Youth Service Bureau, Inc.

Financial Statements
December 31, 2025 with Comparative Totals for 2024

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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, 2025, 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, 2025, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foley Kalseim & Company, Ltd.

Lake Elmo, MN
June 26, 2026

YOUTH SERVICE BUREAU, INC.
Statements of Financial Position
December 31, 2025 with Comparative Totals for 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 1,247,041	$ 1,213,311
Investments	770,495	703,656
Client fees receivable, net of allowance	45,087	98,213
Other receivables	1,257	809
Grants receivable	47,500	66,286
Prepaid expenses	15,352	17,505
Total current assets	2,126,732	2,099,780
PROPERTY AND EQUIPMENT		
Buildings and improvements	781,660	781,660
Furniture and equipment	68,789	64,430
	850,449	846,090
Less accumulated depreciation	(724,761)	(714,113)
Total property and equipment	125,688	131,977
OTHER ASSETS		
Long-term grants receivable	60,000	90,000
Security deposit	5,267	5,267
UST unemployment fund - restricted cash	13,204	8,841
Operating lease right-of-use asset	69,462	-
Total other assets	147,933	104,108
Total assets	$ 2,400,353	$ 2,335,865

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable	$ 6,667	$ 17,141
Accrued salaries, benefits and payroll taxes	42,317	49,677
Accrued vacation	30,912	18,908
Deferred revenue	11,847	1,000
Operating lease liability - current portion	51,351	-
Total current liabilities	143,094	86,726
LONG-TERM LIABILITIES		
Operating lease liability	18,443	-
Total long-term liabilities	18,443	-
NET ASSETS		
Without donor restrictions	2,049,984	2,072,791
With donor restrictions	188,832	176,348
Total net assets	2,238,816	2,249,139
Total liabilities and net assets	$ 2,400,353	$ 2,335,865

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2025 with Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
GRANTS, SUPPORT AND REVENUE				
Client fees, net of adjustments	$ 152,404	$ -	$ 152,404	$ 182,985
Public support				
Washington County	194,083	-	194,083	194,083
School - based contracts	294,111	-	294,111	273,434
Municipalities	57,289	-	57,289	66,495
United Way	35,000	-	35,000	32,786
Private contributions	296,822	62,500	359,322	487,755
In-kind contributions	-	-	-	1,610
Total public support	877,305	62,500	939,805	1,056,163
Other revenue and (expenses)				
Rental income, net	7,815	-	7,815	17,308
Investment income, net of fees	88,722	-	88,722	78,601
Special events revenue	59,654	-	59,654	56,529
Special events expense	(11,360)	-	(11,360)	(16,536)
Other revenue	50	-	50	110
Total other revenue and (expenses)	144,881	-	144,881	136,012
Net assets released from restrictions	50,016	(50,016)	-	-
Total grants, support and revenue	1,224,606	12,484	1,237,090	1,375,160
EXPENSES				
Program expenses	931,109	-	931,109	925,338
Management and general	233,688	-	233,688	254,488
Fundraising	82,616	-	82,616	80,561
Total expenses	1,247,413	-	1,247,413	1,260,387
Change in net assets	(22,807)	12,484	(10,323)	114,773
NET ASSETS				
Beginning of year	2,072,791	176,348	2,249,139	2,134,366
End of year	$ 2,049,984	$ 188,832	$ 2,238,816	$ 2,249,139

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2025 with Comparative Totals for 2024

	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 2025	Total 2024
Salaries	$ 82,186	$ 256,962	$ 253,768	$ 9,170	$ 13,607	$ 615,693	$ 166,736	$ 24,548	$ 191,284	$ 806,977	$ 818,345
Payroll taxes	6,301	19,699	19,454	703	1,043	47,200	12,782	1,882	14,664	61,864	62,801
Benefits	12,473	31,142	25,818	2,521	2,914	74,868	18,924	3,722	22,646	97,514	98,464
Total salaries and related expenses	100,960	307,803	299,040	12,394	17,564	737,761	198,442	30,152	228,594	966,355	979,610
Advertising	28	86	85	3	5	207	56	8	64	271	541
Bank charges and fees	241	1,189	20	1	1	1,452	13	133	146	1,598	2,384
Computer services and supplies	1,334	5,761	3,634	328	194	11,251	2,371	1,177	3,548	14,799	20,654
Dues and subscriptions	440	1,339	968	38	754	3,539	621	4,508	5,129	8,668	8,018
Educational programs	155	566	347	54	33	1,155	132	42	174	1,329	735
Insurance	2,359	7,377	7,285	263	391	17,675	4,787	705	5,492	23,167	23,259
Meeting expense	32	110	100	4	5	251	66	10	76	327	530
Minnesota care tax	-	2,474	-	-	-	2,474	-	-	-	2,474	2,936
Miscellaneous	13	18	18	2	2	53	13	3	16	69	-
Postage and delivery	81	253	250	9	13	606	165	41	206	812	893
Printing and reproduction	603	1,884	1,861	67	100	4,515	1,222	180	1,402	5,917	4,787
Professional fees	4,639	29,241	11,152	1,089	935	47,056	2,909	41,034	43,943	90,999	97,401
Recognition committee	150	423	418	21	27	1,039	241	43	284	1,323	1,336
Rent	6,987	21,845	21,574	780	1,157	52,343	14,507	2,087	16,594	68,937	65,624
Repairs and maintenance	2,290	4,579	4,579	534	611	12,593	1,908	763	2,671	15,264	15,459
Security	67	133	133	16	18	367	55	22	77	444	103
Staff development	1,964	34	862	6	7	2,873	39	9	48	2,921	(3,179)
Supplies	174	439	817	15	22	1,467	271	40	311	1,778	2,181
Telephone	1,820	5,691	5,621	203	301	13,636	3,694	544	4,238	17,874	16,920
Travel	331	662	662	77	88	1,820	275	110	385	2,205	2,526
Utilities	1,535	3,071	3,071	358	409	8,444	1,280	512	1,792	10,236	7,626
Bad debt	-	4,429	-	-	-	4,429	-	244	244	4,673	6,260
Total expenses before depreciation	126,203	399,407	362,497	16,262	22,637	927,006	233,067	82,367	315,434	1,242,440	1,256,604
Depreciation	746	1,492	1,492	174	199	4,103	621	249	870	4,973	3,783
Total expenses	$ 126,949	$ 400,899	$ 363,989	$ 16,436	$ 22,836	$ 931,109	$ 233,688	$ 82,616	$ 316,304	$ 1,247,413	$ 1,260,387

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Cash Flows
For the Year Ended December 31, 2025 with Comparative Totals for 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (10,323)	$ 114,773
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debts	4,673	6,260
Depreciation	10,648	8,986
(Gain) loss on sale of fixed assets	-	-
Realized and unrealized (gains) and losses	(18,397)	(5,053)
Reinvested dividends and interest, net of fees	(54,204)	(57,752)
Noncash lease expense	332	(1,181)
Changes in operating assets and liabilities:		
Grants receivable	48,786	23,230
Other receivable	(448)	4,936
Client fee receivables	48,453	(100,163)
Prepaid expenses	2,153	(5,176)
Accounts payable	(10,474)	5,409
Accrued salaries, benefits and taxes	(7,360)	4,019
Accrued vacation	12,004	826
Deferred revenue	10,847	1,000
Net cash flows from operating activities	36,690	114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net of sales	5,762	10,124
Purchase of property and equipment	(4,359)	(65,450)
Net cash flows from investing activities	1,403	(55,326)
Net change in cash and cash equivalents	38,093	(55,212)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	1,222,152	1,277,364
End of year	$ 1,260,245	$ 1,222,152

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.

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.

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, 2025 and 2024, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for use in the Organization's operations, and those resources invested in land, buildings and equipment. The Organization has some board designated net assets which would be included in net assets without donor restrictions.
>
> 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. Net assets with donor restrictions can also have time restrictions.

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, 2025 and 2024 amounted to $10,648 and $8,986, 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 14).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2025, and 2024, all of the Organization's cash that was eligible for FDIC insurance was covered. Cash equivalents amounting to $162,063 and $151,912 were not eligible for FDIC insurance as of December 31, 2025, and 2024, 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.

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, 2024, from which summarized information was derived.

Advertising: Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2025 and 2024 were 271 and 541, respectively.

2. CREDIT LOSSES

The Organization maintains financial assets that are subject to the expected credit loss model under ASC 326-20. Financial assets within the scope of ASC 326-20 consist primarily of client fees receivable and other receivables. These amounts are recorded at amortized cost, net of an allowance for expected credit losses.

The allowance for expected credit losses is based on management's estimate of the amount expected to be collected from outstanding balances. In developing this estimate, management considers historical collection experience, current conditions, and reasonable and supportable forecasts affecting collectability. Given the nature and size of the Organization's receivable balances, the limited concentration of credit risk, and its history of immaterial credit losses, management applies a practical, qualitative approach in estimating this allowance. Accounts are written off when management determines collection efforts have been exhausted, and any recoveries are recorded when received.

Management has concluded that changes in the allowance for expected credit losses and related credit loss expense were immaterial for the years ended December 31, 2025 and 2024. Accordingly, the allowance recorded on receivables remained $15,000 at December 31, 2025 and 2024.

3. REVENUE RECOGNITION

The Organization recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, for exchange transactions in which the Organization provides goods or services to customers in return for consideration. The Organization recognizes contribution revenue in accordance with ASC 958-605, *Not-for-Profit Entities—Revenue Recognition—Contributions Received*, for nonreciprocal transfers of assets, including contributions and certain government grants that do not provide commensurate value directly to the resource provider.

<u>Revenue from contracts with customers (ASC 606)</u>

<u>Client fees (including third-party insurance reimbursements):</u> The Organization provides counseling and related services to clients and bills clients' insurance providers for these services. Client fee revenue is recognized as services are provided. The amount of client fees shown on the statement of activities is netted with insurance adjustments of $72,028 and $76,962 for the years ended December 31, 2025 and 2024, respectively. The Organization also provides a "sliding fee" adjustment for clients if household income is below certain thresholds. These amounts are also netted against client fees and were $5,440 and $33,160 for the years ended December 31, 2025 and 2024, respectively.

<u>Exchange-type government grants and contracts:</u> For agreements determined to be exchange transactions within the scope of ASC 606, the Organization recognizes revenue as it satisfies performance obligations, generally as eligible services are provided or qualifying costs are incurred in accordance with the terms of the agreement. Amounts received in advance of satisfying the related performance obligations are recorded as deferred revenue (or, as applicable, refundable advances) until earned.

<u>Rental income</u>: Rental income is recognized over time as space is made available to the tenant in accordance with the lease terms. It is recorded net of rental expenses.

<u>Special events:</u> To the extent special event arrangements include exchange components (for example, the sale of admissions or other benefits provided to attendees), the related exchange revenue is recognized when the associated goods or services are transferred to the customer at the time of the event.

<u>Contribution revenue (ASC 958-605):</u>

<u>Contributions</u>: (including many government grants, United Way support, and private donations) are evaluated under ASC 958-605. Unconditional contributions are recognized as revenue when the contribution is received or pledged. Conditional contributions are not recognized as revenue until the related conditions (barriers) have been substantially met or explicitly waived; amounts received in advance are recorded as refundable advances. Donor restrictions are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restrictions are satisfied.

4. CONTRIBUTED NONFINANCIAL ASSETS

The Organization recognizes contributed nonfinancial assets as revenue in the accompanying Statement of Activities at fair value at the date of donation. Contributed nonfinancial assets received in connection with the Organization's 2025 gala consisted of donated auction items. All donated auction items were monetized during the year through the gala auction and were not utilized in the Organization's programs or other activities.

The Organization's policy is to monetize donated auction items received for fundraising events rather than retain or utilize such items. Accordingly, donated auction items are sold at the related fundraising event when practicable.

4. CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed nonfinancial assets recognized for the year ended December 31, 2025 are as follows:

Category	Fair Market Value
Travel/ experiences	$ 16,245
Sports/ event tickets	3,053
Artwork/ home décor/ jewelry	2,948
Gift baskets/ merchandise	4,410
Services	3,829
Total contributed nonfinancial assets	$ 30,485

Nonfinancial assets were received and monetized during the year ended December 31, 2024 as well but the amount was immaterial to the financial statements and therefore not disclosed.

The Organization estimated the fair value of donated auction items at initial recognition using valuation techniques based on the nature of the item contributed. For the donated items, fair value was generally estimated using donor-provided substantiation. Because all donated auction items were sold during the gala auction, the Organization may use actual auction proceeds as a practical expedient to estimate fair value when those proceeds are representative of the value of the contributed items.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization’s investments at December 31, 2025 and 2024 consist of equity mutual funds, fixed income exchange-traded funds, and a beneficial interest in a fund held at St. Croix Valley Foundation. Investments are reported at fair value in the Statement of Financial Position. The beneficial interest in a fund held at St. Croix Valley Foundation is included in investments; see note 6 for additional information regarding that arrangement.

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.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at December 31, 2025 and 2024 were as follows:

	Fair Value Measurements at Reporting Using	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2025		
Mutual Funds		
Index Funds – St. Croix Valley Fdn	$ 102,381	$ 102,381
Equity Funds	500,155	500,155
Exchange- Traded Funds		
Fixed Funds	167,959	167,959
	$ 770,495	$ 770,495
December 31, 2024		
Mutual Funds		
Index Funds – St. Croix Valley Fdn	$ 89,483	$ 89,483
Equity Funds	446,944	446,944
Exchange- Traded Funds		
Fixed Funds	167,229	167,229
	$ 703,656	$ 703,656

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2025 and 2024.

	2025	2024
Interest, Dividends, Cap Gains	$ 79,373	$ 80,204
Unrealized Gains (Losses)	18,397	5,054
Less Fees	(9,048)	(6,657)
Totals	$ 88,722	$ 78,601

6. ST. CROIX VALLEY FOUNDATION

The Organization has established two long-term funds with the St. Croix Valley Foundation (SCVF). For one fund, the Organization is the beneficiary and, accordingly, reports a beneficial interest in the fund held at SCVF as an asset. The fair value of this beneficial interest is included in investments in the Statement of Financial Position and is included in the investments fair value table in Note 5.

The second fund is legally an asset of SCVF. The underlying corpus and related contributions are assets of SCVF and, therefore, are not recorded in the Organization’s financial statements. SCVF’s board retains variance power over these assets.

The Organization is entitled to an annual spendable amount from the second fund, which may be used by the Organization or reinvested in the long-term fund. The Organization recognizes as contribution revenue only amounts appropriated for expenditure or distributed from SCVF from either fund.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2025 and 2024 are available for the following purposes or periods:

	2025	2024
Youth and Family Education	$ 63,500	$ 11,000
Chemical Health	66,296	98,262
Military Families	4,707	12,757
School-Based Services	54,329	54,329
Totals	$ 188,832	$ 176,348

8. LEASE COMMITMENTS

For the years ended December 1, 2025 and 2024, the Organization accounts for its leases in accordance with ASC 842. The Organization’s office facility leases are classified as operating leases, and right-of-use assets and lease liabilities are recognized for noncancelable leases with terms greater than 12 months.

The Organization leases approximately 1,800 gross rentable square feet of office space at 7876 Hudson Road, Woodbury, Minnesota under an operating lease originally dated September 26, 2014, as subsequently amended. Under the current lease terms, the Organization is required to pay fixed base rent of $2,700 per month. Amendment No. 2 became effective June 1, 2025 and extended the lease term through June 30, 2026 at the same monthly rental rate, which is stated in the amendment as $2,700 per month.

The Organization also leases office space at 6120 Oren Avenue North, Stillwater, Minnesota under an operating lease that commenced on January 1, 2020 and originally extended through December 31, 2025. In April 2025, the parties executed an agreement to continue occupancy for an additional 14 months through June 30, 2026 at monthly rent of $3,017. The lease offers an option to renew until June 30, 2027 at a rate of $3,107 per month which the Organization is likely to exercise.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of December 31, 2025:

Operating lease right-of-use asset	$ 69,462
Operating lease liability – current	$ 51,351
Operating lease liability – long term	18,443
Total operating lease liabilities	$ 69,794

The maturities of operating lease liabilities as of December 31, 2025 were as follows:

2026	$ 55,644
2027	18,642
Total lease payments	74,286
Less: difference in actual lease payments vs straight line expense	(4,492)
Present value of lease liabilities	$ 69,794

9. 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, 2025 and 2024 was $15,034 and $8,347, respectively.

10. LEASING ACTIVITIES

The Organization leased to one tenant under an operating lease for office space located at 7065 West Point Douglas Road, Cottage Grove, Minnesota.

The terms of the lease call for monthly payments of $3,248 through December 31, 2025. In addition to minimum monthly rent, the lease calls for maintenance fees and prorated property tax reimbursements.

Rental income is reported net of related expenses which includes depreciation of $5,677 and $5,203, for the years ended December 31, 2025 and 2024, respectively.

The lease ended on December 31, 2025 and was not renewed until 2026 so there were no future minimum rental amounts as of December 31, 2025.

11. CONCENTRATIONS

For the years ended December 31, 2025 and 2024 the Organization received approximately 20% 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.

12. INCOME TAXES

The Organization has evaluated for uncertain tax positions and management has expressed there are no uncertain tax positions as of December 31, 2025. Tax returns for the past three years remain open for examination by tax jurisdictions.

13. GRANTS RECEIVABLE

Grants receivable as of December 31, 2025 and 2024 consist of $107,500 and $156,286, respectively, to be received in one year or less and consist of the following:

	2025	2024
United Way	$ 17,500	$ 16,637
Private Foundations	90,000	139,649
Total	$ 107,500	$ 156,286

No discount has been applied to the long-term pledge receivable of $60,000 at December 31, 2025 as it was determined to be immaterial.

14. 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 2025 and 2024 there were claims paid in the amount of $3,297 and $1,248, respectively, from this fund. At December 31, 2025 and 2024 the balance in this fund was $13,204 and $8,841, respectively.

15. 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.

	2025	2024
Financial assets at year-end	$ 2,124,584	$ 2,091,116
Less those unavailable for general expenditures Within one year, due to:		
Restricted cash – UST fund	$ 13,204	$ 8,841
Donor-restricted for youth and family education	63,500	11,000
Donor-restricted for chemical health	66,296	98,262
Donor-restricted for military families	4,707	12,757
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	$ 1,922,548	$ 1,905,927

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, 2025 and 2024, respectively.

16. 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

17. RESTATEMENT OF PRIOR-YEAR FINANCIAL STATEMENTS

During the year ended December 31, 2025, management determined that sliding scale adjustments should be net with client fee revenue. Specifically, those amounts had been reported as program expenses in the statement of functional expenses rather than as a reduction of client fee revenue in the Statements of Activities.

Accordingly, the accompanying comparative financial statements have been revised to reflect the reclassification. The December 31, 2024 comparative amounts have been retrospectively restated. The reclassification decreased client fee revenue and decreased program expenses by $33,160 for the year ended December 31, 2024.

Management believes the revised presentation more appropriately reflects the nature of the sliding scale adjustments in accordance with U.S. GAAP for nonprofit organizations.

18. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 26, 2026, the date the financial statements were issued.