Olsen Thielen & Co., Ltd.
CPAS AND ADVISORS

Textile Center of Minnesota

Financial Statements
Together with
Independent Auditors' Report

March 31, 2026

TEXTILE CENTER OF MINNESOTA

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OlsenThielen & Co., Ltd.
CPAS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Textile Center of Minnesota
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Textile Center of Minnesota (a nonprofit organization), which comprise the statement of financial position as of March 31, 2026 and 2025, 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 Textile Center of Minnesota as of March 31, 2026 and 2025, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Textile Center of Minnesota 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 Textile Center of Minnesota's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 auditors' 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, including omissions, 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 Textile Center of Minnesota'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 Textile Center of Minnesota'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.

Olsen Thielen & Co, Ltd.

Roseville, Minnesota
August 26, 2026

TEXTILE CENTER OF MINNESOTA

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026 AND 2025

	2026	2025
ASSETS		
CURRENT ASSETS:		
Cash	**$ 411,226**	$ 401,126
Accounts Receivable	**24,870**	23,962
Grants Receivable	**185,789**	37,382
Inventory	**14,140**	13,119
Prepaid Expenses	**13,518**	8,057
Total Current Assets	**649,543**	483,646
NONCURRENT ASSETS		
Investment Securities	**471,454**	427,475
Grants Receivable	**132,000**	–
Other Asset	**22,609**	16,233
Total Noncurrent Assets	**626,063**	443,708
PROPERTY AND EQUIPMENT:		
Buildings and Improvements	**1,912,263**	1,829,643
Land	**523,903**	523,903
Office Furniture and Equipment	**195,349**	186,878
Computers, Software, Peripherals	**99,388**	98,472
Library Collectibles	**21,569**	21,569
Less Accumulated Depreciation	**(1,422,155)**	(1,341,195)
Net Property and Equipment	**1,330,317**	1,319,270
TOTAL ASSETS	**$ 2,605,923**	$ 2,246,624
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	**$ 10,806**	$ 10,802
Accounts Payable	**27,882**	29,501
Accrued Wages and Benefits	**68,735**	60,613
Other Accrued Liabilities	**11,538**	10,024
Deferred Revenue	**70,433**	85,286
Total Current Liabilities	**189,394**	196,226
LONG-TERM DEBT, Less Current Portion	**247,077**	255,711
NET ASSETS:		
Net Assets Without Donor Restrictions	**1,255,571**	1,268,063
Net Assets With Donor Restrictions	**913,881**	526,624
Total Net Assets	**2,169,452**	1,794,687
TOTAL LIABILITIES AND NET ASSETS	**$ 2,605,923**	$ 2,246,624

The accompanying notes are an integral part of the financial statements.

TEXTILE CENTER OF MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Support:			
Grants and Donations	$ 328,266	$ 603,693	$ 931,959
Contributions - In-Kind	343,808	–	343,808
Government Support	60,233	–	60,233
Total Support Revenue	732,307	603,693	1,336,000
Program Revenue:			
Education	355,803	–	355,803
Shop Sales	158,165	–	158,165
Memberships	48,988	–	48,988
Event:	25,998	–	25,998
Less: Event Direct Expense	(9,985)	–	(9,985)
Rental Income	4,735	–	4,735
Other Income	22,278	–	22,278
Total Program Revenue	605,982	–	605,982
Net Assets Released from Restrictions	281,646	(281,646)	–
Total Revenues	1,619,935	322,047	1,941,982
EXPENSES:			
Program Services	1,327,282	–	1,327,282
General and Administrative	213,587	–	213,587
Fundraising and Development	100,422	–	100,422
Total Expenses	1,641,291	–	1,641,291
GENERAL OPERATING, NET	(21,356)	322,047	300,691
INVESTMENT INCOME	8,864	65,210	74,074
CHANGE IN NET ASSETS	(12,492)	387,257	374,765
NET ASSETS at Beginning of Year	1,268,063	526,624	1,794,687
NET ASSETS at End of Year	$ 1,255,571	$ 913,881	$ 2,169,452

The accompanying notes are an integral part of the financial statements.

TEXTILE CENTER OF MINNESOTA

STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED MARCH 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Support:			
Grants and Donations	$ 384,456	$ 52,500	$ 436,956
Contributions - In-Kind	118,957	–	118,957
Government Support	97,640	–	97,640
Miscellaneous Income	1,000	–	1,000
Total Support Revenue	602,053	52,500	654,553
Program Revenue:			
Education	270,085	–	270,085
Shop Sales	165,195	–	165,195
Memberships	47,642	–	47,642
Event:	50,168	–	50,168
Less: Event Direct Expense	(12,033)	–	(12,033)
Rental Income	7,815	–	7,815
Other Income	606	–	606
Total Program Revenue	529,478	–	529,478
Net Assets Released from Restrictions	260,532	(260,532)	–
Total Revenues	1,392,063	(208,032)	1,184,031
EXPENSES:			
Program Services	1,181,644	–	1,181,644
General and Administrative	250,286	–	250,286
Fundraising and Development	97,801	–	97,801
Total Expenses	1,529,731	–	1,529,731
GENERAL OPERATING, NET	(137,668)	(208,032)	(345,700)
INVESTMENT INCOME	9,807	18,828	28,635
CHANGE IN NET ASSETS	(127,861)	(189,204)	(317,065)
NET ASSETS at Beginning of Year	1,395,924	715,828	2,111,752
NET ASSETS at End of Year	$ 1,268,063	$ 526,624	$ 1,794,687

The accompanying notes are an integral part of the financial statements.

TEXTILE CENTER OF MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2026

	Program Services	General and Administrative	Fundraising and Development	Total Expense
Salaries, Taxes and Benefits	$ 666,739	$ 116,161	$ 84,601	$ 867,501
Program Activities and Supplies	243,270	353	–	243,623
Cost of Goods Sold	110,723	–	–	110,723
Facilities, Utilities, Maintenance and Cleaning	67,802	11,207	2,717	81,726
Depreciation	69,221	8,825	2,915	80,961
Professional Services	20,757	42,643	2,464	65,864
Tech Support and Website Expense	27,014	15,368	1,292	43,674
Insurance	25,555	2,524	834	28,913
Mileage and Transport Expense	25,951	1,117	–	27,068
Credit Card, Bank and Filing Fees	25,662	715	175	26,552
Interest Expense	14,752	1,881	621	17,254
Professional Development, Dues and Subscriptions	6,024	6,524	300	12,848
Marketing and Printing	5,285	1,088	2,641	9,014
Hospitality	5,303	1,389	1,488	8,180
Capital Campaign Expenses	6,430	820	271	7,521
Miscellaneous	4,570	680	44	5,294
Postage and Shipping	1,974	2,062	38	4,074
Office and Other Supplies	250	230	21	501
Total Functional Expense	$ 1,327,282	$ 213,587	$ 100,422	$ 1,641,291

The accompanying notes are an integral part of the financial statements.

TEXTILE CENTER OF MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES (Continued)
YEAR ENDED MARCH 31, 2025

	Program Services	General and Administrative	Fundraising and Development	Total Expense
Salaries, Taxes and Benefits	$ 620,614	$ 140,471	$ 79,695	$ 840,780
Program Activities and Supplies	168,139	193	–	168,332
Cost of Goods Sold	108,354	50	–	108,404
Facilities, Utilities, Maintenance and Cleaning	59,825	26,764	2,331	88,920
Professional Services	45,753	25,024	6,520	77,297
Depreciation	63,749	8,127	2,684	74,560
Tech Support and Website Expense	14,278	23,911	1,027	39,216
Mileage and Transport Expense	22,915	4,906	–	27,821
Credit Card, Bank and Filing Fees	21,906	1,885	–	23,791
Insurance	17,251	2,231	721	20,203
Interest Expense	15,114	1,927	636	17,677
Marketing and Printing	6,034	1,608	2,717	10,359
Hospitality	4,141	4,216	172	8,529
Professional Development, Dues and Subscriptions	3,598	3,671	1,023	8,292
Postage and Shipping	4,877	2,786	44	7,707
Miscellaneous	4,400	1,539	158	6,097
Office and Other Supplies	696	977	73	1,746
Total Functional Expense	$ 1,181,644	$ 250,286	$ 97,801	$ 1,529,731

The accompanying notes are an integral part of the financial statements.

TEXTILE CENTER OF MINNESOTA

STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	**$ 374,765**	$ (317,065)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Unrealized (Gains) Loss on Investments	**(41,029)**	1,740
Realized Gains on Investments	**(17,603)**	(14,663)
Depreciation	**80,960**	74,560
Changes in Assets and Liabilities:		
Accounts Receivable	**(908)**	(19,872)
Grants Receivable	**(280,407)**	161,825
Inventory	**(1,021)**	906
Prepaid Expenses	**(5,461)**	374
Other Asset	**(6,376)**	1,951
Accounts Payable	**(1,619)**	16,419
Accrued Wages and Benefits	**8,122**	9,213
Other Payables and Accrued Expenses	**1,514**	1,910
Deferred Revenue	**(14,853)**	37,316
Net Cash Flows From Operating Activities	**96,084**	(45,386)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales of Investments	**23,533**	22,532
Purchase of Investments	**(8,880)**	(7,869)
Purchase of Property and Equipment	**(92,007)**	(84,030)
Net Cash Flows From Investing Activities	**(77,354)**	(69,367)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments on Long-Term Debt	**(8,630)**	(8,206)
Net Cash Flows From Financing Activities	**(8,630)**	(8,206)
NET CHANGE IN CASH	**10,100**	(122,959)
CASH at Beginning of Year	**401,126**	524,085
CASH at End of Year	**$ 411,226**	$ 401,126

The accompanying notes are an integral part of the financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Textile Center of Minnesota (the Organization) is a not-for-profit organization dedicated to honoring textile traditions, promoting excellence and innovation, nurturing appreciation and inspiring widespread participation in fiber art. The Organization is a regionally based national center for fiber art, and its facility serves as a central place for artists, guilds, enthusiasts, youth and adults to gather, meet, study and participate in fiber art exhibitions and education programs. It is the only facility in the Midwest that represents all fiber art forms. Fiber art is broadly defined to include weaving, quilting, knitting, sewing, dyeing, needlework, lace making, basketry, and beading. The Organization receives a majority of its revenue through program services and contributions from individuals and foundations. The Organization's programs advance the development of fiber artists, support a vibrant fiber art community and provide public access to excellent fiber art programs. The Organization's programs are as follows:

Education – The Organization provides fiber art education services to adults and youth at all skill levels. Workshops, classes, seminars, and lectures cover a wide range of fiber art forms and techniques. The Organization sponsors national symposia and conferences with presentations by renowned fiber artists. Many education services focus on dye techniques and utilize the Textile Center Ellen Errede Wells Dye Lab. The Pat O'Connor Library houses one of the nation's largest circulating collections of fiber art books, periodicals and media materials, and individuals use this resource for research and inspiration. The library also hosts presentations by authors of recently published fiber art books. The Organization's website, social media and its print and electronic communications keep the textile community informed and connected with information about programs, opportunities and events.

Community Outreach – The Organization delivers outreach services to youth, families and adults and promotes engagement with textiles. Special emphasis is placed on serving individuals with low income, new immigrants and youth and adults living with disabilities. The Organization conducts free fiber art programs across the region in partnership with social service agencies, schools, recreation centers, public libraries, community centers and public housing complexes. The Organization also participates in joint ventures with cultural organizations and businesses. Tours of gallery exhibitions and the facility are provided to groups of children and adults.

Exhibition – The Organization presents exhibitions of high caliber artwork by artists from the region and around the world. These juried, invitational, and member exhibitions showcase both mastery in technique and cutting-edge innovations. Exhibitions are presented in the Joan Mondale Gallery, the Mary Giles Gallery, and Community Gallery.

Retail – Textile Center Artisan Shop sells fiber art and textiles on commission that are accepted though a jury process from regional artists as well as fiber art books and supplies. The Stashery, Textile Center's second-hand shop, opened in May 2025, provides accessible materials for artists and makers of all levels while diverting thousands of pounds of materials from landfills and incinerators.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of Textile Center of Minnesota and related changes are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations which the Board of Directors has discretionary control. Designated amounts represent those net assets that the Board of Directors has set aside for a particular purpose.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through August 26, 2026, the date the financial statements were available to be issued.

Accounts Receivable and Credit Losses

Receivables are stated at the amounts the Organization expects to collect from outstanding balances. The Organization's accounts receivable are typically not significant and consist mostly of event registration payments from third parties.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Credit Losses (Continued)

The Organization recognizes an allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument. The expected credit losses on trade receivables are estimated based on historical credit loss experience, aging analysis, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. The Organization assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Organization has not established an allowance for credit losses at March 31, 2026 and 2025.

Grants Receivable

Grants receivable consist of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history.

Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business. Inventory consists of books, accessories, dye supplies, fibers, etc. that are held for resale and used in the educational courses offered by the Organization.

Property and Equipment

Property and equipment are recorded at original cost. Additions, improvements or major renewals exceeding $750 are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation account and any gains or losses thereon are reflected in operations. Contributed equipment is recorded at fair market value at date of donation. If the donor stipulates how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation contributions of property and equipment are recorded as unrestricted.

Depreciation is computed using the straight-line method at rates based on the estimated service or remaining useful lives of the various assets. Estimated service lives of the various assets are as follows:

Furniture and Equipment	3-10 Years
Computer and Software	3-5 Years
Buildings & Improvements	10-39 Years

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Library Collectibles

The Organization records its collections at cost. Donated collections are capitalized at their fair value on the acquisition date. Gains or losses on the disposal of collection items are classified on the statement of activities as with or without donor restricted support depending on donor restrictions, if any, placed on the item at the time of acquisition. Collection items are depreciated over their estimated useful lives unless they have cultural, aesthetic, or historical value that is worth preserving perpetually, and the Organization is protecting and preserving essentially undiminished the service potential of the collection item. No depreciation has been recorded on the Organization's collections.

Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices in active markets. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

Revenue Recognition

The significant sources of revenue and support for the Organization are discussed below.

Contribution and Grant Revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

Government Grants

Government grants are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, are made. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made. Management believes that any disallowances, if any, would not have a significant effect on the statement of financial position.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Education Revenue

The Organization offers educational programs, including over 200 classes, lectures, seminars and workshops to adults and youth at all skill levels, as well as textile-focused domestic and international tours. Registration fees for these educational programs are billed to the participant at the time of registration. The revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the educational program. Revenue is recognized at the point in time the educational program is held and the Organization's performance obligation to hold the educational program is completed. Registration for the Organization's programs opens months before the programs are scheduled to be held. Cash receipts for registrations collected in advance of the program are deferred as contact liabilities until earned when the program is held at which point the revenue is recognized.

Shop Sales Revenue

Shop sales revenue is derived mainly through the sale of artist and purchased inventory. Revenue is recognized at the point in time a sale occurs and control of the merchandise transfers to the customer.

As a practical expedient, the Organization groups similar contracts or similar performance obligations together into portfolios of contracts if doing so does not result in a significant difference from applying this accounting standard to the individual contracts.

The Organization's revenues disaggregated by the timing of such revenue recognized during the years ended March 31, 2026 and 2025 are as follows:

	2026	2025
Point in Time	**$ 552,259**	$ 474,021
Over Time	**48,988**	47,642
Revenue Not Subject to ASC 606	**1,340,735**	662,368
Ending Balance	**$ 1,941,982**	$ 1,184,031

Contract liabilities include deferred revenues related to advanced payments for registrations to the Organization's educational courses and workshops. These deposits are deferred until the performance obligations are completed.

The Organization's receivables and contract liabilities from contracts with customers are as follows:

	2026	2025
Accounts Receivable - Beginning	**$ 23,962**	$ 4,090
Accounts Receivable - Ending	**24,870**	23,962
Contract Liabilities - Beginning	**$ 85,286**	$ 47,970
Contract Liabilities - Ending	**70,433**	85,286

There are no significant contract assets recognized on the financial statements under the standard.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

The Organization follows Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization.

The Organization receives donated items for resale through its annual garage sale and The Stashery, a year-round secondhand textile supplies store. It is the Organization's policy that contributed garage sale items, and The Stashery items are valued at the gross selling price received. The Organization received contributions of nonfinancial assets of $343,808 and $118,957 for 2026 and 2025.

All donated assets were utilized by the Organization’s programs services. There were no donor-imposed restrictions associated with the donated assets.

Functional Allocation of Expense

The cost of providing the Organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

1) Salaries and wages, benefits, and payroll taxes are allocated based on the amounts of time spent by employees performing those functions.
2) Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis based on the programs and supporting activities occupying the space.
3) Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of salaries and wages.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in support received in future years.

Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal and state income tax only on net unrelated business income.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization has identified no income tax uncertainties. The Organization files information returns as a tax-exempt Organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with high quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. As of March 31, 2026, the Organization had no significant concentrations of credit risk.

Fair Value Measurements

Under generally accepted accounting principles, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Organization uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The fair values of the Organization's investments were determined based on inputs as presented in Note 2.

Endowments

The Organization follows the provisions of the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA). This provides guidance on the classification of endowment net assets and enhances disclosure for endowment funds. Under UPMIFA all unappropriated endowment funds are considered restricted net assets.

Reclassifications

Certain amounts in the 2025 financial statements and notes have been reclassified to conform with the 2026 presentation. These reclassifications had no effect on net assets for either period.

NOTE 2 - INVESTMENTS

The Organization holds investments in a variety of investment funds. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and such changes could be material to the amounts reported in the statement of financial position.

NOTE 2 - INVESTMENTS (Continued)

The Organization's investments consisted of the following at March 31, 2026 and 2025:

	2026		2025	
	Cost	**Fair Value**	Cost	Fair Value
Mutual Funds	**$ 194,824**	**$ 471,454**	$ 191,874	$ 427,475
Total	**$ 194,824**	**$ 471,454**	$ 191,874	$ 427,475

Net investment income for the years ended March 31, 2026 and 2025 consisted of the following:

	2026	2025
Interest and Dividend Income	**$ 15,442**	$ 15,712
Unrealized Gains (Loss) on Investments	**41,029**	(1,740)
Realized Gains on Investments	**17,603**	14,663
Total Investment Income	**$ 74,074**	$ 28,635

Fair values of investments at March 31, 2026 and 2025 were determined as follows:

Description	Total	Quoted Prices for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
2026				
Mutual Funds	**$ 471,454**	**$ 471,454**	**$ –**	**$ –**
Totals	**$ 471,454**	**$ 471,454**	**$ –**	**$ –**
2025				
Mutual Funds	$ 427,475	$ 427,475	$ –	$ –
Totals	$ 427,475	$ 427,475	$ –	$ –

The fair values of the Organization's mutual funds were determined based on Level 1 inputs.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization receives significant revenues from grants and donations, government support and education services. Revenues include contributions with donor restrictions that may not be available for expenditure in the near-term but may be expended by the end of the next fiscal year. The Organization manages its liquidity and reserves operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a policy to structure its financial assets to be available for its general expenditures, liabilities, and as other obligations come due. To manage unanticipated liquidity needs, the Organization has committed lines of credit of $125,000 which it could draw upon.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table reflects the Organization's financial assets as of March 31, 2026 and 2025, that are available to meet general expenditures within the next year.

	2026	2025
Available for General Expenditures:		
Cash	**$ 411,226**	$ 401,126
Accounts Receivable	**24,870**	23,962
Grants Receivable	**317,789**	37,382
Long-Term Investments	**471,454**	427,475
Total	**1,225,339**	889,945
Less Donor Imposed Purpose Restricted Net Assets	**863,881**	494,124
Amounts Available for General Expenditure Within One Year	**$ 361,458**	$ 395,821

The above table reflects financial assets that are unavailable for general expenditure within one year due to donor-imposed restrictions, including donor-restricted endowment funds. Donor-restricted endowment funds are maintained and invested to provide long-term support for the Organization's programs and operations.

NOTE 4 - LINE OF CREDIT

The Organization has a $125,000 revolving line of credit that carries a variable interest rate at prime (6.75% at March 31, 2026) plus .5%. The credit line expires November 2, 2026. There were no borrowings on the line of credit at March 31, 2026 and 2025.

NOTE 5 - LONG-TERM DEBT

Long-term debt is as follows:

	2026	2025
Note payable to Sunrise Banks, N.A. in monthly installments of $1,791 at a variable interest rate. The note is due January 23, 2028 and is secured by property.	**$ 264,296**	$ 272,926
Less Unamortized Debt Issuance Costs	**(6,413)**	(6,413)
Total	**257,883**	266,513
Less Amount Due Within One Year	**(10,806)**	(10,802)
Total	**$ 247,077**	$ 255,711

Cash payments for interest were $17,254 in 2026 and $17,677 in 2025.

The Organization must comply with various loan covenants on its note payable to Sunrise Banks, including a debt service coverage ratio in excess of 1.20. At March 31, 2026, the Organization's debt service coverage ratio was 17.69.

Principal payments required during the next two years are: 2027 - $10,806 and 2028 - $247,077.

NOTE 6 - ENDOWMENT

The purpose of the endowment fund is to provide funding for the Joan Mondale Gallery. The Organization's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 6 - ENDOWMENT (Continued)

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate, an organization shall act in good faith with the care that a prudent person would exercise. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (perpetual endowment) (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual endowments is classified as term endowments until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 fund.
(2) The purpose of the Organization and the donor-restricted endowment fund.
(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.
(7) The investment policies of the Organization.

The Organization has adopted an investment policy and philosophy that concentrates on maximizing total return within reasonable risk parameters. This is accomplished through a strategic plan that strives to maintain and grow the investment corpus and provide annual earnings to support the Organization's mission. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that preserve the inflation-adjusted value of the fund and maximize total return within reasonable and prudent levels of risk. The Organization targets a diversified asset allocation plan, sets performance benchmarks and has established various asset quality and limitation thresholds.

The Organization considers an endowment fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. There are no funds currently underwater.

UPMIFA permits the prudent expenditure of donor restricted endowment funds. The Organization has approved an appropriation policy of spending approximately 4.5 percent of the average quarterly value of the endowment fund's market value. The amount to be distributed shall be determined by multiplying the approved percentage by the previous five years or 20 quarter rolling average of the market value of the fund assets.

The Endowment Committee annually reviews and recommends to the Board of Directors the amount to be distributed from endowment assets for the next fiscal year.

NOTE 6 - ENDOWMENT (Continued)

Changes in endowment net assets for the years ended March 31, 2026 and 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, March 31, 2024	$ –	$ 417,828	$ 417,828
Investment Income			
Dividend and Interest Income	–	12,707	12,707
Realized and Unrealized Gains	–	6,121	6,121
Contributions	–	–	–
Appropriation of Endowment Assets for Expenditure	–	(22,532)	(22,532)
Endowment Net Assets, March 31, 2025	–	414,124	414,124
Investment Income			
Dividend and Interest Income	**–**	**8,332**	**8,332**
Realized and Unrealized Gains	**–**	**56,878**	**56,878**
Contributions	**–**	**–**	**–**
Appropriation of Endowment Assets for Expenditure	**–**	**(23,532)**	**(23,532)**
Endowment Net Assets, March 31, 2026	**$ –**	**$ 455,802**	**$ 455,802**

NOTE 7 - NET ASSETS

Net assets with donor restrictions consist of the following:

	2026	2025
Purpose Restrictions:		
Endowment Fund	**$ 455,802**	$ 414,124
Artist Support - McKnight Foundation Grant	**318,000**	55,000
Capital Campaign	**52,480**	–
Art Experience - MSAB	**32,599**	–
Accessibility - MSAB	**5,000**	20,000
Youth Fiber Art Guild	**–**	5,000
Time Restrictions:		
General Operating Support	**50,000**	32,500
Total	**$ 913,881**	$ 526,624

Net assets released from restriction were $281,646 and $260,532 in March 31, 2026 and 2025. Restricted net assets were released from restriction due to satisfaction of program and time restrictions.

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Organization has a deferral-only 403b plan, which covers qualified employees. Contributions can be made during the term of employment. The Organization does not match any employee contributions.