

**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, 2015 and 2014

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

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As of and for the Years Ended December 31, 2015 and 2014

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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

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, 2015 and 2014, 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, 2015 and 2014, 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.



Minneapolis, Minnesota  
April 18, 2016

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
As of December 31, 2015 and 2014

<b>ASSETS</b>		
	2015	2014
Cash and cash equivalents		
Brain Injury Alliance	\$ 2,649,467	\$ 2,524,130
Minnesota Stroke Association	875,180	727,669
Total cash and cash equivalents	3,524,647	3,251,799
Accounts receivable	428,400	427,661
Grants receivable	57,851	70,218
Prepaid expenses and other assets		
Brain Injury Alliance	24,811	16,329
Minnesota Stroke Association	661	-
Total prepaid expenses and other assets	25,472	16,329
Investments	750,000	543,957
Equipment and leasehold improvements, net	223,898	172,013
<b>TOTAL ASSETS</b>	<b>\$ 5,010,268</b>	<b>\$ 4,481,977</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable		
Brain Injury Alliance	\$ 8,367	\$ 11,047
Minnesota Stroke Association	55,545	31,718
Total accounts payable	63,912	42,765
Accrued expenses	195,799	202,505
Funds held for National Alliance	125,974	99,356
Prepaid memberships	3,262	2,547
Deferred revenues		
Brain Injury Alliance	54,710	10,375
Minnesota Stroke Association	13,280	1,350
Total deferred revenues	67,990	11,725
Deferred rent	48,434	-
Total Liabilities	505,371	358,898
<b>NET ASSETS</b>		
Unrestricted, Brain Injury Alliance	3,663,281	3,393,879
Unrestricted, Minnesota Stroke Association	807,016	694,600
Total unrestricted	4,470,297	4,088,479
Permanently restricted	34,600	34,600
Total Net Assets	4,504,897	4,123,079
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,010,268</b>	<b>\$ 4,481,977</b>

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
DBA: MINNESOTA BRAIN INJURY ALLIANCE  
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CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2015 and 2014

	2015					2014				
	Unrestricted	Unrestricted Minnesota Stroke Association	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Unrestricted Minnesota Stroke Association	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>										
Government grants	\$ 864,158	\$ -	\$ -	\$ -	\$ 864,158	\$ 834,492	\$ -	\$ -	\$ -	\$ 834,492
Contributions	141,978	80,142	-	-	222,120	151,803	60,716	-	-	212,519
Case management fees	2,599,236	529,450	-	-	3,128,686	2,340,264	536,726	-	-	2,876,990
Fundraising event revenue	89,597	66,705	-	-	156,302	100,762	59,986	-	-	160,748
Membership dues	6,307	-	-	-	6,307	4,916	-	-	-	4,916
Investment gain (loss)	(2,210)	-	-	-	(2,210)	3,952	-	-	-	3,952
Professional development conferences	110,085	25	-	-	110,110	93,483	-	-	-	93,483
Other	42,065	14,530	-	-	56,595	34,845	11,785	-	-	46,630
Total Support and Revenue	3,851,216	690,852	-	-	4,542,068	3,564,517	669,213	-	-	4,233,730
<b>EXPENSES</b>										
Program	3,354,918	578,436	-	-	3,933,354	3,044,172	378,389	-	-	3,422,561
Management and general	74,323	-	-	-	74,323	52,901	-	-	-	52,901
Fundraising	152,573	-	-	-	152,573	168,593	-	-	-	168,593
Total Expenses	3,581,814	578,436	-	-	4,160,250	3,265,666	378,389	-	-	3,644,055
<b>CHANGE IN NET ASSETS</b>	269,402	112,416	-	-	381,818	298,851	290,824	-	-	589,675
NET ASSETS - Beginning of Year	3,393,879	694,600	-	34,600	4,123,079	3,095,028	403,776	-	34,600	3,533,404
<b>NET ASSETS - END OF YEAR</b>	\$ 3,663,281	\$ 807,016	\$ -	\$ 34,600	\$ 4,504,897	\$ 3,393,879	\$ 694,600	\$ -	\$ 34,600	\$ 4,123,079

See accompanying notes to consolidated financial statements.

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2015

	Resource Facilitation Information and Resources	Education and Systems Advocacy	Public Awareness	Case Management	Volunteer Program	Multicultural Outreach	Total Program	Minnesota Stroke Association Program	Management and General	Fundraising	Total
Salaries and wages	\$ 684,746	\$ 203,160	\$ 61,331	\$ 1,102,004	\$ 56,868	\$ 78,620	\$ 2,186,729	\$ 380,108	\$ 56,779	\$ 90,211	\$ 2,713,827
Payroll tax expense	48,668	14,195	4,056	87,197	4,056	7,097	165,269	29,404	2,028	6,084	202,785
Employee benefits	75,329	21,971	6,277	134,965	6,277	10,986	255,805	45,511	3,139	9,416	313,871
Total Salaries and Related Expenses	808,743	239,326	71,664	1,324,166	67,201	96,703	2,607,803	455,023	61,946	105,711	3,230,483
Advertising and promotion	-	-	11,970	-	-	1,271	13,241	11,094	-	12,260	36,595
Bad debt expense	-	-	-	37,333	-	-	37,333	-	-	-	37,333
Insurance	2,528	737	211	4,530	211	369	8,586	1,528	105	316	10,535
Contract services	71,056	13,139	3,939	44,266	1,844	3,172	137,416	21,341	923	3,718	163,398
Dues and subscriptions	392	440	30	701	210	56	1,829	1,748	23	604	4,204
Postage	4,662	1,364	20,105	8,237	377	660	35,405	6,401	189	4,116	46,111
Printing	3,991	2,198	41,466	3,074	73	142	50,944	17,854	77	2,198	71,073
Professional fees	8,848	2,632	717	15,843	717	1,285	30,042	7,739	420	1,075	39,276
Rental	53,323	15,351	4,524	97,757	4,524	7,675	183,154	34,012	2,504	6,544	226,214
Repairs and maintenance	2,998	12,856	250	5,371	431	437	22,343	3,333	125	2,103	27,904
Workshops and educational programs	-	-	-	-	-	1,233	1,233	1,285	-	250	2,768
Conference expense	-	440	-	-	-	-	440	-	-	-	440
Supplies	4,947	2,375	892	12,547	498	3,695	24,954	3,863	834	6,114	35,765
Travel expenses	7,914	3,979	303	49,303	144	2,946	64,589	8,885	70	2,187	75,731
Utilities	3,023	1,613	324	7,691	239	418	13,308	2,053	1,928	359	17,648
Professional development	5,422	1,261	437	10,031	297	1,257	18,705	204	1,181	215	20,305
Board expense	-	-	-	-	-	-	-	495	1,938	-	2,433
National Alliance dues	2,688	864	192	4,800	192	384	9,120	-	192	288	9,600
Employee recognition	567	126	282	854	249	52	2,130	238	256	45	2,669
Hiring expense	125	10	-	290	10	-	435	-	45	-	480
Health Fund of Minnesota	-	-	-	-	-	-	-	-	-	-	-
Legislative expenses	-	8,925	-	-	-	-	8,925	-	-	-	8,925
Other expenses	974	33,457	63	1,882	383	696	37,455	1,340	608	3,032	42,435
Total Expense before Depreciation	982,201	341,093	157,369	1,628,676	77,600	122,451	3,309,390	578,436	73,364	151,135	4,112,325
Depreciation	13,418	4,313	959	23,962	959	1,917	45,528	-	959	1,438	47,925
Total Expenses	\$ 995,619	\$ 345,406	\$ 158,328	\$ 1,652,638	\$ 78,559	\$ 124,368	\$ 3,354,918	\$ 578,436	\$ 74,323	\$ 152,573	\$ 4,160,250

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2014

	Resource Facilitation Information and Resources	Education and Systems Advocacy	Public Awareness	Case Management	Volunteer Program	Multicultural Outreach	Total Program	Minnesota Stroke Association Program	Management and General	Fundraising	Total
Salaries and wages	\$ 601,857	\$ 215,737	\$ 61,012	\$ 998,261	\$ 50,229	\$ 85,132	\$ 2,012,228	\$ 230,899	\$ 39,816	\$ 106,657	\$ 2,389,600
Payroll tax expense	43,877	14,918	3,510	75,468	3,510	6,143	147,426	19,306	1,755	7,020	175,507
Employee benefits	65,794	22,370	5,264	113,165	5,264	9,211	221,068	28,949	2,632	10,527	263,176
Total Salaries and Related Expenses	711,528	253,025	69,786	1,186,894	59,003	100,486	2,380,722	279,154	44,203	124,204	2,828,283
Advertising and promotion	-	-	23,516	26	-	1,073	24,615	12,944	1	7,129	44,689
Bad debt expense	-	-	-	25,934	-	-	25,934	-	-	-	25,934
Insurance	2,518	856	201	4,475	201	364	8,615	1,145	101	403	10,264
Contract services	50,781	5,984	2,093	7,209	1,293	-	67,360	1,962	82	869	70,273
Dues and subscriptions	701	580	46	991	226	81	2,625	4,934	23	421	8,003
Postage	6,302	2,733	14,035	10,057	468	819	34,414	5,181	222	3,973	43,790
Printing	5,640	1,853	47,931	2,000	81	1,124	58,629	20,110	35	1,874	80,648
Professional fees	10,241	2,649	685	13,400	623	1,091	28,689	5,744	312	1,247	35,992
Rental	47,473	16,141	3,798	81,653	3,798	6,646	159,509	20,888	1,899	7,596	189,892
Repairs and maintenance	3,421	12,259	274	5,741	446	467	22,608	2,029	137	859	25,633
Workshops and educational programs	2,550	200	-	-	-	634	3,384	1,545	-	-	4,929
Conference expense	-	430	-	-	-	-	430	-	-	-	430
Supplies	8,588	4,750	943	18,500	669	4,400	37,850	7,595	2,098	8,462	56,005
Travel expenses	7,219	3,907	92	51,366	307	1,517	64,408	5,771	28	1,748	71,955
Utilities	3,489	2,074	363	12,750	265	464	19,405	1,699	133	531	21,768
Professional development	3,640	505	33	6,142	613	55	10,988	822	1,555	664	14,029
Board expense	-	-	-	-	-	-	-	-	1,040	-	1,040
National Alliance dues	2,688	864	288	4,704	192	384	9,120	-	96	384	9,600
Employee recognition	95	132	141	625	784	13	1,790	224	50	15	2,079
Hiring expense	39	20	1	1,451	1	2	1,514	6	1	2	1,523
Health Fund of Minnesota	-	-	-	-	-	-	-	6,000	-	6,000	12,000
Legislative expenses	-	2,760	-	-	-	-	2,760	-	-	-	2,760
Other expenses	1,002	31,572	170	1,847	187	77	34,855	636	422	362	36,275
Total Expense before Depreciation	867,915	343,294	164,396	1,435,765	69,157	119,697	3,000,224	378,389	52,438	166,743	3,597,794
Depreciation	12,953	4,164	1,388	22,668	925	1,850	43,948	-	463	1,850	46,261
Total Expenses	\$ 880,868	\$ 347,458	\$ 165,784	\$ 1,458,433	\$ 70,082	\$ 121,547	\$ 3,044,172	\$ 378,389	\$ 52,901	\$ 168,593	\$ 3,644,055

**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 381,818	\$ 589,675
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	47,925	46,261
Net (gain) loss on investments	2,210	(3,952)
Changes in assets and liabilities		
Accounts receivable	(739)	29,370
Grants receivable	12,367	74,472
Prepaid expenses and other assets	(9,143)	1,431
Accounts payable	21,147	7,710
Accrued expenses	(6,706)	35,294
Funds held for National Alliance	26,618	29,389
Prepaid memberships	715	827
Deferred rent	48,434	-
Deferred revenue	56,265	11,325
Net Cash Flows From Operating Activities	580,911	821,802
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(750,000)	(691,144)
Proceeds from sales of investments	541,747	691,750
Purchases of equipment and leasehold improvements	(99,810)	-
Net Cash Flows From Investing Activities	(308,063)	606
<b>Net Change in Cash and Cash Equivalents</b>	272,848	822,408
CASH AND CASH EQUIVALENTS - Beginning of Year	3,251,799	2,429,391
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,524,647</b>	<b>\$ 3,251,799</b>



**BRAIN INJURY ASSOCIATION OF MINNESOTA  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2015 and 2014

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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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2015 and 2014

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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*

No allowance for doubtful accounts is deemed necessary as of December 31, 2015 and 2014 based on management's evaluation of receivables at the end of each year. 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 unrestricted net assets.

*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 their estimated useful lives.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2015 and 2014

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**NOTE 1 - Summary of Significant Accounting Policies** (continued)

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*Funds Held for National Alliance*

The Alliance serves as the fiscal agent for the United States Brain Injury Alliance. Terms of this arrangement are outlined in a Fiscal Sponsorship Agreement. This agreement ended effective December 31, 2015 and the funds were disbursed to the National Alliance's management company subsequent to year end.

*Deferred Revenue*

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:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets consist of those resources over which the Board of Directors has discretionary control.

**Temporarily Restricted Net Assets**- Net assets which consist of resources which are limited as to use by donor imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Alliance has no temporarily restricted net assets.

**Permanently Restricted Net Assets**- Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance, income from which is available to support activities of the Alliance.

*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 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 unrestricted support.

*Membership Dues Revenue Recognition*

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2015 and 2014

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**NOTE 1 - Summary of Significant Accounting Policies** (continued)

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*Grant 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 \$36,595 and \$44,689 for the years ended December 31, 2015 and 2014, 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 \$76,750 and \$51,938 for the years ended December 31, 2015 and 2014, 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 have been allocated among the programs and supporting services benefited based on actual time spent and best estimates of management.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2015 and 2014

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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, 2015 and 2014.

*Subsequent Events*

In preparing these financial statements, the Alliance has considered events and transactions for potential disclosure through April 18, 2016 which is the date that the financial statements were available to be issued.

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**NOTE 2 - Investments**

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Following is a summary of investments as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Money market accounts	\$ -	\$ 543,957
Certificates of deposit - at cost	<u>750,000</u>	<u>-</u>
	<u>\$ 750,000</u>	<u>\$ 543,957</u>

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**NOTE 3 - Equipment and Leasehold Improvements**

Equipment and leasehold improvements at December 31, 2015 and 2014 are summarized as follows:

	Depreciable Lives	2015	2014
Software	3 yrs. - 5 yrs.	\$ 35,800	\$ 35,800
Furniture and equipment	5 yrs.	343,838	469,809
Total equipment and leasehold improvements		379,638	505,609
Less: Accumulated depreciation		(155,740)	(333,596)
Equipment and leasehold improvements, net		\$ 223,898	\$ 172,013

**NOTE 4 - Operating Leases**

The Alliance has a noncancelable operating lease for the rental of office space that terminates in October 2023. The approximate future minimum lease payments as of December 31, 2015 are as follows:

2016	\$ 93,306
2017	113,095
2018	116,819
2019	120,542
2020	131,750
Thereafter	394,540
	\$ 970,052

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 \$226,214 and \$189,892 for the years ended December 31, 2015 and 2014, 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.

**NOTE 5 - Concentrations**

The Alliance reported \$864,158 and \$834,492 of government grant revenue from the State of Minnesota during the years ended December 31, 2015 and 2014, respectively, representing a portion of driver's license revenues collected by the State. The grant with the State is effective through June 30, 2018. The receivable from the State related to these grants amounted to \$57,851 and \$70,218 at December 31, 2015 and 2014, respectively.

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**NOTE 6 - Fair Value of Financial Instruments**

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*Fair Value Hierarchy*

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

*Valuation Techniques and Inputs*

Level 1 - Level 1 assets include investments in money market funds for which quoted prices are readily available.

There were no changes in fair value valuation methodologies used by the Alliance in 2015 or 2014.

As of December 31, 2015, all investments were held in certificates of deposit which are not considered financial instruments subject to the fair value hierarchy.

The following table presents information about the Alliance's assets measured at fair value on a recurring basis as of December 31, 2014 based upon the three-tier hierarchy:

	<u>Total</u>	<u>Level 1</u>
ASSETS		
Money market accounts	\$ 543,957	\$ 543,957