

**AFGHAN CULTURAL SOCIETY OF MN
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Afghan Cultural Society of MN
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Afghan Cultural Society of MN (a Minnesota corporation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Afghan Cultural Society of MN as of December 31, 2024 and 2023, and the changes to 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 Afghan Cultural Society of MN 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 Afghan Cultural Society of MN's ability to continue as a going concern for one year after the date 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 Afghan Cultural Society of MN'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 Afghan Cultural Society of MN's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Afghan Cultural Society of MN

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
August 21, 2025

**AFGHAN CULTURAL SOCIETY OF MN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 169,915	\$ 51,682
Support Receivables	306,219	284,940
Property and Equipment, Net	1,949	-
Prepaid Expenses and Other Assets	3,227	1,505
Total Assets	\$ 481,310	\$ 338,127
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 18,617	\$ 6,604
Accrued Expenses and Other Liabilities	47,313	32,470
Loans Payable	142,674	20,390
Refundable Grant Advances	-	126,000
Total Liabilities	208,604	185,464
NET ASSETS		
Without Donor Restrictions	272,706	152,663
Total Net Assets	272,706	152,663
Total Liabilities and Net Assets	\$ 481,310	\$ 338,127

See accompanying Notes to Financial Statements.

**AFGHAN CULTURAL SOCIETY OF MN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Government Grants	\$ 1,482,385	\$ -	\$ 1,482,385
Grants and Contributions	94,361	-	94,361
Miscellaneous	876	-	876
Net Assets Released from Restrictions	-	-	-
Total Revenue, Support, and Gains	<u>1,577,622</u>	<u>-</u>	<u>1,577,622</u>
EXPENSES			
Program Services	1,203,700	-	1,203,700
Management and General	238,567	-	238,567
Fundraising and Development	15,312	-	15,312
Total Expenses	<u>1,457,579</u>	<u>-</u>	<u>1,457,579</u>
CHANGE IN NET ASSETS	120,043	-	120,043
Net Assets - Beginning of Year	<u>152,663</u>	<u>-</u>	<u>152,663</u>
NET ASSETS - END OF YEAR	<u>\$ 272,706</u>	<u>\$ -</u>	<u>\$ 272,706</u>

See accompanying Notes to Financial Statements.

**AFGHAN CULTURAL SOCIETY OF MN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Government Grants	\$ 886,914	\$ -	\$ 886,914
Grants and Contributions	67,321	-	67,321
Miscellaneous	915	-	915
Net Assets Released from Restrictions	95,000	(95,000)	-
Total Revenue, Support, and Gains	1,050,150	(95,000)	955,150
 EXPENSES			
Program Expenses	831,495	-	831,495
Management and General Expenses	66,695	-	66,695
Fundraising Expenses	8,336	-	8,336
Total Expenses	906,526	-	906,526
 CHANGE IN NET ASSETS	143,624	(95,000)	48,624
Net Assets - Beginning of Year	9,039	95,000	104,039
 NET ASSETS - END OF YEAR	\$ 152,663	\$ -	\$ 152,663

See accompanying Notes to Financial Statements.

**AFGHAN CULTURAL SOCIETY OF MN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024**

	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	\$ 770,231	\$ 116,238	\$ 4,128	\$ 890,597
Payroll Taxes and Benefits	80,181	12,264	465	92,910
Occupancy	102,987	15,752	597	119,336
Professional Services	95,173	67,995	9,290	172,458
Cultural Programming and Events	42,495	-	-	42,495
Office Expenses	39,960	14,042	682	54,684
Client Assistance	43,296	115	4	43,415
Information Technology	20,881	3,194	121	24,196
Marketing and Communications	-	1,093	-	1,093
Insurance	4,362	667	25	5,054
Other	4,134	7,207	-	11,341
	<u>\$ 1,203,700</u>	<u>\$ 238,567</u>	<u>\$ 15,312</u>	<u>\$ 1,457,579</u>
Total Expenses by Function	<u>\$ 1,203,700</u>	<u>\$ 238,567</u>	<u>\$ 15,312</u>	<u>\$ 1,457,579</u>

See accompanying Notes to Financial Statements.

**AFGHAN CULTURAL SOCIETY OF MN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	\$ 600,035	\$ 29,685	\$ 3,738	\$ 633,458
Payroll Taxes and Benefits	65,784	3,265	417	69,466
Occupancy	60,707	3,013	385	64,105
Professional Services	30,159	8,536	2,940	41,635
Cultural Programming and Events	33,352	-	-	33,352
Office Expenses	8,514	14,332	760	23,606
Client Assistance	17,371	518	-	17,889
Information Technology	12,457	618	79	13,154
Marketing and Communications	400	6,123	-	6,523
Insurance	2,674	133	17	2,824
Other	42	472	-	514
Total Expenses by Function	<u>\$ 831,495</u>	<u>\$ 66,695</u>	<u>\$ 8,336</u>	<u>\$ 906,526</u>

See accompanying Notes to Financial Statements.

**AFGHAN CULTURAL SOCIETY OF MN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 120,043	\$ 48,624
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Changes in Operating Assets and Liabilities:		
Support Receivables	(21,279)	(162,579)
Prepaid Expenses and Other Assets	(1,722)	(1,505)
Accounts Payable	12,013	3,814
Accrued Expenses and Other Liabilities	14,843	12,478
Refundable Grant Advances	(126,000)	29,000
Net Cash Used by Operating Activities	(2,102)	(70,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,949)	-
Net Cash Used by Operating Activities	(1,949)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Notes Payable	150,000	-
Principal Payments on Notes Payable	(27,716)	-
Net Cash Provided by Financing Activities	122,284	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	118,233	(70,168)
Cash and Cash Equivalents - Beginning of Year	51,682	121,850
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 169,915	\$ 51,682

See accompanying Notes to Financial Statements.

**AFGHAN CULTURAL SOCIETY OF MN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Afghan Cultural Society of MN (the Organization) is a nonprofit organization established to advocate for and empower communities through a range of services, including assisting them in improving their mental and social health, promoting economic self-sufficiency, and creating a space for cultural well-being. The Organization provides a range of services aimed at ensuring newly arrived refugees successfully navigate resettlement in their new home. Through advocacy, workshops, cultural events and programming, the Organization creates pathways to social connection and support economic self-sufficiency, and collective well-being.

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.

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.

The Organization reports contributions restricted by donors and grantors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restrictions is accomplished) in the reporting period in which the revenue is recognized. All other donor or grantor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reporting in the statement of activities as net assets released from restrictions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

**AFGHAN CULTURAL SOCIETY OF MN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers checking accounts to be cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization's balances in its bank accounts may exceed Federal Deposit Insurance Corporation limits. As of December 31, 2024 and 2023, no bank accounts were over the limit. The Organization has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

Support Receivables

Unconditional promises to give cash and other assets and unconditional grants are reported at fair value at the date the promise is received. Contributions that are expected to be collected within one year are recorded at their net realizable value. If any contributions are expected to be collected beyond one year, they are recorded at the present value of the amount expected to be collected. Any discounts are computed using an imputed interest rate applicable to the year in which the promise to give or grant is received. As of December 31, 2024 and 2023, management has deemed all support receivables to be fully collectible within one year and as such, no allowance for uncollectible support receivables or discounts have been recorded.

Refundable Grant Advances

The Organization has entered into certain government grant agreements which allow for an advance of grant funds to support the related program activities prior to eligible expenses for reimbursement being incurred. The terms of the grant advances as of December 31, 2024 and 2023 require repayment of the advances within one year. These grant advances are recognized as a liability until the conditions for repayment of these advances are met.

Revenue and Revenue Recognition

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in the statement of financial position. We received cost-reimbursable grants of approximately \$1.07 million and \$1.28 million that have not been recognized at December 31, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

**AFGHAN CULTURAL SOCIETY OF MN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are allocated to program and supporting services based on management's best estimates of time spent on each program. The remaining expenses are specifically allocated whenever practical and when this is impractical, are allocated based on the best estimates of management of the function benefitted.

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as right-of-use (ROU) asset and lease liability. ROU assets 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 the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a least term of 12 months or less as expenses as incurred and these leases are not included as ROU assets or lease liabilities on the statement of financial position.

As of December 31, 2024, the Organization has short-term operating leases for its program and administrative offices through June and September 2024 which then convert to a month-to-month basis thereafter.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state law. It has been classified as an organization that is not a private foundation under the IRC and the charitable contributions by donors are tax deductible. The Organization files Form 990 in the U.S. federal jurisdiction and the state of Minnesota. The Organization has no current obligation for unrelated business income tax.

Use of Estimates

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

**AFGHAN CULTURAL SOCIETY OF MN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization has \$476,134 and \$336,622 of financial assets available within one year of December 31, 2024 and 2023, respectively. This consists of cash and cash equivalents of \$169,915 and \$51,682 and support receivables due within one year of \$306,219 and \$284,940. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

NOTE 3 LOANS PAYABLE

On October 28, 2024, the Organization obtained a note payable with Propel Nonprofits to support its operations in the amount of \$150,000 with a fixed interest rate of 8.00% per annum. The loan requires a fixed monthly repayment of \$4,700 beginning on November 30, 2024, through the loan maturity date of October 31, 2027, when one final payment of all remaining principal and accrued interest is due. This loan is secured by all assets, equipment, and accounts of the Organization.

Future required principal payments for this note payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 46,678
2026	50,553
2027	45,443
Total	<u>\$ 142,674</u>

In addition, the Organization has loans payable to a current and a former employee for a total of \$-0 and \$20,390 as of December 31 2024 and 2023, respectively. Each of the current or former employees advanced funds for payroll support to the Organization's start-up activities in 2022. There are no written agreements or stated repayment terms or interest rates on these loans. During 2024, all loans payable to employees were repaid by the organization.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

As of both December 31, 2024 and 2023, the Organization had no net assets with donor-imposed restrictions.

During the years ending December 31, 2024 and 2023, the Organization released net assets from donor-imposed restrictions totaling \$-0- and \$95,000, respectively. These net assets were restricted for use by grantors for staffing and professional services in support of programs to assist the Afghan community in Minnesota. Related expenses were incurred in 2023 for their release.

**AFGHAN CULTURAL SOCIETY OF MN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 5 CONCENTRATIONS

Total government grants and contributions revenue for the years ended December 31, 2024 and 2023 included concentrations of 88% from five grantors and 90% from five grantors, respectively. Support receivables at December 31, 2024 and 2023 included concentrations of 66% from three grantors and 99% from five grantors, respectively. The loss of any of these key grantors could have a significant adverse impact on the Organization's financial condition and operations should any future grant funding change.

NOTE 6 SUBSEQUENT EVENTS

We have evaluated subsequent events through August 21, 2025, the date the financial statements were available to be issued.

In April 2025, the Organization entered into a purchase agreement to acquire the building they have rented for principal activities of Afghan Cultural Society. In June 2025, the Organization obtained a loan from Propel Nonprofits and closed on the purchase of the building in the amount of \$1,200,000 with a fixed interest rate of 6.50% per annum. The loan requires a fixed monthly repayment of \$8,947 beginning on January 30, 2026, through the loan maturity date of December 31, 2032, when one final payment of all remaining principal and accrued interest is due. This loan is secured by all assets, equipment, and accounts of the Organization.

Future required principal payments for this note payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ -
2026	30,253
2027	32,279
2028	34,441
2029	36,748
Thereafter	1,066,279
Total	<u>\$ 1,200,000</u>



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