



**FAMILYMEANS
(A Non-Profit Corporation)**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024



FAMILYMEANS

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Independent Auditors' Report

To the Board of Directors of
FamilyMeans

Opinion

We have audited the financial statements of FamilyMeans, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FamilyMeans as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FamilyMeans' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FamilyMeans' 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 FamilyMeans' 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.

CBIZ CPAs P.C.

Minneapolis, Minnesota

May 1, 2026

FAMILYMEANS

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,955,698	\$ 1,543,539
Investments	6,891,349	6,031,884
Clinical accounts receivable, net of allowances	174,129	265,343
Government grants receivable	143,903	147,762
Miscellaneous receivables	71,492	39,883
Prepaid expenses	53,691	77,406
Total Current Assets	9,290,262	8,105,817
Property and Equipment, Net	4,327,072	4,464,606
Other Assets		
Cash restricted for endowment	49,453	64,151
Operating lease right-of-use asset	59,082	75,998
Beneficial interests in community foundations	4,540,756	3,909,756
Total Other Assets	4,649,291	4,049,905
Total Assets	\$ 18,266,625	\$ 16,620,328
Liabilities		
Current Liabilities		
Accounts payable	\$ 57,597	\$ 80,449
Accrued expenses	225,335	214,255
Financial Solutions fiscal agent funds	172,840	53,115
Refundable advance	33,000	17,903
Current portion of operating lease liability	30,662	29,426
Total Current Liabilities	519,434	395,148
Operating Lease Liability, Less		
Current Portion	28,752	46,650
Total Liabilities	548,186	441,798
Net Assets		
Without donor restrictions	13,103,924	12,273,884
With donor restrictions	4,614,515	3,904,646
Total Net Assets	17,718,439	16,178,530
Total Liabilities and Net Assets	\$ 18,266,625	\$ 16,620,328

The accompanying notes are an integral part of these financial statements.

FAMILYMEANS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Contributions and grants	\$ 2,030,542	\$ 237,715	\$ 2,268,257
Government grants and contracts	620,827	--	620,827
Special event revenue	117,036	--	117,036
Direct costs of special events	(25,245)	--	(25,245)
In-kind contributions	77,788	--	77,788
Total Public Support	<u>2,820,948</u>	<u>237,715</u>	<u>3,058,663</u>
Revenue			
Service fees	3,010,401	--	3,010,401
Investment return	570,806	--	570,806
Change in beneficial interests in community foundations	6,433	571,486	577,919
Other revenue	7,085	--	7,085
Total Revenue	<u>3,594,725</u>	<u>571,486</u>	<u>4,166,211</u>
Net Assets Released From Restrictions	<u>99,332</u>	<u>(99,332)</u>	<u>--</u>
Total Public Support and Revenue	<u>6,515,005</u>	<u>709,869</u>	<u>7,224,874</u>
Expenses			
Program Services	<u>4,916,501</u>	<u>--</u>	<u>4,916,501</u>
Supporting Services			
General and administrative	558,213	-	558,213
Fundraising	210,251	--	210,251
Total Supporting Services	<u>768,464</u>	<u>--</u>	<u>768,464</u>
Total Expenses	<u>5,684,965</u>	<u>--</u>	<u>5,684,965</u>
Change in Net Assets	830,040	709,869	1,539,909
Net Assets - Beginning of Year	<u>12,273,884</u>	<u>3,904,646</u>	<u>16,178,530</u>
Net Assets - End of Year	<u>\$ 13,103,924</u>	<u>\$ 4,614,515</u>	<u>\$ 17,718,439</u>

The accompanying notes are an integral part of these financial statements.

FAMILYMEANS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Contributions and grants	\$ 1,938,062	\$ 132,321	\$ 2,070,383
Government grants and contracts	537,079	--	537,079
Special event revenue	113,415	--	113,415
Direct costs of special events	(16,723)	--	(16,723)
In-kind contributions	<u>77,788</u>	<u>--</u>	<u>77,788</u>
Total Public Support	<u>2,649,621</u>	<u>132,321</u>	<u>2,781,942</u>
Revenue			
Service fees	2,714,777	--	2,714,777
Investment return (loss)	373,058	--	373,058
Change in beneficial interests in community foundations	4,572	439,948	444,520
Loss on disposal of property and equipment	--	--	--
Other revenue	<u>3,003</u>	<u>--</u>	<u>3,003</u>
Total Revenue	<u>3,095,410</u>	<u>439,948</u>	<u>3,535,358</u>
Net Assets Released From Restrictions	<u>238,290</u>	<u>(238,290)</u>	<u>--</u>
Total Public Support and Revenue	<u>5,983,321</u>	<u>333,979</u>	<u>6,317,300</u>
Expenses			
Program Services	<u>4,648,385</u>	<u>--</u>	<u>4,648,385</u>
Supporting Services			
General and administrative	531,513	--	531,513
Fundraising	<u>223,513</u>	<u>--</u>	<u>223,513</u>
Total Supporting Services	<u>755,026</u>	<u>--</u>	<u>755,026</u>
Total Expenses	<u>5,403,411</u>	<u>--</u>	<u>5,403,411</u>
Change in Net Assets	579,910	333,979	913,889
Net Assets - Beginning of Year	<u>11,693,974</u>	<u>3,570,667</u>	<u>15,264,641</u>
Net Assets - End of Year	<u>\$ 12,273,884</u>	<u>\$ 3,904,646</u>	<u>\$ 16,178,530</u>

The accompanying notes are an integral part of these financial statements.

FAMILYMEANS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services					Supporting Services			Total
	Financial	Counseling and	Caregiver and	Youth	Total Program	General and	Fundraising	Total Supporting	
Salaries	\$ 364,794	\$ 1,579,833	\$ 524,546	\$ 239,395	\$ 2,708,568	\$ 373,940	\$ 141,979	\$ 515,919	\$ 3,224,487
Payroll taxes	25,262	116,114	38,266	17,523	197,165	26,365	10,220	36,585	233,750
Employee benefits	75,108	153,679	54,270	22,672	305,729	33,193	22,004	55,197	360,926
Total Salaries and Related Expenses	465,164	1,849,626	617,082	279,590	3,211,462	433,498	174,203	607,701	3,819,163
Accounting fees	--	--	--	--	--	50,481	--	50,481	50,481
Other contracted services	--	423,667	200	133	424,000	1,778	--	1,778	425,778
Advertising and promotion	73	1,048	2,558	39	3,718	40	2,730	2,770	6,488
Office expenses	11,763	30,589	6,121	6,691	55,164	4,323	4,546	8,869	64,033
Program expenses	62,561	135,070	23,494	40,141	261,266	533	25,537	26,070	287,336
Facilities	25,192	150,683	19,717	54,054	249,646	13,819	7,583	21,402	271,048
Travel and meeting	7,583	8,483	5,530	2,976	24,572	937	865	1,802	26,374
Staff development	1,572	13,799	4,279	594	20,244	1,204	814	2,018	22,262
Computer expenses	14,132	44,197	18,117	15,901	92,347	5,637	10,281	15,918	108,265
Membership and accreditation	13,510	5,388	5,637	2,508	27,043	1,136	1,533	2,669	29,712
In-kind services	--	--	--	77,788	77,788	--	--	--	77,788
Bad debt	--	60,188	--	--	60,188	--	--	--	60,188
Insurance	12,153	35,665	7,933	5,492	61,243	5,560	3,050	8,610	69,853
Depreciation	24,059	117,985	18,892	53,187	214,123	20,505	--	20,505	234,628
Miscellaneous	16,829	96,559	11,223	9,086	133,697	18,762	4,354	23,116	156,813
Total Functional Expenses	654,591	2,972,947	740,783	548,180	4,916,501	558,213	235,496	793,709	5,710,210
Less expenses included with revenues on the statement of activities:									
Direct costs of special events	--	--	--	--	--	--	(25,245)	(25,245)	(25,245)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 654,591	\$ 2,972,947	\$ 740,783	\$ 548,180	\$ 4,916,501	\$ 558,213	\$ 210,251	\$ 768,464	\$ 5,684,965

The accompanying notes are an integral part of these financial statements.

FAMILYMEANS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services					Supporting Services			Total
	Financial	Counseling and	Caregiver and	Youth	Total Program	General and	Fundraising	Total Supporting	
Salaries	\$ 429,691	\$ 1,436,091	\$ 454,495	\$ 222,166	\$ 2,542,443	\$ 352,917	\$ 148,457	\$ 501,374	\$ 3,043,817
Payroll taxes	31,647	105,437	32,660	15,818	185,562	22,465	12,764	35,229	220,791
Employee benefits	39,703	146,305	52,471	30,500	268,979	31,315	30,971	62,286	331,265
Total Salaries and Related Expenses	501,041	1,687,833	539,626	268,484	2,996,984	406,697	192,192	598,889	3,595,873
Accounting fees	--	--	--	--	--	39,940	-	39,940	39,940
Other contracted services	--	469,646	200	--	469,846	9,783	-	9,783	479,629
Advertising and promotion	611	294	1,472	9	2,386	9	610	619	3,005
Office expenses	7,583	29,322	7,093	7,065	51,063	4,037	7,688	11,725	62,788
Program expenses	28,174	145,042	55,482	52,185	280,883	19,529	17,682	37,211	318,094
Facilities	30,868	132,901	20,228	44,919	228,916	11,161	7,452	18,613	247,529
Travel and meeting	6,536	8,016	3,583	3,191	21,326	787	532	1,319	22,645
Staff development	2,670	13,032	6,872	1,554	24,128	428	107	535	24,663
Computer expenses	11,645	39,630	10,224	9,534	71,033	4,760	8,612	13,372	84,405
Membership and accreditation	39,680	3,887	4,236	1,560	49,363	460	551	1,011	50,374
In-kind services	--	--	--	77,788	77,788	--	-	--	77,788
Bad debt	--	34,127	--	--	34,127	--	-	--	34,127
Insurance	9,586	30,253	7,777	4,774	52,390	4,313	2,818	7,131	59,521
Depreciation	16,769	117,857	17,125	58,094	209,845	21,840	-	21,840	231,685
Miscellaneous	3,742	68,338	3,427	3,115	78,622	7,769	1,677	9,446	88,068
Total Functional Expenses	658,905	2,780,178	677,345	532,272	4,648,700	531,513	239,921	771,434	5,420,134
Less expenses included with revenues on the statement of activities:									
Direct costs of special events	--	(315)	--	--	(315)	--	(16,408)	(16,408)	(16,723)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 658,905</u>	<u>\$ 2,779,863</u>	<u>\$ 677,345</u>	<u>\$ 532,272</u>	<u>\$ 4,648,385</u>	<u>\$ 531,513</u>	<u>\$ 223,513</u>	<u>\$ 755,026</u>	<u>\$ 5,403,411</u>

The accompanying notes are an integral part of these financial statements.

FAMILYMEANS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 1,539,909	\$ 913,889
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	234,628	231,685
Bad debt	60,188	34,127
Contributions restricted for endowment	(137,715)	(132,321)
Reinvested interest and dividend income	(336,588)	(149,425)
Change in beneficial interests in community foundations	(577,919)	(444,520)
Realized and unrealized (gain) loss on investments	(223,002)	(108,565)
Operating lease expense	32,456	36,888
Changes in operating assets and liabilities:		
Clinical accounts receivable	31,026	10,770
Miscellaneous receivables	(31,609)	7,268
Government grants receivable	3,859	(51,762)
Prepaid expenses	23,715	(37,597)
Accounts payable	(22,852)	45,283
Accrued expenses	11,080	32,771
Financial Solutions fiscal agent funds	119,725	43,447
Refundable advance	15,097	14,403
Operating lease liabilities	(32,202)	(37,132)
Net Cash Flows From Operating Activities	709,796	409,209
Cash Flows From Investing Activities		
Purchase of investments	(300,000)	-
Deposit in beneficial interests in community foundations	(152,413)	(122,240)
Proceeds from beneficial interests in community foundations	99,332	238,291
Purchase of property and equipment	(97,094)	(170,833)
Net Cash Flows From Investing Activities	(450,175)	(54,782)
Cash Flows From Financing Activities		
Contributions restricted for endowment	137,715	132,321
Net Increase (Decrease)	397,336	486,748
Cash and Cash Equivalents		
Beginning of Year	1,607,815	1,120,942
End of Year	\$ 2,005,151	\$ 1,607,690

The accompanying notes are an integral part of these financial statements.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

FamilyMeans (the “Organization”) is a nonprofit corporation organized under the laws of the State of Minnesota. The mission is to strengthen communities by helping individuals and families through challenges in all life stages. The Organization operates in the St. Croix Valley, Western Wisconsin, the Greater Twin Cities and Rochester area.

DESCRIPTION OF PROGRAMS

FamilyMeans raises charitable funds to ensure that programs and services are accessible. The Organization's programs are as follows:

Financial Solutions

Financial Solutions provides budget and debt counseling, financial literacy classes, and a debt management program to help develop the skills to establish and maintain financial stability and attain financial freedom from debt.

Counseling & Therapy

A multi-disciplinary team of mental health licensed providers and practitioners provide outpatient mental health and school based mental health services for all ages in Stillwater, Hudson, The Center for Grief & Loss in St. Paul and in numerous public schools serving the east metro and western Wisconsin. We provide individual, family, couples and/or group therapy. Presenting issues may include anxiety, depression, grief and loss, trauma, school or occupation concerns, family stress and changes, relationship/marital conflict, and other personal distress or life transitions.

In addition, companies contract with the Organization to provide employee assistance program (“EAP”) services that nurture a healthy workforce and work environment. Under this benefit, employees and their family members have access to legal services and the Organization's programs, primarily Counseling and Therapy, for confidential help with personal matters. The EAP program also provides training, mediation, critical incident stress debriefings and consultation to management.

Caregiving & Aging

Caregiving & Aging provides education, coaching, information and referral, support groups, and respite to aid caregivers of persons with functional limitations. Caregivers receive guidance, resource connections, professional and peer support, and regular breaks that give them time to themselves. Persons living with dementia are meaningfully connected with community life, and partners are brought together to create a more age-friendly region.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DESCRIPTION OF PROGRAMS (CONTINUED)

Youth Development

Working with varied community partners, the Organization helps young people discover interest and talents, develop their interpersonal, decision-making and other life skills, contribute back to their community and become knowledgeable about local resources and opportunities. The Landfall and Cimarron Youth Development Initiative offers intensive, sustained research-driven youth development programming in two of the under-resourced communities in the East metro area. The Organization's free after-school and summer activities involve Landfall and Cimarron children and teens in art, science, recreation, fitness, mentoring, social support, academic support, life skills and leadership development activities.

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 non-private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions.

The Organization files form 990 in the U.S. federal jurisdiction and the States of Minnesota and Wisconsin. The Organization is generally no longer subject to examination by the Internal Revenue Service three years after the date of filing, including extensions.

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for general use and not subject to donor-imposed restrictions. These may be used at the discretion of the Organization's management and board of directors. Designated amounts represent those revenues which the Board has set aside for a particular purpose.
- Net Assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or by actions of the Organization. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN

Management assesses the Organization's ability to continue as a going concern and provides related disclosures in certain circumstances. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. Management has determined there is not substantial doubt about the Organization's ability to continue as a going concern.

CONTRIBUTIONS AND GRANTS

Contributions include amounts received from foundations, individuals and corporations. The Organization recognizes contributions as revenue when they are received or unconditionally pledged.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. The Organization records conditional contributions received in advance of conditions being met as refundable advances.

Contributions received and net investment return (loss) are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions received with donor-imposed conditions and restrictions and unconditional contributions and investment return (loss) that is restricted by the donor or by law, are reported as an increase in net assets without donor restrictions if the conditions and restrictions are met in the reporting period in which the contribution is recognized. 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.

Revenue from government grant and contract agreements, which are generally considered conditional non-exchange transactions are recognized when qualifying expenditures are incurred or units of service are provided and conditions under the agreements are met.

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 determination is made.

Contributions of property and equipment are presented as an increase in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as an increase in net assets with donor restrictions.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND GRANTS (CONTINUED)

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

REVENUE RECOGNITION

The Organization derives program fee revenues primarily through mental health counseling and therapy, and debt repayment program services.

Mental Health Counseling and Therapy

The Organization provides outpatient mental health and school-based mental health services. The services contain a single performance obligation for the provision of counseling and therapy sessions to individuals and various groups. Revenue is recognized as the performance obligation is satisfied which is generally over time as the services are rendered.

The Organization determines the transaction price for mental health services based on standard charges for services provided to clients, reduced by contractual adjustments provided to third-party payers, and discounts and sliding fee reductions provided to uninsured clients in accordance with the Organization's policies. The Organization estimates the transaction price for clients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to mental health service revenue in the period of the change.

Debt Repayment Program Services

The Organization provides debt repayment program services by assisting clients in setting up payment plan arrangements with creditors involved in the program, and facilitating payments to creditors by collecting monthly payments from the client, and remitting these payments to the appropriate creditor. The transaction price charged to the client is set at a percentage of the monthly payments, subject to a cap. These services contain a single performance obligation for the administration of the debt repayment program. The Organization acts as agent of the creditors and recognizes fee revenue over time.

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.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Organization considers cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalent except those amounts designated and classified as investments cash or money market funds. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

ACCOUNTS RECEIVABLE AND CREDIT POLICIES

Receivables are recorded at net realizable value. Accounts receivable primarily arise from counseling services provided in fulfillment of the Organization's mission to families in the St. Croix Valley area and are due from individuals and corporations. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. When all collection efforts have been exhausted, the accounts are written off against the related allowance for credit losses. The allowance for credit losses at December 31, 2025 and 2024 was \$35,000 for each year.

An allowance for billing adjustments is computed based upon the Organization's historical percentage of contractual adjustments to clinical fee third-party revenue and is applied to the outstanding accounts receivable due from third-party payers. At December 31, 2025 and 2024, the allowance for billing adjustments was \$50,000 for each year.

PROMISES TO GIVE (GRANTS RECEIVABLE)

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Organization. Amounts collected prior to conditions being met are recorded as refundable advances. The Organization uses the allowance method to determine uncollectible promises to give (receivable).

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, discounted using risk-adjusted interest rates applicable to the years in which the promises are to be received.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS

Investments and beneficial interests in assets held at community foundations, are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements.

Net investment return (loss) and the change in beneficial interests in community foundations are reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Purchases and sales of investments are reflected on a trade-date basis. Realized gains or losses on sales of investments are based on the cost of specifically identified investments. Changes in unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend dates.

PROPERTY AND EQUIPMENT

The Organization capitalizes all expenditures of property and equipment with a useful life of greater than one year, and a cost in excess of \$5,000. Property and equipment are recorded at cost or in the case of contributed property at the fair market value at the date of contribution. Depreciation is computed using the straight-line method over estimated useful lives of four to ten years for furniture and equipment, fifteen years for land improvements, and thirty to forty-five years for buildings. 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 charged to income as incurred, whereas significant improvements are capitalized. For the years ended December 31, 2025 and 2024, depreciation expense amounted to \$235,000 and \$232,000, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative, fundraising and program direct costs are all allocated directly to the appropriate cost center. General agency expenses, including IT and facility costs are allocated across all programs based on program FTEs. Staff salaries and benefits are allocated based on time and effort. General and administrative, and fundraising costs include direct and allocated expenses, as well as salaries and fringe benefits for the President, Development Director, Finance Director, Development and Marketing Coordinator and HR.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS

Contributions of donated nonfinancial assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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.

IMPAIRMENT OF LONG-LIVED ASSETS

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the assets. If these assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management does not believe impairment indicators are present at December 31, 2025 and 2024.

FAIR VALUE MEASUREMENT DEFINITION AND HIERARCHY

US GAAP defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is broken down into three levels of input that market participants would use in valuing the asset or liability, which can be summarized as follows:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Quoted prices for similar assets or liabilities.
- Level 3 - Valuation based on inputs that are unobservable, therefore requiring management's own assumptions about the assumptions that market participants would use in pricing an asset or liability

LEASES

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the Organization's statements of financial position. The Organization has no finance leases. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, it uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are comprised of building operating costs and real estate taxes are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization has elected to apply the short-term lease exemption to all classes of underlying assets. Short term lease costs were immaterial for the years ended December 31, 2025 and 2024.

SUBSEQUENT EVENTS POLICY

Subsequent events have been evaluated through May 1, 2026, which is the date the financial statements were available to be issued.

NOTE 2 – RISKS AND UNCERTAINTIES

The Organization is exposed to various known and unknown risks and uncertainties. Risks include internal and external events and conditions (e.g., pandemics, international conflicts, labor market and supply chain disruption, government mandates, government policies and budget priorities that may impact grant funding, volatile financial markets, etc.) which could impact the operations of the organization. It is at least reasonably possible that changes could occur in the near term and that such changes could materially affect the results of operations or the Organization's financial position.

Due to the federal government review and potential restructuring of federal funding priorities, there is uncertainty regarding the continuation and amount of future funding from federal sources. The Organization is monitoring policy developments and the potential impacts.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors funds available for day-to-day program operations. Our goal is to annually raise enough funds from fundraising efforts and program revenue to cover our operating costs without spending pre-existing cash. However, should the need arise, the following financial assets would be available for operations within one year of the statement of financial position date.

	2025	2024
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,955,698	\$ 1,543,539
Investments	6,891,349	6,031,884
Endowments - beneficial interests in community foundations	4,540,756	3,909,756
Cash restricted for endowment	49,453	64,151
Clinical accounts receivable	259,129	350,343
Miscellaneous receivables	71,492	39,883
Government grants receivable	143,903	147,762
Total financial assets	13,911,780	12,087,318
Less amounts not available for expenditure within one year:		
Board designated net assets	(7,372,679)	(6,508,186)
Fiscal agent funds	(172,840)	(53,115)
Donor restricted and board designated endowment	(4,510,209)	(3,923,907)
Allowances for clinical accounts receivable	(85,000)	(85,000)
Financial assets not available for use within one year	(12,140,728)	(10,570,208)
Financial Assets Available to Meet General Operating Expenses Within One Year	\$ 1,771,052	\$ 1,517,110

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. Annual endowment spending rate distributions are available for general expenditures. Certain cash and cash equivalents in a money market and investments make up the total board-designated reserve. By policy, the board-designated reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, unanticipated loss in funding, or uninsured losses. For these purposes, funds could be made available.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 4 – PROMISES TO GIVE

Conditional promises to give are not recognized as revenue or as receivable until such amounts become unconditional.

Conditional promises to give at December 31, 2025 and 2024 consist of promises to:

	2025	2024
Provide school based mental health services for youth in Minnesota	\$ 94,000	\$ 232,000
Provide respite services, coaching, counseling, and education for caregivers	--	247,000
Total	\$ 94,000	\$ 479,000

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2025	2024
Land	\$ 791,704	\$ 791,704
Land improvements	154,359	145,517
Buildings and improvements	5,221,694	5,221,694
Leasehold improvements	86,975	86,975
Furniture and equipment	1,540,184	1,477,142
Construction in progress	25,209	--
Total Property and Equipment	7,820,125	7,723,032
Less accumulated depreciation	(3,493,053)	(3,258,426)
Net Property and Equipment	\$ 4,327,072	\$ 4,464,606

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 6 – BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS

The Organization made irrevocable transfers to the St. Paul & Minnesota Foundation and to the St. Croix Valley Foundation (the “Foundations”), which established designated funds. Pursuant to the terms of the agreements establishing these funds, assets contributed to the Foundations are held as separate, long-term funds designated for the benefit of the Organization. The Organization granted the Foundations variance power over the funds in that the Foundations have the rights to modify the terms of the fund agreements if in the judgement of the Boards of the Foundations such a modification would become necessary.

Under the agreements, the Foundations are to make distributions from the funds to the Organization in accordance with its spending policy. The Organization has recorded its shares of the beneficial interests in the St. Paul & Minnesota Foundation and in the St. Croix Valley Foundation based on the market value of the fund assets which were \$4,541,000 and \$3,910,000 as of December 31, 2025 and 2024, respectively. The Organization received distributions from the Foundations of approximately \$99,000 and \$238,000 for the years ended December 31, 2025 and 2024, respectively. See Note 10 for additional information on these funds.

NOTE 7 – FAIR VALUE MEASUREMENTS

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

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
<u>December 31, 2025:</u>				
Mutual funds - equity	\$ 2,325,127	\$ 2,325,127	\$ --	\$ --
Mutual funds - fixed income	1,270,174	1,270,174	--	--
Certificates of deposit	875,723	--	875,723	
Money market	<u>2,420,325</u>	<u>2,420,325</u>	<u>--</u>	<u>--</u>
Total Investments	6,891,349	6,015,626	875,723	--
Beneficial interests in community foundations	<u>4,540,756</u>	<u>--</u>	<u>--</u>	<u>4,540,756</u>
Total Assets Measured at Fair Value	<u>\$ 11,432,105</u>	<u>\$ 6,015,626</u>	<u>\$ 875,723</u>	<u>\$ 4,540,756</u>

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
<u>December 31, 2024:</u>				
Mutual funds - equity	\$ 1,486,292	\$ 1,486,292	\$ --	\$ --
Mutual funds - fixed income	1,863,346	1,863,346	--	--
Certificates of deposit	750,126	--	750,126	
Money market	<u>1,932,121</u>	<u>1,932,121</u>	<u>--</u>	<u>--</u>
Total Investments	6,031,885	5,281,759	--	--
Beneficial interests in community foundations	<u>3,909,756</u>	<u>--</u>	<u>--</u>	<u>3,909,756</u>
Total Assets Measured at Fair Value	<u>\$ 9,941,641</u>	<u>\$ 5,281,759</u>	<u>\$ --</u>	<u>\$ 3,909,756</u>

Following is a description of the valuation methodologies used for assets measured at fair value. All assets have been valued using a market approach. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Mutual funds and money market: Valued at the net asset value (“NAV”) of shares held by the Organization at year end.

Certificates of deposit: Valued using third-party quotations for similar assets or by discounted expected cash flows.

Beneficial interests in community foundations: Valued based on fair value of the assets held by the community foundations.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents a reconciliation of the statement of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024.

	<u>Beneficial Interests in Community Foundations</u>
Balance - December 31, 2023	\$ 3,581,287
Change in beneficial interests in community foundations	444,520
Deposits	122,240
Distributions	<u>(238,291)</u>
Balance - December 31, 2024	3,909,756
Change in beneficial interests in community foundations	577,919
Deposits	152,413
Distributions	<u>(99,332)</u>
Balance - December 31, 2025	<u>\$ 4,540,756</u>
The amount of total gains (losses) for the period included in change in net assets attributable to assets measured at fair value still held at December 31, 2025.	<u>\$ 577,919</u>

NOTE 8 – CLIENT DEPOSIT ACCOUNT

The Organization acts in a fiduciary capacity as custodian of client funds entrusted to them. These funds are kept separately and are segregated from operating account funds. Client funds are deposited in a separate client deposit account in a federally insured financial institution. At December 31, 2025 and 2024 the Organization held client funds of \$173,000 and \$53,000 respectively.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 9 – NET ASSETS

The net assets are summarized as follows as of December 31, 2025:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 4,183,336	\$ --	\$ 4,183,336
Net investment in property and equipment	4,327,072	--	4,327,072
Designated by the board for:			
Operating reserve	4,517,822	--	4,517,822
Quasi-endowment	75,694	--	75,694
Restricted for specific purposes:			
Youth development - Landfall	--	40,000	40,000
Youth development - Cimarron	--	40,000	40,000
Financial Solutions	--	20,000	20,000
Endowment funds restricted in perpetuity:			
Restricted for facilities and equipment	--	1,882,614	1,882,614
Available for general operating purposes	--	2,631,901	2,631,901
	<u>\$ 13,103,924</u>	<u>\$ 4,614,515</u>	<u>\$ 17,718,439</u>

The net assets are summarized as follows as of December 31, 2024:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 3,681,941	\$ --	\$ 3,681,941
Net investment in property and equipment	4,464,606	--	4,464,606
Designated by the board for:			
Operating reserve	4,058,076	--	4,058,076
Quasi-endowment	69,261	--	69,261
Endowment funds restricted in perpetuity:			
Restricted for facilities and equipment	--	1,702,746	1,702,746
Available for general operating purposes	--	2,201,900	2,201,900
	<u>\$ 12,273,884</u>	<u>\$ 3,904,646</u>	<u>\$ 16,178,530</u>

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 9 – NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of the passage of time, or by the occurrence of other events specified by donors. Net assets released from restrictions for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Time and purpose restrictions expired:		
Release of appropriated endowment returns without purpose restrictions	\$ 19,871	\$ 68,662
Release of appropriated endowment returns with purpose restrictions	<u>79,461</u>	<u>169,628</u>
Total Restrictions Accomplished	<u>\$ 99,332</u>	<u>\$ 238,290</u>

NOTE 10 – ENDOWMENTS

The Organization has established three funds, which are held as beneficial interests in assets at the St. Paul & Minnesota Foundation and the St. Croix Valley Foundation. In certain circumstances FamilyMeans has the opportunity to withdraw some or all of the interests from the Foundations. These funds are a means of safeguarding valuable services for families and maintaining capital resources owned by the agency. A long-term fund at the St. Paul & Minnesota Foundation, and the long-term agency fund at the St. Croix Valley Foundation help support programs and can have a stabilizing effect on the somewhat unpredictable funding streams available to family service organizations.

The long-term facility fund at the St. Croix Valley Foundation generates funds to be used to repair, replace, upgrade, build or purchase facilities and equipment. This fund will not be used to pay for annual operational expenses related to facilities.

An endowment is one way the Board of Directors and the community ensure the Organization's capacity to serve families far into the future. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 10 – ENDOWMENTS (CONTINUED)

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, as applicable. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

ENDOWMENT COMPOSITION AND CHANGES IN ENDOWMENT NET ASSETS

Endowment net asset composition by type of fund as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ --	\$ 2,566,266	\$ 2,566,266
Accumulated investment gains-subject to appropriation under UPMIFA	--	1,948,249	1,948,249
Board-designated endowment funds	75,694	--	75,694
Total Endowment Net Assets	\$ 75,694	\$ 4,514,515	\$ 4,590,209

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 10 – ENDOWMENTS (CONTINUED)

ENDOWMENT COMPOSITION AND CHANGES IN ENDOWMENT NET ASSETS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ --	\$ 2,428,551	\$ 2,428,551
Accumulated investment gains-subject to appropriation under UPMIFA	--	1,476,095	1,476,095
Board-designated endowment funds	<u>69,261</u>	<u>--</u>	<u>69,261</u>
Total Endowment Net Assets	<u><u>\$ 69,261</u></u>	<u><u>\$ 3,904,646</u></u>	<u><u>\$ 3,973,907</u></u>

Changes in endowment net assets for the fiscal year ended December 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 69,261	\$ 3,904,646	\$ 3,973,907
Investment return (loss)	6,433	571,486	577,919
Contributions	--	137,715	137,715
Appropriation of endowment assets for expenditure	<u>--</u>	<u>(99,332)</u>	<u>(99,332)</u>
Endowment Net Assets - End of Year	<u><u>\$ 75,694</u></u>	<u><u>\$ 4,514,515</u></u>	<u><u>\$ 4,590,209</u></u>

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 10 – ENDOWMENTS (CONTINUED)

ENDOWMENT COMPOSITION AND CHANGES IN ENDOWMENT NET ASSETS (CONTINUED)

Changes in endowment net assets for the fiscal year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ 64,689	\$ 3,570,667	\$ 3,635,356
Investment return (loss)	4,572	439,948	444,520
Contributions	--	132,321	132,321
Appropriation of endowment assets for expenditure	--	(238,290)	(238,290)
Endowment Net Assets - End of Year	\$ 69,261	\$ 3,904,646	\$ 3,973,907

ENDOWMENT FUNDS WITH DEFICITS

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such underwater endowments as of December 31, 2025 and 2024.

RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES

The trustees of the beneficial interests, the St. Croix Valley Foundation and the St. Paul & Minnesota Foundation, have the sole discretion as to the investment and reinvestment of the assets of the Funds. The primary investment objective of these accounts is capital preservation.

SPENDING POLICY AND HOW THE RETURN OBJECTIVES RELATE TO SPENDING POLICY

The long term fund at the St. Paul & Minnesota Foundation provides annual grants to FamilyMeans which help to support programs. Each year the agency anticipates a minimum payout of 3% to 5% over the three year trailing average balance of the endowment funds.

The building endowment at the St. Croix Valley Foundation also allows for annual grants to the agency. These funds are restricted for long term care and maintenance of the facility. The amount of the distribution available is 4.5% of the average value of the fund balance over the previous 16 quarters, however, larger distributions can be requested. Grants available but not appropriated for expenditure as of both December 31, 2025 and 2024 were \$0.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 10 – ENDOWMENTS (CONTINUED)

SPENDING POLICY AND HOW THE RETURN OBJECTIVES RELATE TO SPENDING POLICY (CONTINUED)

The agency fund at the St. Croix Valley Foundation allows for annual grants to the agency. SCVF’s fiscal year runs July 1 through June 30. At the beginning of each fiscal year, an Available to Grant (ATG) amount is calculated for each fund, which is the amount the endowment can spend or grant during that fiscal year. The percentage available for granting is reviewed by SCVF’s finance & investment committee and board of directors each year, and the current rate is 4.5% of the average balance of the most recent trailing 16 quarters (average quarterly balance for prior 16 quarters times 4.5%). This amount is available for granting any time during the Organization’s fiscal year. Therefore, FamilyMeans can request all or a portion of the ATG, at any time during the fiscal year.

NOTE 11 – IN-KIND CONTRIBUTIONS

Amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. These services, plus other in-kind contributions to the Organization for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Rent - Cimarron	\$ 67,788	\$ 67,788
Rent - Landfall building	10,000	10,000
Total	\$ 77,788	\$ 77,788

The Organization’s policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value determined by the type of asset.

Several volunteers with specific skills have donated their time to the Organization. The volunteers provided services for caregiver support and social services programs. Also, the Organization receives space at no cost in two locations that are used to conduct youth development programming. The value for donated services and rent have been recorded based on current market rates. In addition, the Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization’s programs and fund-raising activities, but which do not meet the criteria for financial statement recognition.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 12 – PENSION PLAN

The Organization has a defined contribution plan covering substantially all of its employees. The Organization contributes 3% of the participant's compensation. Contributions to the plan and plan expenses for the years ended December 31, 2025 and 2024 were \$69,000 and \$67,000, respectively.

NOTE 13 – LEASES

The Organization leases office space in western Wisconsin. Required monthly lease payments range from \$1,931 to \$1,990 with the lease term ending September 2027. In addition, the Organization leases office equipment with lease terms ending at various times through July 2027. There are monthly and one-year options to renew certain office equipment leases, which was not considered when assessing the value of the right-of-use assets because the Organization is not reasonably certain that it will exercise its options to renew those leases.

The Organization entered into a land lease in Washington County, Minnesota providing for the construction and operation of a youth center owned by the Organization. The required annual lease payment is \$1. The Organization is responsible for all premiums for property and liability insurance, and property taxes covering the leased premises. The lease is for a term of 30 years ending in June 2043 with options to renew the term for three consecutive periods of five years each.

The components of operating lease expense are as follows:

	2025	2024
Operating lease costs	\$ 35,000	\$ 38,000
Short-term lease costs	--	9,000
Total Operating Lease Costs	\$ 35,000	\$ 47,000
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 34,719	\$ 38,173
Right-of-use assets obtained in exchange for new Operating lease liabilities	\$ 15,540	\$ 66,996
Weighted average remaining lease term (years):		
Operating leases	2.03	2.59
Weighted average discount rate:		
Operating leases	3.67%	3.47%

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 13 – LEASES (CONTINUED)

Future minimum lease payments for the Organization’s operating leases for the years ending December 31 are as follows:

For the Years Ending December 31,	Amount
2026	\$ 32,000
2027	24,000
2028	4,000
2029	<u>2,000</u>
Total Future Operating Lease Payments	62,000
Less imputed interest	<u>(2,000)</u>
Total Operating Lease Liability	60,000
Less current portion	<u>(31,000)</u>
Noncurrent Portion	<u><u>\$ 29,000</u></u>

NOTE 14 – ST. CROIX VALLEY FOUNDATION NET ASSET FUND

The St. Croix Valley Foundation (“SCVF”) Net Asset Fund was established by donors for the benefit of FamilyMeans. The fair value of this fund is approximately \$268,000 and \$232,000 at December 31, 2025 and 2024, respectively. These funds are not included in the financial statements of the Organization. The original contributions to these funds will be preserved in perpetuity. In accordance with the wishes of the donors, it is the intention that a portion of the investment return of these funds are to be paid annually to the Organization and the remaining investment return is to be reinvested in the funds. The SCVF will make distributions to the Organization out of the funds’ income in accordance with SCVF’s spending policy. SCVF has variance power over the fund. The Organization uses the distributions for general operating purposes. There were no distributions from this fund for the years ended December 31, 2025 and 2024, respectively.

NOTE 15 – RELATED PARTY TRANSACTIONS

The Organization has investments held through a bank in which its board treasurer is the CFO. During the years ended December 31, 2025 and 2024, advisor fees paid to the bank totaled \$24,000 and \$17,000, respectively.

Also, a significant portion of the Organization’s cash and cash equivalents, and the Organization’s client deposit account (see Note 8) are held by a bank and trust where a board member and the board chair’s spouse are executives.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 16 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

A reconciliation of cash and cash equivalents – unrestricted and restricted within the statement of financial position that reconciles to the total of the same amounts shown in the statement of cash flows as of December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Components of cash and cash equivalents:		
Cash and cash equivalents	\$ 1,955,698	\$ 1,543,539
Cash restricted for endowment	<u>49,453</u>	<u>64,151</u>
	<u>\$ 2,005,151</u>	<u>\$ 1,607,690</u>

NOTE 17 – RECLASSIFICATIONS

Certain reclassifications have been made to the financial statements for the year ended December 31, 2024, to conform with classifications of the current year. The reclassifications did not affect financial position or changes in net assets.