

FINANCIAL STATEMENTS

MINNESOTA HUMANITIES CENTER
ST. PAUL, MINNESOTA

FOR THE YEARS ENDED
OCTOBER 31, 2025 AND 2024

Minnesota Humanities Center
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October 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota Humanities Center
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Minnesota Humanities Center (the Organization), which comprise the statements of financial position as of October 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 October 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 audit 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 Minnesota Humanities Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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
Minneapolis, Minnesota
April 21, 2026

FINANCIAL STATEMENTS

Minnesota Humanities Center
Statements of Financial Position
As of October 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 1,468,590	$ 274,653
Accounts receivable	302,754	119,568
Contributions receivable	91,397	130,001
Government grants receivable	33,730,000	19,605,091
Prepaid expenses and other assets	28,145	8,395
Total Current Assets	35,620,886	20,137,708
Property and Equipment		
Contributed land	341,600	341,600
Building	5,746,720	5,753,910
Office equipment and furniture	209,850	194,372
Total Property and Equipment, Cost	6,298,170	6,289,882
Less accumulated depreciation and amortization	(2,253,547)	(2,073,555)
Total Property and Equipment, Net	4,044,623	4,216,327
Other Assets		
Investments	4,197,337	3,156,773
Investments, endowment	95,319	83,578
Total Other Assets	4,292,656	3,240,351
Total Assets	$ 43,958,165	$ 27,594,386
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 617,480	$ 359,374
Accrued expenses	442,610	428,536
Loan payable, current portion	15,031	14,783
Total Current Liabilities	1,075,121	802,693
Long-term Liabilities		
Loan payable, noncurrent portion	65,590	90,719
Total Liabilities	1,140,711	893,412
Net Assets		
Without donor restrictions	9,523,188	8,704,416
With donor restrictions	33,294,266	17,996,558
Total Net Assets	42,817,454	26,700,974
Total Liabilities and Net Assets	$ 43,958,165	$ 27,594,386

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

Minnesota Humanities Center
Statements of Activities
For the Years Ended October 31, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Government grants	$ 763,801	$ 27,719,661	$ 28,483,462
Foundation grants	435,000	-	435,000
Contributions	75,048	-	75,048
Total Support	1,273,849	27,719,661	28,993,510
Revenue			
Program income	1,241,366	-	1,241,366
Rental income	449,615	-	449,615
Investment income	164,095	-	164,095
Total Revenue	1,855,076	-	1,855,076
Net assets released from restrictions	12,421,953	(12,421,953)	-
Total Revenue and Support	15,550,878	15,297,708	30,848,586
Expenses			
Program Services			
MHC educational programs	13,053,579	-	13,053,579
Event center	444,479	-	444,479
Total Program Services	13,498,058	-	13,498,058
Supporting Services			
Management and general	1,135,975	-	1,135,975
Fundraising	98,073	-	98,073
Total Supporting Services	1,234,048	-	1,234,048
Total Expenses	14,732,106	-	14,732,106
Change in Net Assets	818,772	15,297,708	16,116,480
Beginning Net Assets	8,704,416	17,996,558	26,700,974
Ending Net Assets	$ 9,523,188	$ 33,294,266	$ 42,817,454

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

Minnesota Humanities Center
Statements of Activities (Continued)
For the Years Ended October 31, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Government grants	$ 1,689,890	$ 3,577,773	$ 5,267,663
Contributions	97,393	-	97,393
Foundation grants	70,000	-	70,000
Total Support	1,857,283	3,577,773	5,435,056
Revenue			
Program income	633,862	-	633,862
Rental income	419,076	-	419,076
Investment income	198,227	-	198,227
Total Revenue	1,251,165	-	1,251,165
Net assets released from restrictions	6,616,471	(6,616,471)	-
Total Revenue and Support	9,724,919	(3,038,698)	6,686,221
Expenses			
Program Services			
MHC educational programs	7,798,720	-	7,798,720
Event center	398,096	-	398,096
Total Program Services	8,196,816	-	8,196,816
Supporting Services			
Management and general	1,694,612	-	1,694,612
Fundraising	176,739	-	176,739
Total supporting services	1,871,351	-	1,871,351
Total Expenses	10,068,167	-	10,068,167
Change in net assets	(343,248)	(3,038,698)	(3,381,946)
Beginning Net Assets	9,047,664	21,035,256	30,082,920
Ending Net Assets	$ 8,704,416	$ 17,996,558	$ 26,700,974

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

Minnesota Humanities Center
Statements of Functional Expenses
For the Year Ended October 31, 2025

	Program Services			Supporting Services			
	MHC Educational Programs	Event Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and Related Expenses							
Salaries	$ 1,402,869	$ 272,254	$ 1,675,123	$ 365,622	$ 62,075	$ 427,697	$ 2,102,820
Payroll taxes	99,967	19,362	119,329	26,074	4,430	30,504	149,833
Employee benefits	386,712	74,114	460,826	91,950	17,000	108,950	569,776
Total Salaries and Related Expenses	1,889,548	365,730	2,255,278	483,646	83,505	567,151	2,822,429
Expenses							
Advertising and marketing	29,093	6,636	35,729	19,790	343	20,133	55,862
Bank charges	-	5,193	5,193	6,581	71	6,652	11,845
Depreciation	108,300	20,797	129,097	45,981	4,915	50,896	179,993
Dues and subscriptions	1,804	2,258	4,062	34,430	891	35,321	39,383
Event expenses	-	12,862	12,862	-	-	-	12,862
Information and technology	43,351	2,685	46,036	130,847	-	130,847	176,883
Insurance	10,087	2,340	12,427	20,522	701	21,223	33,650
Meeting	8,899	-	8,899	13,446	215	13,661	22,560
Postage	6,456	1,354	7,810	13,477	5,481	18,958	26,768
Production cost	697,832	-	697,832	7,254	405	7,659	705,491
Professional fees and contract services	1,761,389	12,136	1,773,525	300,088	-	300,088	2,073,613
Regrant expense	8,341,544	-	8,341,544	-	-	-	8,341,544
Rented equipment	-	-	0	3,260	-	3,260	3,260
Repairs and maintenance	-	734	734	21,794	-	21,794	22,528
Supplies	68,289	5,681	73,970	9,041	86	9,127	83,097
Training	90	-	90	1,702	-	1,702	1,792
Travel	56,641	370	57,011	12,273	198	12,471	69,482
Utilities	30,256	5,703	35,959	11,843	1,262	13,105	49,064
Total Expenses	$ 13,053,579	$ 444,479	$ 13,498,058	$ 1,135,975	$ 98,073	$ 1,234,048	$ 14,732,106

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

Minnesota Humanities Center
Statements of Functional Expenses (Continued)
For the Year Ended October 31, 2024

	Program Services			Supporting Services			
	MHC Educational Programs	Event Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and Related Expenses							
Salaries	$ 1,001,996	$ 237,116	$ 1,239,112	$ 527,121	$ 102,046	$ 629,167	$ 1,868,279
Payroll taxes	98,224	23,350	121,574	47,188	9,994	57,182	178,756
Employee benefits	257,256	61,107	318,363	179,665	26,346	206,011	524,374
Total Salaries and Related Expenses	1,357,476	321,573	1,679,049	753,974	138,386	892,360	2,571,409
Expenses							
Advertising and marketing	118,558	6,045	124,603	103,856	5,157	109,013	233,616
Bank charges	-	4,143	4,143	6,782	-	6,782	10,925
Depreciation	97,059	23,074	120,133	51,294	9,930	61,224	181,357
Dues and subscriptions	1,118	3,678	4,796	33,051	-	33,051	37,847
Event expenses	-	3,206	3,206	-	-	-	3,206
Information and technology	33,818	956	34,774	148,057	4,797	152,854	187,628
Insurance	32,222	7,660	39,882	17,029	3,297	20,326	60,208
Meeting	20,595	139	20,734	19,600	2,806	22,406	43,140
Miscellaneous expense	130	-	130	5,034	-	5,034	5,164
Postage	7,337	2,158	9,495	12,246	8,747	20,993	30,488
Production cost	209,067	-	209,067	13,175	339	13,514	222,581
Professional fees and contract services	1,590,194	9,901	1,600,095	408,057	-	408,057	2,008,152
Regrant expense	4,201,323	-	4,201,323	25,938	-	25,938	4,227,261
Rented equipment	4,501	598	5,099	3,298	-	3,298	8,397
Repairs and maintenance	925	4,350	5,275	33,854	-	33,854	39,129
Supplies	37,933	4,711	42,644	17,687	441	18,128	60,772
Training	3,175	189	3,364	14,547	-	14,547	17,911
Travel	59,896	154	60,050	14,770	446	15,216	75,266
Utilities	23,393	5,561	28,954	12,363	2,393	14,756	43,710
Total expenses	$ 7,798,720	$ 398,096	$ 8,196,816	$ 1,694,612	$ 176,739	$ 1,871,351	$ 10,068,167

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

Minnesota Humanities Center
Statements of Cash Flows
For the Years Ended October 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 16,116,480	$ (3,381,946)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	179,993	181,357
Unrealized gain on investments	(10,794)	(15,790)
(Increase) decrease in assets:		
Accounts receivable	(183,186)	54,453
Contributions receivable	38,604	126,000
Government grants receivable	(14,124,909)	4,854,842
Prepaid expenses and other assets	(19,750)	13,058
Increase (decrease) in liabilities:		
Accounts payable	258,106	25,373
Grants payable	-	(68,474)
Accrued expenses	14,074	136,894
Net Cash Provided by Operating Activities	2,268,618	1,925,767
Cash Flows from Investing Activities		
Purchase of equipment	(8,289)	(25,579)
Purchase of investments	(2,700,000)	(5,700,000)
Reinvestment of interest and dividends	(142,657)	(182,437)
Sale and maturity of investments	1,801,146	4,155,250
Net Cash Used by Investing Activities	(1,049,800)	(1,752,766)
Cash Flows From Financing Activities		
Payments on loan payable	(24,881)	(14,734)
Change in Cash and Cash Equivalents	1,193,937	158,267
Beginning Cash and Cash Equivalents	274,653	116,386
Ending Cash and Cash Equivalents	$ 1,468,590	$ 274,653

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

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Minnesota Humanities Center ("the Organization" or "MHC") is an independent, nonpartisan nonprofit organization that seeks to utilize the power of the humanities to build a stronger Minnesota. MHC believes that we better understand ourselves, our communities, and our histories when the beauty and wisdom of the stories of all people in Minnesota are shared and valued.

MHC receives funding from the Minnesota Legislature, administrative agencies, various foundations, individual donors, and from the National Endowment for the Humanities (NEH) as Minnesota's affiliate to NEH. Most MHC events are free and open to the public, but we do provide private professional development offerings for specific audiences such as K-12 educators and administrators.

Consistent with state and federal appropriation language, MHC administers grant programs that support individuals, artists, storytellers, scholars, schools, children's museums, museums, media organizations, native nations, and a variety of non-profit organizations. Most MHC grant programs are competitive where MHC convenes and utilize independent review panels, but occasionally MHC is charged with responsibility for providing grant oversight for a direct legislative appropriation.

MHC also operates a full-service event center in a historic building that formally served as part of the Gillette Children's Hospital Lake Phalen Campus. The building, which includes MHC's administrative offices, provides daytime and overnight spaces for people to learn, meet with colleagues, enjoy a wonderful meal, and experience a full–service retreat environment.

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 accounting principles generally accepted in the United States of America 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 short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times. Management does not believe this is a risk at this time.

E. Accounts Receivable and Allowance for Credit Losses

Accounts receivables are stated at net realizable value. Accordingly, an allowance for credit losses is provided, based on management's evaluation of outstanding receivables based on historical experience, relevant economic conditions, and future forecasts. When all collection efforts have been exhausted, the accounts are written off against the related allowance. Management believes no allowance is necessary as of October 31, 2025 and 2024.

Note 1: Summary of Significant Accounting Policies (Continued)

F. Contributions Receivable

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the contribution is received. Amortization of the discount is included in contribution revenue. Conditional contributions are not included in support until such time as the conditions are substantially met.

G. Government Grants Receivable

Government grants receivable consist of amounts due from government agencies. Management periodically reviews the status of all government grants receivable for collectability. The Organization provides for losses on government grants receivable using the allowance method. Government grants receivable are stated as unpaid balances, less an allowance for credit losses and a present value discount. Each balance is assessed based on management's knowledge of and relationship with the government agency and the age of the receivable balance. It is the Organization's policy to charge off uncollectible government grants when management determines the receivable will not be collected. As of October 31, 2025 and 2024, management determined that no allowance is necessary. All grants are expected to be collected within one year of the statement of financial position date.

H. Revenue Recognition

Program income recognized at the time the event is held, which is at a point in time. Program income is billed at the time the event is held.

Performance Obligations

The performance obligation related to the program income is satisfied when the specific event is held; therefore, the Organization recognizes revenue at a point in time.

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

	2025	2024
Performance obligations satisfied at point in time	$ 1,241,366	$ 633,862

Revenue from performance obligations satisfied at a point in time consists of program income. There was no revenue from performance obligations satisfied over a period of time.

Contract Balances

The timing of revenue recognition results in accounts receivable (contract assets) on the statement of financial position. Accounts receivable are made up of small amounts of credit extended on program income. The following table displays the contract balances at the associated dates:

	October 31, 2025	October 31, 2024	November 1, 2023
Accounts receivable - program service fees	$ 302,754	$ 119,568	$ 174,021

Note 1: Summary of Significant Accounting Policies (Continued)

I. Support

Support is recognized when the contribution is received, and contributions received are recorded as donor restricted support or unrestricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted support. 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. 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. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization.

J. Investments

The Organization carries its investments at fair value. Realized and unrealized gains and losses are included in investment income in the statement of activity.

K. Property and Equipment

Property and equipment are capitalized at cost. All donated property and equipment are recorded at its fair market value. The capitalization threshold is $5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives of property and equipment are as shown below:

Assets	Useful Lives in Years
Contributed land	80 years
Building	40 years
Office equipment and furniture	3 - 10 years

Depreciation expense for the years ended October 31, 2025 and 2024 was $179,993 and $181,357, respectively.

L. Functional Expenses

Employees complete timesheets bi-weekly tracking hours by program and supporting service. Associated salaries and related benefit expenses are charged directly to program services. Specifically identifiable expenses are charged directly to program and supporting services. Interest, utilities, and building maintenance expense are allocated based on square footage. All other indirect expenses for its programs and supporting services are allocated based upon personnel costs. Event center expenses are broken down further by an analysis of program and nonprogram usage.

M. Advertising Expenses

Advertising costs are expensed as incurred. Advertising expenses were $55,862 and $233,616 for the years ended October 31, 2025 and 2024, respectively.

N. Unemployment Compensation

The Organization has elected to self-insure unemployment tax claims. Any amounts incurred are recorded as an expense when liable and estimable. There was no unemployment claims expense for the years ended October 31, 2025 and 2024.

Note 1: Summary of Significant Accounting Policies (Continued)

O. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Minnesota franchise and income taxes for related business activities.

A portion of the rental activities from the conference center is subject to unrelated business income tax. The Organization believes that it has appropriate support for any tax positions taken and accordingly does not have any uncertain tax positions that are material to the financial statements.

P. Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. Net assets have not been affected by these reclassifications.

Q. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 21, 2026, the date the financial statements were available to be issued.

Note 2: Fair Value Measurement

The Organization has adopted fair value measurements and disclosures which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

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

Level 2 **-** Inputs that included quoted prices for similar assets and 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 assets 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 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 into is based on the lowest level input that is significant to the fair value measurement in its entity.

The Organization has also adopted guidance related to financial instruments, which provides entities with the irrevocable option to elect fair value for the initial and subsequent measurement of certain financial assets and liabilities not otherwise required to be stated at fair value, on a contract-by-contract basis. The Organization has not elected to change the measurement of any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

Note 2: Fair Value Measurement (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value as of October 31:

Money market funds: Valued at cash value.

Exchange traded funds: Valued at the closing price reported in the active market in which the individual securities are traded.

Financial assets and liabilities recorded at fair value on a recurring basis are as follows as of:

	Level 1	Level 2	Level 3	Total
October 31, 2025				
Investments				
Money market funds	$ 4,204,099	$ -	$ -	$ 4,204,099
Exchange traded funds	88,557	-	-	88,557
Total	$ 4,292,656	$ -	$ -	$ 4,292,656
October 31, 2024				
Investments				
Money market funds	$ 3,162,385	$ -	$ -	$ 3,162,385
Exchange traded funds	77,966	-	-	77,966
Total	$ 3,240,351	$ -	$ -	$ 3,240,351

Investment income and gains and losses on investments consist of the following for the years ending October 31:

	2025	2024
Interest and dividends	$ 153,301	$ 182,437
Unrealized gains	10,794	15,790
Total Investment Income	$ 164,095	$ 198,227

Note 3: Land Use

The Organization leases both land and a building from the City of St. Paul. The portion of the lease related to the building was for 30 years beginning in August 1995 with the option to renew for five periods of ten years each. Rent was $100 per year. Due to the poor condition of the building and the extensive amount of rehabilitation costs paid by the Organization, the fair market value of the portion of the bargain lease relating to the building was valued at $0. The Organization renovated the building as a part of a previous capital campaign with the stipulation that the building be used for day-to-day administration and programs. The portion of the lease attributed to the land had an appraised market value of $235,000 and was recorded as a contribution when the lease was signed. The use of the land was amortized over the expected 80-year term of the lease.

In 2018, the Organization began steps to address foundational issues with the building which required significant repairs. As part of the process, substantial rehabilitation costs paid by the Organization were incurred and the lease with the City was amended. The amended lease is for 20 years with three ten year renewal options available. There is no rent required. The land at the time of the amended lease had an assessed market value of $341,600 and is recorded as a contribution at the time the lease agreement was signed. The use of the land will be amortized over the expected 50-year term of the lease. The unamortized amount of the original lease was written off when the lease was amended.

Note 3: Land Use (Continued)

The amended lease still requires the building to be used by the Organization for day-to-day administration and programs. MHC is responsible for all assessments, utilities, and insuring the building. Amortization expense was $6,832 for the years ended October 31, 2025 and 2024. Future amortization expenses will be $6,832 annually throughout the term of the lease.

Note 4: Loan Payable

The Organization had long-term debt obligations as of October 31:

	2025	2024
STAR note payable to the City of Saint Paul at 1% due in monthly installments of $1,314 including interest due February 1, 2031. Secured by the real estate held by the Organization.	$ 80,621	$ 105,502
Less: current portion	(15,031)	(14,783)
Total Loan Payable	$ 65,590	$ 90,719

Scheduled maturities as of October 31, 2025 are as follows:

Year	Amount
2026	$ 15,031
2027	15,182
2028	15,335
2029	15,489
2030	15,645
Thereafter	3,939
Total	$ 80,621

Note 5: Endowment

The Organization's endowment consists of an investment fund established to recognize one or more outstanding Minnesota historians and/or outstanding work of Minnesota history as defined by the Organization. The endowment is donor restricted. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Minnesota Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 5: Endowment (Continued)

The remaining portion of the donor-restricted endowment fund that is not required to be maintained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MPMIFA. In accordance with MPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(1) the duration and preservation of the various funds,

(2) the purposes of the donor-restricted endowment funds,

(3) general economic conditions,

(4) the possible effect of inflation and deflation,

(5) the expected total return from income and the appreciation of investments,

(6) other resources of the Organization, and

(7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable and consistent stream of funding to the program supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets will be invested in a manner that is intended to produce results that exceed the price and yield results of the All-Urban Consumer Price Index (CPI) while assuming a moderate level of investment risk. The Organization expects its endowment investments, over time, to provide an average rate of return of approximately 5 percent annually over the CPI. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the preceding 12 calendar quarters through October 31 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. The rate of draw will be periodically reviewed by the Finance Committee and/or the Board of Directors.

Note 5: Endowment (Continued)

Changes in endowment net assets for the years ended October 31, 2025 and 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, November 1, 2023	$ -	$ 64,613	$ 64,613
Investment income, net	-	18,965	18,965
Endowment net assets, October 31, 2024	-	83,578	83,578
Investment income, net	-	11,741	11,741
Endowment Net Assets, October 31, 2025	$ -	$ 95,319	$ 95,319

Note 6: Retirement Plan

The Organization provides an employee retirement plan through a Safe Harbor 401K plan. Employees eligible to participate in the plan receive a 1:1 match on the first 3% of contributions, and a 0.5 to 1 match on the next 2%. The plan also provides for a discretionary employer contribution for eligible employees, to be made after the end of the year. For the year ended October 31, 2024, the Board approved a 4% discretionary contribution. No discretionary contribution was made as of October 31, 2025. Total matching contributions were $61,602 and $121,699 for the years ended October 31, 2025 and 2024, respectively.

Note 7: Concentrations

The Organization received approximately 91% and 79% of total revenue from its top two donors for the years ending October 31, 2025 and 2024 respectively.

Government grant receivables of $33,730,000 and $19,605,091 are from the State of Minnesota as of October 31, 2025 and 2024, respectively.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of October 31:

	2025	2024
State of Minnesota arts and cultural heritage funds	$ 31,782,987	$ 15,719,777
Education programs	676,002	23,574
Land lease	335,907	335,907
Minnesota Pollution Control WRAPS	234,323	32,776
Endowment	95,319	83,578
Civics vision in Minnesota and beyond	94,442	427,772
Other purpose restrictions	75,286	54,116
Healthy Eating arts and cultural heritage funds	-	741,934
Absent Narratives program work/professional development programs for teachers and school districts	-	577,124
Total Net Assets With Donor Restrictions	$ 33,294,266	$ 17,996,558

Note 9: 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 dates, comprise the following:

	2025	2024
Financial Assets		
Cash and cash equivalents	$ 1,468,590	$ 274,653
Accounts receivable	302,754	119,568
Contributions receivable	91,397	130,001
Government grants receivable	33,730,000	19,605,091
Investments	4,197,337	3,156,773
Investments, endowment	95,319	83,578
Total Financial Assets	39,885,397	23,369,664
Less financial assets unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions	(33,294,266)	(17,996,558)
Financial assets available to meet cash needs for general expenditures within one year	$ 6,591,131	$ 5,373,106

The Organization adopts an annual budget and anticipates collecting sufficient revenue to fund general expenditures. Budget to actual results are monitored monthly. As part of the Organization's liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of immediate needs has been invested.