



FINANCIAL STATEMENTS

MINNESOTA COUNCIL OF NONPROFITS, INC.
ST. PAUL, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

Minnesota Council of Nonprofits, Inc.
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December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota Council of Nonprofits, Inc.
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Minnesota Council of Nonprofits, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Abdo

Abdo
Minneapolis, Minnesota
August 21, 2025



FINANCIAL STATEMENTS

Minnesota Council of Nonprofits, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,724,426	\$ 2,362,435
Accounts receivable	15,917	91,949
Grants receivable, short-term	674,500	546,256
Inventory	2,898	2,898
Prepaid expenses	10,613	49,155
Total Current Assets	<u>3,428,354</u>	<u>3,052,693</u>
Property and Equipment		
Furniture, equipment and software	1,405,850	1,405,850
Accumulated depreciation	(1,319,462)	(1,238,963)
Total Property and Equipment, Net	<u>86,388</u>	<u>166,887</u>
Other Noncurrent Assets		
Investments	1,010,085	1,032,606
Grants receivable, long-term	150,000	150,000
Unemployment funds held by others	54,089	46,054
Security deposit	6,517	6,517
Financing lease right-of-use, net of amortization	10,256	16,631
Operating lease right-of-use, net of amortization	890,577	227,490
Total Other Noncurrent Assets	<u>2,121,524</u>	<u>1,479,298</u>
Total Assets	<u><u>\$ 5,636,266</u></u>	<u><u>\$ 4,698,878</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

Minnesota Council of Nonprofits, Inc.
Statements of Financial Position (Continued)
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 47,080	\$ 51,172
Accrued expenses	44,990	49,916
Deferred revenue	187,451	236,355
Current portion of financing lease liabilities	6,294	6,360
Current portion of operating lease liabilities	179,187	242,526
Total Current Liabilities	<u>465,002</u>	<u>586,329</u>
Long- Term Liabilities		
Long-term portion of financing lease liabilities	4,293	10,587
Long-term portion of operating lease liabilities	740,507	20,532
Total Long- Term Liabilities	<u>744,800</u>	<u>31,119</u>
Total Liabilities	<u>1,209,802</u>	<u>617,448</u>
Net Assets		
Net assets without donor restriction		
Undesignated, available for general activities	1,981,379	2,064,451
Invested in furniture, equipment and software	86,388	166,887
Board designated, reserve fund	951,780	701,509
Board designated, anti-racism award	9,000	9,000
Total net assets without donor restriction	<u>3,028,547</u>	<u>2,941,847</u>
Net assets with donor restriction	<u>1,397,917</u>	<u>1,139,583</u>
Total Net Assets	<u>4,426,464</u>	<u>4,081,430</u>
Total Liabilities and Net Assets	<u>\$ 5,636,266</u>	<u>\$ 4,698,878</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Minnesota Council of Nonprofits, Inc.
Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 5,095	\$ -	\$ 5,095
Grants	145,184	1,465,000	1,610,184
Total Support	<u>150,279</u>	<u>1,465,000</u>	<u>1,615,279</u>
Revenue			
Membership dues	1,199,607	-	1,199,607
Workshops and conferences	266,888	-	266,888
Sponsorships and marketing	451,201	-	451,201
Annual conference	306,221	-	306,221
Publications	96,495	-	96,495
VISTA cost-share	45,000	-	45,000
Honoraria and consulting	53,300	-	53,300
Realized and unrealized gains on investments	144,849	-	144,849
Interest income	88,842	-	88,842
Other revenue	19,920	-	19,920
Total Revenue	<u>2,672,323</u>	<u>-</u>	<u>2,672,323</u>
Net Assets Released from Restrictions			
Restrictions satisfied by meeting donor restrictions	<u>1,206,666</u>	<u>(1,206,666)</u>	<u>-</u>
Total Support and Revenue	<u>4,029,268</u>	<u>258,334</u>	<u>4,287,602</u>
Expenses			
Program Services			
Education	1,059,434	-	1,059,434
Public policy and civic engagement	408,626	-	408,626
Member services	381,775	-	381,775
VISTA	187,898	-	187,898
Research	588,831	-	588,831
Advocacy	294,417	-	294,417
Total Program Services	<u>2,920,981</u>	<u>-</u>	<u>2,920,981</u>
Supporting Services			
Management and general	862,322	-	862,322
Fundraising	159,265	-	159,265
Total Supporting Services	<u>1,021,587</u>	<u>-</u>	<u>1,021,587</u>
Total Expenses	<u>3,942,568</u>	<u>-</u>	<u>3,942,568</u>
Change in Net Assets	86,700	258,334	345,034
Net Assets, Beginning of the Year	<u>2,941,847</u>	<u>1,139,583</u>	<u>4,081,430</u>
Net Assets, End of the Year	<u>\$ 3,028,547</u>	<u>\$ 1,397,917</u>	<u>\$ 4,426,464</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Minnesota Council of Nonprofits, Inc.
Statement of Activities (Continued)
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 5,866	\$ -	\$ 5,866
Grants	253,636	1,350,000	1,603,636
Total Support	<u>259,502</u>	<u>1,350,000</u>	<u>1,609,502</u>
Revenue			
Membership dues	1,140,804	-	1,140,804
Workshops and conferences	327,741	-	327,741
Sponsorships and marketing	364,545	-	364,545
Annual conference	223,594	-	223,594
Publications	53,621	-	53,621
VISTA cost-share	49,000	-	49,000
Honoraria and consulting	65,141	-	65,141
Realized and unrealized gains on investments	138,139	-	138,139
Interest income	54,018	-	54,018
Other revenue	16,976	-	16,976
Total Revenue	<u>2,433,579</u>	<u>-</u>	<u>2,433,579</u>
Net Assets Released from Restrictions			
Restrictions satisfied by meeting donor restrictions	<u>1,146,667</u>	<u>(1,146,667)</u>	<u>-</u>
Total Support and Revenue	<u>3,839,748</u>	<u>203,333</u>	<u>4,043,081</u>
Expenses			
Program Services			
Education	973,409	-	973,409
Public policy and civic engagement	378,596	-	378,596
Member services	409,919	-	409,919
VISTA	168,431	-	168,431
Research	542,290	-	542,290
Advocacy	266,046	-	266,046
Total Program Services	<u>2,738,691</u>	<u>-</u>	<u>2,738,691</u>
Supporting Services			
Management and general	823,731	-	823,731
Fundraising	155,970	-	155,970
Total Supporting Services	<u>979,701</u>	<u>-</u>	<u>979,701</u>
Total Expenses	<u>3,718,392</u>	<u>-</u>	<u>3,718,392</u>
Change in Net Assets	121,356	203,333	324,689
Net Assets, Beginning of the Year	<u>2,820,491</u>	<u>936,250</u>	<u>3,756,741</u>
Net Assets, End of the Year	<u>\$ 2,941,847</u>	<u>\$ 1,139,583</u>	<u>\$ 4,081,430</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Minnesota Council of Nonprofits, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2024

	Program Services							Supporting Services		
	Education	Public Policy and Civic Engagement	Member Services	VISTA	Research	Advocacy	Total Program	Management and General	Fundraising	Total Expenses
Personnel Expenses										
Salaries	\$ 370,169	\$ 214,308	\$ 194,826	\$ 97,413	\$ 311,721	\$ 155,860	\$ 1,344,297	\$ 506,547	\$ 97,413	\$ 1,948,257
Employee benefits	68,865	39,869	36,244	18,122	57,991	28,996	250,087	94,236	18,122	362,445
Payroll taxes	27,970	16,193	14,721	7,360	23,553	11,777	101,574	38,274	7,360	147,208
Total Personnel Expenses	467,004	270,370	245,791	122,895	393,265	196,633	1,695,958	639,057	122,895	2,457,910
Expenses										
Bank/merchant fees	8,708	5,041	4,583	2,292	7,333	3,666	31,623	12,573	2,292	46,488
Consultants	24,455	17,495	35,082	7,975	25,421	12,710	123,138	51,070	5,975	180,183
Depreciation	15,294	8,855	8,050	4,025	12,880	6,440	55,544	20,930	4,025	80,499
Dues, subscriptions and advertising	6,271	15,783	4,735	1,650	21,159	10,580	60,178	8,582	1,650	70,410
Equipment	7,445	4,310	3,918	1,959	6,269	3,135	27,036	10,188	1,959	39,183
Grants and allocations	2,975	25,213	7,133	783	49,486	24,743	110,333	-	-	110,333
Insurance	2,365	1,369	1,245	623	1,992	996	8,590	3,236	622	12,448
Travel & meeting expenses	7,315	15,261	14,901	974	7,742	3,871	50,064	16,905	989	67,958
Miscellaneous	6	4	3	2	5	3	23	1,236	3	1,262
Occupancy	45,237	26,190	23,809	11,904	38,094	19,047	164,281	61,903	11,904	238,088
Postage and shipping	3,314	1,040	7,389	452	1,538	769	14,502	2,350	452	17,304
Printing and publication	55,613	759	11,361	333	1,118	559	69,743	1,732	333	71,808
Professional development	213	2,086	187	56	1,159	580	4,281	791	56	5,128
Software	18,697	11,657	10,146	5,164	17,449	8,724	71,837	25,420	4,889	102,146
Supplies	1,688	984	888	444	1,436	718	6,158	2,310	444	8,912
Telephone and internet	2,886	1,671	1,519	760	2,430	1,215	10,481	3,949	760	15,190
VISTA	-	-	-	25,590	-	-	25,590	-	-	25,590
Workshop and conference	389,948	538	1,035	17	55	28	391,621	90	17	391,728
Total Expenses	\$ 1,059,434	\$ 408,626	\$ 381,775	\$ 187,898	\$ 588,831	\$ 294,417	\$ 2,920,981	\$ 862,322	\$ 159,265	\$ 3,942,568

Minnesota Council of Nonprofits, Inc.
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2023

	Program Services							Supporting Services		
	Education	Public Policy and Civic Engagement	Member Services	VISTA	Research	Advocacy	Total Program	Management and General	Fundraising	Total Expenses
Personnel Expenses										
Salaries	\$ 363,086	\$ 210,208	\$ 191,098	\$ 95,549	\$ 305,757	\$ 152,878	\$ 1,318,576	\$ 496,855	\$ 95,549	\$ 1,910,980
Employee benefits	65,292	37,801	34,364	17,182	54,983	27,492	237,114	89,347	17,182	343,643
Payroll taxes	26,252	15,199	13,817	6,908	22,107	11,053	95,336	35,924	6,908	138,168
Total Personnel Expenses	454,630	263,208	239,279	119,639	382,847	191,423	1,651,026	622,126	119,639	2,392,791
Expenses										
Bad debt	-	-	-	-	-	-	-	1,282	-	1,282
Bank/merchant fees	8,224	4,761	4,329	2,164	6,926	3,463	29,867	11,254	2,164	43,285
Board retreat	1,391	226	206	103	329	164	2,419	1,370	103	3,892
Consultants	37,437	31,479	51,627	9,941	41,193	15,596	187,273	30,893	5,941	224,107
Depreciation	18,485	10,702	9,729	4,865	15,567	7,783	67,131	25,296	4,864	97,291
Dues, subscriptions and advertising	3,575	9,850	2,972	941	9,972	4,986	32,296	4,893	941	38,130
Equipment	-	-	-	-	-	-	-	11,442	-	11,442
Grants and allocations	75	5,000	31,004	-	10,000	5,000	51,079	-	-	51,079
Insurance	2,087	1,208	1,098	549	1,757	879	7,578	2,855	549	10,982
Travel & meeting expenses	8,284	5,484	9,759	1,190	5,786	2,795	33,298	5,592	1,045	39,935
Occupancy	53,775	31,133	28,303	14,151	45,284	22,642	195,288	73,587	14,151	283,026
Postage and shipping	3,806	898	5,213	354	1,264	632	12,167	1,843	354	14,364
Printing and publication	11,997	1,085	9,358	493	1,579	789	25,301	2,565	493	28,359
Professional development	891	558	1,190	215	687	344	3,885	1,186	215	5,286
Software	16,758	10,110	8,524	4,514	15,106	7,553	62,565	22,162	4,262	88,989
Supplies	1,117	647	593	294	940	470	4,061	423	294	4,778
Telephone and internet	4,381	2,094	1,903	952	3,045	1,523	13,898	4,949	952	19,799
VISTA	-	-	-	7,786	-	-	7,786	-	-	7,786
Workshop and conference	346,496	153	4,832	280	8	4	351,773	13	3	351,789
Total Expenses	<u>\$ 973,409</u>	<u>\$ 378,596</u>	<u>\$ 409,919</u>	<u>\$ 168,431</u>	<u>\$ 542,290</u>	<u>\$ 266,046</u>	<u>\$ 2,738,691</u>	<u>\$ 823,731</u>	<u>\$ 155,970</u>	<u>\$ 3,718,392</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Minnesota Council of Nonprofits, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 345,034	\$ 324,689
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	80,499	97,291
Net realized and unrealized investment gain	(144,849)	(138,139)
Amortization of finance right-of-use asset	6,375	15,017
Amortization of operating right-of-use asset	191,542	247,922
Credit losses	-	1,282
(Increase) decrease in assets:		
Accounts receivable	76,032	(5,475)
Grants receivable	(128,244)	640,225
Inventory	-	5,960
Prepaid expenses	38,542	(10,235)
Unemployment funds held by others	(8,035)	(7,964)
Increase (decrease) in liabilities:		
Accounts payable	(4,092)	(2,410)
Accrued expenses	(4,926)	(11,925)
Deferred revenue	(48,904)	(24,712)
Operating lease liabilities	(197,993)	(216,534)
Net Cash Provided By Operating Activities	<u>200,981</u>	<u>914,992</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	754,123	151,182
Purchases of investments	(586,753)	(95,477)
Net Cash Used by Investing Activities	<u>167,370</u>	<u>55,705</u>
Cash Flows from Financing Activities		
Payment on finance lease liabilities	(6,360)	(14,828)
Net Increase in Cash and Cash Equivalents	361,991	955,869
Cash and Cash Equivalents at Beginning of Year	<u>2,362,435</u>	<u>1,406,566</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,724,426</u>	<u>\$ 2,362,435</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 384</u>	<u>\$ 578</u>
Right-of-use lease assets obtained in exchange for new operating lease liabilities	<u>\$ 854,630</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Minnesota Council of Nonprofits, Inc. (MCN or the Organization) is incorporated under the Minnesota Nonprofit Corporation Act. MCN offers educational, public policy, research and advocacy activities to help organizations be more efficient and effective and to increase public understanding of the role and contributions of Minnesota's nonprofit organizations. MCN's program services are as follows:

Education - Convenes workshops, conferences and meetings for nonprofit organizations on topics related to managing nonprofit organizations. Publishes directories and maintains a website (www.minnesotanonprofits.org) to provide guidance and additional information on issues faced by nonprofit organizations and their staff and board members.

Public Policy and Civic Engagement - Sponsors briefings on public policies which affect nonprofit organizations and the communities they serve; conducts skill-building workshops for nonprofit staff, board members and volunteers to strengthen their public policy work; undertakes nonpartisan voter participation efforts on behalf of nonprofit clients and community members; and provides up-to-date information during the legislative session via newsletters and the internet.

Member Services - Sponsors services to member nonprofit organizations to strengthen the stability and effectiveness of these nonprofit organizations. Services include group purchasing and discounts on products like insurance and supplies as well as events and newsletters planned and organized for members.

VISTA - MCN sponsors an AmeriCorps VISTA program and places VISTAs in Minnesota nonprofits to provide capacity and ensure the sustainability of their operations and increase their impact in community.

Research - Conducts nonpartisan research and prepares reports on the nonprofit economy and public role on nonprofit organizations. Analyzes public policies affecting the nonprofit sector, including the impact of budget and tax policies on low-income people.

Advocacy - Undertakes direct and grassroots lobbying campaigns that address specific legislative proposals affecting nonprofit organizations and the communities they serve. MCN has elected to report its expenditures for lobbying in accordance with Section 501(h) of the Internal Revenue Code.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in non-donor-restricted or donor-restricted support depending on the existence or nature of any donor restrictions. Accordingly, net assets of MCN and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions

Those resources over which MCN has discretionary control. Designated amounts represent those revenues that the Board of Directors has set aside for a particular purpose.

Net Assets With Donor Restrictions

Those resources subject to donor-imposed restrictions, which are satisfied by actions of MCN or passage of time, or are to be maintained permanently by MCN.

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

C. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

D. Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair 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 restriction unless the income or loss is restricted by the donor or law.

E. Accounts Receivable and Allowance for Credit Losses

The Organization's accounts receivable are due in less than one year and are recorded at the amount management expects to collect. Management determines the allowance for credit losses by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. Uncollectible amounts are charged against the allowance for credit loss accounts.

The allowance for credit losses is established through a provision charged to expense. Accounts receivable are charged against the allowance when management believes that the collectability of the balance is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible, based on evaluations of the collectability of individual accounts receivable and prior accounts receivable loss experience. The evaluations take into consideration such factors as receivable quality, review of specific problem receivables, and current economic conditions that may affect the client's ability to pay. The allowance for credit losses for the years ended December 31, 2024 and 2023 is \$0.

F. Inventories

Inventories are stated at lower of cost or market, with cost determined on a first-in, first-out (FIFO) basis.

G. Property and Equipment

Equipment and property are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the assets' estimated useful lives of up to 10 years. Generally, acquisitions of equipment of \$5,000 or more are capitalized.

H. In-kind Contributions

MCN reports gifts of non-cash assets as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market values at the date of donation.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

J. Revenue Recognition

The Organization's revenues are derived from its membership dues, workshop and conference, publications, job postings, honoraria and consulting, and marketing and VISTA cost share.

In the case of membership dues revenue is recognized over the membership period, which is over a period of time. Membership dues are billed annually, and dues received in advance of the membership period are reported as deferred membership dues.

In the case of workshops and conferences, revenue is recognized at the time the event is held, which is at a point in time.

In the case of honoraria and consulting, publications, job postings, and marketing and VISTA cost share, revenue is recognized at when it is earned, which is at a point in time.

Performance Obligations

The performance obligation related to the membership dues is satisfied over the membership period; during the first month of each member's membership period, therefore the Organization recognizes revenue over a period of time.

The performance obligation related to the workshops and conferences, is satisfied upon completion of the event; therefore, the Organization recognizes revenue at a point in time.

The performance obligation related to the consulting, publications, marketing and VISTA cost share is satisfied when the services are provided; therefore, the Organization recognizes revenue at a point in time.

Contract Balances

The timing of revenue recognition, billings, and cash collection results in account receivables (contract assets) and deferred revenue (contract liabilities) which are recorded on the statement of financial position. All contract assets and liabilities are classified as current and will be recognized over the next year.

Deferred revenue consists of payments received in advance that relate to membership dues, contracts, events received before the renewal period and amounts relating to events and contracts received before the event or conference takes place. All deferred revenue is classified as current and will be recognized over the next year. Deferred revenue consist of the following at:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Membership dues	\$ 143,967	\$ 122,375	\$ 192,675
Events	38,151	52,347	64,409
Consulting	<u>5,333</u>	<u>61,633</u>	<u>5,333</u>
Total Contract Liabilities	<u>\$ 187,451</u>	<u>\$ 236,355</u>	<u>\$ 262,417</u>

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts receivables are reported at the amount MCN expects to collect on balances outstanding at period end. Accounts receivable included in the statement of financial position represents all amounts billed. Contract assets consist of the following at:

	December 31, 2024	December 31, 2023	January 1, 2023
Consulting	\$ 4,300	\$ 84,691	\$ 80,829
Marketing	8,324	2,000	1,909
Workshop	3,293	5,258	5,018
	<hr/>	<hr/>	<hr/>
Total Contract Assets	<u>\$ 15,917</u>	<u>\$ 91,949</u>	<u>\$ 87,756</u>

K. Support

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

Government contract funds are generally considered nonexchange transactions and are recorded as revenue when conditions on eligible expenditures are met. Revenue is recognized when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as contract advances if the contract contains conditions.

L. Donated Services

Non-cash donations are reflected as support in the financial statements at their estimated value on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with those skills and (c) would otherwise be purchased by the organization. MCN did not receive donated services in 2024 and 2023.

MCN has a large and dedicated team of volunteers who perform a variety of tasks that assist MCN with specific programs and supporting services. These services are not recognized in the financial statements since the criteria for recording the services were not met.

M. Allocation of Functional Expenses

Expenses that are directly identifiable by program are reported directly under their specific program. Expenses, other than salaries and related payroll expenses, that are not directly identifiable by program or support service are allocated based on management estimates of staff time spent on each program area. Salaries and related expenses are allocated based on job descriptions and other management estimates.

N. Tax Status

MCN is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Since MCN is a public charity, contributions to it may be deductible for tax purposes.

O. Credit Risk

MCN maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC.

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

P. Subsequent Events

Subsequent events were evaluated through August 21, 2025, which is the date the financial statements were available to be issued.

Q. Reclassifications

Certain reclassifications have been made to prior year numbers to present in accordance with current year presentation. None of these changes have affected total net assets.

Note 2: Unemployment Funds Held by Others

MCN has elected to opt out of participation in the Minnesota Unemployment Insurance Program. MCN is self-insured for unemployment claims through Unemployment Services Trust (UST). Payments to UST are accumulated and used to pay future claims. An expense is recorded as claims are paid by UST. MCN believes there is no significant liability for claims incurred but not reported at December 31, 2024 or 2023. MCN could be required to make additional payments if claims exceeded the accumulated contributions.

Note 3: Grants Receivable

Grants receivable on December 31 are as follows:

	2024	2023
Less than one year	\$ 674,500	\$ 546,256
One to five years	150,000	150,000
Total grants receivable	<u>\$ 824,500</u>	<u>\$ 696,256</u>

Management has not established a discount for present value of the long-term grant receivable as the discount is immaterial. No allowance for uncollectible grants is deemed necessary by management as the entire amount is due from several funders with whom MCN has had considerable experience. The entire amount is deemed collectible.

Note 4: Fair Value Measurements

The established framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that MCN has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4: Fair Value Measurements (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in methodology used at December 31, 2024 and 2023.

Fixed Income Funds, Bonds, Equity Index Funds, Short-term Reserves, and Stocks - Valued at the daily closing price of the fund.

MCN's investments consisted entirely of Level 1 inputs and are reported at fair value in the accompanying statement of financial position:

	Level 1	Total
December 31, 2024		
Fixed income funds	\$ 224,857	\$ 224,857
Equity index funds	679,897	679,897
Cash	105,331	105,331
	<u>\$ 1,010,085</u>	<u>\$ 1,010,085</u>
Total		
December 31, 2023		
Bonds	\$ 230,312	\$ 230,312
Equity index funds	56,347	56,347
Short-term reserves	194,506	194,506
Stocks	551,441	551,441
	<u>\$ 1,032,606</u>	<u>\$ 1,032,606</u>
Total		

Investment income is as follows for the years ended December 31:

	2024	2023
Realized gains	\$ 124,957	\$ 104,033
Unrealized gains	28,655	34,106
Investment fees	(8,763)	-
Interest	88,842	54,018
	<u>\$ 233,691</u>	<u>\$ 192,157</u>
Total Investment Income		

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 5: Line of Credit

In June 2024, MCN renewed their revolving line of credit agreement with Bremer Bank to provide for available borrowings up to \$100,000. The agreement matures on May 28, 2026. Borrowings under the line of credit bear interest at 8.5 percent. Borrowings are collateralized by all inventory, chattel paper, accounts, equipment, and general intangibles. There was no outstanding balance on the line as of December 31, 2024 or 2023.

Note 6: Leases

Effective January 1, 2022, the Organization entered into an office space lease agreement set to expire January 31, 2025. During May 2024, the Organization extended their lease agreement which is set to expire May 31, 2029. The agreement calls for monthly lease payments of \$17,628, which includes utilities, real estate taxes, and insurance. This amount will increase 3 to 4 percent annually.

Effective January 1, 2022, the Organization entered into several equipment leases which are set to expire March 31, 2024 and August 31, 2026. These agreements calls for monthly base payments ranging from \$119 to \$541 for the years ended December 31, 2024 and 2023, respectively. MCN also has several non-cancelable operating equipment leases that expire at various dates through 2024.

As noted above, the Organization's lease agreement calls for variable payments that were not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. Variable lease payments incurred will be recognized during the year they are incurred as an operating expense.

The ROU lease asset and corresponding lease liability were calculated utilizing a risk-free discount rate according to the Organization's elected policy. The Organization's lease agreement does not contain any material residual value on the lease.

Additional information about the Organization's leases for the year ended December 31, 2024, is as follows:

Lease expense (included in operating expenses)	2024	2023
Finance lease expense		
Amortization of ROU assets	\$ 6,375	\$ 15,017
Interest on lease liabilities	370	561
Operating lease expense	219,010	213,004
Short-term lease expense	1,530	-
	<u>\$ 227,285</u>	<u>\$ 228,582</u>
Total lease expense	<u>\$ 227,285</u>	<u>\$ 228,582</u>

Other Information

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. Interest)	\$ 384	\$ 578
Financing cash flows from finance leases (i.e. principal portion)	6,360	14,828
Operating cash flows from operating leases	225,461	247,922
ROU assets obtained in exchange for new operating lease liabilities	854,630	-
Weighted-average remaining lease term in years for finance leases	1.67	2.63
Weighted-average remaining lease term in years for operating leases	4.42	1.08
Weighted-average discount rate for finance leases	2.76%	2.76%
Weighted-average discount rate for operating leases	4.54%	2.47%

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 6: Leases (Continued)

Maturities of MCN's lease liabilities are as follows:

Year Ended December 31,	Finance	Operating
2025	\$ 6,492	\$ 216,471
2026	4,328	225,106
2027	-	232,809
2028	-	239,820
2029	-	101,150
Total undiscounted cash flows	10,820	1,015,356
Less: present value discount	(233)	(95,662)
Total Lease Liabilities	<u>\$ 10,587</u>	<u>\$ 919,694</u>

Note 7: Net Assets with Donor Restrictions

MCN had the following net assets with donor restrictions at December 31:

	2024	2023
Minnesota Budget Project	\$ 641,250	\$ 474,583
Time restricted	600,000	625,000
Public policy	150,000	-
Regional chapters	6,667	30,000
Special projects	-	10,000
Total	<u>\$ 1,397,917</u>	<u>\$ 1,139,583</u>

Note 8: Board Designated Net Assets

MCN had the following board designated net assets at December 31:

	2024	2023
Reserve fund	\$ 951,780	\$ 701,509
Anti-racism	9,000	9,000
Total	<u>\$ 960,780</u>	<u>\$ 710,509</u>

Note 9: Retirement Plan

MCN has a defined contribution retirement plan covering all eligible employees. The contribution is at the discretion of the board of directors. Employees are eligible to participate in the plan after one month of service. Contributions to the plan were \$97,036 and \$97,590 for the years ended December 31, 2024 and 2023, respectively.

Minnesota Council of Nonprofits, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 10: Union

Six employees at the Minnesota Council of Nonprofits, Inc. announced their intention to unionize on March 9, 2021. On May 7, 2021, after an election administered by the National Labor Relations Board, The Minnesota Newspaper and Communications Guild (TNG-CWA) Local 37002 was certified as the employees' representative. Members of MCN's management team and the union began collective bargaining negotiations for an initial contract on July 28, 2021 and held eight bargaining sessions that year. In 2022, an agreement was reached, and a contract was signed on January 6, 2023. This contract expires December 31, 2025.

Note 11: Liquidity and Availability of Resources

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 at December 31:

	2024	2023
Cash and cash equivalents	\$ 2,724,426	\$ 2,362,435
Accounts receivable	15,917	91,949
Grants receivable	824,500	696,256
Investments	1,010,085	1,032,606
Total Financial Assets	<u>4,574,928</u>	<u>4,183,246</u>
Less those unavailable for general expenditure within one year, due to:		
Contractual or board-imposed restrictions:		
Board designated, reserve fund	(951,780)	(701,509)
Board designated, anti-racism award	(9,000)	(9,000)
Total Board-designated Amounts	<u>(960,780)</u>	<u>(710,509)</u>
Donor-restricted amounts	<u>(1,022,917)</u>	<u>(1,079,583)</u>
Total Unavailable for General Expenditure Within One Year	<u>(1,983,697)</u>	<u>(1,790,092)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,591,231</u>	<u>\$ 2,393,154</u>

As part of liquidity management, MCN structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Minnesota Council of Nonprofits has a policy of setting aside at least one month of normal operating expenses as a restricted reserve.

Minnesota Council of Nonprofits, Inc. also has a committed line of credit in the amount of \$100,000, which it could draw upon in the event of an unanticipated liquidity level.