Mahoney
CPAS AND ADVISORS

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2025

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

FINANCIAL STATEMENTS

For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota Independence College and Community
Richfield, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Minnesota Independence College and Community (a nonprofit corporation) and subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Independence College and Community and affiliates, as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnesota Independence College and Community and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnesota Independence College and Community's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

(Continued)

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Minnesota Independence College and Community'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnesota Independence College and Community'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.

Report on Summarized Comparative Information

We have previously audited Minnesota Independence College and Community's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(Continued)

Report on Supplementary Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 21 and 22 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mahoney Ulbrich
Christiansen & Russ, PA

October 13, 2025

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 655,466	$ 502,715
Accounts receivable, net	308,284	205,017
Pledges receivable, current portion	250,500	27,000
Grants receivable	598,644	454,726
Investments	1,353,771	1,257,055
Prepaid expenses	229,328	266,043
Total current assets	3,395,993	2,712,556
Pledges receivable - net, less current portion	531,961	643,515
Investments for Capital Campaign	1,719,910	1,598,355
Property and equipment, net	1,431,928	1,336,291
Right of use assets, net	1,480,933	1,163,131
Security deposit	7,450	7,450
Total assets	$ 8,568,175	$ 7,461,298
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 97,744	$ 76,263
Construction payable	25,000	25,000
Accrued expenses	8,571	3,614
Accrued payroll and liabilities	274,815	383,293
Deferred revenue	9,045	9,948
Refundable advances	22,358	-
Current portion of lease liabilities	579,382	571,749
Total current liabilities	1,016,915	1,069,867
Lease liabilities, less current portion	911,962	601,843
Total liabilities	1,928,877	1,671,710
Net assets:		
Without donor restrictions		
Undesignated	3,238,954	2,419,244
Board designated	1,125,000	1,125,000
Total net assets without donor restrictions	4,363,954	3,544,244
With donor restrictions	2,275,344	2,245,344
Total net assets	6,639,298	5,789,588
Total liabilities and net assets	$ 8,568,175	$ 7,461,298

See accompanying notes to the consolidated financial statements.

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024
Support and revenue:				
Support				
Government grants	$ 2,186,999	$ -	$ 2,186,999	$ 2,016,077
Contributions	231,127	20,000	251,127	150,029
Foundation grants	164,500	-	164,500	119,892
In-kind contributions	-	-	-	7,840
Gala				
Tickets	41,568	-	41,568	27,819
Contributions/sponsorships	692,908	-	692,908	530,362
In-kind contributions - auction	38,895	-	38,895	72,473
Direct donor benefits	(219,382)	-	(219,382)	(206,278)
Total support	3,136,615	20,000	3,156,615	2,718,214
Revenue				
College program, net	1,569,006	-	1,569,006	1,735,977
Community program, net	543,757	-	543,757	525,220
Social program, net	846,254	-	846,254	608,458
Careers program, net	842,680	-	842,680	545,109
Other revenue	27,473	-	27,473	25,180
Investment income, net	142,394	-	142,394	91,859
Total revenue	3,971,564	-	3,971,564	3,531,803
Net assets released from restriction				
Satisfaction of program restrictions	43,421	(43,421)	-	-
Total support and revenue	7,151,600	(23,421)	7,128,179	6,250,017
Expenses:				
Program services				
College	2,181,034	-	2,181,034	2,318,079
Community	1,074,241	-	1,074,241	890,784
Social	780,750	-	780,750	663,345
Careers	862,862	-	862,862	861,834
Total program services	4,898,887	-	4,898,887	4,734,042
Management and general	979,693	-	979,693	909,377
Fundraising	462,026	-	462,026	484,275
Total expenses	6,340,606	-	6,340,606	6,127,694
Change in net assets before gain on sale of property and equipment and capital campaign activity	810,994	(23,421)	787,573	122,323
Gain on sale of property and equipment	8,716	-	8,716	-
Change in net assets before capital campaign activity	819,710	(23,421)	796,289	122,323
Capital campaign contributions	-	53,421	53,421	1,432,190
Capital campaign expenses	-	-	-	(5,174)
	-	53,421	53,421	1,427,016
Change in net assets	819,710	30,000	849,710	1,549,339
Net assets, beginning of the year	3,544,244	2,245,344	5,789,588	4,240,249
Net assets, end of the year	$ 4,363,954	$ 2,275,344	$ 6,639,298	$ 5,789,588

See accompanying notes to the consolidated financial statements.

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025									
	Program Services					Support Services				
	College	Community	Social	Careers	Total program Services	Management and general	Fundraising	Direct donor benefits	Total	2024
Salaries and related:										
Salaries and wages	$ 1,042,617	$ 688,317	$ 457,971	$ 526,853	$ 2,715,758	$ 485,360	$ 274,748	$ -	$ 3,475,866	$ 3,456,052
Payroll taxes	87,305	55,847	37,330	44,327	224,809	40,836	22,526	-	288,171	261,350
Employee benefits	194,083	127,796	74,896	111,053	507,828	72,473	35,109	-	615,410	568,607
Total personnel expenses	1,324,005	871,960	570,197	682,233	3,448,395	598,669	332,383	-	4,379,447	4,286,009
Instructional expenses	28,686	22,511	58,443	20,650	130,290	-	-	-	130,290	150,794
Student expenses	118,360	-	-	-	118,360	-	-	-	118,360	112,338
Professional fees	39,611	22,351	16,304	16,640	94,906	217,702	58,393	85,398	456,399	321,960
Marketing and communications	23,525	2,180	7,841	10,059	43,605	-	13,607	-	57,212	58,772
Conference, events and meetings	14,754	4,393	3,644	3,839	26,630	2,710	10,781	133,984	174,105	168,432
Technology expenses	120,047	66,642	48,557	48,618	283,864	61,295	26,829	-	371,988	357,605
Transportation	6,473	6,425	6,428	6,441	25,767	32	81	-	25,880	28,442
Insurance	5,108	2,636	2,636	3,627	14,007	13,908	793	-	28,708	28,817
Depreciation	12,214	9,462	7,631	7,631	36,938	20,734	3,707	-	61,379	60,726
Occupancy	486,169	64,259	57,475	59,231	667,134	51,174	10,178	-	728,486	718,061
Credit loss expense	-	-	-	-	-	1,803	-	-	1,803	2,629
Miscellaneous expenses	2,082	1,422	1,594	3,893	8,991	11,666	5,274	-	25,931	44,561
Total expenses before direct donor benefits and capital campaign expenses	2,181,034	1,074,241	780,750	862,862	4,898,887	979,693	462,026	219,382	6,559,988	6,339,146
Less direct donor benefits	-	-	-	-	-	-	-	(219,382)	(219,382)	(206,278)
Less capital campaign expenses	-	-	-	-	-	-	-	-	-	(5,174)
Total functional expenses	$ 2,181,034	$ 1,074,241	$ 780,750	$ 862,862	$ 4,898,887	$ 979,693	$ 462,026	$ -	$ 6,340,606	$ 6,127,694

See accompanying notes to the consolidated financial statements.

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 849,710	$ 1,549,339
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	61,379	60,726
Reduction in right of use asset	567,933	554,729
Gain on sale of property and equipment	(8,716)	-
Net realized and unrealized investments gains	(136,918)	(85,984)
Capital campaign contributions	(53,421)	(1,432,190)
Bad debts	1,803	2,629
Changes in operating assets and liabilities:		
Accounts receivable	(105,070)	(65,844)
Grants receivable	(143,918)	(429,726)
Pledges receivable	(243,500)	2,250
Prepaid expenses	36,715	(11,435)
Lease liability	(567,983)	(559,818)
Accounts payable	21,481	24,633
Accrued expenses, payroll and liabilities	(103,521)	121,561
Deferred revenue	(903)	(2,687)
Refundable advances	22,358	(8,500)
Net cash from operating activities	197,429	(280,317)
Cash flows from investing activities:		
Purchase of property and equipment	(161,800)	(47,660)
Proceeds from sale of property and equipment	13,500	-
Purchase of investments	(1,164,258)	(2,537,388)
Proceeds from sales of investments	1,082,905	1,099,984
Net cash from investing activities	(229,653)	(1,485,064)
Cash flows from financing activities:		
Capital campaign contributions	184,975	1,469,684
Net cash from financing activities	184,975	1,469,684
Net increase (decrease) in cash	152,751	(295,697)
Cash and cash equivalents at beginning of year	502,715	798,412
Cash and cash equivalents at end of year	$ 655,466	$ 502,715
Supplemental disclosure of noncash transactions		
Right of use asset obtained in exchange for lease liability	$ 885,735	$ 431,073

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

Since 1996, Minnesota Independence College and Community (MICC) has provided transformative education and training for autistic and neurodivergent adults to live independently, work purposefully and thrive in community. Within an innovative framework of hands-on, skills-based learning and caring guidance, MICC participants accomplish things they never imagined, from performing daily living tasks and building self-sufficiency to developing and sustaining a career, support system and lifelong relationships. Within the safety and freedom of an inclusive community, MICC participants begin to see themselves in a new light, gaining the confidence they need to build the lives they want to live.

MICC's programs include:

College – The College program teaches the core skills that are believed to be essential to live independently within a community. MICC provides instruction and support on independent living skills, employment skills, and social skills using a holistic, strength-based model of education.

Community – The Community program is a lifelong support program designed for autistic or neurodivergent individuals who have successfully completed the College program. Participants live independently in their own apartment or home, use public transportation, and are employed competitively in the community.

Social – The Social Engagement program is committed to creating, maintaining, and enhancing programming that enables and encourages participants to be socially connected and engaged with MICC's community and in the community-at-large. Healthy participation in the community is the key to preventing social isolation.

Careers – The Careers program assists participants through an individualized person-centered approach to obtain access to vocational services, supports, and resources of their choice to achieve their desired outcomes. MICC helps participants develop the skills that are necessary to complete the job search process, obtain employment and demonstrate the behaviors that will help them get and maintain employment. The Skills Training Program is an additional component of the Careers program that is endorsed by Century College. There are three choices for training: digital careers, food service/hospitality, and health and human services. It is a training program that has two parts: an in-class learning portion and a practicum portion that takes place in the community.

MICC receives a majority of its support and revenue from contributions, government support, and program fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of Minnesota Independence College and Community and its wholly owned LLCs.

2000 West 76, LLC is a wholly owned single-member limited liability company. LLC holds the title for the property at 2000 76th Street which is being used as offices and activity space.

2006 West 76, LLC is a wholly owned single-member limited liability company. The LLC holds the title for the property at 2006 W 76th Street which will be used for future development.

2018 West 76, LLC is a wholly owned single-member limited liability company. The LLC holds the title for the property at 2018 W 76th Street which will be used for future development.

Blue Morgan LLC is a wholly owned single-member limited liability company. The LLC holds the title for the property at 7532 Morgan Ave S which will be used for future development.

Financial Statement Presentation - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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. The governing board has designated, from net assets without donor restrictions, net assets for a future period.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

MICC has presented capital campaign activity separate from operating results because MICC believes the presentation better assists users of the financial statements with analyzing operating results.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could differ from those estimates.

(Continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash Equivalents - For purposes of the statement of cash flows, cash and other highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for cash temporarily held in investments.

Investments - Investments are recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in net assets without donor restriction unless the income or loss is restricted by the donor or law.

Accounts Receivable - Accounts receivable are uncollateralized obligations stated at net realizable value. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Receivables are written off when management estimates that the receivable is worthless. Management has established an allowance against accounts receivable of $10,400 at June 30, 2025 and 2024.

Pledges Receivable - Pledges receivable are stated at unpaid balances, less an allowance for doubtful pledges and a discount on pledges. Management reviews pledges receivable on a regular basis and establishes an allowance based on expected collections. As of June 30, 2025 and 2024, the allowance for doubtful accounts was $60,000 and $80,000.

Grants Receivables - Grants receivable are stated at unpaid balances, less an allowance for doubtful grants. All grants receivable are expected to be collected in 2026. Management reviews grants receivable on a regular basis and establishes an allowance based on expected collections. No allowance were deemed necessary at June 30, 2025 and 2024.

Property and Equipment - Property and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful lives of 3-39 years. Donated equipment is capitalized at the estimated fair market value at the date of receipt.

When assets are sold, or disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

Improvements and betterments exceeding $2,000 are capitalized while repairs and maintenance expenditures are expensed in the statement of activities.

Costs for interest, real estate taxes, and insurance incurred to develop projects are capitalized during periods in which activities necessary to prepare the property for its intended use are underway.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MICC reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. To date, no impairment of long-lived assets has been recorded.

Contributions and Grants - Contributions and grants are recognized when the donor makes an unconditional promise to give to MICC. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recorded when the conditions have been met and the conditional promise becomes unconditional. Contributions received before the conditions have been met are recorded as refundable advances.

Government Grants - Government grants are accounted for as contributions. Conditional contributions, such as reimbursement-based grants, are recorded as revenue when conditions in the grant agreements have been met. Conditions are considered met when eligible expenditures, as defined in each grant, are incurred.

Donated Materials and Services - Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Tuition and Program Revenue - MICC recognizes revenue from participant tuition, program fees, and room and board during the year in which the related services are provided to participants. The performance obligation of delivering services is simultaneously received and consumed by the participants therefore the revenue is recognized ratably over the course of the program year.

The performance obligation of providing access to housing is satisfied ratable over the period in which the participant lives on campus. Payment for tuition and room and board is received throughout the program year. All amounts received prior to fulfillment of the performance obligations, including enrollment deposits, are deferred to the applicable period. Payments received before the revenue has been earned are recorded as deferred revenue.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Needs-based scholarships provided to participants are recorded as a reduction from the posted tuition at the time revenue is recognized. Scholarships for Minnesota residents are funded through a grant from the State of Minnesota. Scholarships totaling $325,563 and $356,694 were provided during the years ending June 30, 2025 and 2024.

Functional Expenses - Expenses that can be directly identified with the program or supporting services to which they relate are charged accordingly. Salaries and related expenses are allocated based on job descriptions and time studies. Nonstudent apartments and rented space expenses are allocated based on square footage. Transportation expenses are allocated by vehicle usage amongst the programs. Marketing expenses are allocated based on revenue earned by each department.

Advertising - MICC uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2025 and 2024, was $57,212 and $58,772.

Leases - MICC assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

Right of use assets (leased assets) represent MICC's right to use an underlying asset for the lease term, and lease liabilities represent MICC's obligation to make lease payments. Leased assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that MICC will exercise the option. Lease expense is recognized for these leases on a straight-line basis over the lease term. MICC has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

MICC uses the implicit rate when it is readily determinable. When the leases do not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free rate.

Reclassifications - Certain reclassifications have been made to the June 30, 2024 financial statements in order for them to conform to the June 30, 2025 presentation. These reclassifications had no effect on net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Total Column - The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States. Accordingly, such information should be read in conjunction with MICC's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Income Taxes - MICC is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statute 290.05. No provision for income taxes is included in these financial statements. Because MICC is a public charity, contributions may qualify for tax deductions by the contributors. However, any unrelated business income may be subject to taxation. Management believes MICC does not have any unrelated business income or uncertain tax positions.

The limited liability companies are not taxable entities and are included in the tax return of MICC.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following at June 30:

	2025	2024
Cash	$ 655,466	$ 502,715
Accounts receivable, net	308,284	205,017
Pledges receivable, current portion	250,500	27,000
Grants receivable	598,644	454,726
Investments	1,353,771	1,257,055
	3,166,665	2,446,513
Less amounts not available to be used within one year:		
Net assets with donor restriction, excluding non-current assets	(23,473)	(3,473)
Board designated reserves	(1,125,000)	(1,125,000)
	$ 2,018,192	$ 1,318,040

3. LIQUIDITY AND AVAILABILITY (Continued)

The policy of MICC is to ensure the organization has sufficient resources on hand to meet ongoing operational expenses without having to regularly draw on its investments or reserve funds. MICC maintains financial assets to meet 60 days of normal operating expenses. All of these funds must be held with banks insured by the FDIC. As part of liquidity management, MICC invests cash in excess of short-term requirements in various short-term investments and money market mutual funds.

4. PLEDGES RECEIVABLE

Pledges receivable are discounted to present value at 4.13% - 4.33%. Amortization of the discount is recorded as contribution revenue.

Pledges receivable of $244,676 due in 2026 are related to the capital campaign and presented as long-term assets.

Pledges receivable are due in the following years:

2026	$ 495,176
2027	185,000
2028	185,000
	865,176
Less discount to present value	(22,715)
Less current portion	(250,500)
Less allowance for doubtful accounts	(60,000)
	$ 531,961

5. FAIR MARKET VALUE

The fair value measurement accounting literature establishes a fair value hierarchy based on a prioritization of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest propriety to quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

(Continued)

5. **FAIR MARKET VALUE (Continued)**

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in an active market that MICC has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted process that are observable for the asset or liability
- Inputs that are derived from or corroborated by observable market data by correlation or other means

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Significant assets that were measured at fair value on a recurring basis were as follows as of June 30:

2025	Level 1	Level 2	Level 3	Total
Corporate bonds and commercial paper fund	$ 1,209,422	$ -	$ -	$ 1,209,422
Money market fund	1,864,259	-	-	1,864,259
	$ 3,073,681	$ -	$ -	$ 3,073,681

2024	Level 1	Level 2	Level 3	Total
Corporate bonds and commercial paper fund	$ 1,135,461	$ -	$ -	$ 1,135,461
Money market fund	1,698,094	-	-	1,698,094
Brokerage account cash	-	-	-	21,855
	$ 2,833,555	$ -	$ -	$ 2,855,410

The fair values of MICC's investments are based on quoted prices in active markets. There have been no changes in valuation technique and related inputs.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2025	2024
Land	$ 443,049	$ 443,049
Building and improvements	754,274	754,274
Vehicles	217,573	191,752
Leasehold improvements	388,135	388,135
Office furniture and equipment	100,262	100,262
Computer equipment	131,285	88,929
Construction in progress	212,141	169,561
	2,246,719	2,135,962
Less accumulated depreciation	(814,791)	(799,671)
	$ 1,431,928	$ 1,336,291

Construction in progress represents architect fees, legal fees, and other costs for the construction of a new building.

7. BOARD DESIGNATED NET ASSETS

The Board has set aside funds for an operating reserve. The target for the operating reserve is equal to 2 months of normal operating expenses. The balance of the Operating Reserve is $1,125,000 at June 30, 2025 and 2024.

For use of the reserve, the Chief Executive Officer will identify a need to access the funds consistent with its purpose. The Chief Executive Officer will submit a request to the Finance Committee for review and recommendation to the Board and plans for replenishment, if applicable.

(Continued)

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets are for the following purposes as of June 30:

	2025	2024
Family association	$ 3,473	$ 3,473
Capital campaign	2,251,871	2,241,871
Workforce development	20,000	-
	$ 2,275,344	$ 2,245,344

9. DONATED MATERIALS AND SERVICES

In-kind materials and services not able to be used by MICC in their normal course of operations are used as fundraising items or sold.

In-kind materials are recorded as at their estimated fair market value based on comparison to similar items. Auction items sold at the gala were valued according to the actual cash proceeds on their disposition.

All in-kind contributions received by MICC for the years ended June 30, 2025 and 2024, did not have any donor restrictions.

10. CONTRACT ASSETS AND LIABILITIES

The following table provides information about changes in accounts receivable for the year ended June 30:

	2025	2024
Accounts receivable, net, beginning of year	$ 205,017	$ 141,802
Collections of amounts included in receivables at the beginning of the year	(203,214)	(139,173)
Receivables recovered (written off)	(1,803)	(2,629)
Accounts receivable outstanding at end of year	308,284	205,017
Accounts receivable, net, end of year	$ 308,284	$ 205,017

(Continued)

10. CONTRACT ASSETS AND LIABILITIES (Continued)

The following table provides information about changes in deferred revenue for the year ended June 30:

	2025	2024
Deferred revenue, beginning of year	$ 9,948	$ 12,635
Revenue recognized that was included in deferred revenue at the beginning of the year	(9,948)	(12,635)
Increase in deferred revenue due to cash received during the year	9,045	9,948
Deferred revenue, end of year	$ 9,045	$ 9,948

11. LEASES

MICC leases space under operating leases in Richfield, Minnesota which includes 24 student apartments, staff offices, and a student center. Monthly lease payments range from $1,400 to $1,525. The apartment leases generally have 24-month terms and are replaced every six months with new 24-month leases, which have been accounted for as lease modifications. MICC also leases program and office space from a church which requires monthly payment of $12,368.

The current apartment leases are effective July 1, 2025, and expire June 30, 2027. The church space lease expires June 30, 2027, and includes an automatic two year renewal.

Rent expense relating to these leases is $627,765 and $612,450 for the years ended June 30, 2025 and 2024. The remaining average lease term is 33 months at June 30, 2025, and the discount rate used in the calculation was 3.91%.

The future minimum lease payments are as follows:

2026	$ 625,380
2027	628,416
2028	157,500
2029	160,656
Total lease payments	1,571,952
Less: Imputed interest	(80,608)
Present value of lease liability	$ 1,491,344

(Continued)

12. RELATED PARTY TRANSACTIONS

Contributions from board members during 2025 and 2024 were $191,681 and $232,196.

13. CONCENTRATIONS

MICC maintains cash in banks, which at times, may exceed the federally insured limits. MICC has not experienced any losses on these accounts. Management believes MICC is not exposed to any significant credit risk on such accounts. As of June 30, 2025 and 2024, cash balances exceeded the federally insured limit by approximately $113,000 and $180,000.

At June 30, 2025 and 2024, 31% and 32% of support and revenue is from the State of Minnesota. Another donor represents 16% of support and revenue in 2024. At June 30, 2025 and 2024, one donor makes up 21% and 26% of all receivables. Another donor makes up 12% of all receivables at June 30, 2025. Outstanding receivables due from the State of Minnesota represent 35% and 34% of all receivables at June 30, 2025 and 2024.

14. RETIREMENT PLAN

MICC provides a 403(B) retirement plan which all employees are eligible to participate. The plan is funded by employee contributions under salary reduction arrangements. MICC provided a 100% employer match of the first 1% of employee combinations plus 50% of the next 4%. Effective January 1, 2024, MICC started providing a 100% employer match of the first 3% of employee combinations plus 50% of the next 2%. Matching contributions to the plan were $123,427 and $89,750 in 2025 and 2024.

15. CONDITIONAL PROMISES TO GIVE

MICC has government grants, contracts, and foundation contributions that contain donor conditions (funds be expended before they are earned or reaching certain capital campaign milestones). Since these grants, contracts, and contributions represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. Unearned conditional contributions are $1,011,811 as of June 30, 2025.

16. FUTURE DEVELOPMENT

MICC is in the beginning stages of expanding its campus. MICC currently owns parcels of land near its current location on which it plans to construct a building that will be used for programming space and staff offices. MICC is currently trying to secure funding for its construction.

(Continued)

16. FUTURE DEVELOPMENT (Continued)

A new wholly owned LLC, MICC Hub Development LLC, was formed to be a partner in the building ownership.

MICC launched a 5-year Capital Campaign in August 2022 to raise $7 million for future developments and to expand programs. As of June 30, 2025, $2,461,312 has been raised, $614,676 is in pledges receivable, and $209,442 has been used for specified purposes.

17. COMMITMENTS

In June 2025 MICC entered into a contract with an architecture firm to provide schematic design work for the project discussed in Note 16. Total amount of the agreement is $186,750 of which $0 has been paid as of June 30, 2025.

In February 2021 MICC entered into a five-year agreement for software services. The total amount of the agreement is $293,839 of which $289,386 has been paid as of June 30, 2025.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 13, 2025, the date which the financial statements were available for issue.

SUPPLEMENTARY CONSOLIDATING INFORMATION

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2025

	MICC	2000 W 76 LLC	2006 W 76 LLC	2018 W 76 LLC	Blue Morgan	Eliminations	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 543,402	$ 34,800	$ 16,853	$ 48,834	$ 11,577	$ -	$ 655,466
Accounts receivable, net	308,284	-	-	-	-	-	308,284
Pledges receivable, current portion	250,500	-	-	-	-	-	250,500
Grants receivable	598,644	-	-	-	-	-	598,644
Investments	1,353,771	-	-	-	-	-	1,353,771
Prepaid expenses	220,211	-	4,117	-	5,000	-	229,328
Total current assets	3,274,812	34,800	20,970	48,834	16,577	-	3,395,993
Pledges receivable - net, less current portion	531,961	-	-	-	-	-	531,961
Investments for Capital Campaign	1,719,910	-	-	-	-	-	1,719,910
Property and equipment, net	357,577	340,103	183,570	209,610	341,068	-	1,431,928
Right of use assets, net	1,516,543	-	-	-	-	(35,610)	1,480,933
Security deposits	7,450	-	-	-	-	-	7,450
Investment in subsidiaries	1,195,420	-	-	-	-	(1,195,420)	-
Total assets	$ 8,603,673	$ 374,903	$ 204,540	$ 258,444	$ 357,645	$ (1,231,030)	$ 8,568,175
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	$ 97,632	$ -	$ 44	$ -	$ 68	$ -	$ 97,744
Construction payable	25,000	-	-	-	-	-	25,000
Accrued expenses	8,571	-	-	-	-	-	8,571
Accrued payroll and liabilities	274,815	-	-	-	-	-	274,815
Deferred revenue	9,045	-	-	-	-	-	9,045
Refundable advances	22,358	-	-	-	-	-	22,358
Current portion of lease liabilities	596,931	-	-	-	-	(17,549)	579,382
Total current liabilities	1,034,352	-	44	-	68	(17,549)	1,016,915
Lease liabilities, less current portion	930,023	-	-	-	-	(18,061)	911,962
Total liabilities	1,964,375	-	44	-	68	(35,610)	1,928,877
Net assets:							
Without donor restrictions:							
Undesignated	3,238,954	374,903	204,496	258,444	357,577	(1,195,420)	3,238,954
Board designated	1,125,000	-	-	-	-	-	1,125,000
Total net assets without donor restrictions	4,363,954	374,903	204,496	258,444	357,577	(1,195,420)	4,363,954
With donor restrictions	2,275,344	-	-	-	-	-	2,275,344
Total net assets	6,639,298	374,903	204,496	258,444	357,577	(1,195,420)	6,639,298
Total liabilities and net assets	$ 8,603,673	$ 374,903	$ 204,540	$ 258,444	$ 357,645	$ (1,231,030)	$ 8,568,175

MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

	MICC	2000 W 76 LLC	2006 W 76 LLC	2018 W 76 LLC	Blue Morgan	Eliminations	Total
Support and revenue:							
Support							
Government grants	$ 2,186,999	$ -	$ -	$ -	$ -	$ -	$ 2,186,999
Contributions	251,127	-	-	-	-	-	251,127
Foundation grants	164,500	-	-	-	-	-	164,500
Gala							
Tickets	41,568	-	-	-	-	-	41,568
Contributions/sponsorships	692,908	-	-	-	-	-	692,908
In-kind contributions - auction	38,895	-	-	-	-	-	38,895
Direct donor expenses	(219,382)	-	-	-	-	-	(219,382)
Revenue							
College program, net of scholarships of $167,317	1,569,006	-	-	-	-	-	1,569,006
Community program, net of scholarships of $7,682	543,757	-	-	-	-	-	543,757
Social program, net of scholarships of $74,511	846,254	-	-	-	-	-	846,254
Careers program, net of scholarships of $76,053	842,680	-	-	-	-	-	842,680
Other income	7,883	18,300	-	19,590	-	(18,300)	27,473
Investment income, net	142,394	-	-	-	-	-	142,394
Total revenues and support	7,108,589	18,300	-	19,590	-	(18,300)	7,128,179
Expenses:							
Program services:							
College	2,156,808	24,226	-	-	-	-	2,181,034
Community	1,092,541	-	-	-	-	(18,300)	1,074,241
Social	780,750	-	-	-	-	-	780,750
Careers	862,862	-	-	-	-	-	862,862
Total program services	4,892,961	24,226	-	-	-	(18,300)	4,898,887
Management and general	940,200	-	12,835	10,511	16,147	-	979,693
Fundraising	462,026	-	-	-	-	-	462,026
Total expenses	6,295,187	24,226	12,835	10,511	16,147	(18,300)	6,340,606
Change in net assets before inter-entity investments	813,402	(5,926)	(12,835)	9,079	(16,147)	-	787,573
Loss from subsidiaries, net	(25,829)	-	-	-	-	25,829	-
Change in net assets before gain on sale of property and equipment and capital campaign activity	787,573	(5,926)	(12,835)	9,079	(16,147)	25,829	787,573
Gain on sale of property and equipment	8,716	-	-	-	-	-	8,716
Change in net assets before capital campaign activity	796,289	(5,926)	(12,835)	9,079	(16,147)	25,829	796,289
Capital campaign contributions	53,421	-	-	-	-	-	53,421
Change in net assets	849,710	(5,926)	(12,835)	9,079	(16,147)	25,829	849,710
Net assets, beginning of year	5,789,588	380,829	202,331	249,365	373,724	(1,206,249)	5,789,588
Change in investment from MICC	-	-	15,000	-	-	(15,000)	-
Net assets, end of year	$ 6,639,298	$ 374,903	$ 204,496	$ 258,444	$ 357,577	$ (1,195,420)	$ 6,639,298