Youth Service Bureau, Inc.

Financial Statements
December 31, 2023 with Comparative Totals for 2022

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FOLEY
KALSEIM
& COMPANY, LTD.
Certified Public Accountants

The Board of Directors
Youth Service Bureau, Inc.
Stillwater, MN

Opinion

We have audited the accompanying financial statements of Youth Service Bureau, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year 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 Youth Service Bureau, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Youth Service Bureau, Inc.'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 Youth Service Bureau, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Youth Service Bureau, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foley Kalseim & Company, Ltd.

Lake Elmo, MN
July 11, 2024

YOUTH SERVICE BUREAU, INC.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,269,335	$ 1,346,813
Investments	650,973	624,480
Client fees receivable, net of allowance	4,310	9,460
Other receivables	5,745	2,737
Grants receivable	59,516	24,896
Prepaid expenses	12,329	11,731
Total current assets	2,002,208	2,020,117
PROPERTY AND EQUIPMENT		
Buildings and improvements	716,210	688,701
Furniture and equipment	64,430	64,430
	780,640	753,131
Less accumulated depreciation	(705,126)	(697,333)
Total property and equipment	75,514	55,798
OTHER ASSETS		
Long-term grants receivable	120,000	-
Security deposit	5,267	5,267
UST unemployment fund - restricted cash	8,029	20,631
Operating lease right-of-use asset	65,472	132,086
Total other assets	198,768	157,984
Total assets	$ 2,276,490	$ 2,233,899
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 11,731	$ 11,132
Accrued salaries, benefits and payroll taxes	45,658	39,309
Accrued vacation	18,082	20,021
Deferred revenue	-	65,755
Operating lease liability - current portion	66,653	67,128
Total current liabilities	142,124	203,345
LONG-TERM LIABILITIES		
Operating lease liability	-	67,358
Total long-term liabilities	-	67,358
NET ASSETS		
Without donor restrictions	1,990,507	1,798,140
With donor restrictions	143,859	165,056
Total net assets	2,134,366	1,963,196
Total liabilities and net assets	$ 2,276,490	$ 2,233,899

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2023 with Comparative Totals for 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
GRANTS, SUPPORT AND REVENUE				
Client fees, net of insurance adjustments	$ 170,100	$ -	$ 170,100	$ 218,040
Public support				
Washington County	186,617	-	186,617	233,273
ERC grant	145,752	-	145,752	-
School - based contracts	237,189	-	237,189	301,586
Municipalities	66,391	-	66,391	60,679
United Way	37,466	-	37,466	45,200
Private contributions	453,431	40,000	493,431	342,664
In-kind contributions	-	-	-	240
Total public support	1,126,846	40,000	1,166,846	983,642
Other revenue and (expenses)				
Rental income, net	19,005	-	19,005	16,730
Investment income, net of fees	56,063	-	56,063	(26,954)
Special events revenue	48,502	-	48,502	35,655
Special events expense	(10,196)	-	(10,196)	(7,536)
Gain (loss) on disposal of fixed assets	(766)	-	(766)	-
Other revenue	1,782	-	1,782	(146)
Total other revenue and (expenses)	114,390	-	114,390	17,749
Net assets released from restrictions	61,197	(61,197)	-	-
Total grants, support and revenue	1,472,533	(21,197)	$ 1,451,336	1,219,431
EXPENSES				
Program expenses	933,744	-	933,744	726,853
Management and general	269,429	-	269,429	424,414
Fundraising	76,993	-	76,993	55,799
Total expenses	1,280,166	-	1,280,166	1,207,066
Change in net assets	192,367	(21,197)	171,170	12,365
NET ASSETS				
Beginning of year	1,798,140	165,056	1,963,196	1,950,831
End of year	$ 1,990,507	$ 143,859	$ 2,134,366	$ 1,963,196

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2023 with Comparative Totals for 2022

	Program Services						Supporting Services				
	Diversion	Family Counseling	School-Based Services	Youth and Family Education	Military Family	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2023	Total 2022
Salaries	$ 73,359	$ 228,015	$ 227,511	$ 7,935	$ 7,742	$ 544,562	$ 186,004	$ 23,611	$ 209,615	$ 754,177	$ 755,905
Payroll taxes	5,618	17,463	17,425	608	593	41,707	14,246	1,808	16,054	57,761	56,678
Benefits	15,753	27,726	30,173	892	962	75,506	27,934	1,766	29,700	105,206	87,537
Total salaries and related expenses	94,730	273,204	275,109	9,435	9,297	661,775	228,184	27,185	255,369	917,144	900,120
Advertising	19	38	38	4	5	104	16	6	22	126	2,249
Bank charges and fees	218	1,354	-	-	-	1,572	155	143	298	1,870	3,048
Computer services and supplies	3,047	9,060	7,144	693	553	20,497	4,913	1,766	6,679	27,176	15,538
Dues and subscriptions	280	1,005	561	65	75	1,986	796	2,841	3,637	5,623	4,770
Educational programs	12	44	84	3	572	715	10	4	14	729	312
Insurance	3,303	6,695	6,606	771	881	18,256	2,753	1,101	3,854	22,110	20,317
Interpreter services	480	-	-	-	-	480	-	-	-	480	-
Meeting expense	200	498	392	42	48	1,180	316	60	376	1,556	596
Minnesota care tax	-	2,165	-	-	-	2,165	-	-	-	2,165	2,958
Miscellaneous	75	149	149	18	20	411	62	25	87	498	1,457
Postage and delivery	184	369	369	43	49	1,014	154	61	215	1,229	889
Printing and reproduction	687	1,014	1,014	76	123	2,914	452	109	561	3,475	2,966
Professional fees	8,947	39,576	20,779	1,657	853	71,812	13,964	37,208	51,172	122,984	83,162
Recognition committee	-	54	25	-	-	79	39	-	39	118	-
Rent	9,740	19,481	19,481	2,273	2,597	53,572	8,117	3,247	11,364	64,936	67,858
Repairs and maintenance	4,182	8,364	8,364	976	1,115	23,001	3,485	1,394	4,879	27,880	19,729
Security	116	232	232	27	31	638	97	39	136	774	1,123
Staff development	1,775	3,439	2,525	879	-	8,618	885	-	885	9,503	4,666
Sliding scale adjustment	-	24,950	-	-	-	24,950	-	-	-	24,950	22,816
Supplies	442	884	1,353	103	118	2,900	891	147	1,038	3,938	3,804
Telephone	2,398	4,795	4,795	559	639	13,186	1,998	799	2,797	15,983	19,284
Travel	299	598	598	70	80	1,645	249	100	349	1,994	2,862
Utilities	1,664	3,328	3,328	388	444	9,152	1,387	555	1,942	11,094	12,739
Bad debt	-	7,779	-	-	-	7,779	-	-	-	7,779	7,191
Total expenses before depreciation	132,798	409,075	352,946	18,082	17,500	930,401	268,923	76,790	345,713	1,276,114	1,200,454
Depreciation	609	1,215	1,215	142	162	3,343	506	203	709	4,052	6,612
Total expenses	$ 133,407	$ 410,290	$ 354,161	$ 18,224	$ 17,662	$ 933,744	$ 269,429	$ 76,993	$ 346,422	$ 1,280,166	$ 1,207,066

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 171,170	$ 12,365
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debts	7,779	7,191
Depreciation	8,794	11,148
(Gain) loss on sale of fixed assets	766	-
Realized and unrealized (gains) and losses	4,749	62,089
Reinvested dividends and interest, net of fees	(41,168)	(33,236)
Cash paid (received) for operating lease expense	(1,219)	2,399
Changes in operating assets and liabilities:		
Grants receivable	(154,620)	7,763
Other receivable	(3,008)	(2,737)
Client fee receivables	(2,629)	6,113
Prepaid expenses	(598)	2,589
Accounts payable	599	6,136
Accrued salaries, benefits and taxes	6,349	11,345
Accrued vacation	(1,939)	(4,550)
Deferred revenue	(65,756)	65,756
Net cash flows from operating activities	(70,731)	154,371
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net of sales	9,927	760
Purchase of property and equipment	(29,276)	(2,724)
Net cash flows from investing activities	(19,349)	(1,964)
Net change in cash and cash equivalents	(90,080)	152,407
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	1,367,444	1,215,037
End of year	$ 1,277,364	$ 1,367,444

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Youth Service Bureau, Inc. (the Organization) is a community supported, nonprofit agency offering professional counseling services, chemical health support, and diversion services to young people and their families. The mission is to help youth and families learn the skills they need to be more successful at home, in school and throughout the community. Major sources of revenue are from state, county and local government units, client fees, private donations and local United Ways. The Organization charges a sliding fee scale to clients based on their ability to pay.

Description of Programs: The following programs are offered at service sites located in Stillwater, Woodbury, and Cottage Grove, Minnesota.

Youth-Focused Family Counseling - Individual, family, and group counseling services intended to provide youth, ages 5-25, and their families with affordable, accessible, and effective care. Including chemical health, parenting, teen anxiety and depression, use of e-cigarettes, bullying, cyber-bulling and so much more.

Military Family Support Program - Assists families of deployed service members with respect to mental health. The program provides education, resources, and practical tools that parents and caregivers can use during deployments, and afterward.

Diversion Services - A number of programs designed to provide an early intervention and diversion alternative to juvenile court for youth involved in delinquent or concerning behavior. Programs include victim offender mediation services, community work service, and behavior specific education interventions that address theft, assault, and chemical use.

Chemical and Mental Health School-Based Services – A program to help students stay in school and perform well academically. The Organization partners with schools to provide chemical and mental health clinical services, and education for students, school staff, families, and the local community.

Youth and Family Education – The Organization offers classes, expert speakers, and a newsletter on youth development and related topics, including anxiety and depression, bullying, chemical use and prevention strategies, and social media awareness.

Income Tax Status: The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is a nonprofit corporation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Basis of Accounting: The Organization uses the accrual basis of accounting in accordance with generally accepted accounting principles, whereby revenue and support are recognized when earned and expenses are recognized when incurred.

Revenue Recognition: Contributions, including unconditional promises to give are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization provides counseling services and bills clients' insurance providers for these services. As a result, any insurance adjustments are netted with client fees on the Statements of Activities and Changes in Net Assets. The amount of insurance adjustments net with client fees was $60,059 and $69,799 for the years ended December 31, 2023 and 2022, respectively. The Organization also provides a "sliding fee" adjustment for clients if household income is below certain thresholds. These amounts are reported as a program expenses in the Statements of Functional Expenses.

We have analyzed the provisions of the FASB's ACS Topic 606, *Revenue from Contracts with Customers,* and have concluded that no changes are necessary to conform with the new provisions.

Financial Statement Presentation: Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

> Net assets without donor restrictions: Net assets currently available at the discretion of the Board for use in the Organization's operations, and those resources invested in land, buildings and equipment.
>
> Net assets with donor restrictions: Grants and other contributions with explicit donor restrictions which specify how the gifts are to be used, including net assets restricted by donors in perpetuity as endowments or irrevocable trusts. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables: Accounts receivable are stated at net realizable value. Bad debts 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. No interest is charged on past due accounts. At December 31, 2023 and 2022, an allowance of $15,000 and $25,000, respectively has been provided.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment and Depreciation: The Organization capitalizes all expenditures in excess of $2,500 for property and equipment at cost. Prior to 2017, they had capitalized property and equipment in excess of $1,000. Contributed property and equipment is recorded at fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, or contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restriction when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Depreciation is computed as follows:

	Life	Method
Buildings	20 Years	Straight Line
Improvements	5 to 20 Years	Straight Line
Furniture & Equipment	5 Years	Straight Line

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to $8,794 and $11,148, respectively. A portion of this depreciation expense was net with rental income.

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

The cost of maintenance and repairs is expensed as incurred.

Functional Allocation of Expenses: Expenses by function have been allocated among program and supporting service classifications. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort, as well as depreciation and occupancy which are allocated on a square footage basis. Insurance costs are allocated on the basis of specific type.

Cash, Cash Equivalents, and Restricted Cash: For the purpose of the statement of cash flows, cash and cash equivalents consist of money market accounts and any highly liquid debt instruments purchased with an initial maturity of three months or less. Restricted cash consists of the UST unemployment fund (see note 12).

The Organization places its temporary cash investments with several financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Uninsured balances were $430,144 and $538,670 at December 31, 2023 and 2022, respectively. No losses have been recognized by the Organization.

Donated Services, Materials and Equipment: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During the years ended December 31, 2023 and 2022 donated services and materials to the Organization included the following:

	2023	2022
Donated Supplies	$ -	$ 240

Government Grants and Contracts: Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government 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 Organization will record such disallowance at the time the final assessment is made.

Accrued Compensated Absences: Accrued compensated absences consist of accrued vacation time. Vacation time accrues to employees based on their term of employment. Vacation time pay is recorded as an expense and liability in the period earned. Employees may carry over up to a maximum of 80 hours of accrued vacation time from the previous year.

Comparative Financial Statements: The financial statements include certain prior year summarized comparative information in total but neither by net asset class nor by functionalized expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which summarized information was derived.

Investments: The Organization's investments consist of mutual funds which are recorded at market value.

Advertising: Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2023 and 2022 were $126 and $2,249, respectively.

2. INVESTMENTS

The Organization's investments at December 31, 2023 and 2022 consist of marketable securities stated at fair value as summarized below:

	2023	2022
Mutual Funds	$ 650,973	$ 624,480

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2023 and 2022.

	2023	2022
Interest, Dividends, Cap Gains	$ 65,701	$ 39,885
Unrealized Gains (Losses)	(4,749)	(62,089)
Less Fees	(4,889)	(4,750)
Totals	$ 56,063	$ (26,954)

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 are available for the following purposes or periods:

	2023	2022
Youth and Family Education	$ 11,000	$ 11,000
Chemical Health	59,475	60,065
Military Families	19,055	22,155
School-Based Services	54,329	71,836
Totals	$ 143,859	$ 165,056

4. LEASE COMMITMENTS

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC Topic 842), which is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months from the date of the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. This standard is effective for financial statements issued for annual and interim periods beginning after December 15, 2021.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization’s balance sheet but did not have a material impact on the income statement. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Organization to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of $132,086 and an increase in other current liabilities of $134,486.

The Organization leases approximately 1,800 square feet of office space located at 7876 Hudson Road, Woodbury, Minnesota under an operating lease. The current lease requires monthly payments of $2,700 through November 25, 2024.

The Organization entered into an operating lease at 6120 Oren Avenue North, Stillwater, Minnesota, which began on December 13, 2019. The lease requires a monthly payment of $2,958 through December 13, 2023, and then increases to monthly payments of $3,017 through December 13, 2024.

The following summarizes the line items in the balance sheets which include amounts for operating leases as of December 31, 2023:

Operating lease right-of-use assets	$ 65,472
Operating lease liabilities	$ 66,653

We elected to use the risk free rate as the discount rate for these leases. That rate was 1.26% as reported by the U.S. Treasury as of January 1, 2022.

4. LEASE COMMITMENTS (CONTINUED)

The maturities of operating lease liabilities as of December 31, 2023 were as follows:

Year Ending December 31, 2024		
	$	65,904
Plus: difference in actual lease payments vs straight line expense		749
Present value of lease liabilities	$	66,653

5. RETIREMENT PLAN

On January 1, 2008 the Organization adopted a 403(b) thrift plan (the plan) covering all employees. Employees are eligible for employer matching contributions after completing one year of service. The Organization matches employee contributions up to 4% of their gross pay. Employer contributions are subject to a vesting schedule. Matching expense under the plan for the years ended December 31, 2023 and 2022 was $15,187 and $11,317, respectively.

6. LEASING ACTIVITIES

The Organization leased to two tenants under operating leases for office space located at 7065 West Point Douglas Road, Cottage Grove, Minnesota. Both leases were renewed in 2023. The terms of one lease calls for monthly payments of $2,682 through December 31, 2023. The payments will increase annually until the lease ends on December 31, 2025. The other lease calls for monthly payments of $528 through December 31, 2023 with an annual increase until the lease ends on December 31, 2025. In addition, the leases call for common area maintenance fees and prorated property tax reimbursements. Rental income is reported net of related expenses and depreciation of $4,560 and $4,536, for the years ended December 31, 2023 and 2022, respectively.

The following is a schedule by years of future minimum rentals under the leases at December 31, 2023:

Year Ending December 31,		
2024	$	22,976
2025		23,665
	$	46,641

7. CONCENTRATIONS

For the years ended December 31, 2023 and 2022 the Organization received approximately 19% and 24%, respectively, of their total revenue from state, county and local governmental units. A significant reduction in this funding could materially affect the activities of the Organization.

8. FAIR VALUE OF INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

8. FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2 Fair Value Measurements
Inputs to the valuation methodology include; 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in inactive markets; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurement
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual, Index and Exchange-Traded Funds: Values at the daily closing prices as reported by the fund. Mutual and index funds held by the Organization are open-end funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual and index funds held by the Organization are deemed to be actively traded.

Fair values of assets measured on a recurring basis at December 31, 2023 and 2022 as follows:

	Fair Value Measurements at Reporting Using	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2023		
Mutual Funds		
Index Funds - St. Croix Valley Fdn	$ 79,845	$ 79,845
Equity Funds	404,364	404,364
Exchange-Traded Funds		
Fixed Funds	166,764	166,764
	$ 650,973	$ 650,973
December 31, 2022		
Mutual Funds		
Index Funds – St. Croix Valley Fdn	$ 68,859	$ 68,859
Equity Funds	389,190	389,190
Exchange-Traded Funds		
Fixed Funds	166,431	166,431
	$ 624,480	$ 624,480

9. INCOME TAXES

The Organization has evaluated for uncertain tax positions and management has expressed there are no uncertain tax positions as of December 31, 2023. Tax returns for the past three years remain open for examination by tax jurisdictions.

10. ST. CROIX VALLEY FOUNDATION

The Organization established a long-term fund with the St. Croix Valley Foundation (SCVF) in 2001. The fair market value of the fund is included in the Organization's investments. During 2007, SCVF initiated a matching grant program called Partners for the Future in which the Organization was awarded $25,000. The initial matching funds, plus additional gifts from SCVF donors, are an asset of the SCVF and not the Organization's, and as a result are not reported in the Organization's financial statements. The Organization is entitled to the annual spendable amount which is 5% of the average past sixteen quarters' fund balance. The annual spendable amount can be used by the Organization or transferred to the long-term fund established at the SCVF and as a result would increase the Organization's investments. As of December 31, 2023 and 2022, the spendable amount from the SCVF matching grant is $3,278 and $3,252, respectively.

11. GRANTS RECEIVABLE

Grants receivable as of December 31, 2023 and 2022 consist of $179,516 and $24,896, respectively, to be received in one year or less and consist of the following:

	2023	2022
United Way	$ 18,605	$ 13,587
Private Foundations	160,911	11,309
Total	$ 179,516	$ 24,896

No discount has been applied to the long-term pledge receivable of $120,000 at December 31, 2023 as it was determined to be immaterial.

12. UST UNEMPLOYMENT FUND

The Organization has an unemployment fund with an unemployment management company. The Organization has determined that the contributions to the fund are a restricted cash asset of the Organization as upon severance the fund returns the account balance. Any unemployment claims are paid from this fund. During 2023 and 2022 there were claims paid in the amount of $13,733 and $3,415 in 2023 and 2022, respectively, from this fund. At December 31, 2023 and 2022 the balance in this fund was $8,029 and $20,631, respectively.

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2023	2022
Financial assets at year-end	$ 1,997,908	$ 2,029,017
Less those unavailable for general expenditures Within one year, due to:		
Restricted cash – UST fund	8,029	20,631
Donor-restricted for youth and family education	11,000	11,000
Donor-restricted for chemical health	59,475	60,065
Donor-restricted for military families	19,055	22,155
Donor-restricted for school-based therapy	54,130	71,637
Donor-restricted for school-based mental health	199	199
Financial assets available to meet cash needs for general expenditure within one year	$ 1,846,020	$ 1,843,330

As part of the Organization's liquidity management, it invests in cash and fixed income securities. The Organization does not have any loan commitments as of December 31, 2023 and 2022, respectively.

14. BOARD RESOLUTIONS

During 2018, the Organization adopted the following resolution:

<u>Capital Structure Guidelines:</u>

- Retain up to 50% of annual operating expense budget in FDIC insured checking and money market accounts readily accessible to meet operating needs; and
- Remaining cash balance will be managed in the following manner:
    - One half in low risk bond investments; and
    - One half in equity income mutual funds

15. ORGANIZATIONAL INFORMATION RELATING TO STATEMENT OF FINANCIAL ACCOUNTING STANDARDS 116

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 116 (SFAS 116) in June, 1993 to establish accounting standards for contributions received by all entities who receive or make contributions. Part of SFAS 116 was to differentiate contribution revenue from earned revenue due to contribution revenue being nonreciprocal and earned revenue being reciprocal (an exchange transaction.) As a result, promises to give are recorded as pledges receivable at fair value when the promise is received, even if the donor restricts the promised contribution to use in a future period, and even if the promise will not be paid until a future period.

16. EMPLOYEE RETENTION CREDIT

Under the provision of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. The Organization applied for and received an employee retention credit of $145,752 during the year ended December 31, 2023. The credit received was a refund of the Organization’s social security taxes paid during the year ended December 31, 2021. The credit is recognized as a government grant. Since the Organization was not aware they were eligible to receive the credit prior to 2023, they have decided to reflect the receipt on a prospective basis and making a prior period adjustment would not be necessary. The credit has been received in full as of December 31, 2023.

17. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 11, 2024, the date the financial statements were issued.