

THE AMERICAN SWEDISH INSTITUTE

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

Years Ended September 30, 2025 and 2024

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, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Swedish Institute as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.



REDPATH AND COMPANY, LLC
St. Paul, Minnesota

January 20, 2026

FINANCIAL STATEMENTS

THE AMERICAN SWEDISH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and 2024

Statement 1

	<u>2025</u>	<u>2024</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$856,076	\$2,332,245
Accounts receivable	38,882	69,594
Grants and contributions receivable	565,777	694,454
Deferred compensation asset	17,000	17,000
Inventory	179,814	266,450
Prepaid expenses	105,977	79,943
Total current assets	<u>1,763,526</u>	<u>3,459,686</u>
Noncurrent assets:		
Grants and contributions receivable	128,000	420,000
Deferred compensation asset	39,382	55,306
Investments	8,029,055	7,462,113
Land, building and improvements, and equipment, net	32,141,950	33,500,295
Interest in charitable trust held by others	18,920,977	17,660,789
Collections for exhibitions (Note 1G)	-	-
Total noncurrent assets	<u>59,259,364</u>	<u>59,098,503</u>
Total assets	<u>\$61,022,890</u>	<u>\$62,558,189</u>
Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$186,516	\$289,114
Contracts payable	-	13,427
Accrued expenses	189,559	43,551
Deferred compensation liability	17,000	17,000
Deferred revenue	198,212	137,955
Total current liabilities	<u>591,287</u>	<u>501,047</u>
Noncurrent liabilities:		
Deferred compensation liability	39,382	55,306
Deferred revenue	19,200	47,100
Line of credit	3,434,324	5,201,302
Total noncurrent liabilities	<u>3,492,906</u>	<u>5,303,708</u>
Total liabilities	<u>4,084,193</u>	<u>5,804,755</u>
Net assets:		
Without donor restrictions:		
Undesignated	30,064,637	31,302,121
Designated by the board	1,244,853	1,148,296
	<u>31,309,490</u>	<u>32,450,417</u>
With donor restrictions:		
Time or purpose restrictions	21,831,260	20,505,070
Perpetual in nature	3,797,947	3,797,947
	<u>25,629,207</u>	<u>24,303,017</u>
Total net assets	<u>56,938,697</u>	<u>56,753,434</u>
Total liabilities and net assets	<u>\$61,022,890</u>	<u>\$62,558,189</u>

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

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating revenues:			
Membership contributions	\$335,175	\$ -	\$335,175
Grants and contributions	1,219,993	342,459	1,562,452
In-kind contributions	3,398	-	3,398
Admissions and tours	396,758	-	396,758
Programs, classes, and events	630,318	-	630,318
Cultural enterprises	1,459,015	-	1,459,015
Investment income - operating	121,130	73,648	194,778
Other	98,505	-	98,505
Total operating revenues	<u>4,264,292</u>	<u>416,107</u>	<u>4,680,399</u>
Net assets released from restriction for operations	<u>1,637,688</u>	<u>(1,637,688)</u>	<u>-</u>
Operating expenses:			
Programs, education, and other cultural activities	1,469,637	-	1,469,637
Museum, tours, and visitor services	1,863,616	-	1,863,616
Cultural enterprises	1,207,265	-	1,207,265
Administration	1,317,181	-	1,317,181
Communication	542,506	-	542,506
Membership and development	367,300	-	367,300
Total operating expenses	<u>6,767,505</u>	<u>0</u>	<u>6,767,505</u>
Change in net assets from operating activities	<u>(865,525)</u>	<u>(1,221,581)</u>	<u>(2,087,106)</u>
Nonoperating items:			
Investment income - nonoperating	-	471,783	471,783
Change in value of charitable trust held by others	-	2,075,988	2,075,988
Contributions for capital improvements	1,242,520	-	1,242,520
Depreciation	(1,517,922)	-	(1,517,922)
Total nonoperating items	<u>(275,402)</u>	<u>2,547,771</u>	<u>2,272,369</u>
Change in net assets	<u>(1,140,927)</u>	<u>1,326,190</u>	<u>185,263</u>
Net assets - beginning of year	<u>32,450,417</u>	<u>24,303,017</u>	<u>56,753,434</u>
Net assets - end of year	<u>\$31,309,490</u>	<u>\$25,629,207</u>	<u>\$56,938,697</u>

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

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating revenues:			
Membership contributions	\$344,656	\$ -	\$344,656
Grants and contributions	401,519	418,880	820,399
In-kind contributions	40,000	-	40,000
Admissions and tours	435,101	-	435,101
Programs, classes, and events	631,878	-	631,878
Cultural enterprises	1,683,488	-	1,683,488
Investment income - operating	278,796	356,650	635,446
Other	77,966	-	77,966
Total operating revenues	<u>3,893,404</u>	<u>775,530</u>	<u>4,668,934</u>
Net assets released from restriction for operations	<u>2,419,486</u>	<u>(2,419,486)</u>	<u>-</u>
Operating expenses:			
Programs, education, and other cultural activities	1,063,576	-	1,063,576
Museum, tours, and visitor services	1,497,016	-	1,497,016
Cultural enterprises	1,286,657	-	1,286,657
Administration	1,265,129	-	1,265,129
Communication	584,192	-	584,192
Membership and development	436,539	-	436,539
Total operating expenses	<u>6,133,109</u>	<u>0</u>	<u>6,133,109</u>
Change in net assets from operating activities	<u>179,781</u>	<u>(1,643,956)</u>	<u>(1,464,175)</u>
Nonoperating items:			
Investment income - nonoperating	-	948,310	948,310
Change in value of charitable trust held by others	-	3,810,305	3,810,305
Contributions for capital improvements	2,023,229	-	2,023,229
Depreciation	(1,487,272)	-	(1,487,272)
Total nonoperating items	<u>535,957</u>	<u>4,758,615</u>	<u>5,294,572</u>
Change in net assets	715,738	3,114,659	3,830,397
Net assets - beginning of year	<u>31,734,679</u>	<u>21,188,358</u>	<u>52,923,037</u>
Net assets - end of year	<u>\$32,450,417</u>	<u>\$24,303,017</u>	<u>\$56,753,434</u>

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

	2025						
	Programs, Education, and Cultural Activities	Museum, Tours, and Visitor Service	Cultural Enterprises	Administration	Communications	Memberships & Development	Total
Expenses:							
Personnel expense	\$751,722	\$1,174,343	\$375,748	\$959,787	\$291,422	\$291,022	\$3,844,044
Cost of goods sold	-	-	528,341	-	-	-	528,341
Instructors and performers	160,389	45,839	-	20	-	-	206,248
Outside service	21,013	110,869	61,434	234,750	19,428	1,892	449,386
IT support	23,696	37,498	11,844	30,254	9,187	9,244	121,723
Utilities and insurance	47,606	164,253	80,357	25,167	2,426	1,688	321,497
Repairs and maintenance	24,431	79,159	57,806	12,916	1,245	3,528	179,085
Supplies	36,820	32,154	19,132	10,315	4,290	2,732	105,443
Exhibit expense	-	50,047	-	-	-	-	50,047
Scholarship and grants	14,233	400	-	6,000	-	-	20,633
Food and catering	72,417	10,406	-	8,606	227	5,714	97,370
Postage and printing	425	49,581	5,323	638	67,371	24,988	148,326
Advertising and website	-	-	150	50	122,275	-	122,475
License, fees, dues, and subscriptions	40,613	78,650	61,951	16,011	24,635	26,175	248,035
Interest expense	227,976	-	-	-	-	-	227,976
Miscellaneous expenses	48,296	30,417	5,179	12,667	-	317	96,876
Total operating expense	1,469,637	1,863,616	1,207,265	1,317,181	542,506	367,300	6,767,505
Depreciation	330,843	565,276	499,146	108,153	7,716	6,788	1,517,922
Total expenses	\$1,800,480	\$2,428,892	\$1,706,411	\$1,425,334	\$550,222	\$374,088	\$8,285,427

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

	2024						
	Programs, Education, and Cultural Activities	Museum, Tours, and Visitor Service	Cultural Enterprises	Administration	Communications	Memberships & Development	Total
Expenses:							
Personnel expense	\$638,945	\$912,553	\$413,357	\$810,503	\$220,393	\$337,082	\$3,332,833
Cost of goods sold	-	-	627,778	-	-	-	627,778
Instructors and performers	150,891	67,316	-	600	-	-	218,807
Outside service	8,690	24,562	25,893	225,991	47,957	2	333,095
IT support	27,957	47,778	34,288	32,382	10,527	36,653	189,585
Utilities and insurance	28,338	102,850	47,828	103,361	1,444	1,264	285,085
Repairs and maintenance	25,861	90,503	59,406	13,670	1,318	1,153	191,911
Supplies	28,550	23,477	8,338	11,522	1,787	7,951	81,625
Exhibit expense	-	106,748	-	-	-	-	106,748
Scholarship and grants	14,827	1,800	-	10,500	-	-	27,127
Food and catering	49,655	13,085	-	8,033	464	8,714	79,951
Postage and printing	662	22,984	661	5,799	113,155	27,638	170,899
Advertising and website	-	-	132	269	164,137	-	164,538
License, fees, dues, and subscriptions	23,217	52,451	53,188	5,453	18,605	12,287	165,201
Miscellaneous expenses	65,983	30,909	15,788	37,046	4,405	3,795	157,926
Total operating expense	1,063,576	1,497,016	1,286,657	1,265,129	584,192	436,539	6,133,109
Depreciation	324,163	553,864	489,067	105,968	7,560	6,650	1,487,272
Total expenses	\$1,387,739	\$2,050,880	\$1,775,724	\$1,371,097	\$591,752	\$443,189	\$7,620,381

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, 2025 and 2024

Statement 4

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$185,263	\$3,830,397
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,517,922	1,487,272
Gain in fair value of investments	(526,528)	(1,363,445)
Increase in value of trust held by others	(2,075,988)	(3,810,305)
Distributions from trust held by others	815,800	729,528
Changes in assets and liabilities, net:		
(Increase) decrease in grants and contributions receivable	420,677	914,106
(Increase) decrease in accounts receivable	30,712	(2,574)
(Increase) decrease in inventory and prepaids	60,602	8,121
Increase (decrease) in accounts payable, contracts payable, accrued expenses and deferred revenue	59,843	(12,087)
Net cash provided by operating activities	<u>488,303</u>	<u>1,781,013</u>
Cash flows from investing activities:		
Purchase of building and improvements, and equipment	(173,004)	(1,521,975)
Purchase of investments, including reinvested income	(114,062)	(176,133)
Proceeds from sale of investments	73,648	369,713
Net cash used in investing activities	<u>(213,418)</u>	<u>(1,328,395)</u>
Cash flows from financing activities:		
Payments on line of credit	(1,766,978)	(1,903,613)
Proceeds from line of credit	-	794,903
Net cash used in financing activities	<u>(1,766,978)</u>	<u>(1,108,710)</u>
Net decrease in cash, cash equivalents, and restricted cash	(1,492,093)	(656,092)
Cash, cash equivalents and restricted cash - beginning of year	<u>2,404,551</u>	<u>3,060,643</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$912,458</u>	<u>\$2,404,551</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$227,976</u>	<u>\$319,962</u>

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

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 1904-1908, 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 (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 café, museum shop and facility rental program for these purposes.

B. 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.

C. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

ASI considers highly liquid short-term investments with a maturity of three months or less to be cash equivalents, excluding cash held within investment accounts. 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>2025</u>	<u>2024</u>
Cash and cash equivalents	\$856,076	\$2,332,245
Deferred compensation asset	<u>56,382</u>	<u>72,306</u>
Total	<u>\$912,458</u>	<u>\$2,404,551</u>

D. 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.

E. 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.

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NOTES TO FINANCIAL STATEMENTS
For The Years Ended September 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Due in one year	\$565,777	\$694,454
Due in two to five years	<u>128,000</u>	<u>420,000</u>
Total	<u>\$693,777</u>	<u>\$1,114,454</u>

No discount was applied to receivables in 2025 or 2024 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, 2025 and 2024.

As of September 30, 2025 and 2024, 72% and 76% of contributions and grants receivables were from three donors, respectively.

F. INVENTORY

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

G. 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.

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.

H. 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 and improvements	10-50
Furniture and equipment	5-10

I. 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.

J. 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.

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.

K. 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, 2025.

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

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NOTES TO FINANCIAL STATEMENTS
For The Years Ended September 30, 2025 and 2024

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 2025 or 2024.

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.

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

	<u>2025</u>	<u>2024</u>
Advertising	\$ -	\$40,000
Mansion project furniture	<u>3,398</u>	<u>-</u>
Total	<u>\$3,398</u>	<u>\$40,000</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.

L. 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.

M. 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:

	2025		
	Operating	Nonoperating	Total
Program services	\$4,540,518	\$1,395,265	\$5,935,783
Admin & communications	1,859,687	115,869	1,975,556
Memberships & development	367,300	6,788	374,088
Total expense	\$6,767,505	\$1,517,922	\$8,285,427
	2024		
	Operating	Nonoperating	Total
Program services	\$3,847,249	\$1,367,094	\$5,214,343
Admin & communications	1,849,321	113,528	1,962,849
Memberships & development	436,539	6,650	443,189
Total expense	\$6,133,109	\$1,487,272	\$7,620,381

N. ADVERTISING COSTS

Advertising costs are expensed as incurred. Total advertising expense was \$82,695 and \$123,704 for 2025 and 2024, respectively.

O. 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.

P. RECLASSIFICATIONS

Certain amounts have been reclassified in the 2024 financial statements to confirm to the presentation of the 2025 financial statements. Overall total net assets and changes to net assets are unchanged due to these reclassifications.

Note 2 LIQUIDITY AND AVAILABILITY

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$856,076	\$2,332,245
Accounts receivable	38,882	69,594
Grants and contributions receivable	693,777	1,114,454
Investments	8,029,055	7,462,113
Less:		
Amounts designated by the board	(1,244,853)	(1,148,296)
Amounts subject to donor restrictions:		
Time or purpose restrictions *	(2,910,283)	(2,844,281)
Perpetual in nature	<u>(3,797,947)</u>	<u>(3,797,947)</u>
 Total	 <u>\$1,664,707</u>	 <u>\$3,187,882</u>

* Excludes \$18,920,977 and \$17,660,789 of restrictions related to nonfinancial assets at September 30, 2025 and 2024, 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 \$1,244,853 and a committed line of credit of up to \$8,000,000, 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.

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 \$815,800 and recognized an increase in the change in fair value of \$2,075,988 during the year ended September 30, 2025. ASI received a distribution of \$729,528 and recognized an increase in the change in fair value of \$3,810,305 during the year ended September 30, 2024. ASI's interest of the amounts held in the trust was \$18,920,977 and \$17,660,789 as of September 30, 2025 and 2024, respectively.

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Note 4 INVESTMENTS

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

	<u>2025</u>	<u>2024</u>
Investments at fair value:		
Fixed income	\$2,377,108	\$2,572,178
Equities	5,259,768	4,748,475
Real assets	11,838	13,383
Total at fair value	<u>7,648,714</u>	<u>7,334,036</u>
Investments at cost:		
Cash and cash equivalents	376,212	123,948
Accrued interest	4,129	4,129
Total at cost	<u>380,341</u>	<u>128,077</u>
 Total investments	 <u><u>\$8,029,055</u></u>	 <u><u>\$7,462,113</u></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 is comprised of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$176,445	\$223,289
Change in fair value	526,528	1,363,445
Investment fees	<u>(36,412)</u>	<u>(2,978)</u>
 Net investment income	 <u><u>\$666,561</u></u>	 <u><u>\$1,583,756</u></u>

Recap as presented on the statements of activities:

	<u>2025</u>	<u>2024</u>
Operating revenue	\$194,778	\$635,446
Nonoperating revenue	<u>471,783</u>	<u>948,310</u>
 Net investment income	 <u><u>\$666,561</u></u>	 <u><u>\$1,583,756</u></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, 2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds and exchange traded funds	\$6,931,555	\$ -	\$ -	\$6,931,555
Corporate stock	412,803	-	-	412,803
Government bonds	207,609	24,304	-	231,913
Corporate bonds	-	72,443	-	72,443
Interest in charitable trust held by others	-	-	18,920,977	18,920,977
Total	\$7,551,967	\$96,747	\$18,920,977	\$26,569,691
	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds and exchange traded funds	\$6,543,507	\$ -	\$ -	\$6,543,507
Corporate stock	387,605	-	-	387,605
Government bonds	207,609	49,039	-	256,648
Corporate bonds	-	146,276	-	146,276
Interest in charitable trust held by others	-	-	17,660,789	17,660,789
Total	\$7,138,721	\$195,315	\$17,660,789	\$24,994,825

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.

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

	<u>Interest in charitable trust held by others</u>
Balance - September 30, 2023	\$14,580,012
Distributions	(729,528)
Change in value	<u>3,810,305</u>
Balance - September 30, 2024	17,660,789
Distributions	(815,800)
Change in value	<u>2,075,988</u>
Balance - September 30, 2025	<u><u>\$18,920,977</u></u>

Note 6 LAND, BUILDING, AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Land	\$6,155,000	\$6,155,000
Building and improvements	41,164,669	41,061,795
Furniture and equipment	2,140,500	2,087,437
Construction in progress	3,640	-
	<u>49,463,809</u>	<u>49,304,232</u>
Less: Accumulated depreciation	<u>(17,321,859)</u>	<u>(15,803,937)</u>
Total	<u><u>\$32,141,950</u></u>	<u><u>\$33,500,295</u></u>

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>2025</u>	<u>2024</u>
Current:		
Rent	\$27,800	\$40,893
Program revenue	161,120	88,537
Gift certificates	9,292	8,525
Total current	<u>198,212</u>	<u>137,955</u>
Noncurrent - rent	<u>19,200</u>	<u>47,100</u>
Total	<u><u>\$217,412</u></u>	<u><u>\$185,055</u></u>

As described in Note 13, prepaid rent is being recognized over a 15-year period beginning June 14, 2012.

Note 8 GRANT CONTINGENCIES

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.

During the year ended September 30, 2023, ASI recognized Employee Retention Credit (ERC) revenue of \$746,849. ASI accounted for the Employee Retention Credit as a conditional contribution under FASB ASC 958-605. ERC is subject to review and audit by the IRS for a three-to-five year period. Management believes that any liability for disallowances, which may arise as a result of an audit, would not be material.

Note 9 LINE OF CREDIT

On April 30, 2024, ASI entered into a revolving line of credit agreement for \$8,000,000 with Security Bank & Trust Co. This line of credit repaid and replaced two of ASI's lines of credit of \$4,000,000 each, which expired on April 1, 2024. The new line of credit has an interest rate of 6.00% and requires interest only payments through maturity on April 30, 2028. The line of credit is secured by ASI's business assets and is subject to certain financial and non-financial covenants.

The total outstanding balance on the line of credit was \$3,434,234 and \$5,201,302 as of September 30, 2025 and 2024, respectively.

Note 10 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, 2025 and 2024.

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Note 11 NET ASSETS

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

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific purpose:		
Pommer Trust ¹ (building, maintenance, acquisition, and improvements)	\$659,432	\$719,771
Minnesota State Arts Board	183,900	211,800
Margaret A. Cargill Philanthropies	22,273	51,949
Other	318,567	257,143
	<u>1,184,172</u>	<u>1,240,663</u>
Subject to passage of time:		
Karin Larson Trust (general operations)	<u>18,920,977</u>	<u>17,660,789</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
David LaVine Family Fund (building, maintenance and improvements)	466,651	431,805
David LaVine Cultural Fund (cultural programs)	71,931	68,464
Alice LaVine and Ruth Grandstrand Memorial Fund (Swedish events and cultural programs)	12,237	11,881
Heritage Fund	684,381	632,956
Malmberg Scholarship and Study Fund (Swedish education programs)	237,400	224,313
Carlson Gardens (maintenance of verandah gardens)	30,554	28,299
Boyer Palmer Endowment Fund (general operations)	222,957	205,900
	<u>1,726,111</u>	<u>1,603,618</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>\$25,629,207</u>	 <u>\$24,303,017</u>

¹ 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 on September 30:

	<u>2025</u>	<u>2024</u>
Estate gifts	<u>\$1,244,853</u>	<u>\$1,148,296</u>

Note 12 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:

	2025		
	Purpose or Time Restricted	Permanent in Nature	Total
Endowment net assets beginning of period	\$1,603,618	\$3,797,947	\$5,401,565
Investment return	528,570	-	528,570
Appropriation of endowment assets for expenditure	(406,077)	-	(406,077)
Endowment net assets end of period	<u>\$1,726,111</u>	<u>\$3,797,947</u>	<u>\$5,524,058</u>
	2024		
	Purpose or Time Restricted	Permanent in Nature	Total
Endowment net assets beginning of period	\$823,850	\$3,797,947	\$4,621,797
Investment return	1,169,012	-	1,169,012
Appropriation of endowment assets for expenditure	(389,244)	-	(389,244)
Endowment net assets end of period	<u>\$1,603,618</u>	<u>\$3,797,947</u>	<u>\$5,401,565</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 6.05% of the average fair value of total investments of the prior five years in 2024.

Note 13 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 \$47,000 and \$87,993 at September 30, 2025 and 2024, respectively.

Note 14 COMMITTED CONTRACTS - FOOD AND BEVERAGE MANAGEMENT

On September 22, 2014, ASI entered into an 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. On August 19, 2024, the agreement was renewed and extended for an additional twelve-years, effective through December 29, 2036. This agreement is subject to earlier termination rights.

Note 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2026, the date which the financial statements were available to be issued.