FINANCIAL STATEMENTS

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

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

Minnesota Council of Nonprofits, Inc.
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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, 2025 and 2024, 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, 2025 and 2024, 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 18, 2026

FINANCIAL STATEMENTS

Minnesota Council of Nonprofits, Inc.

Statements of Financial Position

December 31, 2025 and 2024

		2025	2024
Assets			
Current Assets			
Cash and cash equivalents	$	4,910,473	$ 2,724,426
Accounts receivable		12,137	15,917
Grants receivable, current		537,260	674,500
Inventory		1,289	2,898
Prepaid expenses		66,845	10,613
Total Current Assets		5,528,004	3,428,354
Property and Equipment			
Furniture, equipment and software		1,224,096	1,405,850
Accumulated depreciation		(1,208,668)	(1,319,462)
Total Property and Equipment, Net		15,428	86,388
Other Noncurrent Assets			
Investments		1,142,861	1,010,085
Grants receivable, long-term		25,000	150,000
Unemployment funds held by others		59,028	54,089
Security deposit		6,517	6,517
Financing lease right-of-use, net of amortization		4,102	10,256
Operating lease right-of-use, net of amortization		704,562	890,577
Total Other Noncurrent Assets		1,942,070	2,121,524
Total Assets	$	7,485,502	$ 5,636,266

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

Minnesota Council of Nonprofits, Inc.
Statements of Financial Position (Continued)
December 31, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 49,199	$ 47,080
Accrued expenses	106,164	44,990
Deferred revenue	467,868	187,451
Current portion of financing lease liabilities	4,293	6,294
Current portion of operating lease liabilities	196,342	179,187
Total Current Liabilities	823,866	465,002
Long-term Liabilities		
Long-term portion of financing lease liabilities	-	4,293
Long-term portion of operating lease liabilities	544,165	740,507
Total Long-term Liabilities	544,165	744,800
Total Liabilities	1,368,031	1,209,802
Net Assets		
Net assets without donor restrictions		
Undesignated, available for general activities	2,147,560	1,981,379
Invested in furniture, equipment and software	15,428	86,388
Board designated, reserve fund	1,088,733	951,780
Board designated, anti-racism award	-	9,000
Total net assets without donor restrictions	3,251,721	3,028,547
Net assets with donor restrictions	2,865,750	1,397,917
Total Net Assets	6,117,471	4,426,464
Total Liabilities and Net Assets	$ 7,485,502	$ 5,636,266

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

Minnesota Council of Nonprofits, Inc.

Statements of Activities

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	$ 6,456	$ -	$ 6,456
Grants	490,297	3,330,000	3,820,297
Total Support	496,753	3,330,000	3,826,753
Revenue			
Membership dues	1,230,817	-	1,230,817
Workshops and conferences	242,662	-	242,662
Sponsorships and marketing	372,754	-	372,754
Annual conference	431,051	-	431,051
Publications	59,066	-	59,066
VISTA cost-share	5,333	-	5,333
Honoraria and consulting	59,542	-	59,542
Realized and unrealized gains on investments	135,788	-	135,788
Interest income	145,308	-	145,308
Other revenue	12,466	-	12,466
Total Revenue	2,694,787	-	2,694,787
Net Assets Released from Restrictions			
Restrictions satisfied by meeting donor restrictions	1,862,167	(1,862,167)	-
Total Support and Revenue	5,053,707	1,467,833	6,521,540
Expenses			
Program Services			
Education	812,297	-	812,297
Public policy and civic engagement	1,000,281	-	1,000,281
Member services	437,356	-	437,356
VISTA	24,802	-	24,802
Research	694,041	-	694,041
Advocacy	347,022	-	347,022
Total Program Services	3,315,799	-	3,315,799
Supporting Services			
Management and general	1,300,971	-	1,300,971
Fundraising	213,763	-	213,763
Total Supporting Services	1,514,734	-	1,514,734
Total Expenses	4,830,533	-	4,830,533
Change in Net Assets	223,174	1,467,833	1,691,007
Net Assets, Beginning of the Year	3,028,547	1,397,917	4,426,464
Net Assets, End of the Year	$ 3,251,721	$ 2,865,750	$ 6,117,471

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

Minnesota Council of Nonprofits, Inc.

Statements of Activities (Continued)

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	150,279	1,465,000	1,615,279
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	2,672,323	-	2,672,323
Net Assets Released from Restrictions			
Restrictions satisfied by meeting donor restrictions	1,206,666	(1,206,666)	-
Total Support and Revenue	4,029,268	258,334	4,287,602
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	2,920,981	-	2,920,981
Supporting Services			
Management and general	862,322	-	862,322
Fundraising	159,265	-	159,265
Total Supporting Services	1,021,587	-	1,021,587
Total Expenses	3,942,568	-	3,942,568
Change in Net Assets	86,700	258,334	345,034
Net Assets, Beginning of the Year	2,941,847	1,139,583	4,081,430
Net Assets, End of the Year	$ 3,028,547	$ 1,397,917	$ 4,426,464

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, 2025

	Program Services							Supporting Services		
	Education	Public Policy and Civic Engagement	Member Services	VISTA	Research	Advocacy	Total Program Services	Management and General	Fundraising	Total Expenses
Personnel Expenses										
Salaries	$ 425,353	$ 246,257	$ 223,871	$ 12,761	$ 358,193	$ 179,096	$ 1,445,531	$ 681,238	$ 111,935	$ 2,238,704
Employee benefits	96,047	55,606	50,551	2,881	80,881	40,441	326,407	153,826	25,275	505,508
Payroll taxes	33,368	19,318	17,562	1,001	28,099	14,050	113,398	53,442	8,781	175,621
Total Personnel Expenses	554,768	321,181	291,984	16,643	467,173	233,587	1,885,336	888,506	145,991	2,919,833
Expenses										
Bank/merchant fees	6,995	4,050	3,682	210	5,891	2,945	23,773	11,203	1,841	36,817
Board retreat	1,948	1,128	1,025	58	1,641	820	6,620	3,120	513	10,253
Consultants	47,988	27,782	25,257	1,440	40,411	20,205	163,083	76,856	12,628	252,567
Credit losses	10	6	5	-	8	4	33	15	3	51
Depreciation	13,482	7,806	7,096	405	11,353	5,677	45,819	21,593	3,548	70,960
Dues, subscriptions and advertising	4,740	2,744	2,495	142	3,992	1,995	16,108	7,596	1,248	24,952
Equipment	5,287	3,061	2,782	159	4,452	2,226	17,967	8,467	1,391	27,825
Grants and allocations	-	530,000	9,826	-	10,000	5,000	554,826	-	-	554,826
Insurance	1,725	998	908	52	1,452	726	5,861	2,762	454	9,077
Travel & meeting expenses	15,270	8,841	8,037	458	12,859	6,430	51,895	24,457	4,019	80,371
Miscellaneous	7	7	7	-	10	5	36	20	3	59
Occupancy	45,268	26,207	23,825	1,358	38,119	19,060	153,837	72,499	11,912	238,248
Postage and shipping	2,654	1,537	1,397	80	2,235	1,118	9,021	4,251	698	13,970
Printing and publication	4,467	2,586	2,352	133	3,762	1,882	15,182	7,155	1,175	23,512
Professional development	1,487	861	783	45	1,252	626	5,054	2,382	391	7,827
Software	18,145	10,505	9,550	544	15,280	7,640	61,664	29,061	4,775	95,500
Supplies	1,580	915	831	47	1,330	665	5,368	2,530	416	8,314
Taxes	670	388	353	20	564	282	2,277	1,073	176	3,526
Telephone and internet	3,461	2,004	1,821	104	2,914	1,457	11,761	5,543	911	18,215
VISTA	-	-	-	434	-	-	434	-	-	434
Workshop and conference	82,345	47,674	43,340	2,470	69,343	34,672	279,844	131,882	21,670	433,396
Total Expenses	$ 812,297	$ 1,000,281	$ 437,356	$ 24,802	$ 694,041	$ 347,022	$ 3,315,799	$ 1,300,971	$ 213,763	$ 4,830,533

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

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

	Program Services							Supporting Services		
	Education	Public Policy and Civic Engagement	Member Services	VISTA	Research	Advocacy	Total Program Services	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

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, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 1,691,007	$ 345,034
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	70,960	80,499
Unrealized gain on investments	(25,775)	(124,957)
Realized gain on sale of investments	(110,013)	(19,892)
Amortization of finance right-of-use asset	6,154	6,375
Amortization of operating right-of-use asset	186,015	191,542
Credit losses	51	-
(Increase) decrease in assets:		
Accounts receivable	3,729	76,032
Grants receivable	262,240	(128,244)
Inventory	1,609	-
Prepaid expenses	(56,232)	38,542
Unemployment funds held by others	(4,939)	(8,035)
Increase (decrease) in liabilities:		
Accounts payable	2,119	(4,092)
Accrued expenses	61,174	(4,926)
Deferred revenue	280,417	(48,904)
Operating lease liabilities	(179,187)	(197,993)
Net Cash Provided By Operating Activities	2,189,329	200,981
Cash Flows from Investing Activities		
Proceeds from sales of investments	1,064,374	754,123
Purchases of investments	(1,061,362)	(586,753)
Net Cash Provided (Used) by Investing Activities	3,012	167,370
Cash Flows from Financing Activities		
Payment on finance lease liabilities	(6,294)	(6,360)
Net Increase in Cash and Cash Equivalents	2,186,047	361,991
Cash and Cash Equivalents at Beginning of Year	2,724,426	2,362,435
Cash and Cash Equivalents at End of Year	$ 4,910,473	$ 2,724,426
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 213	$ 384
Supplemental Disclosure of Non-Cash Transactions		
Right-of-use lease assets obtained in exchange for new operating lease liabilities	$ -	$ 854,630
Disposal of fully depreciated fixed assets	$ 181,754	$ -

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

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Minnesota Council of Nonprofits, Inc. (the Organization) is incorporated under the Minnesota Nonprofit Corporation Act. The Organization 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. The Organization'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 – The Organization 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 the 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. The Organization 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.

C. 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.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with a maturity of three months or less to be cash equivalents.

Note 1: Summary of Significant Accounting Policies (Continued)

E. Accounts Receivable

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. As of December 31, 2025 and 2024, no allowance for credit losses was considered necessary.

F. Inventories

Inventories consists of publications created by the Organization. They are stated at the lower of cost or net realizable value, 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 $10,000 or more and a useful life of more than one year are capitalized.

H. 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.

I. Revenue Recognition

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

Membership dues revenue is recognized over the membership period. Membership dues are billed annually, and dues received in advance of the membership period are reported as deferred membership dues. The performance obligation related to the membership dues is satisfied over the membership period; therefore, the Organization recognizes revenue over a period of time.

Workshops and conferences revenue is recognized at the time the event is held. 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

I. Revenue Recognition (Continued)

The following table disaggregates the Organization's revenue based on the timing of the satisfaction of performance obligations for the years ended December 31:

	2025	2024
Performance obligations satisfied at a point in time	$ 1,170,408	$ 1,219,105
Performance obligations satisfied over time	$ 1,230,817	$ 1,199,607

Contract Balances

The timing of revenue recognition, billings, and cash collection results in accounts receivable (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.

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

	December 31, 2025	December 31, 2024	January 1, 2024
Marketing	$ 9,812	$ 8,324	$ 2,000
Workshop	1,250	3,293	5,258
Consulting	1,075	4,300	84,691
Total Contract Assets	$ 12,137	$ 15,917	$ 91,949

Deferred revenue consists of payments that relate to membership dues 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 consists of the following at December 31:

	December 31, 2025	December 31, 2024	January 1, 2024
Membership dues	$ 361,619	$ 143,967	$ 122,375
Consulting	97,391	5,333	61,633
Events	8,858	38,151	52,347
Total Contract Liabilities	$ 467,868	$ 187,451	$ 236,355

Note 1: Summary of Significant Accounting Policies (Continued)

J. Support

For contributions, grants, and other similar revenues, revenue is recognized when the contribution or notification of the contribution is received. Contributions are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Organization has discretionary control. Designated amounts represent revenue which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time, or those subject to the donor-imposed restriction that they be maintained permanently by the Organization. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions.

K. 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.

L. Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Since the Organization is a public charity, contributions to it may be deductible for tax purposes. The Organization is subject to income taxes on unrelated business income, if any, and files Form 990-T as required.

M. Credit Risk

The Organization 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.

N. Subsequent Events

Subsequent events were evaluated through August 18, 2026, which is the date the financial statements were available to be issued.

Note 2: Grants Receivable

Grants receivable on December 31 are as follows:

	2025	2024
Less than one year	$ 537,260	$ 674,500
One to five years	25,000	150,000
Total grants receivable	$ 562,260	$ 824,500

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 the Organization has had considerable experience. The entire amount is deemed collectible.

Note 3: 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 the Organization 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

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.

Note 3: Fair Value Measurements (Continued)

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, 2025 and 2024.

> *Fixed Income Funds and Equity Index Funds* – Valued using observable market inputs, including quoted market prices, and is based on the fund's daily closing market price, when available.

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

	Level 1	Level 2	Level 3	Total
December 31, 2025				
Fixed income funds	$ 235,938	$ -	$ -	$ 235,938
Equity index funds	119,089	-	-	119,089
Cash	787,834	-	-	787,834
Total	$ 1,142,861	$ -	$ -	$ 1,142,861
December 31, 2024				
Fixed income funds	$ 224,857	$ -	$ -	$ 224,857
Equity index funds	679,897	-	-	679,897
Cash	105,331	-	-	105,331
Total	$ 1,010,085	$ -	$ -	$ 1,010,085

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

	2025	2024
Realized gains	$ 110,013	$ 124,957
Unrealized gains	25,775	28,655
Interest	21,326	-
Investment fees	-	(8,763)
Total Investment Income	$ 157,114	$ 144,849

Note 4: Unemployment Funds Held by Others

The Organization has elected to opt out of participation in the Minnesota Unemployment Insurance Program. The Organization 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. The Organization believes there is no significant liability for claims incurred but not reported at December 31, 2025 or 2024. The Organization could be required to make additional payments if claims exceeded the accumulated contributions.

Note 5: Line of Credit

In June 2024, the Organization renewed its 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, 2025 or 2024. The Organization renewed the line of credit giving the line of credit a new maturity date of May 29, 2027.

Note 6: Leases

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

Effective March 26, 2025, the Organization entered into an equipment lease which is set to expire August 31, 2026. The agreement calls for monthly base payments of $541.

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, is as follows:

Lease expense (included in operating expenses)	2025	2024
Finance lease expense		
Amortization of ROU assets	$ 6,154	$ 6,375
Interest on lease liabilities	198	370
Operating lease expense	179,187	219,010
Short-term lease expense	2,457	1,530
Total Lease Expense	$ 187,996	$ 227,285
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. Interest)	$ 213	$ 384
Financing cash flows from finance leases (i.e. principal portion)	$ 6,294	$ 6,360
Operating cash flows from operating leases	$ 179,187	$ 225,461
ROU assets obtained in exchange for new operating lease liabilities	$ -	$ 854,630
Weighted-average remaining lease term in years for finance leases	0.67	1.67
Weighted-average remaining lease term in years for operating leases	3.42	4.42
Weighted-average discount rate for finance leases	2.76%	2.76%
Weighted-average discount rate for operating leases	4.54%	4.54%

Note 6: Leases (Continued)

Maturities of the Organization's lease liabilities are as follows:

Year Ended December 31,	Finance	Operating
2026	$ 4,328	$ 225,106
2027	-	232,809
2028	-	239,820
2029	-	101,150
Total undiscounted cash flows	4,328	798,885
Less: present value discount	(35)	(58,378)
Total Lease Liabilities	$ 4,293	$ 740,507

Note 7: Net Assets with Donor Restrictions

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

	2025	2024
Legal project	$ 1,025,000	$ -
Time restricted	895,000	600,000
Minnesota Budget Project	665,750	641,250
Public policy	200,000	150,000
Regional chapters	80,000	6,667
Total	$ 2,865,750	$ 1,397,917

Note 8: Board Designated Net Assets

The Organization had the following board designated net assets at December 31:

	2025	2024
Reserve fund	$ 1,088,733	$ 951,780
Anti-racism	-	9,000
Total	$ 1,088,733	$ 960,780

Note 9: Retirement Plan

The Organization 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 $120,109 and $97,036 for the years ended December 31, 2025 and 2024, respectively.

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 the Organization'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. The contract expired on December 31, 2025. The union agreed to a new collective bargaining agreement on January 16, 2026 that is set to expire December 31, 2029.

Note 11: Liquidity and Availability of Financial Assets

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:

	2025	2024
Cash and cash equivalents	$ 4,910,473	$ 2,724,426
Accounts receivable	12,137	15,917
Grants receivable	562,260	824,500
Investments	1,142,861	1,010,085
Total Financial Assets	6,627,731	4,574,928
Less those unavailable for general expenditure within one year, due to:		
Board designations	(1,088,733)	(960,780)
Donor-restricted amounts	(1,970,750)	(1,022,917)
Total Unavailable for General Expenditure Within One Year	(3,059,483)	(1,983,697)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,568,248	$ 2,591,231

As part of liquidity management, the Organization 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 reserve.

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