

**SEARCH INSTITUTE
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**SEARCH INSTITUTE
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Directors
Search Institute
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Search Institute, which comprise the balance sheets as of December 31, 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 Search Institute as of December 31, 2025 and 2024, and the changes of 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 Search Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Search Institute'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 Search Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Search Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 19, 2026

**SEARCH INSTITUTE
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 330,553	\$ 408,751
Investments	3,175,826	3,620,682
Prepaid Expenses	75,338	112,613
Inventory, Net	-	15,420
Accounts Receivable, Net	102,578	123,092
Grants Receivable	70,177	1,101,799
Total Current Assets	3,754,472	5,382,357
PROPERTY AND EQUIPMENT		
Office Furniture and Equipment	82,416	271,288
Website and Software	153,463	167,125
Leasehold Improvements	-	263,950
Total	235,879	702,363
Less: Accumulated Depreciation and Amortization	(217,395)	(666,861)
Total Property and Equipment, Net	18,484	35,502
OTHER ASSETS		
Right-of-Use (ROU) Asset, Net	118,786	175,709
Beneficial Interest in Assets Held by Others	36,341	34,236
Total Other Assets	155,127	209,945
Total Assets	\$ 3,928,083	\$ 5,627,804

See accompanying Notes to Financial Statements.

**SEARCH INSTITUTE
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2025 AND 2024**

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,367	\$ 85,550
Accrued Liabilities	287,045	277,631
Deferred Revenue - Consulting	101,935	45,270
Deferred Revenue - Curriculum and Training	792	27,908
Lease Liability, Current	61,989	69,613
Total Current Liabilities	458,128	505,972
LONG-TERM LIABILITIES		
Lease Liability, Long-Term	61,351	100,960
Total Long-Term Liabilities	61,351	100,960
Total Liabilities	519,479	606,932
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,243,243	1,859,033
Total Without Donor Restrictions	1,243,243	1,859,033
With Donor Restrictions	2,165,361	3,161,839
Total Net Assets	3,408,604	5,020,872
Total Liabilities and Net Assets	\$ 3,928,083	\$ 5,627,804

See accompanying Notes to Financial Statements.

**SEARCH INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE						
Grants	\$ 610,045	\$ 1,110,506	\$ 1,720,551	\$ 197,767	\$ 251,189	\$ 448,956
Consulting	180,401	-	180,401	240,762	-	240,762
Curriculum Sales and Training	802,254	-	802,254	1,078,330	-	1,078,330
Contributions	26,238	-	26,238	45,415	-	45,415
Royalties	29,126	-	29,126	4,418	-	4,418
Change in Value of Beneficial Interest	-	2,105	2,105	-	1,982	1,982
Investment Income	114,954	101,576	216,530	191,972	125,427	317,399
Other Income	52,655	-	52,655	3,184	-	3,184
Subtotal	<u>1,815,673</u>	<u>1,214,187</u>	<u>3,029,860</u>	<u>1,761,848</u>	<u>378,598</u>	<u>2,140,446</u>
Net Assets Released from Restrictions	<u>2,210,665</u>	<u>(2,210,665)</u>	<u>-</u>	<u>4,394,892</u>	<u>(4,394,892)</u>	<u>-</u>
Total Operating Support and Revenue	<u>4,026,338</u>	<u>(996,478)</u>	<u>3,029,860</u>	<u>6,156,740</u>	<u>(4,016,294)</u>	<u>2,140,446</u>
OPERATING EXPENSE						
Program Services	3,704,697	-	3,704,697	5,350,472	-	5,350,472
Management and General	835,849	-	835,849	1,022,159	-	1,022,159
Fundraising	101,582	-	101,582	216,480	-	216,480
Total Operating Expense	<u>4,642,128</u>	<u>-</u>	<u>4,642,128</u>	<u>6,589,111</u>	<u>-</u>	<u>6,589,111</u>
CHANGE IN NET ASSETS	(615,790)	(996,478)	(1,612,268)	(432,371)	(4,016,294)	(4,448,665)
Net Assets - Beginning of Year	<u>1,859,033</u>	<u>3,161,839</u>	<u>5,020,872</u>	<u>2,291,404</u>	<u>7,178,133</u>	<u>9,469,537</u>
NET ASSETS - END OF YEAR	<u>\$ 1,243,243</u>	<u>\$ 2,165,361</u>	<u>\$ 3,408,604</u>	<u>\$ 1,859,033</u>	<u>\$ 3,161,839</u>	<u>\$ 5,020,872</u>

See accompanying Notes to Financial Statements.

**SEARCH INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025				2024			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Payroll	\$ 2,258,690	\$ 257,606	\$ 77,282	\$ 2,593,578	\$ 2,492,304	\$ 295,021	\$ 170,267	\$ 2,957,592
Fringe Benefits and Payroll Taxes	437,453	50,282	15,085	502,820	494,800	58,569	33,803	587,172
Office Expenses	79,950	23,465	4,747	108,162	92,770	73,709	2,199	168,678
Travel and Business Meeting	112,694	18,953	2,249	133,896	170,441	30,868	-	201,309
Professional and Outside Services	554,679	429,548	1,130	985,357	1,466,772	428,582	69	1,895,423
Pass-Through Payments	146,309	-	-	146,309	460,200	-	-	460,200
Insurance	-	23,932	-	23,932	46	23,836	-	23,882
Occupancy and Maintenance	89,977	30,968	760	121,705	90,576	103,866	5,693	200,135
Cost of Publications and Surveys Sold	15,419	-	-	15,419	17,440	-	-	17,440
Total Expenses Before Depreciation	3,695,171	834,754	101,253	4,631,178	5,285,349	1,014,451	212,031	6,511,831
Depreciation and Amortization	9,526	1,095	329	10,950	65,123	7,708	4,449	77,280
Total Functional Expenses	<u>\$ 3,704,697</u>	<u>\$ 835,849</u>	<u>\$ 101,582</u>	<u>\$ 4,642,128</u>	<u>\$ 5,350,472</u>	<u>\$ 1,022,159</u>	<u>\$ 216,480</u>	<u>\$ 6,589,111</u>
	80%	18%	2%	100%	81%	16%	3%	100%

See accompanying Notes to Financial Statements.

**SEARCH INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,612,268)	\$ (4,448,665)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	10,950	77,280
Credit Loss Expense	17,251	(3,111)
Loss on Disposal of Property and Equipment	6,068	-
Change in Discount on Long-Term Receivables	-	51,140
Change in Investment Value in Beneficial Interests Held by Others	(2,105)	(1,982)
Unrealized Gain on Investments	(137,355)	(225,663)
(Increase) Decrease in Assets:		
Prepaid Expenses	37,275	31,362
Inventory	15,420	11,497
Accounts Receivable	3,263	34,519
Grants Receivable	1,031,622	2,482,103
Increase (Decrease) in Liabilities:		
Accounts Payable	(79,183)	(116,328)
Accrued Liabilities	9,414	(49,485)
Deferred Contract Revenue	29,549	(10,419)
Lease Liability	9,690	(55,462)
Net Cash Used by Operating Activities	(660,409)	(2,223,214)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	-	(11,168)
Purchases of Investments	(3,207,005)	(3,306,737)
Proceeds from Sale of Investments	3,789,216	5,684,341
Net Cash Provided by Investing Activities	582,211	2,366,436
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(78,198)	143,222
Cash and Cash Equivalents - Beginning of Year	408,751	265,529
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 330,553	\$ 408,751

See accompanying Notes to Financial Statements.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Search Institute (the Institute) is a Minnesota nonprofit corporation that engages in research and educational services that promote the well-being of children and adolescents. The Institute fulfills its mission by engaging in in-depth applied research and evaluation, and by conducting surveys that explore young people's needs and the effectiveness of youth-serving programs. The Institute's primary sources of revenues are contracts, contributions from corporations and private foundations, and sales of training workshops and conferences, survey services, research-based books, and materials.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The Institute has discretionary control over these resources.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Institute or passage of time. There are also resources that are restricted by donors to investment in perpetuity. The income may be expended for such purpose as specified by the donor, or if none, then for any purpose of the Institute.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Donor-restricted contributions, the restrictions of which are met in the same year as the gift is made, are reported as with donor restrictions contributions in the current year. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Equivalents

The Institute deposits its temporary cash investments in high credit quality financial institutions. Cash and cash equivalents include cash on hand, savings, and money market accounts.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts, contracts, and grants receivable are stated at net realizable value. Credit losses are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for credit losses was \$29,887 and \$12,636 at December 31, 2025 and 2024, respectively.

Inventory

Inventory consists of published books and books in the process of being published. Inventory is valued at the lower net realizable value or cost. An allowance for excess and obsolete inventory has been recorded for books, which may not be saleable based on historical data. The allowance for obsolescence was \$-0- and \$11,208 at December 31, 2025 and 2024, respectively. In 2025, the remaining inventory balance was deemed obsolete and written off.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

The Institute's investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the balance sheet.

Beneficial Interests in Assets Held by Others

The Institute's beneficial interest in a donor-designated fund with The Minneapolis Foundation is recognized as an asset. The governing instrument of The Minneapolis Foundation states that The Minneapolis Foundation shall have the sole and exclusive right to manage, control, and conduct the affairs of the donor-designated fund and to modify any direction, restriction or condition, and the timing of distributions from the fund. However, the Institute named itself as the beneficiary and as a result is recognized as an asset. The beneficial interest in assets held by others is classified as net assets with donor restrictions on the balance sheet.

Office Furniture and Equipment

Office furniture and equipment acquisitions in excess of \$1,000 are recorded at cost. Depreciation is computed using the straight-line method over an estimated useful life of five years.

Website and Software

Website and software acquisitions in excess of \$1,000 are recorded at cost. Depreciation is computed using the straight-line method over an estimated useful life of three years.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold Improvements

Leasehold improvements are recorded at cost and are being amortized over the shorter of the useful life or the term of the lease.

Grants

Grant revenue is recognized when notification is received, absent any condition clauses on recognition. Expenditures under grant contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Institute will record such disallowance at the time the determination is made. Five organizations comprised 87% of grant revenue for the year ended December 31, 2025, and three organizations comprised 87% of grant revenue for the year ended December 31, 2024.

Consulting Revenue

Consulting revenue relates to amounts received from organizations and governmental agencies to fund various projects undertaken by the Institute. Performance obligations are determined based on the services, milestones, or other obligations as outlined in each consulting contract. Revenue for performance obligations is satisfied over time and is recognized based on actual charges incurred using the input method. The Institute believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Expenses are recorded as incurred. Amounts received related to contract revenue and not yet earned, are recorded as deferred contract revenue. As of December 31, 2025, 2024, and 2023, contract assets consist of accounts receivable in the amount of \$32,274, \$32,500, and \$85,651, respectively. As of December 31, 2025, 2024, and 2023, contract liabilities consist of deferred revenue in the amount of \$103,667, \$45,270, and \$50,627, respectively. In 2025, five organizations comprised 89% of consulting revenue. In 2024, one organization comprised 89% of consulting revenue.

Curriculum Sales and Training

Curriculum sales relate to amounts received in exchange for survey services, research-based books, and materials. The revenue is recognized at the time of the sale, using the point in time method. Training revenue is recognized when the conference or workshop is held, also using the point in time method. All revenues are recognized based on the outputs provided in the contracts. Amounts received in advance are recorded as deferred revenue. As of December 31, 2025, 2024, and 2023, contract assets consist of accounts receivable in the amount of \$83,536, \$90,592, and \$60,141, respectively. As of December 31, 2025, 2024, and 2023, contract liabilities consist of deferred revenue in the amount of \$792, \$27,908, and \$32,970, respectively.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized as revenue in the period received or pledged. All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. Contributions to be received after one year are discounted to reflect the time value of money. Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. There were no conditional promises to give as of December 31, 2025 and 2024.

Functional Allocation of Expense

Salaries and related expenses are allocated to the program and supporting services based on actual time employees spend on each function. The remaining expenses are allocated as a percentage of direct labor hours devoted to that function or using another systematic methodology.

Tax-Exempt Status

The Institute qualifies as a tax-exempt organization described in Section 501(c)(3) and is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. As such, it is subject to federal and state income taxes on net unrelated business income. The Institute currently has no unrelated business income.

The Institute follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

Leases

The Institute leases office space and office equipment for general operations. The Institute determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liabilities on the statements of financial position. ROU assets represent the Institute's right to use an underlying asset for the lease term and lease liabilities represent the Institute's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Institute uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Institute has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheets.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Transactions

During the years ended December 31, 2025 and 2024, the Institute received contributions totaling approximately \$18,600 and \$15,100, respectively, from members of our board of directors

Financial Instruments and Credit Risk

The Institute manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed 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 Institute had approximately \$28,000 and \$154,000, respectively, in excess of FDIC insurance limits. To date, the Institute has not experienced losses in any of these accounts.

Subsequent Events

Subsequent events have been evaluated through May 19, 2026, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

The Institute receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Institute manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Institute has a liquidity goal to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Institute has a goal to target a year-end balance of reserves of unrestricted, undesignated net assets at approximately 120 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 LIQUIDITY (CONTINUED)

The level of liquidity and reserves was managed within these requirements as of December 31:

	2025	2024
Financial Assets:		
Cash and Equivalents	\$ 330,553	\$ 408,751
Accounts Receivable, Net	102,578	123,092
Grants Receivable, Net	70,177	1,101,799
Investments	3,175,826	3,620,682
Total Financial Assets	3,679,134	5,254,324
Less:		
Donor-Imposed Restrictions	(2,165,361)	(3,161,839)
Net Financial Assets	\$ 1,513,773	\$ 2,092,485

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Institute has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities, whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Institute has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in nonactive markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability; and prices for similar assets or liabilities in active markets;
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability for similar assets or liabilities in active markets.

SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Financial assets and liabilities, whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability. Securities valued using Level 3 inputs include funds held on behalf of the Institute at The Minneapolis Foundation. The inputs used to determine the funds held are based on the underlying value of the holdings as well as the Institute’s proportionate share of The Master Fund at The Minneapolis Foundation.

The following tables present a summary of investment holdings as of December 31. The tables also present the fair value hierarchy for the balances of the assets of the Institute measured at fair value on a recurring basis as of December 31:

	2025				
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Beneficial Interest in Assets					
Held by Others	\$ -	\$ -	\$ 36,341	\$ -	\$ 36,341
ETFs and Mutual Funds	1,016,980	-	-	-	1,016,980
U.S Treasury Notes	2,152,352	-	-	-	2,152,352
Money Market Funds	-	-	-	6,494	6,494
Total	<u>\$ 3,169,332</u>	<u>\$ -</u>	<u>\$ 36,341</u>	<u>\$ 6,494</u>	<u>\$ 3,212,167</u>
	2024				
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Beneficial Interest in Assets					
Held by Others	\$ -	\$ -	\$ 34,236	\$ -	\$ 34,236
ETFs and Mutual Funds	965,829	-	-	-	965,829
U.S Treasury Notes	2,638,422	-	-	-	2,638,422
Money Market Funds	-	-	-	16,431	16,431
Total	<u>\$ 3,604,251</u>	<u>\$ -</u>	<u>\$ 34,236</u>	<u>\$ 16,431</u>	<u>\$ 3,654,918</u>

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables describe the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at December 31, 2025	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Assets Held by Others	<u>\$ 36,341</u>	FMV of Assets	Value of Underlying Assets

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at December 31, 2024	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Assets Held by Others	<u>\$ 34,236</u>	FMV of Assets	Value of Underlying Assets

NOTE 4 RECEIVABLES

The following is a summary of the Institute's receivables at December 31, 2025:

	Accounts Receivable	Grants Receivable
Amounts Due in:		
Less than One Year	\$ 132,465	\$ 70,177
Total	132,465	70,177
Less: Allowance for Doubtful Accounts	(29,887)	-
Receivables, Net	<u>\$ 102,578</u>	<u>\$ 70,177</u>

The following is a summary of the Institute's receivables at December 31, 2024:

	Accounts Receivable	Grants Receivable
Amounts Due in:		
Less than One Year	\$ 135,728	\$ 1,101,799
Total	135,728	1,101,799
Less: Allowance for Doubtful Accounts	(12,636)	-
Receivables, Net	<u>\$ 123,092</u>	<u>\$ 1,101,799</u>

At December 31, 2025, one organization comprised 100% of grants receivable. At December 31, 2024, three organizations comprised 80% of grants receivable.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at December 31:

	2025	2024
Purpose Restrictions:		
Chan Zuckerberg Initiative	\$ -	\$ 768,926
Templeton Foundation - Cultivating Character	-	331,772
Lilly Foundation - Tools for Thriving	411,424	556,120
Annie E. Casey Foundation - YES 2.0	-	10,378
Oak Foundation - Developmental Relationships	282,719	524,939
Bezos Family Foundation - Summer Scholars Program	-	76,298
Union Presbyterian Seminary - Translating Pediatric Chaplains' Relational Practices	151,662	-
Seattle Foundation - Adolescent Science	44,704	-
Richard King Mellon Foundation - Social Capital Convening	86,574	-
Luka Doncic Foundation - Total Hoops Curriculum	252,403	-
Spring Point Partners - Transformational Change	243,134	-
Youth Training Program	656,400	859,170
Total Purpose Restrictions	2,129,020	3,127,603
Beneficial Interest in Assets Held by Others	36,341	34,236
Total Net Assets With Donor Restrictions	\$ 2,165,361	\$ 3,161,839

Net Assets Released from Restrictions

	2025	2024
Purpose Restriction	\$ 2,210,665	\$ 3,894,892
Time Restriction	-	500,000
Total Net Assets Released from Restrictions	\$ 2,210,665	\$ 4,394,892

NOTE 6 RETIREMENT PLAN

The Institute sponsors a 403(b) retirement plan for all eligible employees. The Institute matches contributions at 3% of employee contributions with a cap of \$1,500 per employee. Employees must be 21 years of age and work at the Institute for three months prior to receiving matching contributions. Total contributions by the Institute for the years ended December 31, 2025 and 2024 were \$46,184 and \$53,721, respectively.

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 7 LEASES

The Institute leases office space, storage space, and certain office equipment with various terms under long-term, noncancellable lease arrangements. The Institute entered into an operating lease agreement for office space in Minneapolis, Minnesota, beginning in 2017. The lease has an 87-month term with annually escalating lease payments through this term ending February 28, 2025. The Institute also leases storage space in an operating lease arrangement with a term beginning August 1, 2021, through February 28, 2025.

In 2024, the Institute entered into a new operating lease for office space, with a lease term commencing December 1, 2024 through November 30, 2027. Lease payments began at \$4,583 per month and escalate annually on the anniversary of the commencement date.

The following table provides quantitative information concerning the Institute's leases for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Lease Costs:		
Operating Lease Costs	\$ 76,985	\$ 80,131
Total Lease Costs	<u>\$ 76,985</u>	<u>\$ 80,131</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 74,981	\$ 128,452
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 167,145
Weighted-Average Remaining Lease Term - Operating Leases	1.8 Years	2.5 Years
Weighted-Average Discount Rate - Operating Leases	4.11%	3.77%

The Institute classified 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	\$ 65,678
2027	62,405
Total Lease Payments	128,083
Less: Imputed Interest	(4,743)
Present Value of Lease Liabilities	<u>\$ 123,340</u>

**SEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 8 FUTURE OPERATIONS

Search Institute acknowledges it has experienced net operating losses and reductions to net assets for the current and two previous years. Consequently, management has deployed a highly resilient strategy, securing future sustainability.

Management rigorously analyzed programs and operations as well as the shifting funding landscape, and, with support from its Board of Trustees, implemented intentional changes to our operating strategy to support a period of transition toward a new impact-focused and sustainable model. Key elements of the approach include:

1. A new Mission, Vision, and Strategic Direction, enabling the Institute to both reimagine the next phase of work in the Positive Youth Development movement while also enabling us to continue as a going concern.
2. Through a variety of thoughtful and strategic decisions, reducing operating expenses significantly (2026 budgeted expenses are over 45% lower than 2024 actual) while maintaining mission impact.
3. Shifting our organizational structure and investing in a new position of Chief Growth Officer in 2026 to drive alignment between our new Strategic Direction and a sustainable revenue model.
4. An intentional evolution in our funding sources, acknowledging a dramatic shift in our funding landscape over the past few years, resulting in shorter-timeframe projects and relational-based funding during this transition period. We have seen success with this shift, although we acknowledge it results in a much lower Net Asset position than The Organization experienced in recent prior years.

Management acknowledges the uncertainty inherent with some of their plans but expects the Institute's operations and programming to continue for the foreseeable future and has concluded the substantial doubt from the conditions described above has been alleviated. Accordingly, these financial statements have been prepared on a going concern basis.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.