

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024



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**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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YEARS ENDED DECEMBER 31, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Friends of the Saint Paul Public Library
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Friends of the Saint Paul Public Library, which comprise the statements of financial position as of December 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 accompanying financial statements present fairly, in all material respects, the financial position of The Friends of the Saint Paul Public Library as of December 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Friends of the Saint Paul Public Library 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 Friends of the Saint Paul Public Library's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Friends of the Saint Paul Public Library'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 Friends of the Saint Paul Public Library'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 7, 2026

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,299,204	\$ 3,242,180
Contributions Receivable, Net	650,110	625,312
Accounts Receivable - Consulting Service Fees	162,559	97,052
Prepaid Expenses and Other Assets	46,945	80,779
Total Current Assets	5,158,818	4,045,323
PROPERTY AND EQUIPMENT, NET	124,721	152,678
INVESTMENTS	13,784,667	13,452,230
OTHER ASSETS		
Contributions Receivable, Net of Current Portion	576,173	856,913
Right-of-Use Asset, Operating Lease	60,311	66,052
Beneficial Interests in Assets Held by Others	4,675,289	4,185,634
Total Other Assets	5,311,773	5,108,599
Total Assets	\$ 24,379,979	\$ 22,758,830
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,087	\$ 110,647
Accrued Expenses and Other	363,206	332,194
Operating Lease Liability	21,933	15,645
Total Current Liabilities	404,226	458,486
LONG-TERM LIABILITIES		
Operating Lease Liability, Net of Current Portion	150,757	170,963
Total Liabilities	554,983	629,449
NET ASSETS		
Without Donor Restrictions:		
Board-Designated	722,384	682,010
Undesignated	2,165,585	2,063,174
Total Without Donor Restrictions	2,887,969	2,745,184
With Donor Restrictions	20,937,027	19,384,197
Total Net Assets	23,824,996	22,129,381
Total Liabilities and Net Assets	\$ 24,379,979	\$ 22,758,830

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS/LOSSES			
Institutional Contributions	\$ 921,770	1,369,861	\$ 2,291,631
Individual Contributions	716,889	26,253	743,142
Contributed Nonfinancial Assets	55,940	-	55,940
Special Event Revenue:			
Contributions, Sponsorships, and Tickets	362,492	-	362,492
Less: Cost of Direct Benefits to Donors	<u>(86,449)</u>	<u>-</u>	<u>(86,449)</u>
Net Special Event Revenue	276,043	-	276,043
Consulting Service Fees	564,188	-	564,188
Investment Income, Net	141,928	847,177	989,105
Change in Value of Assets Held by Others	-	399,526	399,526
Other Revenue	198,541	-	198,541
Net Assets Released from Restrictions	<u>1,089,987</u>	<u>(1,089,987)</u>	<u>-</u>
Total Support, Revenue, and Gains/Losses	3,965,286	1,552,830	5,518,116
 EXPENSES			
Programs:			
Support Grants to the Saint Paul Public Library	1,104,101	-	1,104,101
Program Expenses	<u>1,574,924</u>	<u>-</u>	<u>1,574,924</u>
Total Program Expenses	2,679,025	-	2,679,025
Support Services:			
Management and General	465,357	-	465,357
Fund Development	<u>678,119</u>	<u>-</u>	<u>678,119</u>
Total Support Services Expenses	1,143,476	-	1,143,476
 Total Expenses	<u>3,822,501</u>	<u>-</u>	<u>3,822,501</u>
 CHANGE IN NET ASSETS	 142,785	 1,552,830	 1,695,615
Net Assets - Beginning of Year	<u>2,745,184</u>	<u>19,384,197</u>	<u>22,129,381</u>
 NET ASSETS - END OF YEAR	 <u>\$ 2,887,969</u>	 <u>\$ 20,937,027</u>	 <u>\$ 23,824,996</u>

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS/LOSSES			
Institutional Contributions	\$ 747,974	\$ 3,163,614	\$ 3,911,588
Individual Contributions	585,315	9,139	594,454
Contributed Nonfinancial Assets	154,242	-	154,242
Special Event Revenue:			
Contributions, Sponsorships, and Tickets	289,199	-	289,199
Less: Cost of Direct Benefits to Donors	<u>(75,351)</u>	<u>-</u>	<u>(75,351)</u>
Net Special Event Revenue	213,848	-	213,848
Consulting Service Fees	535,602	-	535,602
Investment Income, Net	248,997	923,437	1,172,434
Change in Value of Assets Held by Others	-	165,117	165,117
Other Revenue	158,126	-	158,126
Net Assets Released from Restrictions	<u>785,452</u>	<u>(785,452)</u>	<u>-</u>
Total Support, Revenue, and Gains/Losses	3,429,556	3,475,855	6,905,411
EXPENSES			
Programs:			
Support Grants to the Saint Paul Public Library	696,359	-	696,359
Program Expenses	<u>1,488,720</u>	<u>-</u>	<u>1,488,720</u>
Total Program Expenses	2,185,079	-	2,185,079
Support Services:			
Management and General	488,654	-	488,654
Fund Development	<u>597,304</u>	<u>-</u>	<u>597,304</u>
Total Support Services Expenses	<u>1,085,958</u>	<u>-</u>	<u>1,085,958</u>
Total Expenses	<u>3,271,037</u>	<u>-</u>	<u>3,271,037</u>
CHANGE IN NET ASSETS	158,519	3,475,855	3,634,374
Net Assets - Beginning of Year	<u>2,586,665</u>	<u>15,908,342</u>	<u>18,495,007</u>
NET ASSETS - END OF YEAR	<u>\$ 2,745,184</u>	<u>\$ 19,384,197</u>	<u>\$ 22,129,381</u>

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025				2024			
	Programs	Support Services		Total Expenses	Programs	Support Services		Total Expenses
		Management and General	Fund Development			Management and General	Fund Development	
Compensation and Benefits:								
Salaries	\$ 609,666	\$ 268,253	\$ 341,413	\$ 1,219,332	\$ 566,001	\$ 271,680	\$ 294,320	\$ 1,132,001
Payroll Taxes and Benefits	173,757	76,453	97,304	347,514	162,017	77,768	84,249	324,034
Total Compensation and Benefits	<u>783,423</u>	<u>344,706</u>	<u>438,717</u>	<u>1,566,846</u>	<u>728,018</u>	<u>349,448</u>	<u>378,569</u>	<u>1,456,035</u>
Support Grants to the Saint Paul Public Library	1,104,101	-	-	1,104,101	696,359	-	-	696,359
Contract Labor	469,531	1,376	43,809	514,716	390,021	12,476	29,950	432,447
Special Event Costs	-	-	147,788	147,788	-	-	127,508	127,508
Event Logistics	18,919	-	13,849	32,768	45,351	-	17,966	63,317
Technology	44,758	14,427	40,592	99,777	39,097	15,517	31,849	86,463
Travel	49,836	260	1,322	51,418	64,320	3,280	4,751	72,351
Depreciation	13,555	5,963	7,591	27,109	7,354	3,530	3,825	14,709
Rent	41,869	18,423	23,447	83,739	62,267	29,888	32,379	124,534
Public Relations	64,941	14,520	13,875	93,336	52,669	13,607	12,552	78,828
Professional Services	-	33,892	-	33,892	-	34,939	-	34,939
Supplies and Equipment	27,795	1,259	3,807	32,861	42,168	1,580	3,970	47,718
Professional Development	8,664	3,812	4,852	17,328	14,381	6,903	7,478	28,762
Administrative/Miscellaneous	51,633	26,719	24,919	103,271	43,074	17,486	21,858	82,418
Total Expenses	<u>2,679,025</u>	<u>465,357</u>	<u>764,568</u>	<u>3,908,950</u>	<u>2,185,079</u>	<u>488,654</u>	<u>672,655</u>	<u>3,346,388</u>
Event Costs of Direct Benefit to Donors	-	-	(86,449)	(86,449)	-	-	(75,351)	(75,351)
 Total Expenses per Statements of Activities	 <u>\$ 2,679,025</u>	 <u>\$ 465,357</u>	 <u>\$ 678,119</u>	 <u>\$ 3,822,501</u>	 <u>\$ 2,185,079</u>	 <u>\$ 488,654</u>	 <u>\$ 597,304</u>	 <u>\$ 3,271,037</u>
Percentages	70%	12%	18%	100%	67%	15%	18%	100%

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,695,615	\$ 3,634,374
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	27,109	14,709
Contributions Restricted for Endowment & Capital Campaign	(1,234,344)	(3,018,424)
Change in Value of Beneficial Interests in Assets Held by Others	(399,526)	(278,546)
Net Realized and Unrealized Gain on Investments	(780,037)	(807,175)
Loss on Disposal of Fixed Asset	848	3,643
Net Change in Assets and Liabilities:		
Contributions Receivable	255,942	(1,030,225)
Accounts Receivable - Consulting Service Fees	(65,507)	(10,151)
Prepaid Expenses and Other Assets	33,834	(21,866)
Accounts Payable	(91,560)	36,600
ROU Assets and Lease Liabilities	(8,177)	120,556
Accrued Expenses and Other	31,012	(179,956)
Total Adjustments	(2,230,406)	(5,170,835)
Net Cash Used by Operating Activities	(534,791)	(1,536,461)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(144,323)
Proceeds from Sale of Investments	2,614,872	3,967,360
Purchase of Investments	(2,167,272)	(3,548,825)
Net Cash Provided by Investing Activities	447,600	274,212
 CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Endowment & Capital Campaign	1,234,344	3,018,424
Contributions to Beneficial Interests in Assets Held by Others	(295,599)	(590,379)
Distributions from Beneficial Interests in Assets Held by Others	205,470	130,668
Net Cash Used by Financing Activities	1,144,215	2,558,713
 NET CHANGE IN CASH AND CASH EQUIVALENTS	1,057,024	1,296,464
Cash and Cash Equivalents - Beginning of Year	3,242,180	1,945,716
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,299,204	\$ 3,242,180
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 4,319	\$ 5,422

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 ORGANIZATION

The Friends of the Saint Paul Public Library (the Friends) is an independent, nonprofit organization that acts as a catalyst for libraries to strengthen and inspire their communities. The Friends invests in libraries through fundraising, advocacy, and programming because libraries are essential to thriving communities. As a charitable library support organization, The Friends is committed to being a diverse, equitable, inclusive, and anti-racist institution.

The Friends of the Saint Paul Public Library was originally created in 1945 by then Library Director Perrie Jones. The Friends functions as the Library's foundation, managing more than \$18 million in endowment assets. Friends annual fundraising supports ongoing library priorities such as innovation through pilot programs, children and family engagement, and access to digital and economic opportunities.

As Minnesota's Center for the Book, a Library of Congress designation, The Friends produces dynamic programming that reaches all corners of the state and promotes reading, libraries, and Minnesota's literary legacy. The Friends also assists other library systems and foundations with strategic planning, fundraising, and project management through its consulting services, Library Strategies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Friends' financial statements are presented using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, support, revenue, expenses, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Friends 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 board-designated endowment.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Board-Designated Net Assets

Board-designated net assets represent funds set aside by actions of the board of directors as reserves or for other designated purposes. These funds are approved by the board of directors as funds are needed for spending.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Friends considers short-term investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents excludes cash held for investment purposes.

Contributions Receivable

Unconditional promises to give to the Friends that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows using a discount rate which approximates the interest rate on the five-year U.S. Treasury Note. In years subsequent to the initial present value calculations, amortization of the discounts is recorded as contribution revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Given the Friends strong history of collection on pledges, management has elected to determine the Allowance for Uncollectible Pledges by a factor of 2% of the Net Present Value of contributions expected to be collected beyond one year. Contributions receivable consisted of the following balances due as of December 31:

	2025	2024
Less than One Year	\$ 650,110	\$ 625,312
One to Five Years	648,331	969,000
Subtotal - Contributions Receivable	1,298,441	1,594,312
Less: Allowance for Uncollectible Receivables	(11,974)	(8,454)
Less: Present Value Discount on Long-Term Receivables	(60,184)	(103,633)
Total	<u>\$ 1,226,283</u>	<u>\$ 1,482,225</u>

Accounts Receivable – Consulting Service Fees

Accounts receivable due from consulting services are stated at the amount management expects to collect. The Friends provides for losses on accounts receivable using the measurement of expected credit losses. Expected credit losses are established based on management's analysis of historical collection rates and reasonable expectations of future collection performance. The Friends periodically assesses its methodologies for estimating credit losses in consideration of actual experiences, trends and changes in overall economic environment. Management has determined the current expected credit loss would be immaterial and therefore no amounts have been reflected in the statements of financial position for the years ended December 31, 2025 and 2024.

Property and Equipment

Property and equipment are reported at cost if purchased, or at estimated fair value at date of acquisition if acquired by donation. Equipment acquired at a cost or value of less than \$2,500 is expensed when acquired. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 10 years. Amortization of leasehold improvements is computed over the term of the lease. When assets are retired or otherwise disposed of, the recorded value and related accumulated depreciation are removed and the resulting gain or loss, if any, is reflected in the statements of activities as Other Revenue.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities are carried at fair value as established by the major securities markets. At times, the portfolio contains cash and cash equivalents. Realized and unrealized gains and losses are recorded in the period in which they occur in the appropriate net asset classification and are reflected in the statements of activities.

Beneficial Interests in Assets Held by Others

The Friends has established ten separate charitable funds with Saint Paul & Minnesota Foundation (SPMF) under terms of separate fund agreements. Eight of the funds were established as endowment funds by the transfer of restricted contributions held in perpetuity, and two were established by the board-designated transfer of operating funds. The plan governing the administration of the funds indicates SPMF has the power to modify the beneficiary, the purpose, and the timing of the distributions if the distributions become unnecessary, the Friends becomes incapable of fulfilling the purpose of the distributions, or the distributions become inconsistent with SPMF investment policies or the charitable needs served by SPMF. However, the funds were established in a reciprocal arrangement in which the board and management expect the Friends to continue to be the beneficiary of the funds in the future. Accordingly, the estimated fair values of the funds have been recognized by the Friends as beneficial interests in assets held by others. The value of the eight funds are included in net assets with donor restrictions. Annual adjustments to the fair value of the funds are recorded as a change in value of assets held by others.

Fair Value Measurements

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

Fiscal Sponsor

The Friends serves, at times, as a fiscal sponsor for other organizations. Cash receipts and disbursements related to fiscal sponsor relationships are recorded as increases or decreases in the cash account and the related liability account. The fiscal sponsor liabilities were \$250,595 and \$255,330 for the years ended December 31, 2025 and 2024, respectively, and are included with Accrued Expenses and Other on the statements of financial position.

Leases

The Friends determines if an arrangement is a lease at inception. Leases are reported on the statements of financial position as a right-of-use (ROU) asset and lease liability. ROU assets represent the Friends' right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Friends will exercise that option. The Friends has elected to recognize payments for short-term leases with a term of 12 months or less as an expense as incurred and these leases are not included as ROU assets or lease liabilities.

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as either revenue with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. We report 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 purpose restriction is accomplished) in the reporting period in which the revenue is 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Unconditional contributions are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met. As of December 31, 2025, there were conditional contributions of \$2,450,000 awarded from two grantors but with conditions that have not yet been met for recognition.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Consulting Service Revenue

Consulting service fees are recognized as revenue over the period in which the service is provided. Services are provided at hourly rates and are billed and recognized as revenue as those services are provided over the contract period.

Contributed Nonfinancial Assets

In-kind contributions are recorded as contributions at their estimated fair values. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skill, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Allocation of Functional Expenses

Costs of programs and supporting service activities have been presented in the statements of functional expenses. Salaries and related costs are allocated among the program and supporting service categories based upon the estimated time expended by the employees in those categories. Other costs are allocated according to management's estimates or on a direct basis.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2025 and 2024, the Friends had approximately \$3,610,000 and \$2,640,000, respectively, in cash balances in excess of FDIC insurance limits. To date, the Friends has not experienced losses in any of these accounts.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements. Actual results could differ from those estimates.

Concentrations

For the years ended December 31, 2025, and 2024, 37% and 47% of the Friends' contributions receivable were due from two entities and three entities, respectively. For the year ended December 31, 2025, there were no concentrations within total contributions. For the year ended December 31, 2024, 16% of the Friends' contributions were from one entity.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Friends is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, described under Section 509(a)(2). Charitable contributions made by donors to the Friends are tax deductible.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, the Friends has evaluated events and transactions for potential recognition or disclosure through May 7, 2026, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY

The Friends strives to balance liquidity needs for the operating budget, mission based opportunities, and supporting the Saint Paul Public Library. To help manage unanticipated liquidity needs, the Friends has a committed line of credit in the amount of \$200,000 which it could draw upon (see Note 7). Additionally, the Friends has board-designated funds of \$722,384 and \$682,010 as of December 31, 2025 and 2024, respectively. Although the Friends does not intend to spend from its board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from board-designated funds could be made available, if necessary. The Friends has a goal to maintain two to three months normal operating expenses in reserves.

The Friends' financial assets due within one year of the statement of financial position for general expenditures are as follows:

	2025	2024
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 4,299,204	\$ 3,242,180
Contributions Receivable Within One Year	650,110	616,858
Accounts Receivable	162,559	97,052
Liquid Financial Assets Available to Meet General Expenditures Within One Year	5,111,873	3,956,090
Less: Those Unavailable for General Expenditures Within One Year, Due to Donor-Imposed or Contractual Restrictions	(3,974,173)	(2,865,836)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,137,700	\$ 1,090,254

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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DECEMBER 31, 2025 AND 2024

NOTE 3 LIQUIDITY (CONTINUED)

In addition to these funds, the Friends holds endowment funds that consist of donor endowment and board-designated funds. Income from donor endowments are restricted for specific purposes and, therefore, are not available for general expenditure. The Friends' Gift Acceptance Policy specifies a maximum endowment spending rate of 6%. For the next 12 months, the board has approved an endowment spending rate of 5% which is budgeted to draw approximately \$249,000 for general operating funds.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024
Leasehold Improvements	\$ 137,251	\$ 137,251
Office Equipment	64,330	67,175
Total Property and Equipment	201,581	204,426
Less: Accumulated Depreciation	(76,860)	(51,748)
Property and Equipment, Net	\$ 124,721	\$ 152,678

Total depreciation expense was \$27,109 and \$14,709 for the years ended December 31, 2025 and 2024, respectively.

NOTE 5 INVESTMENTS

Investments consisted of the following at December 31:

	2025	2024
Cash Equivalents	\$ 316,251	\$ 201,705
U.S. Equities	2,359,825	2,323,833
International Equities	1,502,284	1,380,902
Balanced Mutual Funds	7,241,098	7,105,611
Real Estate Investment Trusts	127,119	123,828
Managed Futures Mutual Funds	314,395	377,330
Fixed Income and Other Mutual Funds	399,475	425,206
U.S. and Corporate Debt Securities	1,524,220	1,513,815
Total Investments	\$ 13,784,667	\$ 13,452,230

Net investment income consisted of the following for the years ended December 31:

	2025	2024
Net Realized and Unrealized Gains	\$ 780,037	\$ 807,175
Interest and Dividends, Net of Investment Expense	209,068	365,259
Total Investment Income, Net	\$ 989,105	\$ 1,172,434

Net investment return is net of investment expense of \$40,277 and \$39,261 for the years ended December 31, 2025 and 2024, respectively.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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DECEMBER 31, 2025 AND 2024

NOTE 6 FAIR VALUE MEASUREMENTS

The Friends uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Friends values all other assets and liabilities refer to Note 2 – Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis:

	2025			Total
	Level 1	Level 2	Level 3	
U.S. Equities	\$ 2,359,825	\$ -	\$ -	\$ 2,359,825
International Equities	1,502,284	-	-	1,502,284
Balanced Mutual Funds	7,241,098	-	-	7,241,098
Real Estate Investment Trusts	127,119	-	-	127,119
Managed Futures Mutual Funds	314,395	-	-	314,395
Fixed Income and Other Mutual Funds	399,475	-	-	399,475
U.S. and Corporate Debt Securities	-	1,524,220	-	1,524,220
Total	<u>11,944,196</u>	<u>1,524,220</u>	-	<u>13,468,416</u>
Cash Equivalents				<u>316,251</u>
Total Investments				<u>13,784,667</u>
Investments Held by Others	-	-	4,675,289	4,675,289
Total	<u>\$ 11,944,196</u>	<u>\$ 1,524,220</u>	<u>\$ 4,675,289</u>	<u>\$ 18,459,956</u>

	2024			Total
	Level 1	Level 2	Level 3	
U.S. Equities	\$ 2,323,833	\$ -	\$ -	\$ 2,323,833
International Equities	1,380,902	-	-	1,380,902
Balanced Mutual Funds	7,105,611	-	-	7,105,611
Real Estate Investment Trusts	123,828	-	-	123,828
Managed Futures Mutual Funds	377,330	-	-	377,330
Fixed Income and Other Mutual Funds	425,206	-	-	425,206
U.S. and Corporate Debt Securities	-	1,513,815	-	1,513,815
Total	<u>11,736,710</u>	<u>1,513,815</u>	-	<u>13,250,525</u>
Cash Equivalents				<u>201,705</u>
Total Investments				<u>13,452,230</u>
Investments Held by Others	-	-	4,185,634	4,185,634
Total	<u>\$ 11,736,710</u>	<u>\$ 1,513,815</u>	<u>\$ 4,185,634</u>	<u>\$ 17,637,864</u>

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets

The following tables provide a summary of changes in fair value of the Friends' Level 3 financial assets for the years ended December 31:

	Beneficial Interest in Funds Held by Others	
	2025	2024
Balance - Beginning of Year	\$ 4,185,634	\$ 3,447,377
Investment Income, Net	399,526	278,546
Contributions	295,599	590,379
Distributions	(205,470)	(130,668)
Balance - End of Year	\$ 4,675,289	\$ 4,185,634

The following is a summarization of the Level 3 significant unobservable inputs:

<u>Instrument</u>	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2025	2024		
Beneficial Interest in Funds Held by Others	\$ 4,675,289	\$ 4,185,634	FMV of Investments	Value of Underlying Assets

NOTE 7 LINE OF CREDIT

The Friends has a line of credit available for up to \$200,000 with a variable interest rate based on the prime rate of interest as published by the *Wall Street Journal* at the time funds are drawn, with a floor of at least 7.0%. The line of credit matures on August 30, 2026, and is secured by the assets and accounts of the Friends. There were no funds drawn from the line of credit during the years and as of December 31, 2025 and 2024, there was no outstanding balance due.

NOTE 8 BOARD-DESIGNATED NET ASSETS

The board of directors has designated the following net assets without donor restrictions as of December 31:

	2025	2024
Endowment to Support Library Current Need (Ortha Robbins)	\$ 712,439	\$ 672,561
Investment and Philanthropy Library Materials	9,945	9,449
Total	\$ 722,384	\$ 682,010

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
Minnesota Book Awards	\$ 24,000	\$ 17,500
Sunray Library Materials	244,556	238,056
Fitzgerald Programming	-	9,840
Capital Campaign	3,973,440	3,170,477
Mobile Library	20,000	40,000
Fireside Reading Series	25,000	-
Library Collections and Read Brave	12,755	-
Total	<u>4,299,751</u>	<u>3,475,873</u>
Endowments (See Note 10):		
Donor-Restricted to be Held in Perpetuity		
Restricted by Donors for:		
General Operations	3,305,424	3,305,383
Information Commons Materials and Support	842,364	842,364
Children's Materials	727,729	725,899
Summer Reading Program	342,500	342,500
Library Materials	757,458	755,458
Minnesota Book Awards	38,014	35,514
Total	<u>6,013,489</u>	<u>6,007,118</u>
Subject to Endowment Spending Policy and Appropriation (See Note 10):		
General Operations	4,185,770	4,020,163
Information Commons Materials and Support	488,631	468,919
Children's Materials	501,144	483,706
Summer Reading Program	231,525	221,820
Library Materials	519,097	499,748
Minnesota Book Awards	22,331	21,216
Total	<u>5,948,498</u>	<u>5,715,572</u>
Total Endowments	<u>11,961,987</u>	<u>11,722,690</u>
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Assets Held by Others	<u>4,675,289</u>	<u>4,185,634</u>
Total	<u>4,675,289</u>	<u>4,185,634</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 20,937,027</u></u>	<u><u>\$ 19,384,197</u></u>

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2025	2024
Satisfaction of Purpose Restrictions:		
Minnesota Book Awards	\$ 17,500	\$ 22,068
Capital Campaign	427,198	115,302
Sunray Library Materials	12,550	12,069
Fitzgerald Programming	9,840	1,000
Mobile Library	20,000	-
Hamline Midway Opening Day	-	5,625
Moving Words Program	-	25,316
Total	487,088	181,380
Restricted-Purpose Spending-Rate:		
Distributions and Appropriations		
General Operations	382,918	371,134
Information Commons Materials and Support	74,672	69,821
Children's Materials	55,924	51,814
Summer Reading Program	24,642	22,383
Library Materials	62,304	86,716
Minnesota Book Awards	2,439	2,204
Total	602,899	604,072
Donor Restrictions	\$ 1,089,987	\$ 785,452

NOTE 10 ENDOWMENT FUNDS

The Friends' endowment consists of 48 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law-Endowment funds are regulated by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the state of Minnesota effective August 1, 2008. The board of directors of the Friends has interpreted UPMIFA as requiring the preservation of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The original gift is valued at fair value on the date of the gift. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Friends considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Friends and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Friends
- The investment policies of the Friends

Endowment net assets consisted of the following as of December 31:

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Board-Designated Endowment Funds	\$ 712,439	\$ -	\$ 712,439
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	6,013,489	6,013,489
Accumulated Investment Gains	-	5,948,498	5,948,498
Total	\$ 712,439	\$ 11,961,987	\$ 12,674,426

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 672,561	\$ -	\$ 672,561
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	6,007,118	6,007,118
Accumulated Investment Gains	-	5,715,572	5,715,572
Total	\$ 672,561	\$ 11,722,690	\$ 12,395,251

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2025, there were no underwater funds. At December 31, 2024, a fund with an original gift value of \$333,517, fair value of \$330,497, and a deficiency of \$3,020 was reported in net assets with donor restrictions

Changes in endowment net assets for the years ended December 31 are as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 672,561	\$ 11,722,690	\$ 12,395,251
Net Investment Income	35,285	288,566	323,851
Appreciation on Investments	42,149	543,858	586,007
Contributions	-	9,772	9,772
Appropriation of Endowment Funds Assets for Expenditure	(37,556)	(602,899)	(640,455)
Balance - End of Year	\$ 712,439	\$ 11,961,987	\$ 12,674,426

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 647,596	\$ 11,786,878	\$ 12,434,474
Net Investment Income	26,805	227,600	254,405
Appreciation on Investments	34,861	674,260	709,121
Contributions	-	5,809	5,809
Transfer to Beneficial Interests in Assets Held by Others	-	(367,785)	
Appropriation of Endowment Funds Assets for Expenditure	(36,701)	(604,072)	(640,773)
Balance - End of Year	\$ 672,561	\$ 11,722,690	\$ 12,763,036

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters – The board of directors has adopted an Endowment Investment Policy designed to maintain the purchasing power of the endowment assets and to provide for a predictable amount of annual distributions that will keep pace with increasing funding needs. Endowment assets include those assets of donor-restricted funds that the Friends must hold in perpetuity as well as the cumulative earnings on those funds that the board has not appropriated for expenditure. Endowment assets also include assets designated as endowment by the board of directors. The Friends expects its Endowment Funds to provide for current needs with an eye toward future needs and expects its investments to yield a steady and growing income stream consistent with capital preservation. The Friends has established a risk tolerance of moderate volatility and is willing to absorb some interim fluctuations in market value and rates of return in order to achieve longer-term objectives.

Strategies Employed for Achieving Objectives – In accordance with the Endowment Investment Policy, the Friends' Investment Committee, in conjunction with outside advisors, has developed a diversified endowment investment portfolio. The Friends' investment strategy seeks both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Friends seeks an allocation of short-term and long-term investments diversified between equities and fixed income but places a greater emphasis on equity-based investments within prudent risk constraints.

Spending Policy and the Relationship of Investment Objectives to the Spending Policy – The Friends has adopted a Spending Policy that uses the Yale Method for endowment funds under its control. Under this policy, the draw calculation is equal to the sum of:

- 80% of the prior year draw multiplied by one plus the consumer price index for the 12-month period ended September 30 of the prior year; and
- 20% endowment fund balances under the Friends' control as of September 30 of the prior year, multiplied by 5.0-5.5%.

All distributions must be consistent with restrictions attached to the endowment contributions.

In establishing this policy, the Friends considered the long-term expected return on its endowment. This is consistent with the Friends' objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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DECEMBER 31, 2025 AND 2024

NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS

Contributions of nonfinancial assets are recorded at their estimated fair value. Fair value of real assets is determined by cost comparison with similar items available on the market. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skill, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

For the years ending December 31, in-kind contributions included:

	2025	2024
Advertising	\$ 5,050	\$ 25,742
Event Support	15,366	18,466
Furniture and Equipment	-	3,461
Donated Use of Space	35,524	106,573
Total	\$ 55,940	\$ 154,242

For the years ended December 31, 2025 and 2024, in-kind contributions were recognized within the statements of activities for advertising utilized for general and event-specific promotions, event support utilized for special events, and office furniture and building space utilized in support of general administration. The value of these in-kind contributions was determined based on comparable market prices for similar goods and services. There were no other donor-imposed restrictions for in-kind contributions for the years ending December 31, 2025 and 2024.

In-kind contributions were used in the Friends' activities as follows:

	2025	2024
Statements of Functional Expenses:		
Programs	\$ 17,762	\$ 82,028
Management and General	7,815	26,039
Fund Development	30,363	46,175
Total	\$ 55,940	\$ 154,242

NOTE 12 RETIREMENT PLAN

The Friends has a defined contribution retirement plan for the benefit of all part-time and full-time employees who have completed one year of employment. Contributions to the plan are discretionary, and amounts contributed are determined annually by the Friends' board of directors. Contributions to the plan for the years ended December 31, 2025 and 2024 were \$66,116 and \$58,423, respectively.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 13 LEASES

The Friends leases operating and office space under a long-term, noncancelable lease agreement. The lease term extends through March 2032 and provides for up to two renewal options of five years each. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease.

The following table provides quantitative information concerning the Friends' leases.

	<u>2025</u>	<u>2024</u>
Operating Lease Costs	\$ 13,611	\$ 2,277
Short-Term Lease Costs	<u>2,400</u>	<u>200</u>
 Total Lease Costs	 <u>\$ 16,011</u>	 <u>\$ 2,477</u>
 Other Information:		
Operating Cash Flows From Operating Leases	\$ 21,781	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 66,999
Weighted-Average Remaining Lease Term - Operating Leases	6.3 Years	7.3 Years
Weighted-Average Discount Rate - Operating Leases	4.30%	4.30%

The Friends classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2025, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2026	\$ 28,830
2027	29,888
2028	30,947
2029	32,004
2030	33,062
Thereafter	<u>42,717</u>
Total Lease Payments	197,448
Less: Interest	<u>(24,758)</u>
Present Value of Lease Liabilities	<u>\$ 172,690</u>



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