

MINNESOTA QUILTERS, INC.
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021



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**MINNESOTA QUILTERS, INC.
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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Minnesota Quilters, Inc.
St. Paul, Minnesota

Management is responsible for the accompanying financial statements of Minnesota Quilters, Inc. (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 18, 2023

MINNESOTA QUILTERS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,563	\$ 16,427
Accounts Receivable	21	21
Prepaid Expenses	20,566	25,096
Investments	195,532	213,103
Furniture and Equipment, Net of Accumulated Depreciation of \$19,277 and \$17,023 for 2022 and 2021, Respectively	6,788	7,234
Total Current Assets	\$ 233,470	\$ 261,881
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 4,311	\$ 2,108
Accrued Expenses	2,300	1,467
Deferred Revenues	17,381	13,565
Total Liabilities	23,992	17,140
NET ASSETS		
Without Donor Restrictions	199,478	244,041
With Donor Restrictions	10,000	700
Total Net Assets	209,478	244,741
Total Liabilities and Net Assets	\$ 233,470	\$ 261,881

See accompanying Notes to Financial Statements.

MINNESOTA QUILTERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Quilt Show:						
Admissions	\$ 43,900	\$ -	\$ 43,900	\$ -	\$ -	\$ -
Registration and Class Fees	75,822	-	75,822	-	-	-
Sponsor and Vendor Revenues	75,096	-	75,096	33,019	-	33,019
Events	20,306	-	20,306	-	-	-
Contributions	7,904	-	7,904	-	-	-
Merchandise Sales	23,057	-	23,057	7,820	-	7,820
Advertising Sales	2,020	-	2,020	-	-	-
Miscellaneous Revenue	4,526	-	4,526	5,022	-	5,022
Total Quilt Show Revenue	252,631	-	252,631	45,861	-	45,861
Education Program Activities:						
Workshops	6,440	-	6,440	46,341	-	46,341
Getaways/Retreats	1,940	-	1,940	-	-	-
Quilting for Others	39,466	-	39,466	-	-	-
Other Events	-	-	-	24,610	-	24,610
Total Education Program Activities	47,846	-	47,846	70,951	-	70,951
Membership Meetings, Lectures, and Dues:						
Membership Meetings, Lectures, and Dues	29,220	-	29,220	26,451	-	26,451
Advertising Sales	12	-	12	760	-	760
Support for Quilt Projects Related to Mission	-	-	-	2,833	-	2,833
Total Membership Program Activities	29,232	-	29,232	30,044	-	30,044
Other Support:						
Contributions	29,643	10,000	39,643	55,001	-	55,001
Debt Forgiveness Income - PPP	-	-	-	29,616	-	29,616
Miscellaneous Revenue	36,373	-	36,373	20,672	-	20,672
Total Other Support	66,016	10,000	76,016	105,289	-	105,289
Net Assets Released from Restriction	700	(700)	-	1,975	(1,975)	-
Total Revenues and Other Support	396,425	9,300	405,725	254,120	(1,975)	252,145
EXPENSES						
Program Services	306,162	-	306,162	157,888	-	157,888
Supporting Activities:						
Management and General	98,597	-	98,597	93,041	-	93,041
Total Expenses	404,759	-	404,759	250,929	-	250,929
CHANGE IN NET ASSETS FROM OPERATIONS	(8,334)	9,300	966	3,191	(1,975)	1,216
INVESTMENT INCOME	(36,229)	-	(36,229)	11,189	-	11,189
TOTAL CHANGE IN NET ASSETS	(44,563)	9,300	(35,263)	14,380	(1,975)	12,405
Net Assets - Beginning of Year	244,041	700	244,741	229,661	2,675	232,336
NET ASSETS - END OF YEAR	\$ 199,478	\$ 10,000	\$ 209,478	\$ 244,041	\$ 700	\$ 244,741

See accompanying Notes to Financial Statements.

MINNESOTA QUILTERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2022				
	Quilt Show	Other Programs	Total Program	Management and General	Total
Cost of Donations	\$ -	\$ 39,599	\$ 39,599	\$ -	\$ 39,599
Cost of Goods Sold	12,867	-	12,867	-	12,867
Depreciation	-	-	-	2,254	2,254
Facility Rent	38,267	1,726	39,993	16,615	56,608
Meals and Travel	18,370	1,359	19,729	655	20,384
Fees and Dues	-	-	-	2,868	2,868
Grants	29,274	7,804	37,078	-	37,078
Information Technology	18,948	2,595	21,543	406	21,949
Equipment	25,913	-	25,913	-	25,913
Insurance	2,612	-	2,612	5,290	7,902
Miscellaneous	-	-	-	1,391	1,391
Newsletter and Directory	10,336	-	10,336	-	10,336
Payroll and Payroll Taxes	47,745	-	47,745	47,745	95,490
Postage	-	-	-	3,165	3,165
Professional Fees	13,866	-	13,866	11,118	24,984
Speaker and Lecturers	27,025	3,785	30,810	-	30,810
Printing	3,766	64	3,830	551	4,381
Supplies	-	-	-	3,922	3,922
Telephone	241	-	241	2,617	2,858
	<u>\$ 249,230</u>	<u>\$ 56,932</u>	<u>\$ 306,162</u>	<u>\$ 98,597</u>	<u>\$ 404,759</u>
Total Expenses					
	2021				
	Quilt Show	Other Programs	Total Program	Management and General	Total
Cost of Donations	\$ -	\$ 24,437	\$ 24,437	\$ -	\$ 24,437
Cost of Goods Sold	8,177	-	8,177	-	8,177
Depreciation	-	-	-	1,919	1,919
Facility Rent	2,990	240	3,230	23,730	26,960
Fees and Dues	3,021	1,532	4,553	3,278	7,831
Grants	16,532	275	16,807	514	17,321
Information Technology	27,135	5,999	33,134	1,267	34,401
Insurance	-	-	-	3,180	3,180
Miscellaneous	(240)	40	(200)	2,310	2,110
Newsletter and Directory	1,526	17	1,543	596	2,139
Payroll and Payroll Taxes	27,653	-	27,653	37,217	64,870
Postage	1,560	544	2,104	2,423	4,527
Professional Fees	833	-	833	9,541	10,374
Speaker and Lecturers	24,400	2,085	26,485	-	26,485
Special Events	1,883	-	1,883	20	1,903
Supplies	1,667	5,293	6,960	2,620	9,580
Telephone	289	-	289	4,426	4,715
	<u>\$ 117,426</u>	<u>\$ 40,462</u>	<u>\$ 157,888</u>	<u>\$ 93,041</u>	<u>\$ 250,929</u>
Total Expenses					

See accompanying Notes to Financial Statements.

MINNESOTA QUILTERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (35,263)	\$ 12,405
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Loss (Gain) on Investments	45,833	(9,916)
Realized Loss on Investments	2,990	97
Depreciation	2,254	1,919
Debt Forgiveness Income - PPP	-	(29,616)
Changes in Assets and Liabilities:		
Accounts Receivable	-	(21)
Prepaid Expense	4,530	4,767
Accounts Payable	2,203	313
Accrued Expense	833	(2,703)
Deferred Revenue	3,816	(42,359)
Net Cash Provided (Used) by Operating Activities	27,196	(65,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(1,808)	-
Proceeds from Investments	45,097	195,420
Purchases from Investments	(76,349)	(135,521)
Net Cash Provided (Used) by Investing Activities	(33,060)	59,899
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of Notes Payable	-	11,315
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,864)	6,100
Cash and Cash Equivalents - Beginning of Year	16,427	10,327
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,563	\$ 16,427

See accompanying Notes to Financial Statements.

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose and Nature Activities

Minnesota Quilters, Inc. (the Organization) was founded in 1978 and was formed to unite quilters and quilt enthusiasts throughout the state of Minnesota and elsewhere. Its activities are as follows:

Annual Show and Convention (Show)

This annual show, held virtually in 2021 and in person in 2022, draws attention from quilt enthusiasts across the country. The show is open to both members and nonmembers. Individuals can register for lectures and workshops, view and participate in judged and nonjudged quilt exhibits, and enjoy special exhibits from around the country, as well as an online merchandise mall.

Monthly Meetings

Two meetings per month are held over Zoom or in person, which are open to members and guests and include demonstrations and lectures, programs/workshops, announcements, and "show and tell." Lecture Series – Special lectures and programs/workshops are incorporated quarterly into regular monthly meetings and feature national or international quilters or speakers about quilting.

Retreats

The Spring Getaway was canceled due to Covid-19. We offered Zoom retreats as an alternative that consisted of workshops, fellowship, and the freedom to quilt uninterrupted. Our quilters spend several days quilting in the company of others periodically through the year.

Minnesota Quilt Project (MQP)

The purpose of the Minnesota Quilt Project is to identify and document quilts, both privately and publicly held, that have a Minnesota connection. The goals of MQP are to preserve images and information that MQP has collected, to make the collection information available to interested parties, and to arrange for publication and display of quilts that have been documented.

Quilting for Others

Volunteers meet together often to quilt for various charities. They make many different quilts items including full size quilts, baby quilts, place mats, Christmas stockings, and lap quilts. This provides an opportunity to work with beginning quilters. We also encourage donations of completed projects made by individuals or small group.

Quilt Collection

Minnesota Quilters, Inc. holds a collection of historically significant quilts. The quilts are valued at cost or fair market value at the date of the purchase or donation. The Organization only capitalizes pieces that are valued above their capitalization threshold at the time of purchase or donation.

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its ASC 958. Under ASC 958, *Financial Statements of Not-for-Profit Organizations*, Minnesota Quilters, Inc. is required to report information regarding financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, based upon the existence or absence of donor restrictions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. This is the method of accounting where revenues are recognized in the period when earned or the unconditional promise to give has been received and expenses are recorded in the period when incurred regardless of whether or not such transactions have been fully settled by the receipt or payment of cash.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less. The Organization maintains its cash balances in two financial institutions. At times, amounts may exceed Federal Deposit Insurance Corporation insured limits.

Investments

The Organization carries its investments at fair market value. Investments consist of fixed income securities including brokered certificates of deposit and mutual funds. The net realized and unrealized gains and losses on investments are reflected in the statements of activities. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that use quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 2 – Inputs that include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls, is based on the lowest level input that is significant to the fair value measurement in its entirety.

Furniture and Equipment

All acquisitions of furniture and equipment in excess of \$750 are capitalized. Furniture and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives varying from two to seven years. Depreciation expense for the years ended September 30, 2022 and 2021 was \$2,254 and \$1,918, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to Minnesota Quilters that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

The Organization follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued by the Financial Accounting Standards Board (FASB). The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services.

Membership Dues

Membership dues are deferred and recognized as revenue ratably over the contract period to which the dues relate. Dues collected in advance are recorded as deferred revenue until they are earned.

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Annual Show, Event and Workshop Income

Show, workshop and event revenue collected in advance of the related meeting and/or project is recorded as deferred revenue until expended.

Merchandise

Merchandise sale revenue is recognized at the point of sale.

Advertising

Advertising revenue and direct publication costs are recognized in the period the related periodical is issued.

Other Revenue

Other program revenue is from service fees, an merchandise sales. Revenue is recognized when the contract performance of the fees are complete.

Noncash Donations

Noncash donations are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization received donated prizes for years ended September 30, 2022 and 2021 valued at \$39,599 and \$24,610, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and statements of functional expenses. The majority of the Organization's expenses are for the Quilt Show or other program activities such as lectures and workshops. Most of the expenses for these program activities, including cost of donations, cost of goods sold, facility rent, grants, speaker fees, catering, and supplies are directly identifiable. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on management's evaluation and judgment. The fundraising and membership development costs are immaterial and are included in the general administrative expenses.

Income Taxes

Minnesota Quilters, Inc. is classified as a tax-exempt organization under Minnesota Statute 290.05 and has been granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3).

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization follows the income tax standard for uncertain tax positions. The Organization evaluated its tax positions and determined it has no uncertain tax positions as of September 30, 2022.

Net Asset Classifications

Net assets of Minnesota Quilters, Inc. and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Represent funds that are fully available, at the discretion of management and the board of directors, for Minnesota Quilters, Inc. to utilize in any of its programs or supporting services.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Change in net assets from operations includes all revenues and expenses except for investment income.

Advertising Expenses

Advertising is expensed when the advertising first incurs. Advertising expense was \$10,336 and \$1,020 for the years ended September 30, 2022 and 2021, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. 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 differ from those estimates.

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization has a goal to maintain financial assets, which consists of cash and short-term investments, on hand to meet 180 days of normal operating expenses which are, on average, approximately \$100,000. The Organization invests cash in excess of daily requirements in various short-term investments including certificates of deposits and mutual funds according to the Investment Policy approved March 22, 2016. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of September 30:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 10,563	\$ 16,427
Investments	<u>195,532</u>	<u>213,103</u>
Liquid Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 196,116</u>	<u>\$ 228,851</u>

NOTE 3 INVESTMENTS

Investments were comprised of the following at September 30:

	<u>2022</u>	<u>2021</u>
Mutual Funds	\$ 186,040	\$ 182,658
Money Market Funds	<u>9,492</u>	<u>30,445</u>
Total Investments	<u>\$ 195,532</u>	<u>\$ 213,103</u>

The following tables present the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of September 30:

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds	<u>\$ 182,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,658</u>

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds	<u>\$ 200,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,262</u>

Investment income consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 12,594	\$ 1,370
Net Realized and Unrealized Gains (Losses)	<u>(48,823)</u>	<u>9,819</u>
Total Investment Income	<u>\$ (36,229)</u>	<u>\$ 11,189</u>

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 DEFERRED REVENUE

Deferred revenue consists of the following as of September 30:

	2022	2021	2020
Membership	\$ 15,460	\$ 12,800	\$ 14,181
Quilt Show	1,921	380	36,523
Other Events	-	385	5,220
Total Deferred Revenue	\$ 17,381	\$ 13,565	\$ 55,924

NOTE 5 NET ASSETS

With Donor Restriction

Donor restrictions as of September 30.

	2022	2021
Purpose Restricted:		
Show	\$ 10,000	\$ 700
Total Donor Restricted Funds	\$ 10,000	\$ 700

Net assets released were for show related expenses.

Net Assets Released from Restrictions

Net assets were released from restrictions as donor specified purpose restrictions were met.

NOTE 6 OPERATING LEASES

Minnesota Quilters, Inc. executed a lease for their office space in 2016. The original term of the lease was from August 1, 2016 to July 31, 2019 with a monthly rent payment of \$1,065. At the end of the original term, the lease was extended through July 31, 2021 and then again for five years through July 31, 2026. The additional five years require monthly payments of \$1,310. Total office lease expense for the years ended September 30, 2022 and 2021 was \$15,725 and \$17,471, respectively, including utility and other expenses. Effective October 1, 2018, the Organization entered into an amendment to the lease to rent additional office and storage space through the end of the lease term for an additional monthly amount of \$420.

Minnesota Quilters, Inc. also leases equipment under a lease that is being accounted for as an operating lease. An equipment lease was entered into effective May 1, 2017 requiring 48 monthly payments for \$280. Upon expiration of the lease, the Organization continued to pay lease expense of \$221 monthly. Total rent charged to operations for the lease was \$2,652 and \$3,063 for 2022 and 2021, respectively.

MINNESOTA QUILTERS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 6 OPERATING LEASES (CONTINUED)

Future minimum lease payments under operating leases as of September 30, 2022 are:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 15,725
2024	15,725
2025	15,725
2026	13,104
Total	<u>\$ 60,279</u>

NOTE 7 COMMITMENTS

Minnesota Quilters, Inc. has entered into noncancelable agreements for space rentals related to future annual conferences. The cancellation clauses call for payments to be made for base rent plus all costs incurred to the date of cancellation. The maximum amount payable for commitments related to the future conferences being held after September 30, 2022 is \$120,000.

NOTE 8 PAYCHECK PROTECTION PROGRAM

The Organization applied for and was approved for a \$18,301 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on May 11, 2020. The loan accrues interest at 1% but payments are not required to begin for six months after the funding of the loan. An additional loan was applied for and received on February 12, 2021 for \$11,315 with similar terms.

The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loans were uncollateralized and is fully guaranteed by the Federal government. The Organization received forgiveness on both loans but is subject to review by the Small Business Administration for six years.

NOTE 9 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through August 18, 2023, the date the financial statements were available to be issued.



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