ACCOLA

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

ACCOLA
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INDEPENDENT AUDITORS' REPORT

Finance Committee
Accola
St. Paul, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Accola (the Organization), which comprise the statement of consolidated financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, consolidated functional expenses, and consolidated 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 consolidated financial position of the Organization, as of June 30, 2025, and the consolidated changes in its net assets and its consolidated 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 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 consolidated 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 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 the Organization'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 the Organization'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

Minneapolis, Minnesota
REPORT DATE

ACCOLA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Cash and Cash Equivalents	$ 217,748
Pledges Receivable, Net	2,760,300
Accounts Receivable	5,445
Investments	7,211,990
Board Designated Investments	17,924,052
Equipment, Net of Accumulated Depreciation of $4,251 as of June 30, 2025	32,188
Other Assets	56,990
Total Assets	$ 28,208,713

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Liabilities	199,052
Annuity Contracts Payable	28,807
Deferred Revenue	384
Total Liabilities	$ 228,243
NET ASSETS	
Without Donor Restriction	
Undesignated	84,127
Board Designated	17,924,052
Total Without Donor Restriction	18,008,179
With Donor Restriction	9,972,291
Total Net Assets	27,980,470
Total Liabilities and Net Assets	$ 28,208,713

See accompanying Notes to Consolidated Financial Statements.

ACCOLA
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions and Gifts	$ 783,827		$ 783,827
Service Fee Income	160,475		160,475
Estate Proceeds	692,499	-	692,499
Investment Income - Net of Fees	1,496,446	1,203,745	2,700,191
Change in the Value of Split-Interest Agreements	987	-	987
Miscellaneous Income	77,731	-	77,731
In-Kind Rent	267,939	-	267,939
Release from With Donor Restricted Net Assets	1,174,700	(1,174,700)	-
Total Support and Revenues	4,654,604	29,045	4,683,649
EXPENSES			
Program Expenses	1,932,550	-	1,932,550
Supporting Services			
Management and General	768,391	-	768,391
Fundraising	624,777	-	624,777
Total Supporting Services	1,393,168	-	1,393,168
Total Expenses	3,325,718	-	3,325,718
CHANGE IN NET ASSETS	1,328,886	29,045	1,357,931
Net Assets - Beginning of Year	16,679,293	9,943,246	26,622,539
NET ASSETS - END OF YEAR	$ 18,008,179	$ 9,972,291	$ 27,980,470

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See accompanying Notes to Consolidated Financial Statements.

ACCOLA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services				Support Services			
	Sarah's Oasis For Women	Learning in Style	Wisdom Ways	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	$ 255,258	$ 343,045	$ 171,996	$ 770,299	$ 244,591	$ 427,066	$ 671,657	$ 1,441,956
Payroll Taxes	28,295	27,286	29,581	85,162	24,819	60,481	85,300	170,462
Employee Benefits	21,115	31,286	14,372	66,773	31,838	33,808	65,646	132,419
Total Personnel Costs	304,668	401,617	215,949	922,234	301,248	521,355	822,603	1,744,837
Office Supplies and Technology	8,004	12,158	9,945	30,107	15,482	5,145	20,627	50,734
Program Expenses	127,509	30,169	21,911	179,589	-	-	-	179,589
Grant Expenses	18,800	-	-	18,800				18,800
Marketing and Communications	2,855	316	20,402	23,573	193	12,303	12,496	36,069
Professional Fees	9,302	10,617	8,975	28,894	47,579	9,030	56,609	85,503
Contracted Services	29,360	16,745	109,752	155,857	342,084	10,638	352,722	508,579
Travel	136	-	500	636	159	-	159	795
Rent and Building Expenses	224,083	286,970	35,172	546,225	40,284	-	40,284	586,509
Event Expenses	3,130	2,138	8,526	13,794	-	1,487	1,487	15,281
Insurance - Prof & Liability	305	581	209	1,095	5,533	186	5,719	6,814
General and Administrative Costs	6,834	3,024	1,128	10,986	10,948	1,934	12,882	23,868
Donor Cultivation and Fundraising Support	260	-	-	260	360	61,145	61,505	61,765
Charitible Contributions	500	-	-	500	-	1,554	1,554	2,054
Depreciation	-	-	-	-	4,521	-	4,521	4,521
Total Expenses	$ 735,746	$ 764,335	$ 432,469	$ 1,932,550	$ 768,391	$ 624,777	$ 1,393,168	$ 3,325,718

See accompanying Notes to Consolidated Financial Statements.

ACCOLA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,357,931
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in the Value of Annuity Contracts	(987)
Realized and Unrealized Investment Gains	(2,467,220)
Depreciation Expense	4,251
(Increase) Decrease in Assets:	
Pledges Receivable	1,000,000
Other Assets	(8,571)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	(124,949)
Net Cash Used by Operating Activities	(239,545)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(36,439)
Purchase of Investments	(969,346)
Proceeds from Sales of Investments	1,251,195
Net Cash Provided by Investing Activities	245,410
CASH FLOWS FROM FINANCING ACTIVITIES	
Annuity Payments	(11,117)
Net Cash Used by Financing Activities	(11,117)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,252)
Cash and Cash Equivalents - Beginning of Year	223,000
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 217,748
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
In-kind Rent	$ 267,939

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Accola welcomes neighbors, cultivates community, and fosters justice through programs that respond boldly to the needs of the time. Accola's transformative programs improve opportunity for immigrants through education, provide safe and dignified housing for women as they heal from trauma, and help connect people's spirituality with social justice action. Our work is driven by a quest for justice, with all our core activities contributing to more equitable communities. We build community, knowing that when people are connected, they feel a sense of belonging and a responsibility to their neighbors. We nourish the spirit, understanding that spiritual enrichment–religious or not–is essential to healing and wellness. Accola grew out of the work of the Sisters of St. Joseph of Carondelet. Its name is derived from Latin and translates to "neighbor." Just as good neighbors look out for one another, Accola responds to the needs of our communities, addressing pressing issues with empathy and action. This past year, Accola has taken bold steps to grow our impact—expanding access, deepening partnerships, and centering the voices of immigrant communities in the Twin Cities. Consolidated into Accola is the Sisters of St. Joseph of Carondelet, Ministries Foundation, St. Paul Province (the Foundation), a Minnesota nonprofit corporation, which is organized for the purpose of fundraising for various ministries of the Sisters of St. Joseph of Carondelet, St. Paul Province (the Province).

Program Expenses

Program expenses include staff allocations towards programming and other programming expenses.

Sarah's... an Oasis for Women

Provides a safe home, dignity, resources, and support for a diverse community of 30 immigrant women healing from trauma, where they can begin new, empowered lives. Women work and prepare for a sustainable future for themselves and family members not yet in the U.S. For those without jobs, Sarah's Oasis provides additional food and financial assistance and connects them to educational opportunities in the Twin Cities where they continue to develop skills.

Learning In Style School

Provides quality education in English, math, computer, and citizenship in a supportive and respectful environment to immigrants and refugees from dozens of different nations annually, including recent arrivals from Ukraine, Afghanistan, and Ecuador.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Wisdom Ways Center for Spirituality

Creates open, accepting spaces that advance the spiritual growth, authenticity and fullness of life for all people. Our resources and offerings aim to help support movement into meaningful and impactful action to advance personal and communal well-being – and you won't be doing it alone.

In a spirit of wisdom, we honor the inherent dignity, particularity, and wholeness of each human person. We believe that each of us can call forth healing, growth, integration, and expanded freedom for ourselves and each other. We listen to and support the creative expression of spiritual wisdom across varied religious and secular ways of being. We commit ourselves to inclusivity, accessibility and liberating justice on behalf of personal transformation and the transformation of the world.

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Basis of Presentation

Resources are reported in separate categories of net assets based on the existence or absence of donor-imposed restrictions. Unconditional promises to give are recorded as receivables and revenues in the period the promise is made. All contributions are recorded at fair value at the time the promise is made. Conditional promises to give are not recorded until the condition is either substantially met or it is deemed remote that the condition will not be met.

In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into categories 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 restricted revenue when received and released from restrictions 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net assets which have no donor-stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as without donor restriction support.

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of Accola and the Sisters of St. Joseph of Carondelet, Ministries Foundation, St. Paul Province. The control factors between the organizations require a consolidated financial statement presentation. All material interorganizational transactions and accounts have been eliminated.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges are not included as support until such time as the conditions are substantially met. The Organization assesses an allowance for bad debts using the allowance method, which is based on management judgment considering historical information and analyzed for collectability.

When all collection efforts have been exhausted and no payments have been received, accounts are individually written off against the related allowance.

Investments

Investments are recorded at fair value based on quoted market values or on fair values as determined by management in consultation with the Organization’s investment managers for certain investments with no readily available quoted market prices. In valuing these investments, management considers the audited consolidated financial statements of the investee, the cost of the investments, developments since acquisition, estimates as to the effect of future developments, general economic conditions, and other pertinent factors.

Changes in the fair value of investments are recorded as unrealized gains or losses in the period of change. Due to the market volatility with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future statement of activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as without donor restriction or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Contributions (Continued)

All donor-restricted support is reported as an increase in the with donor restriction net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statements of activities and changes in net assets as Release from With Donor Restricted Net Assets.

Unconditional contribution pledges are recognized as revenue in the period received. Conditional contributions are recognized when the conditions on which they depend are substantially met. Gifts and bequests are recognized when it has been determined that there is a legal right to the gift or bequest and the actual amount to be received has been determined.

Service Fees

Accola receives service fees for various programs which happen throughout the year. Service fee revenue is recognized over time as the obligation to provide the service has been met. There was $384 of deferred revenue as of June 30, 2025.

Fair Value Measurements

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs used to measure fair value into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability.

Observable inputs 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Fair Value Measurements (Continued)

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes on related business income. Donations to the Organization are tax deductible to the extent allowed by law.

The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. The guidance prescribes recognition threshold principles for the consolidated financial statement recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise, or other taxes.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations

As of June 30, 2025, 100% of pledges receivable were from one donor and 24% of total contributions were from one donor.

Functional Expenses

Expenses are allocated to either program, administration, or advancement. Accola tracks hours of grant writing and other activities that are functionally unique. Shared expenses such as insurance, managed services, copier fees, are allocated by FTE, headcount, individual expense incurred(benefits) or split evenly by program area. Allocations are managed with a workbook, and the allocated expenses are identified by spread method and spread monthly

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization 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 Organization's 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 liabilities are recognized at 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 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 lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheets. As of June 30, 2025, the Organization has a copier lease with monthly payments of $350 that expires in November 2029. The Organization determined the lease was immaterial and chose to not record as a ROU asset and liability.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through REPORT DATE, the date the consolidated financial statements were available to be issued.

NOTE 2 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

Year Ending June 30,	Amount
2026	$ 1,023,145
2027	1,000,000
2028	1,000,000
Pledges Receivable	3,023,145
Less: Discount	(239,700)
Less: Allowance for Doubtful Accounts	(23,145)
Total	$ 2,760,300

The annual interest rate used for computing the discount for long-term pledges was 3.79% as of June 30, 2025.

NOTE 3 INVESTMENTS

Investments, stated at fair value, consisted of the following at June 30, 2025:

Cash and Money Market Funds	$ 416,396
S&P Index Fund	18,025,974
U.S. Bond Funds	6,693,672
Total	$ 25,136,042

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization 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 Organization values all other assets and liabilities, refer to Note 1 – Summary of Significant Accounting Policies.

Valuation Inputs

The following table presents the fair value hierarchy at which the Organization's investments are measured at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments				
S&P Index Fund	$ 18,025,974	$ -	$ -	$ 18,025,974
US Bond Funds	6,693,672	-	-	6,693,672
Total	$ 24,719,646	$ -	$ -	24,719,646
Cash and Money Market Funds				416,396
Total				$ 25,136,042

Cash and cash equivalents are included in the table above to reconcile to the investment amounts on the statements of financial position.

NOTE 5 RELATED PARTY TRANSACTIONS

Province

During the year ended June 30, 2025, the Organization paid the Province $66,508 for services provided by the Sisters and for management services. In 2025, the Organization paid the Province $315,157 for rent and received $267,939 of in-kind rent.

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Province (Continued)

During the fiscal year ended June 30, 2024, the Province pledged $4,000,000 to the Organization to be paid $1,000,000 a year over the next four years in cash or in-kinds. The net present value of this pledge as of June 30, 2025 was $2,760,300.

NOTE 6 TRUST AGREEMENT

The Foundation is a named beneficiary under an endowment fund (James Doherty Fund). Under the terms of the agreement, the Organization receives distributions from the James Doherty Fund on behalf of others and distributes the funds in accordance with the wishes of the James Doherty Fund. The fund, which is held by an outside trustee, has assets with a fair value of $1,345,920 at June 30, 2025. The Organization received distributions of $30,000 for the year ended June 30, 2025. Under certain circumstances, the Organization's status as beneficiary of the trust may be changed by the trustee and, accordingly, the fund is not reflected as an asset in the consolidated financial statements of the Organization.

NOTE 7 ANNUITY CONTRACTS PAYABLE

The Organization has entered into various gift annuity contracts with donors. Charitable gift annuity contracts obligate the Organization to make payments to the annuitants for the remainder of their lives. Assets are recorded at fair value at the date of receipt and a liability has been recorded equal to the present value of the estimated future obligations. The difference between the fair value of assets contributed and obligations recorded is recognized as contribution revenue.

The various gift annuity contracts have been discounted using interest rates of 4.4% to 7.995%. Internal Revenue Service (IRS) life expectancy tables are utilized to determine life expectancies. Liabilities under gift annuity agreements amounted to $28,807 at June 30, 2025. Changes in split-interest agreements, which resulted from the revaluation of annuity contracts, were $(986) for the year ended June 30, 2025.

NOTE 8 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

At June 30, 2025, the Organization’s net assets with donor restrictions were as follows:

Subject to Expenditure for Specified Purpose	
Insurance Fund	$ 207,161
Campaign Fund - Ministry Support	1,846,451
LIS fund	22,389
Total	2,076,001
Subject to Time Restriction	
Province Funding	2,760,300
Total Subject to Time Restriction	2,760,300
Endowments	
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity	
Health Care Ministries	603,375
Consociate	78,848
Campaign Fund - Ministry Support	766,120
Total	1,448,343
Subject to Endowment Spending Policy and Appropriation	
Endowment Earnings	
Health Care Ministries	1,436,420
Consociate	50,168
Campaign Fund - Ministry Support	2,201,059
Total Subject to Endowment Spending Policy and Appropriation	3,687,647
Total Endowments	5,135,990
Total Net Assets with Donor Restrictions	$ 9,972,291

Net assets released from restriction were released when the purpose restrictions were met.

NOTE 9 ENDOWMENT

The Organization's endowment funds were established for health care ministries, ministry support, and consociate support. The endowment includes both donor-restricted and board-designated endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of CSJ Ministries, Inc. has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date to the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

The following is a summary of endowment fund activity and balances subject to the UPMIFA of 2006 as of and for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund June 30, 2024	$ 10,832,966	$ 4,603,789	$ 15,436,755
Investment Income	1,423,628	617,211	2,040,839
Contributions	405,274	-	405,274
Appropriations of Endowment Assets	(800,000)	(85,010)	(885,010)
Endowment Fund June 30, 2025	$ 11,861,868	$ 5,135,990	$ 16,997,858

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization had no funds with deficiencies as of June 30, 2025.

Return Objectives and Risk Parameters

The primary investment objective of the portfolio is an emphasis on capital appreciation with modest current income. The portfolio seeks to maximize potential total return consistent with minimizing overall volatility in the context of these guidelines. The total rate of return for individual investment styles will be compared to their appropriate index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 9 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Appropriations by the board of directors were $958,360 for the year ended June 30, 2025. The amount is determined based on the overall needs of the Organization and the programs it supports balanced with the long-term investment return objectives for a fund to be held in perpetuity. Disbursements from the endowment are also approved according to the Organization's overall investment spending policy which is 5% of the investment's average fair value using a five-year average.

NOTE 10 IN-KIND CONTRIBUTIONS

Organizations received $267,939 in in-kind rent as of June 30, 2025.

Contributed rent is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Organization's market. Contributed rent is used for program services.

NOTE 11 LIQUIDITY DISCLOSURE

The Organization strives to maintain liquid financial assets sufficient to cover a year of general expenditures and bi-annual grant payments. The Organization investment portfolio remains sufficiently liquid regardless of market conditions to meet those needs. The Organization's management and finance committee regularly review the liquidity portfolio of the Organization. The Organization's investments are sufficiently liquid that if cash on hand is not sufficient, investments can be liquidated and available in days.

The following reflects the Organization's financial assets available to meet general expenditures within one year of the consolidated statement of financial position date:

Cash	$ 217,748
Accounts Receivable	5,445
Pledges Receivable, Net	2,760,300
Investments	7,211,990
Board Designated Investments	17,924,052
Less: Restricted by the Donor	(9,972,291)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 18,147,244

Board of Directors and Management
Accola
St. Paul, Minnesota

In planning and performing our audit of the consolidated financial statements of Accola (the Organization) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

Material weakness

We consider the following deficiency in the Organization's internal control to be a material weakness:

Financial Statement Preparation

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with accounting principles generally accepted in the United States of America. The Organization's internal controls were insufficient to enable management to conclude that the without donor restrictions and with donor restrictions net assets and related disclosures for the PIM investments were complete and presented in accordance with accounting principles generally accepted in the United States of America. As such, this resulted in discrepancies which required further adjustments and corrections to align with the standards.

Other deficiencies in internal control and other matters

During our audit, we became aware of other deficiencies in internal control and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of the board of directors, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

Change in Accounting Software

During our review, we noted that upon transitioning to a new accounting system, the numbers brought into the new system were not the closing balance numbers from the prior year. Instead, adjustments were made directly within the new system, resulting in changes to net assets and other account balances without a clear audit trail linking the prior year's closing figures to the current year's opening balances. This approach provides loopholes in the integrity of financial reporting by obscuring the continuity of balances across fiscal years and complicates the audit process.

We recommend that future system transitions include a formal process to:

- Carry forward prior year ending balances as opening balances in the new system.
- Record any necessary adjustments in the current fiscal year with appropriate documentation and approval.
- Maintain a reconciliation between the legacy and new systems to support audit and internal review procedures.

* * *

This communication is intended solely for the information and use of management, board of directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

Management Response to Internal Control Findings

Fiscal Year Ended 2025

Summary

Accola management appreciates the auditor's review and the opportunity to further strengthen our financial management practices. This response summarizes corrective actions taken to address the identified material weakness and other deficiency in internal control. The organization has implemented significant improvements to ensure compliance with GAAP, maintain transparency, and reinforce confidence in our financial reporting and stewardship.

1. Material Weakness: Financial Statement Preparation

Auditor's Finding:

The audit identified a material weakness related to the completeness and presentation of net assets with and without donor restrictions, particularly related to PIM investments.

Management Response:

Accola acknowledges this finding and has taken the following actions to correct the deficiency and strengthen internal controls:

Area	Corrective Action Implemented
Financial Policies & Procedures	Adopted comprehensive financial policies that align with Accola's business practices and ensure consistent adherence to GAAP and FASB standards.
Review & Reconciliation	Instituted a multi-tiered reconciliation of all investment and net asset classifications prior to audit submission.
Staff Qualifications & Training	Require all finance leadership to maintain CNAP or CPA certification and to remain current with FASB Accounting Standards Updates (ASUs).
Documentation & Oversight	Implemented quarterly reviews and documentation of net asset classifications.

Outcome: These changes materially strengthen internal controls over financial reporting and ensure accuracy, transparency, and compliance with applicable accounting standards.

2. Other Deficiency: Change in Accounting Software

Auditor's Observation:

The auditor noted that adjustments were made during the system transition without a direct link to prior-year closing balances, creating a potential gap in audit trail continuity.

Management Response:

Accola acknowledges the observation. Our approach to the system transition was intentionally conservative: we chose to start the new accounting system with only those balances that could be fully documented and verified. This decision was made to ensure integrity, accuracy, and transparency of all financial data.

We have reviewed and made adjusting entries for any discrepancies supported by documentation. We do not anticipate another system transition in the near future and believe our current platform provides a stable, well-controlled foundation for ongoing reporting and audit readiness.

3. Ongoing Monitoring

Accola's Finance and Operations leadership will continue to monitor internal control procedures and compliance through:

- Quarterly internal control reviews;
- Annual staff training and certification updates;
- Finance Committee oversight and reporting to the Board of Directors.

These measures ensure the sustainability and continuous improvement of financial governance practices across the organization.

Management Acknowledgment

Accola's leadership affirms its commitment to transparency, compliance, and continuous improvement in financial management and reporting.

______________________	______________________
Matt Halley	Tiffany Grandchamp Melnik
President	Vice President of Finance and Operations
Date: ____________________	Date: ____________________