	-	230,806
Case management fees	3,627,716	1,090,836	-	-	4,718,552
Fundraising event revenue	79,011	43,207	-	-	122,218
Membership dues	3,408	-	-	-	3,408
Investment income	15,399	-	-	-	15,399
Professional development conferences	95,331	47,135	-	-	142,466
Other	59,999	13,910	-	-	73,909
Total Support and Revenue	4,850,202	1,317,226	-	-	6,167,428
<b>EXPENSES</b>					
Program	4,307,833	1,019,786	-	-	5,327,619
Management and general	84,302	36,908	-	-	121,210
Fundraising	164,802	166,868	-	-	331,670
Total Expenses	4,556,937	1,223,562	-	-	5,780,499
<b>CHANGE IN NET ASSETS</b>	293,265	93,664	-	-	386,929
NET ASSETS - Beginning of Year	4,493,239	906,618	34,600	-	5,434,457
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,786,504</u>	<u>\$ 1,000,282</u>	<u>\$ 34,600</u>	<u>\$ -</u>	<u>\$ 5,821,386</u>

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
AND CONSOLIDATED AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

	Without Donor Restrictions Brain Injury Alliance	Without Donor Restrictions Minnesota Stroke Association	With Donor Restrictions Brain Injury Alliance	Eliminating Adjustments	Total
<b>SUPPORT AND REVENUE</b>					
Government grants	\$ 861,212	\$ -	\$ -	\$ -	\$ 861,212
Contributions	104,714	114,109	-	-	218,823
Case management fees	3,485,875	983,648	-	-	4,469,523
Fundraising event revenue	74,490	53,243	-	-	127,733
Membership dues	2,959	-	-	-	2,959
Investment income	3,776	-	-	-	3,776
Professional development conferences	108,835	675	-	-	109,510
Other	30,482	26,210	-	-	56,692
Total Support and Revenue	4,672,343	1,177,885	-	-	5,850,228
<b>EXPENSES</b>					
Program	4,046,657	1,052,651	-	-	5,099,308
Management and general	86,170	-	-	-	86,170
Fundraising	154,951	-	-	-	154,951
Total Expenses	4,287,778	1,052,651	-	-	5,340,429
<b>CHANGE IN NET ASSETS</b>	384,565	125,234	-	-	509,799
NET ASSETS - Beginning of Year	4,108,674	781,384	34,600	-	4,924,658
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,493,239</u>	<u>\$ 906,618</u>	<u>\$ 34,600</u>	<u>\$ -</u>	<u>\$ 5,434,457</u>