

Youth Service Bureau, Inc.

Financial Statements  
December 31, 2024 with Comparative Totals for 2023

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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, 2024, 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, 2024, 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.

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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Foley Kalson & Company Ltd.*

Lake Elmo, MN  
July 24, 2025

YOUTH SERVICE BUREAU, INC.  
Statements of Financial Position  
December 31, 2024 and 2023

ASSETS

	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,213,311	\$ 1,269,335
Investments	703,656	650,973
Client fees receivable, net of allowance	98,213	4,310
Other receivables	809	5,745
Grants receivable	66,286	59,516
Prepaid expenses	17,505	12,329
Total current assets	2,099,780	2,002,208
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and improvements	781,660	716,210
Furniture and equipment	64,430	64,430
	846,090	780,640
Less accumulated depreciation	(714,113)	(705,126)
Total property and equipment	131,977	75,514
<b>OTHER ASSETS</b>		
Long-term grants receivable	90,000	120,000
Security deposit	5,267	5,267
UST unemployment fund - restricted cash	8,841	8,029
Operating lease right-of-use asset	-	65,472
Total other assets	104,108	198,768
Total assets	\$ 2,335,865	\$ 2,276,490
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,141	\$ 11,731
Accrued salaries, benefits and payroll taxes	49,677	45,658
Accrued vacation	18,908	18,082
Deferred revenue	1,000	-
Operating lease liability - current portion	-	66,653
Total current liabilities	86,726	142,124
<b>NET ASSETS</b>		
Without donor restrictions	2,072,791	1,990,507
With donor restrictions	176,348	143,859
Total net assets	2,249,139	2,134,366
Total liabilities and net assets	\$ 2,335,865	\$ 2,276,490

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.  
Statements of Activities and Changes in Net Assets  
For the Year Ended December 31, 2024 with Comparative Totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
<b>GRANTS, SUPPORT AND REVENUE</b>				
Client fees, net of insurance adjustments	216,145	-	216,145	170,100
Public support				
Washington County	194,083	-	194,083	186,617
ERC grant	-	-	-	145,752
School - based contracts	273,434	-	273,434	237,189
Municipalities	66,495	-	66,495	66,391
United Way	32,786	-	32,786	37,466
Private contributions	434,255	53,500	487,755	493,431
In-kind contributions	1,610	-	1,610	-
Total public support	<u>1,002,663</u>	<u>53,500</u>	<u>1,056,163</u>	<u>1,166,846</u>
Other revenue and (expenses)				
Rental income, net	17,308	-	17,308	19,005
Investment income, net of fees	78,601	-	78,601	56,063
Special events revenue	56,529	-	56,529	48,502
Special events expense	(16,536)	-	(16,536)	(10,196)
Gain (loss) on disposal of fixed assets	-	-	-	(766)
Other revenue	110	-	110	1,782
Total other revenue and (expenses)	<u>136,012</u>	<u>-</u>	<u>136,012</u>	<u>114,390</u>
Net assets released from restrictions	<u>21,011</u>	<u>(21,011)</u>	<u>-</u>	<u>-</u>
Total grants, support and revenue	<u>1,375,831</u>	<u>32,489</u>	<u>1,408,320</u>	<u>1,451,336</u>
<b>EXPENSES</b>				
Program expenses	958,498	-	958,498	933,744
Management and general	254,488	-	254,488	269,429
Fundraising	80,561	-	80,561	76,993
Total expenses	<u>1,293,547</u>	<u>-</u>	<u>1,293,547</u>	<u>1,280,166</u>
Change in net assets	82,284	32,489	114,773	171,170
<b>NET ASSETS</b>				
Beginning of year	<u>1,990,507</u>	<u>143,859</u>	<u>2,134,366</u>	<u>1,963,196</u>
End of year	<u>\$ 2,072,791</u>	<u>\$ 176,348</u>	<u>\$ 2,249,139</u>	<u>\$ 2,134,366</u>

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.  
Statements of Functional Expenses  
For the Year Ended December 31, 2024 with Comparative Totals for 2023

	Program Services					Supporting Services				Total 2024	Total 2023
	Diversion	Family Counseling	School- Based Services	Youth and Family Education	Military Family	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 76,102	\$ 270,864	\$ 238,036	\$ 8,988	\$ 9,843	\$ 603,833	\$ 185,954	\$ 28,558	\$ 214,512	\$ 818,345	\$ 754,177
Payroll taxes	5,840	20,787	18,267	690	755	46,339	14,270	2,192	16,462	62,801	57,761
Benefits	14,581	19,882	34,045	1,120	1,120	70,748	25,909	1,807	27,716	98,464	105,206
Total salaries and related expenses	96,523	311,533	290,348	10,798	11,718	720,920	226,133	32,557	258,690	979,610	917,144
Advertising	81	162	162	19	22	446	68	27	95	541	126
Bank charges and fees	304	1,424	259	30	35	2,052	108	224	332	2,384	1,870
Computer services and supplies	2,203	7,599	5,799	670	540	16,811	2,336	1,507	3,843	20,654	27,176
Dues and subscriptions	377	2,032	653	76	87	3,225	271	4,522	4,793	8,018	5,623
Educational programs	103	88	88	21	21	321	316	98	414	735	729
Insurance	3,470	7,065	6,940	810	925	19,210	2,892	1,157	4,049	23,259	22,110
Interpreter services	-	-	-	-	-	-	-	-	-	-	480
Meeting expense	76	39	39	12	112	278	236	16	252	530	1,556
Minnesota care tax	-	2,936	-	-	-	2,936	-	-	-	2,936	2,165
Miscellaneous	-	-	-	-	-	-	-	-	-	-	498
Postage and delivery	134	268	268	31	36	737	111	45	156	893	1,229
Printing and reproduction	716	1,432	1,432	167	204	3,951	597	239	836	4,787	3,475
Professional fees	4,597	32,621	17,297	908	383	55,806	7,160	34,435	41,595	97,401	122,984
Recognition committee	83	537	133	25	25	803	500	33	533	1,336	118
Rent	9,844	19,687	19,687	2,297	2,625	54,140	8,203	3,281	11,484	65,624	64,936
Repairs and maintenance	2,319	4,638	4,638	541	618	12,754	1,932	773	2,705	15,459	27,880
Security	15	31	31	4	4	85	13	5	18	103	774
Staff development	(26)	(534)	(1,449)	(674)	-	(2,683)	(496)	-	(496)	(3,179)	9,503
Sliding scale adjustment	-	33,160	-	-	-	33,160	-	-	-	33,160	24,950
Supplies	301	778	601	70	80	1,830	251	100	351	2,181	3,938
Telephone	2,538	5,076	5,076	592	677	13,959	2,115	846	2,961	16,920	15,983
Travel	379	758	758	88	101	2,084	316	126	442	2,526	1,994
Utilities	1,144	2,288	2,288	267	305	6,292	953	381	1,334	7,626	11,094
Bad debt	-	6,260	-	-	-	6,260	-	-	-	6,260	7,779
Total expenses before depreciation	125,181	439,878	355,048	16,752	18,518	955,377	254,015	80,372	334,387	1,289,764	1,276,114
Depreciation	568	1,135	1,135	132	151	3,121	473	189	662	3,783	4,052
Total expenses	\$ 125,749	\$ 441,013	\$ 356,183	\$ 16,884	\$ 18,669	\$ 958,498	\$ 254,488	\$ 80,561	\$ 335,049	\$ 1,293,547	\$ 1,280,166

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.  
Statements of Cash Flows  
For the Years Ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 114,773	\$ 171,170
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debts	6,260	7,779
Depreciation	8,986	8,794
(Gain) loss on sale of fixed assets	-	766
Realized and unrealized (gains) and losses	(5,053)	4,749
Reinvested dividends and interest, net of fees	(57,752)	(41,168)
Operating lease expense	(1,181)	(1,219)
Changes in operating assets and liabilities:		
Grants receivable	23,230	(154,620)
Other receivable	4,936	(3,008)
Client fee receivables	(100,163)	(2,629)
Prepaid expenses	(5,176)	(598)
Accounts payable	5,409	599
Accrued salaries, benefits and taxes	4,019	6,349
Accrued vacation	826	(1,939)
Deferred revenue	1,000	(65,756)
Net cash flows from operating activities	114	(70,731)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments, net of sales	10,124	9,927
Purchase of property and equipment	(65,450)	(29,276)
Net cash flows from investing activities	(55,326)	(19,349)
Net change in cash and cash equivalents	(55,212)	(90,080)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Beginning of year	1,277,364	1,367,444
End of year	\$ 1,222,152	\$ 1,277,364

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2024 with Comparative Totals for 2023

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-bullying 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.

YOUTH SERVICE BUREAU, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2024 with Comparative Totals for 2023  
(continued)

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 \$76,962 and \$60,059 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, an allowance of \$15,000 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.

YOUTH SERVICE BUREAU, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2024 with Comparative Totals for 2023  
(continued)

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, 2024 and 2023 amounted to \$8,986 and \$8,794, 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 multiple financial institutions. Occasionally, these investments may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. As of December 31, 2024, and 2023, all of the Organization's cash that was eligible for FDIC insurance was covered. Cash equivalents amounting to \$493,777 and \$430,144 were not eligible for FDIC insurance as of December 31, 2024, and 2023, respectively. The Organization has not recognized any losses.

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.

During the years ended December 31, 2024 and 2023, the Organization received \$1,610 and \$0 in donated services, respectively.

YOUTH SERVICE BUREAU, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2024 with Comparative Totals for 2023  
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, from which summarized information was derived.

Advertising: Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2024 and 2023 were \$540 and \$128, respectively.

2. INVESTMENTS

The Organization's investments at December 31, 2024 and 2023 consist of marketable securities stated at fair value as summarized below:

	2024	2023
Mutual Funds	\$ 703,656	\$ 650,973

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2024 and 2023.

	2024	2023
Interest, Dividends, Cap Gains	\$ 80,204	\$ 65,701
Unrealized Gains (Losses)	5,054	(4,749)
Less Fees	(6,657)	(4,889)
Totals	\$ 78,601	\$ 56,063

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023 are available for the following purposes or periods:

	2024	2023
Youth and Family Education	\$ 11,000	\$ 11,000
Chemical Health	98,262	59,475
Military Families	12,757	19,055
School-Based Services	54,329	54,329
Totals	\$ 176,348	\$ 143,859

YOUTH SERVICE BUREAU, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2024 with Comparative Totals for 2023  
(continued)

#### 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 lease required monthly payments of \$2,700 through November 25, 2024. For the remainder of 2024, the Organization transitioned to a month-to-month lease with monthly rental payments remaining at \$2,700.

The Organization entered into an operating lease at 6120 Oren Avenue North, Stillwater, Minnesota, which began on December 13, 2019. The lease required a monthly payment of \$2,958 through December 13, 2023, and then increased to monthly payments of \$3,017 through December 13, 2024. At that time, the lease transitioned to a month-to-month agreement with monthly rental payments of \$3,017.

Since neither lease was extended during 2024, there is nothing presented on the statement of financial position for an operating lease right-of-use asset or operating lease liability for the year ended December 31, 2024.

#### 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, 2024 and 2023 was \$8,347 and \$15,187, 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 called for monthly payments of \$3,272 through December 31, 2024. The other lease called for monthly payments of \$382 through December 31, 2024. One tenant decided to end their lease in June 2024, while the other tenant has agreed to fulfill the remaining lease period from June 17th to December 31st, 2025. An amended lease agreement for this period will amount to \$3,621 for June and \$3,336 per month until December 31, 2024. The payment will increase slightly for 2025. In addition, the leases call for maintenance fees and prorated property tax reimbursements. Rental income is reported net of related expenses and depreciation of \$5,203 and \$4,560, for the years ended December 31, 2024 and 2023, respectively.

YOUTH SERVICE BUREAU, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2024 with Comparative Totals for 2023  
(continued)

6. LEASING ACTIVITIES (CONTINUED)

The following is a schedule by years of future minimum rentals under the leases at December 31, 2024:

Year Ending December 31,

2025	\$ 22,265
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7. CONCENTRATIONS

For the years ended December 31, 2024 and 2023 the Organization received approximately 19% and 19%, 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.

*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, 2024 and 2023.

*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.

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8. FAIR VALUE OF INVESTMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at December 31, 2024 and 2023 as follows:

	Fair Value Measurements at Reporting Using	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>December 31, 2024</u>		
Mutual Funds		
Index Funds - St. Croix Valley Fdn	\$ 89,483	\$ 89,483
Equity Funds	446,944	446,944
Exchange-Traded Funds		
Fixed Funds	<u>167,228</u>	<u>167,228</u>
	<u>\$ 703,656</u>	<u>\$ 703,656</u>
<u>December 31, 2023</u>		
Mutual Funds		
Index Funds – St. Croix Valley Fdn	\$ 79,845	\$ 79,845
Equity Funds	404,364	404,364
Exchange-Traded Funds		
Fixed Funds	<u>166,764</u>	<u>166,764</u>
	<u>\$ 650,973</u>	<u>\$ 650,973</u>

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, 2024. 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, 2024 and 2023, the spendable amount from the SCVF matching grant is \$2,012 and \$1,916, respectively.

11. GRANTS RECEIVABLE

Grants receivable as of December 31, 2024 and 2023 consist of \$156,286 and \$179,516, respectively, to be received in one year or less and consist of the following:

	2024	2023
United Way	\$ 16,637	\$ 18,605
Private Foundations	<u>139,649</u>	<u>160,911</u>
Total	<u>\$ 156,286</u>	<u>\$ 179,516</u>

No discount has been applied to the long-term pledge receivable of \$90,000 at December 31, 2024 as it was determined to be immaterial.

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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 2024 and 2023 there were claims paid in the amount of \$0 and \$13,733, respectively, from this fund. At December 31, 2024 and 2023 the balance in this fund was \$8,841 and \$8,029, 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.

	2024	2023
Financial assets at year-end	\$ 2,091,116	\$ 1,997,908
Less those unavailable for general expenditures Within one year, due to:		
Restricted cash – UST fund	8,841	8,029
Donor-restricted for youth and family education	11,000	11,000
Donor-restricted for chemical health	98,262	59,475
Donor-restricted for military families	12,757	19,055
Donor-restricted for school-based therapy	54,130	54,130
Donor-restricted for school-based mental health	199	199
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,905,927	\$ 1,846,020

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, 2024 and 2023, respectively.

14. BOARD RESOLUTIONS

During 2018, the Organization adopted the following resolution:

Capital Structure Guidelines:

- 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

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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 24, 2025 the date the financial statements were issued.