

**THE AMERICAN SWEDISH INSTITUTE**

**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

Years Ended September 30, 2023 and 2022

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THE AMERICAN SWEDISH INSTITUTE  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The American Swedish Institute  
Minneapolis, Minnesota

### **Opinion**

We have audited the accompanying financial statements of The American Swedish Institute (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 American Swedish Institute as of September 30, 2023 and 2022, 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 American Swedish Institute 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 American Swedish Institute'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 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 American Swedish Institute'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 American Swedish Institute'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

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REDPATH AND COMPANY, LLC  
St. Paul, Minnesota

January 29, 2024

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## **FINANCIAL STATEMENTS**

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**THE AMERICAN SWEDISH INSTITUTE**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2023 and 2022

**Statement 1**

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	\$2,956,346	\$2,189,082
Accounts receivable	67,020	94,583
Employee Retention Credit receivable	-	746,849
Grants and contributions receivable, net	874,060	1,614,127
Deferred compensation asset	34,000	-
Inventory	265,396	208,365
Prepaid expenses	89,118	122,760
Total current assets	4,285,940	4,975,766
Noncurrent assets:		
Deferred compensation asset	70,297	102,592
Grants and contributions receivable, net	1,154,500	1,396,750
Investments	6,292,248	6,072,141
Land, building, and equipment, net	33,943,228	28,487,000
Interest in charitable trust held by others	14,580,012	12,639,831
Collections for exhibitions (Note 1H)	-	-
Total noncurrent assets	56,040,285	48,698,314
Total assets	\$60,326,225	\$53,674,080
Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$159,612	\$443,116
Contracts payable	491,063	1,648,462
Accrued expenses	147,612	187,736
Deferred compensation liability	34,000	-
Deferred revenue	116,392	152,642
Lines of credit	6,310,012	1,291,129
Total current liabilities	7,258,691	3,723,085
Noncurrent liabilities:		
Deferred compensation liability	70,297	102,592
Deferred revenue	74,200	100,400
Total noncurrent liabilities	144,497	202,992
Total liabilities	7,403,188	3,926,077
Net assets:		
Without donor restrictions:		
Undesignated	29,524,214	28,437,913
Designated by the board	913,682	876,160
	30,437,896	29,314,073
With donor restrictions:		
Time or purpose restrictions	18,687,194	16,635,983
Perpetual in nature	3,797,947	3,797,947
	22,485,141	20,433,930
Total net assets	52,923,037	49,748,003
Total liabilities and net assets	\$60,326,225	\$53,674,080

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Membership contributions	\$322,637	\$ -	\$322,637
Grants and contributions	2,989,166	1,063,032	4,052,198
In-kind contributions	74,290	-	74,290
Admissions and tours	237,101	-	237,101
Programs, classes, and events	585,397	-	585,397
Cultural enterprises	1,464,925	-	1,464,925
Investment income - operating	130,566	380,143	510,709
Other	239,208	-	239,208
Total operating revenues	6,043,290	1,443,175	7,486,465
Net assets released from restriction for operations	1,929,282	(1,929,282)	-
Operating expenses:			
Programs, education, and other cultural activities	1,092,181	-	1,092,181
Museum, tours, and visitor services	1,543,698	-	1,543,698
Cultural enterprises	1,120,703	-	1,120,703
Administration	1,061,281	-	1,061,281
Communication	406,597	-	406,597
Membership and development	548,914	-	548,914
Total operating expenses	5,773,374	0	5,773,374
Change in net assets from operating activities	2,199,198	(486,107)	1,713,091
Nonoperating items:			
Investment income - nonoperating	-	206,037	206,037
Change in value of charitable trust held by others	-	2,374,769	2,374,769
Depreciation	(1,118,863)	-	(1,118,863)
Net assets released from restrictions for capital improvements	43,488	(43,488)	-
Total nonoperating items	(1,075,375)	2,537,318	1,461,943
Change in net assets	1,123,823	2,051,211	3,175,034
Net assets - beginning of period	29,314,073	20,433,930	49,748,003
Net assets - end of period	\$30,437,896	\$22,485,141	\$52,923,037

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

**THE AMERICAN SWEDISH INSTITUTE**  
**STATEMENTS OF ACTIVITIES**  
For The Years Ended September 30, 2023 and 2022

**Statement 2**  
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	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Membership contributions	\$317,629	\$ -	\$317,629
Grants and contributions	6,567,483	185,690	6,753,173
Government revenue - Employee Retention Credit	746,849	-	746,849
In-kind contributions	46,870	-	46,870
Admissions and tours	190,081	-	190,081
Programs, classes, and events	422,719	-	422,719
Cultural enterprises	1,218,245	-	1,218,245
Investment income (loss) - operating	(121,416)	300,737	179,321
Other	79,477	-	79,477
Total operating revenues	9,467,937	486,427	9,954,364
Net assets released from restriction for operations	481,143	(481,143)	-
Operating expenses:			
Programs, education, and other cultural activities	928,802	-	928,802
Museum, tours, and visitor services	1,265,987	-	1,265,987
Cultural enterprises	912,123	-	912,123
Administration	1,329,858	-	1,329,858
Communications	372,378	-	372,378
Membership and development	433,055	-	433,055
Total operating expenses	5,242,203	0	5,242,203
Change in net assets from operating activities	4,706,877	5,284	4,712,161
Nonoperating items:			
Investment income (loss) - nonoperating	-	(1,120,850)	(1,120,850)
Change in value of charitable trust held by others	-	(909,484)	(909,484)
Contributions for capitalized assets	-	285,000	285,000
Contributions of charitable trust held by others	-	13,549,315	13,549,315
Depreciation	(913,272)	-	(913,272)
Net assets released from restrictions for capital improvements	2,944,543	(2,944,543)	-
Total nonoperating items	2,031,271	8,859,438	10,890,709
Change in net assets	6,738,148	8,864,722	15,602,870
Net assets - beginning of period	22,575,925	11,569,208	34,145,133
Net assets - end of period	\$29,314,073	\$20,433,930	\$49,748,003

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

	2023						
	Programs, Education, and Cultural Activities	Museum, Tours, and Visitor Service	Cultural Enterprises	Administration	Communications	Memberships & Development	Total
Expenses:							
Personnel expense	\$617,296	\$917,857	\$349,200	\$738,953	\$207,180	\$402,640	\$3,233,126
Cost of goods sold	19	-	515,048	-	-	-	515,067
Instructors and performers	126,074	51,605	-	3,878	100	1,892	183,549
Outside service	10,881	41,533	27,286	71,368	15,096	53	166,217
IT support	24,164	34,836	17,938	24,929	8,270	31,760	141,897
Utilities and insurance	36,481	117,763	61,576	73,944	1,858	1,627	293,249
Telephone and data	4,223	12,847	7,077	2,268	233	212	26,860
Repairs and maintenance	20,765	63,401	51,217	10,830	1,043	913	148,169
Equipment and space rent	33,030	8,966	6,776	2,395	677	868	52,712
Supplies	54,724	63,448	29,212	24,659	8,365	11,134	191,542
Exhibit expense	-	143,671	-	-	-	-	143,671
Other services & miscellaneous	46,664	431	162	728	1,299	2,514	51,798
Scholarship and grants	(9,470)	600	-	24,500	-	-	15,630
Food and catering	58,621	14,065	-	19,214	-	4,711	96,611
Postage and printing	549	34,996	5,538	7,726	68,749	32,923	150,481
Advertising and website	40,000	-	-	200	85,547	35,090	160,837
Travel and meals	5,586	3,608	6,777	50,943	1,636	12,209	80,759
License, fees, dues, and subscriptions	22,574	34,071	42,896	4,746	6,544	10,368	121,199
Total operating expense	1,092,181	1,543,698	1,120,703	1,061,281	406,597	548,914	5,773,374
Depreciation	243,865	416,668	367,921	79,719	5,687	5,003	1,118,863
Total expenses	<u>\$1,336,046</u>	<u>\$1,960,366</u>	<u>\$1,488,624</u>	<u>\$1,141,000</u>	<u>\$412,284</u>	<u>\$553,917</u>	<u>\$6,892,237</u>

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

	2022						
	Programs, Education, and Cultural Activities	Museum, Tours, and Visitor Service	Cultural Enterprises	Administration	Communications	Memberships & Development	Total
Expenses:							
Personnel expense	\$547,802	\$803,204	\$289,925	\$656,470	\$131,516	\$328,322	\$2,757,239
Cost of goods sold	-	-	441,699	-	-	-	441,699
Instructors and performers	121,882	24,708	-	608	-	-	147,198
Outside service	12,939	20,855	12,419	223,106	51,264	9,080	329,663
IT support	27,831	36,932	24,774	26,962	10,422	27,100	154,021
Utilities and insurance	26,401	88,135	44,564	72,331	1,345	1,177	233,953
Telephone and data	4,202	7,834	2,952	5,202	1,617	2,106	23,913
Repairs and maintenance	21,804	67,027	37,908	11,530	1,111	972	140,352
Equipment and space rent	19,052	10,370	(18,021)	3,805	1,164	1,511	17,881
Supplies	33,741	31,963	27,647	9,345	7,041	6,071	115,808
Exhibit expense	20	121,615	-	-	52	-	121,687
Other services & miscellaneous	14,731	536	1,047	217,760	275	1,626	235,975
Scholarship and grants	239	-	-	32,000	-	-	32,239
Food and catering	46,524	3,686	-	15,645	-	2,398	68,253
Postage and printing	2,008	18,469	399	30,925	63,414	43,107	158,322
Advertising and website	-	6,870	50	1,610	98,353	375	107,258
Travel and meals	1,841	2,984	4,498	18,169	688	44	28,224
License, fees, dues, and subscriptions	47,785	20,799	42,262	4,390	4,116	9,166	128,518
Total operating expense	928,802	1,265,987	912,123	1,329,858	372,378	433,055	5,242,203
Depreciation	199,055	340,104	300,316	65,071	4,642	4,084	913,272
Total expenses	<u>\$1,127,857</u>	<u>\$1,606,091</u>	<u>\$1,212,439</u>	<u>\$1,394,929</u>	<u>\$377,020</u>	<u>\$437,139</u>	<u>\$6,155,475</u>

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

**THE AMERICAN SWEDISH INSTITUTE**  
**STATEMENTS OF CASH FLOWS**  
For The Years Ended September 30, 2023 and 2022

**Statement 4**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$3,175,034	\$15,602,870
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,118,863	913,272
Decrease (increase) in fair value of investments	(524,674)	1,058,248
Contributed investments	-	(5,323)
Contributions restricted for capital asset additions	-	(285,000)
Contributed interest in trust held by others	-	(14,000,000)
Decrease (increase) in value of trust held by others	(2,374,769)	909,484
Distributions from trust held by others	434,588	450,685
Changes in assets and liabilities, net:		
(Increase) decrease in grants and contributions receivable	982,317	(743,830)
(Increase) decrease in accounts receivable	27,563	(21,621)
(Increase) decrease in employee retention credit receivable	746,849	(746,849)
(Increase) decrease in inventory and prepaids	(23,389)	(21,661)
Increase (decrease) in accounts payable, contracts payable, accrued expenses and deferred revenue	(384,373)	373,873
Net cash provided by operating activities	<u>3,178,009</u>	<u>3,484,148</u>
Cash flows from investing activities:		
Purchase of building improvements and equipment	(7,732,490)	(6,842,271)
Purchase of investments, including reinvested income	(153,544)	(119,892)
Proceeds from sale of investments	458,111	644,113
Net cash used in investing activities	<u>(7,427,923)</u>	<u>(6,318,050)</u>
Cash flows from financing activities:		
Contributions restricted for capital asset additions	-	285,000
Proceeds from lines of credit	5,018,883	1,291,129
Net cash provided by financing activities	<u>5,018,883</u>	<u>1,576,129</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	768,969	(1,257,773)
Cash, cash equivalents and restricted cash - beginning of year	<u>2,291,674</u>	<u>3,549,447</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$3,060,643</u></u>	<u><u>\$2,291,674</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u><u>\$213</u></u>	<u><u>\$ -</u></u>

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

**THE AMERICAN SWEDISH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Years Ended September 30, 2023 and 2022

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**Note 1    NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**A. ORGANIZATION**

Founded in 1929 by Swedish immigrant newspaper publisher Swan Turnblad, today The American Swedish Institute (ASI) consists of a campus occupying the entire 2600 block of Park Avenue South in Minneapolis. Situated on this campus is the original home of the Turnblad family, a 33-room mansion with carriage house, built between 1904-08, which is on the National Register of Historic Places. A brilliant example of late Victorian architecture, it is considered one of America's finest mansions and a treasured, exquisitely preserved view into Minneapolis history. Also on this campus is the Carl and Leslie Nelson Cultural Center, which opened in July 2012. The Nelson Cultural Center is a LEED Gold-certified sustainable building which provides space for community gatherings, educational programming, exhibitions, collections conservation, and cultural enterprises.

ASI is a vibrant arts and cultural organization that engages locally and connects globally. From the Turnblad Mansion and the Nelson Cultural Center, ASI seeks to be a community asset and partner by living up to its mission and vision.

The present mission of ASI is as follows: ASI is a gathering place for all people to explore diverse experiences of migration, identity, belonging and the environment through arts and culture, informed by enduring links to Sweden.

Our vision is that ASI will be a leading museum and cultural center that invites all people to connect their pasts to their shared future, to understand their heritage in relation to others and to discover their role as neighbors and global citizens. Vibrant, ongoing ties to Sweden will illuminate and inspire all these endeavors.

In fulfillment of this mission, ASI organizes its activities around three areas:

Programs, Education, and Cultural Activities - ASI produces a wide variety of programs (performances, lectures, concerts and film), as well as workshops and classes for adults and youth (on language, folk arts and crafts and other topics). ASI holds numerous events representing traditional and contemporary Nordic culture. A community outreach program extends ASI's educational initiatives to neighborhood schools and other organizations.

Museum, Tours, and Visitor Services - Each year ASI presents exhibitions that examine such topics as the arts, crafts, society, history and culture of Sweden, other Nordic countries, and Swedish-America. These exhibitions are complemented by various educational and cultural programs. ASI maintains extensive collections of material artifacts which require curatorial services, and these collections also form the basis of some exhibitions and public programs. In addition, ASI maintains a library and archives. The Turnblad mansion is an important historic house which is appreciated by many visitors each year.

Cultural Enterprises - ASI educates the public and community about Sweden, other Nordic countries, and Swedish America by sharing traditions in all forms. Gathering together around food is a particularly important and effective means of educating people about heritage and contemporary life in Sweden, whether these are daily visitors or special groups. Equally important to the fulfillment of our mission is to enable visitors to acquire books and other items which extend their appreciation of Swedish heritage and contemporary culture. ASI offers a cafe, museum shop and facility rental program for these purposes.

**THE AMERICAN SWEDISH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Years Ended September 30, 2023 and 2022

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**B. COVID-19 IMPACTS**

The impact of COVID-19 doggedly lingered in a few areas in fiscal year 2023, most significantly in museum admissions and tours. This was counterbalanced by strong recovery seen in café dining, event rental/catering, retail and most in-person programs, especially in large festivals. In fiscal year 2024 ASI will add back Tuesdays to the building's open schedule, which will represents a return to pre-pandemic open hours and adds one additional day for income activities (museum admission, tours, retail, and café). Staff absenteeism due to COVID-19 has diminished but rises with the levels of the virus in the broader community.

**C. BASIS OF PRESENTATION**

The financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

To better manage the organization, ASI accounts for activity among several departments. Appropriate expenses are allocated to each of the departments and the departments are grouped for financial statement reporting purposes. Operating revenues and expenses are generally for activities that take place during the fiscal year. Nonoperating revenue and expense include donations restricted for the acquisition and major maintenance of capitalized assets, endowment investment earnings in excess of withdrawals under the total return concept and depreciation.

**D. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

ASI treats highly liquid short-term investments with a maturity of three months or less to be cash equivalents. ASI maintains checking and savings accounts at financial institutions that, generally, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. ASI bank balances may exceed FDIC coverage from time-to-time. ASI has not experienced a loss as a result of these deposits.

Restricted cash includes cash restricted for a deferred compensation asset. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the corresponding amounts in the statements of cash flows at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$2,956,346	\$2,189,082
Deferred compensation asset	<u>104,297</u>	<u>102,592</u>
Total	<u><u>\$3,060,643</u></u>	<u><u>\$2,291,674</u></u>

**THE AMERICAN SWEDISH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Years Ended September 30, 2023 and 2022

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**E. ACCOUNTS RECEIVABLE**

Accounts receivable consist mainly of amounts due to ASI for management and rental use of the facilities. Management considers amounts at year end to be fully collectible and thus an allowance is not considered necessary.

**F. CONTRIBUTIONS AND GRANTS RECEIVABLE**

ASI records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Unconditional contributions and grants receivable consist of the following at September 30:

	2023	2022
Due in one year	\$874,060	\$1,614,127
Due in two to five years	1,154,500	1,396,750
Total	<u>\$2,028,560</u>	<u>\$3,010,877</u>

No discount was applied to receivables in 2023 or 2022 because management determined the amount to be immaterial. ASI expects all contributions and grants receivable to be collected, therefore, no allowance for uncollectible amounts has been recorded as of September 30, 2023 and 2022.

As of September 30, 2023, 79% of contributions and grants receivables were from three donors. As of September 30, 2022, 76% of contributions and grants receivables were from three donors.

**G. INVENTORY**

Inventory is measured at the lower of cost and net realizable value. Inventory is comprised of items for the museum shop.

**H. COLLECTIONS FOR EXHIBITION**

ASI's collection includes paintings, prints and drawings, Swedish glass, woodcarvings, woven textiles, needle arts, artifacts associated with the Turnblad family, books and manuscripts from Sweden and Swedish America, as well as Swedish folk and vernacular clothing, housewares, and tools. These items are made available to its members and the public to encourage a deeper understanding and enjoyment of Swedish culture. The collections are maintained for public exhibition, preservation, education, and research.

**THE AMERICAN SWEDISH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Years Ended September 30, 2023 and 2022

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ASI's collections, acquired through purchase and contributions, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the statements of activities. Items contributed to the collection are not reflected in the statements. Proceeds from the sale of collections are used for the acquisition of new collections or for the direct care of existing collections.

**I. LAND, BUILDING, AND EQUIPMENT**

ASI defines capital assets as assets with an estimated useful life in excess of one year and an initial cost of more than \$5,000. Capital expenditures for land, building, and equipment acquisitions are recorded at cost. Contributed assets are recorded at fair value at the date of donation. Depreciation of building and equipment are provided over the estimated useful lives of the assets on a straight-line basis.

The estimated useful lives are as follows:

	<u>Years</u>
Building	10-50
Furniture and equipment	5-10

**J. BENEFICIAL INTERESTS IN CHARITABLE TRUST HELD BY OTHERS**

ASI has been named as an irrevocable beneficiary of a charitable trust. This trust was created independently by a donor and is held and administered by an outside agent designated by the donor. Therefore, ASI has neither possession nor control over the assets of the trust. At the date ASI received notice of the beneficial interest, a contribution with donor restrictions was recorded in the statements of activities, and a beneficial interest in the charitable trust held by others was recorded in the statements of financial position at fair value. Thereafter, a beneficial interest in the trust is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions, net assets with donor-imposed time restrictions are released to net assets without donor restrictions.

**K. NET ASSETS**

Net assets, revenues, expenses, gains and losses are classified based on the existence and nature of any donor restrictions. Accordingly, net assets of ASI and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This category includes funds that have been internally designated by ASI.

**THE AMERICAN SWEDISH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Years Ended September 30, 2023 and 2022

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Net Assets with Donor Restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. ASI reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reports as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

**L. REVENUE AND REVENUE RECOGNITION**

MEMBERSHIP CONTRIBUTIONS

Membership fees are recognized as contributions without donor restriction in the period received, as the benefits received by members for their membership are deemed to be immaterial.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized as revenue when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give that were likely to be collected at September 30, 2023.

Cost-reimbursable grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue without donor restrictions when qualifying expenses have been incurred in compliance with specific contract and grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statements of financial position.

DONATED GOODS AND SERVICES

ASI reports gifts of non-cash assets as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. No in-kind contributions were reported as contributions with donor restrictions in 2023 or 2022.

A substantial number of volunteers have donated significant amounts of their time to ASI's programs and museum services during the year. These donated services have not been included in these financial statements because they do not meet the recognition criteria of GAAP.

Donated goods and services are recorded as contributions in the accompanying statements at their estimated fair market value at the date of donation, based on the estimated US wholesale prices of identical or similar products or services using pricing data under a 'like-kind' methodology considering the goods or services condition and utility for use at the time of the contribution.

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The following represents ASI's in-kind contributions recognized within the statements of activities as of September 30:

	2023	2022
Advertising	\$40,000	\$40,000
Mansion project furniture	34,290	-
Other	-	6,870
Total	<u>\$74,290</u>	<u>\$46,870</u>

**PROGRAM REVENUE**

Admissions and tours, programs, classes and events, cultural enterprises (consisting of rental income, museum shop sales and other enterprise revenues), and other program income are exchange transactions for services provided or goods sold to customers. Revenue from programs, classes and events, and cultural enterprises are recognized over time, as the underlying services are provided. Revenue from admissions and tours and museum shop sales are recognized at a point in time when the admissions and tours take place. Revenue from rental revenue is recognized over the term of the lease agreements as the space is made available.

**M. INCOME TAX STATUS**

ASI has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. Accordingly, ASI is only subject to federal and state income taxes on any unrelated business income (UBI). ASI has not had any material UBI activities.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes ASI has no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

**N. FUNCTIONAL ALLOCATION OF EXPENSES**

General administrative and building costs that benefit more than one cost center, including expenses such as information technology support, telephones, repairs and maintenance, equipment, building occupancy costs, supplies, dues and subscriptions, are allocated between functions. The allocation of expenses between functions are based on staff time records and square footage. Depreciation is allocated based on the primary use of spaces.

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ASI's expenses are classified as follows:

	2023			
	Operating	Nonoperating	Collection items Purchased	Total
Program services	\$3,756,582	\$1,028,454	\$ -	\$4,785,036
Admin & communications	1,467,878	85,406	-	1,553,284
Memberships & development	548,914	5,003	-	553,917
Total expense	<u>\$5,773,374</u>	<u>\$1,118,863</u>	<u>\$0</u>	<u>\$6,892,237</u>

  

	2022			
	Operating	Nonoperating	Collection items Purchased	Total
Program services	\$3,106,912	\$839,475	\$ -	\$3,946,387
Admin & communications	1,702,236	69,713	-	1,771,949
Memberships & development	433,055	4,084	-	437,139
Total expense	<u>\$5,242,203</u>	<u>\$913,272</u>	<u>\$0</u>	<u>\$6,155,475</u>

**O.**

**ADVERTISING COSTS**

Advertising costs are expensed as incurred. Total advertising expense was \$91,327 and \$55,823 for 2023 and 2022, respectively.

**P. 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.

**Q. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

The provisions of Accounting Standards Update (ASU) 2016-02, Lease (Topic 842) became effective for ASI as of October 1, 2022. ASI determined that the impact of this standard is not material to the financial statements and made the decision to not implement.

**R. RECLASSIFICATIONS**

Certain amounts have been reclassified in the 2022 financial statements to confirm to the presentation of the 2023 financial statements. Overall total net assets and changes to net assets are unchanged due to these reclassifications.

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**Note 2 LIQUIDITY AND AVAILABILITY**

ASI's financial assets available within one year of the statement of financial position date for general expenditure, that is, without donor or other restrictions limiting their use, are as follows at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$2,956,346	\$2,189,082
Accounts receivable	67,020	94,583
Employee Retention Credit receivable	-	746,849
Grants and contributions receivable	2,028,560	3,010,877
Investments	6,292,248	6,072,141
Less:		
Amounts designated by the board	(913,682)	(876,160)
Amounts subject to donor restrictions:		
Time or purpose restrictions **	(4,107,182)	(3,996,152)
Perpetual in nature	<u>(3,797,947)</u>	<u>(3,797,947)</u>
 Total	 <u>\$2,525,363</u>	 <u>\$3,443,273</u>

\*\* Excludes \$14,580,012 and \$12,639,831 of restrictions related to nonfinancial assets at December 31, 2023 and 2022, respectively.

Due to the nature of the restrictions from contributions received from donors, ASI has omitted all donor restricted contributions, as well as assets designated by the board which are considered to be unavailable for general expenditures.

As part of its liquidity management, ASI structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, ASI invests cash in excess of daily requirements in short-term investments pursuant to ASI's investment policy. To help manage unanticipated liquidity needs ASI has a cash reserve designated by the board in the amount of \$913,682 and two committed line of credits in the amount of \$4,000,000 each, which could be drawn upon in the event of an unanticipated liquidity need.

**Note 3 SPLIT-INTEREST AGREEMENTS**

**A. CHARITABLE ENDOWMENT FUNDS**

ASI is a beneficiary of two small endowment funds held and administered by third-party foundations. ASI has no ability to affect its earnings or distributions. The amount is minimal and is not recorded as an asset. Earnings are recognized when received.

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**B. BENEFICIAL INTEREST IN CHARITABLE TRUST HELD BY OTHERS**

ASI is one of five beneficiaries of a charitable trust held by others. Under the terms of the split-interest agreement, principal and income of the trust will be distributed upon the trustee's discretion. ASI received a distribution of \$434,588 and recognized an increase in the change in fair value of \$2,374,769 during the year ended September 30, 2023. ASI received a distribution of \$450,685 and recognized a decrease in the change in fair value of \$909,484 during the year ended September 30, 2022. ASI's interest of the amounts held in the trust was \$14,580,012 and \$12,639,831 as of September 30, 2023 and 2022, respectively.

**Note 4 INVESTMENTS**

ASI's investments consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Investments at fair value:		
Money market funds	\$46,968	\$50,727
Fixed income	2,497,843	2,630,012
Equities	3,722,880	3,363,424
Real assets	20,428	23,557
Total at fair value	<u>6,288,119</u>	<u>6,067,720</u>
Investments at cost:		
Accrued interest	<u>4,129</u>	<u>4,421</u>
Total investments	<u>\$6,292,248</u>	<u>\$6,072,141</u>

Investments at fair value consist of individual securities, mutual funds and exchange-traded funds (ETFs). Investment income or loss (including gains and losses on investments, interest and dividends) is included as earned in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law. Management believes there are no significant concentrations of credit risk.

Net investment income (loss) is comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$204,250	\$160,937
Change in fair value	524,674	(1,058,045)
Investment fees	<u>(12,178)</u>	<u>(44,421)</u>
Net investment income (loss)	<u>\$716,746</u>	<u>(\$941,529)</u>

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Recap as presented on the statements of activities:

	2023	2022
Operating revenue	\$510,709	\$179,321
Nonoperating revenue	206,037	(1,120,850)
Net investment income (loss)	<u>\$716,746</u>	<u>(\$941,529)</u>

**Note 5 FAIR VALUE MEASUREMENTS**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used. Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

Assets or liabilities that are measured at fair value on a recurring basis are as follows:

September 30, 2023				
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds and exchange traded funds	\$5,535,417	\$ -	\$ -	\$5,535,417
Corporate stock	295,207	-	-	295,207
Government bonds	206,172	71,948	-	278,120
Corporate bonds	-	179,375	-	179,375
Interest in charitable trust held by others	-	-	12,639,831	12,639,831
Total	<u>\$6,036,796</u>	<u>\$251,323</u>	<u>\$12,639,831</u>	<u>\$18,927,950</u>
September 30, 2022				
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds and exchange traded funds	\$5,316,358	\$ -	\$ -	\$5,316,358
Corporate stock	276,523	-	-	276,523
Government bonds	223,834	46,953	-	270,787
Corporate bonds	-	204,052	-	204,052
Interest in charitable trust held by others	-	-	12,639,831	12,639,831
Total	<u>\$5,816,715</u>	<u>\$251,005</u>	<u>\$12,639,831</u>	<u>\$18,707,551</u>

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Level 1 investments include those traded on active markets with quoted prices. These include corporate stock, money market funds, mutual funds, exchange traded funds (ETFs) and U.S. treasury bills. Level 2 investments include those valued using dates which may include market data and/or quoted market prices from markets that are not active or are for the same or similar assets in active markets. These include governmental bonds not included in Level 1 and corporate bonds. Level 3 investments include those whose values are based on prices or valuations techniques that require inputs that are both unobservable and significant to the overall fair value measurement. This includes ASI's interest in charitable trust held by others.

Changes in fair value of ASI's Level 3 assets are as follows:

	<u>Interest in charitable trust held by others</u>
Balance - October 1, 2021	\$ -
Contributions	14,000,000
Distributions	(450,685)
Change in value	<u>(909,484)</u>
Balance - September 30, 2022	12,639,831
Distributions	(434,588)
Change in value	<u>2,374,769</u>
Balance - September 30, 2023	<u><u>\$14,580,012</u></u>

**Note 6 LAND, BUILDING, AND EQUIPMENT**

Land, building, and equipment at cost consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$6,155,000	\$6,155,000
Building	40,156,296	24,209,447
Furniture and equipment	1,944,152	1,797,313
Construction in progress	2,083	9,520,680
	<u>48,257,531</u>	<u>41,682,440</u>
Less: Accumulated depreciation	<u>(14,314,303)</u>	<u>(13,195,440)</u>
Total	<u><u>\$33,943,228</u></u>	<u><u>\$28,487,000</u></u>

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**Note 7 DEFERRED REVENUE**

Deferred revenue represents advance receipt of amounts not earned, but which will be included in revenue in a subsequent year. Deferred revenue consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Current:		
Rent	\$40,097	\$25,500
Program revenue	67,923	118,300
Gift certificates	8,372	8,842
Total current	<u>116,392</u>	<u>152,642</u>
Noncurrent - rent	<u>74,200</u>	<u>100,400</u>
Total	<u>\$190,592</u>	<u>\$253,042</u>

As described in Note 14, prepaid rent is being recognized over a 15-year period beginning June 14, 2012.

**Note 8 PAYCHECK PROTECTION PROGRAM LOANS AND LOAN FORGIVENESS**

ASI obtained a \$434,550 loan under the Paycheck Protection Program (PPP) on April 17, 2020 and a second draw \$434,550 PPP loan January 22, 2021. ASI received full forgiveness for the first loan on February 21, 2021, and on August 16, 2021 for the second loan.

Expenditures under this program are subject to review and audit by the SBA for six years from the date of loan forgiveness. Management believes that any liability for disallowances, which may arise as a result of an audit, would not be material.

**Note 9 EMPLOYEE RETENTION CREDIT**

On March 27, 2020, the CARES Act was signed into law providing numerous tax provisions and other stimulus measures, including an Employee Retention Credit ("ERC"), which is a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC. An entity is eligible for the Employee Retention Credit (ERC) if it either (1) fully or partially suspended operations during any calendar quarter due to orders from an appropriate government authority limiting business activities due to COVID-19; or (2) experienced a significant decline in gross receipts during the calendar quarter.

ASI accounted for the Employee Retention Credit as a conditional contribution under FASB ASC 958-605. During the year ended September 30, 2023 and 2022, ASI recognized COVID-19 government revenue of \$0 and \$746,849, respectively.

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**Note 10    LINES OF CREDIT**

On March 31, 2022, ASI entered into two separate line of credit agreements for \$4,000,000 each with Cambridge State Bank. The lines of credit have an interest rate of 4.25% and expire on April 1, 2024. The lines of credit are secured by ASI's business assets. The total outstanding balance on the lines of credit were \$6,310,012 and \$1,291,129 as of September 30, 2023 and 2022, respectively.

**Note 11    RETIREMENT PLANS**

ASI has a deferred compensation plan under section 457(b) of the Internal Revenue Code for highly compensated employees as defined by the Internal Revenue Code. Employer contributions to the plan are the lesser of \$17,500, adjusted for the calendar year to reflect increased in cost-of-living in accordance with section 457e(15) and 415(d) of the Internal Revenue Code, or 100% of the participants' includable compensation for the taxable year. The deferred compensation asset and liability are measured at fair market value as of the last day of the plan year. in accordance with ASI's deferred compensation plan. Total expense was \$0 for each of the years ended September 30, 2023 and 2022.

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**Note 12 NET ASSETS**

Net assets with donor restrictions were comprised of the following on September 30:

	2023	2022
Subject to expenditure for specific purpose:		
Anne Ray Foundation	\$1,364,055	\$2,254,847
Margaret A. Cargill Philanthropies	1,111,468	169,795
Pommer Trust <sup>1</sup> (building, maintenance, acquisition, and improvements)	569,523	573,758
Minnesota State Arts Board	163,032	-
Capital campaign expansion project	10,500	295,500
Other	64,754	63,848
	<u>3,283,332</u>	<u>3,357,748</u>
Subject to passage of time:		
Karin Larson Trust (general operations)	14,580,012	12,639,831
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
David LaVine Family Fund (building, maintenance and improvements)	216,661	159,848
David LaVine Cultural Fund (cultural programs)	46,907	41,215
Alice LaVine and Ruth Grandstrand Memorial Fund (Swedish events and cultural programs)	4,079	3,367
Heritage Fund	313,155	228,704
Malmberg Scholarship and Study Fund (Swedish education programs)	128,937	122,870
Carlson Gardens (maintenance of verandah gardens)	14,279	10,577
Boyer Palmer Endowment Fund (general operations)	99,832	71,823
	<u>823,850</u>	<u>638,404</u>
Endowments:		
Subject to ASI endowment spending policy and appropriation:		
David LaVine Family Fund (building, maintenance and improvements)	1,000,000	1,000,000
David LaVine Cultural Fund (cultural programs)	75,000	75,000
Alice LaVine and Ruth Grandstrand Memorial Fund (Swedish events and cultural programs)	50,000	50,000
Heritage Fund	1,495,359	1,495,359
Malmberg Scholarship and Study Fund (Swedish education programs)	612,588	612,588
Carlson Gardens (maintenance of verandah gardens)	65,000	65,000
Boyer Palmer Endowment Fund (general operations)	500,000	500,000
	<u>3,797,947</u>	<u>3,797,947</u>
Total	<u>\$22,485,141</u>	<u>\$20,433,930</u>

<sup>1</sup> This is a term endowment. The principal portion of the Pommer Trust cannot be distributed for 99 years, which would be fiscal year 2090.

Net  
assets without donor restrictions that have been designated by the Board were comprised of the following:

	September 30,	
	2023	2022
Estate gifts	<u>\$913,682</u>	<u>\$876,160</u>

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**Note 13 ENDOWMENT FUNDS**

**A. GENERAL**

ASI's endowments consist of funds established to provide for building and gardens maintenance and improvements, scholarships, Swedish educational and cultural programs, as well as for general operations in support of the mission. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**B. INTERPRETATION OF RELEVANT LAW**

The Board of Trustees of ASI has interpreted the State of Minnesota's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring ASI to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds unless there are explicit donor stipulations to the contrary:

- General economic conditions
- The possible effect of inflation or deflation
- The expected tax consequences, if any, of investment decisions or strategies
- The role that each investment or course of action plays within the overall investment portfolio of the fund
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- The needs of the institution and the fund to make distributions and to preserve capital
- The asset's special relationship or special value, if any, to the charitable purposes of the institution

For accounting purposes only, ASI classifies net assets with donor restrictions not subject to appropriation, as (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 endowment not subject to appropriation 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 is classified as net assets with donor restrictions subject to appropriation until those amounts are appropriated for expenditure by ASI.

**C. FINANCIAL INFORMATION**

The changes in donor restricted endowment net assets consisted of the following:

	2023		
	Purpose or Time Restricted	Permanent in Nature	Total
Endowment net assets beginning of period	\$638,404	\$3,797,947	\$4,436,351
Investment return	509,361	-	509,361
Appropriation of endowment assets for expenditure	(323,915)	-	(323,915)
Endowment net assets end of period	<u>\$823,850</u>	<u>\$3,797,947</u>	<u>\$4,621,797</u>

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	2022		
	Purpose or Time Restricted	Permanent in Nature	Total
Endowment net assets beginning of period	\$1,586,436	\$3,797,947	\$5,384,383
Investment return	(682,815)	-	(682,815)
Appropriation of endowment assets for expenditure	(265,217)	-	(265,217)
Endowment net assets end of period	<u>\$638,404</u>	<u>\$3,797,947</u>	<u>\$4,436,351</u>

**D. INVESTMENT RETURN OBJECTIVES AND RISK PARAMETERS**

ASI has adopted an investment policy for endowment assets of which the objectives are (1) to maintain the real purchasing power of the endowment over time and (2) to provide a reasonable level of consistency in support of the operating budget and capital needs of ASI.

**E. STRATEGIES EMPLOYED FOR ACHIEVING INVESTMENT OBJECTIVES**

To satisfy its long-term rate-of-return objectives, ASI relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). To achieve its investment objectives and annual rate of return, the endowment assets of ASI are to be invested approximately 60% in equity and 40% in fixed income. ASI aims to have an investment portfolio that is consistent with its values and generates competitive risk adjusted returns. Sustainability is a Swedish value, evident in ASI's LEED Gold-certified Nelson Cultural Center. Therefore, ASI employs social screens whenever possible based on certain environmental, social, and governance criteria.

**F. SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO THE SPENDING POLICY**

ASI uses a total return concept in determining allowable spending from its long-term invested assets. ASI's spending rate and spending formula are set by the Board, which is an annual maximum of 4% of the average market value of invested funds of the trailing 5-year period. This draw is discretionary and may be skipped or changed at the discretion of the Board, with recommendation from the Finance Committee. The Board approved a spending amount of 5.6% of the average fair value of total investments of the prior five years in 2023.

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**Note 14 FUTURE LEASE COMMITMENT**

On June 1, 2010, ASI signed a Letter of Partnership Agreement with an organization whereby ASI will lease to the organization 810 square feet of office space in the Nelson Cultural Center. The lease term is for 15 years beginning June 14, 2012. Payments have been prepaid. Unearned prepaid amounts are included in deferred revenue and totaled \$114,297 and \$125,900 at September 30, 2023 and 2022, respectively.

**Note 15 COMMITTED CONTRACTS - FOOD AND BEVERAGE MANAGEMENT**

On September 22, 2014, ASI entered into a five-year agreement to retain the management services with a third-party vendor in connection with the management, operation, supervision, and maintenance of certain food and beverage services. This vendor has the exclusive right to manage these services except for certain events listed in the agreement. This agreement was renewed on May 16, 2019 for another five-year term effective through December 29, 2024. This agreement is subject to earlier termination rights.

**Note 16 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 29, 2024, the date which the financial statements were available to be issued.

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