

FAMILYMEANS
(A Non-Profit Corporation)

AUDITED FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023

FAMILYMEANS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FamilyMeans
Stillwater, Minnesota

Opinion

We have audited the financial statements of FamilyMeans, which comprise the statements of financial position as of December 31, 2024 and 2023, 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, 2024 and 2023, 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 2, 2025

FAMILYMEANS

STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,993,652	\$ 3,516,986
Investments	3,581,771	3,323,781
Clinical accounts receivable, net of allowances	265,343	310,240
Government grants receivable	147,762	96,000
Miscellaneous receivables	39,883	47,151
Prepaid expenses	77,406	39,809
Total Current Assets	8,105,817	7,333,967
Property and Equipment, Net	4,464,606	4,525,458
Other Assets		
Cash restricted for endowment	64,151	54,069
Operating lease right-of-use asset	75,998	45,890
Beneficial interests in community foundations	3,909,756	3,581,287
Total Other Assets	4,049,905	3,681,246
Total Assets	\$ 16,620,328	\$ 15,540,671
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 80,449	\$ 35,166
Accrued expenses	214,255	181,484
Financial Solutions fiscal agent funds	53,115	9,668
Refundable advance	17,903	3,500
Current portion of operating lease liability	29,426	33,050
Total Current Liabilities	395,148	262,868
Operating Lease Liability, Less		
Current Portion	46,650	13,162
Total Liabilities	441,798	276,030
NET ASSETS		
Net Assets		
Without donor restrictions	12,273,884	11,693,974
With donor restrictions	3,904,646	3,570,667
Total Net Assets	16,178,530	15,264,641
Total Liabilities and Net Assets	\$ 16,620,328	\$ 15,540,671

FAMILYMEANS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	77,788	-	77,788
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	373,058	-	373,058
Change in beneficial interests in community foundations	4,572	439,948	444,520
Other revenue	3,003	-	3,003
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>4,648,385</u>
Supporting Services			
General and administrative	531,513	-	531,513
Fundraising	223,513	-	223,513
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>

FAMILYMEANS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions and grants	\$ 1,312,474	\$ 173,339	\$ 1,485,813
Government grants and contracts	468,601	-	468,601
Special event revenue	118,434	-	118,434
Direct costs of special events	(27,327)	-	(27,327)
In-kind contributions	77,788	-	77,788
Total Public Support	<u>1,949,970</u>	<u>173,339</u>	<u>2,123,309</u>
Revenue			
Service fees	2,515,182	-	2,515,182
Investment return (loss)	370,965	-	370,965
Change in beneficial interests in community foundations	(55,149)	470,213	415,064
Other revenue	1,942	-	1,942
Total Revenue	<u>2,832,940</u>	<u>470,213</u>	<u>3,303,153</u>
Net Assets Released from Restrictions	<u>501,689</u>	<u>(501,689)</u>	<u>-</u>
Total Public Support and Revenue	<u>5,284,599</u>	<u>141,863</u>	<u>5,426,462</u>
EXPENSES			
Program Services	<u>4,313,505</u>	<u>-</u>	<u>4,313,505</u>
Supporting Services			
General and administrative	489,785	-	489,785
Fundraising	267,018	-	267,018
Total Supporting Services	<u>756,803</u>	<u>-</u>	<u>756,803</u>
Total Expenses	<u>5,070,308</u>	<u>-</u>	<u>5,070,308</u>
Change in Net Assets	214,291	141,863	356,154
Net Assets, Beginning of Year	<u>11,479,683</u>	<u>3,428,804</u>	<u>14,908,487</u>
Net Assets, End of Year	<u>\$ 11,693,974</u>	<u>\$ 3,570,667</u>	<u>\$ 15,264,641</u>

FAMILYMEANS

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2024

	Program Services					Supporting Services				Total
	Financial Solutions	Counseling and Therapy	Employee Assistance	Caregiver and Aging	Youth Development	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 429,691	\$ 1,430,253	\$ 5,838	\$ 454,495	\$ 222,166	\$ 2,542,443	\$ 352,917	\$ 148,457	\$ 501,374	\$ 3,043,817
Payroll taxes	31,647	105,021	416	32,660	15,818	185,562	22,465	12,764	35,229	220,791
Employee benefits	39,703	144,452	1,853	52,471	30,500	268,979	31,315	30,971	62,286	331,265
Total salaries and related expenses	501,041	1,679,726	8,107	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
Supplies	1,837	6,735	31	1,394	1,605	11,602	787	514	1,301	12,903
Program expenses	28,174	145,029	13	55,482	52,185	280,883	19,529	17,682	37,211	318,094
Telephone	3,956	15,442	89	3,924	2,451	25,862	2,216	1,627	3,843	29,705
Postage	1,612	6,239	36	1,598	990	10,475	934	585	1,519	11,994
Facilities	30,868	132,445	456	20,228	44,919	228,916	11,161	7,452	18,613	247,529
Equipment maintenance	-	-	-	-	1,909	1,909	-	-	-	1,909
Printing and promotion	178	746	4	177	110	1,215	100	4,962	5,062	6,277
Travel and meeting	6,536	7,984	32	3,583	3,191	21,326	787	532	1,319	22,645
Staff development	2,670	13,025	7	6,872	1,554	24,128	428	107	535	24,663
Computer expenses	11,645	39,439	191	10,224	9,534	71,033	4,760	8,612	13,372	84,405
Membership and accreditation	39,680	3,869	18	4,236	1,560	49,363	460	551	1,011	50,374
In-kind services	-	-	-	-	77,788	77,788	-	-	-	77,788
Bad debt	-	33,401	726	-	-	34,127	-	-	-	34,127
Insurance	9,586	30,080	173	7,777	4,774	52,390	4,313	2,818	7,131	59,521
Depreciation	16,769	117,169	688	17,125	58,094	209,845	21,840	-	21,840	231,685
Miscellaneous	3,742	68,115	223	3,427	3,115	78,622	7,769	1,677	9,446	88,068
Total functional expenses	658,905	2,769,384	10,794	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>\$ 2,769,069</u>	<u>\$ 10,794</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>

FAMILYMEANS

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2023

	Program Services					Supporting Services				Total
	Financial Solutions	Counseling and Therapy	Employee Assistance	Caregiver and Aging	Youth Development	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 368,121	\$ 1,342,737	\$ 8,089	\$ 403,447	\$ 217,823	\$ 2,340,217	\$ 295,648	\$ 223,582	\$ 519,230	\$ 2,859,447
Payroll taxes	27,600	98,959	607	28,508	15,494	171,168	20,205	16,262	36,467	207,635
Employee benefits	30,278	144,834	1,791	52,894	31,895	261,692	38,632	17,829	56,461	318,153
Total salaries and related expenses	425,999	1,586,530	10,487	484,849	265,212	2,773,077	354,485	257,673	612,158	3,385,235
Accounting fees	-	-	-	-	-	-	49,540	-	49,540	49,540
Other contracted services	-	423,426	293	-	-	423,719	5,125	-	5,125	428,844
Advertising and promotion	326	608	2	776	33	1,745	54	720	774	2,519
Supplies	1,443	7,334	51	1,300	1,398	11,526	1,735	45	1,780	13,306
Program expenses	25,631	95,068	187	37,621	38,169	196,676	1,762	27,149	28,911	225,587
Telephone	3,415	17,097	140	3,556	3,434	27,642	4,744	240	4,984	32,626
Postage	996	5,112	41	1,049	848	8,046	1,384	-	1,384	9,430
Facilities	27,241	151,015	588	15,318	44,361	238,523	19,904	-	19,904	258,427
Printing and promotion	361	1,118	5	605	94	2,183	154	2,072	2,226	4,409
Travel and meeting	10,425	6,781	-	2,894	2,227	22,327	1,053	48	1,101	23,428
Staff development	2,738	16,319	26	5,149	786	25,018	891	265	1,156	26,174
Computer expenses	8,708	39,237	259	12,189	11,139	71,532	8,751	6,082	14,833	86,365
Membership and accreditation	29,124	6,652	47	3,651	975	40,449	1,590	-	1,590	42,039
In-kind services	-	-	-	-	77,788	77,788	-	-	-	77,788
Bad debt	-	72,126	-	-	-	72,126	-	-	-	72,126
Insurance	7,947	29,530	242	6,140	5,022	48,881	7,427	-	7,427	56,308
Depreciation	16,063	113,517	656	16,623	66,553	213,412	19,968	-	19,968	233,380
Miscellaneous	4,402	47,687	641	3,328	2,777	58,835	11,218	51	11,269	70,104
Total functional expenses	564,819	2,619,157	13,665	595,048	520,816	4,313,505	489,785	294,345	784,130	5,097,635
Less expenses included with revenues on the statement of activities:										
Direct costs of special events	-	-	-	-	-	-	-	(27,327)	(27,327)	(27,327)
Total expenses included in the expense section on the statement of activities	<u>\$ 564,819</u>	<u>\$ 2,619,157</u>	<u>\$ 13,665</u>	<u>\$ 595,048</u>	<u>\$ 520,816</u>	<u>\$ 4,313,505</u>	<u>\$ 489,785</u>	<u>\$ 267,018</u>	<u>\$ 756,803</u>	<u>\$ 5,070,308</u>

FAMILYMEANS

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 913,889	\$ 356,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	231,685	233,380
Bad debt	34,127	72,126
Contributions restricted for endowment	(132,321)	(173,339)
Reinvested interest and dividend income	(149,425)	(114,709)
Change in beneficial interests in community foundations	(444,520)	(415,064)
Realized and unrealized (gain) loss on investments	(108,565)	(97,958)
Operating lease expense	36,888	37,714
Changes in operating assets and liabilities:		
Clinical accounts receivable	10,770	(110,068)
Miscellaneous receivables	7,268	48,887
Government grants receivable	(51,762)	38,452
Prepaid expenses	(37,597)	(9,920)
Accounts payable	45,283	(27,384)
Accrued expenses	32,771	12,445
Financial Solutions fiscal agent funds	43,447	9,668
Refundable advance	14,403	3,500
Operating lease liabilities	(37,132)	(37,638)
Net Cash Flows from Operating Activities	409,209	(173,754)
Cash Flows from Investing Activities		
Purchase of investments	-	(3,107,843)
Proceeds from sale of investments	-	3,023,966
Deposit in beneficial interests in community foundations	(122,240)	(290,449)
Proceeds from beneficial interests in community foundations	238,291	325,000
Purchase of property and equipment	(170,833)	(373,286)
Net Cash Flows from Investing Activities	(54,782)	(422,612)
Cash Flows from Financing Activities		
Contributions restricted for endowment	132,321	173,339
Net Increase (Decrease)	486,748	(423,027)
Cash and Cash Equivalents		
Beginning of Year	3,571,055	3,994,082
End of Year	\$ 4,057,803	\$ 3,571,055

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(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, debt repayment programs, and housing counseling to help people develop the skills to establish and maintain financial stability.

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.

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.

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.

Employee Assistance - Companies contract with the Organization to provide 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 for confidential help with personal matters. The program also provides training, mediation, critical incident stress debriefings and consultation to management.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and grants (continued) - 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. 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.

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NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued) -

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.

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 equivalents 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, 2024 and 2023 was \$35,000 and \$20,000, respectively.

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, 2024 and 2023, the allowance for billing adjustments was \$50,000 and \$34,000, respectively.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

Investments - Investments, including 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) is 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, 2024 and 2023, depreciation expense amounted to \$232,000 and \$233,000, 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, 2024 and 2023

(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, 2024 and 2023.

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 inputs 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 balance sheets. 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. 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.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued) – 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, 2024 and 2023.

Subsequent events policy - Subsequent events have been evaluated through May 2, 2025, which is the date the financial statements were available to be issued.

(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 and policies, 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, 2024 and 2023

(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.

	2024	2023
Financial Assets at Year End:		
Cash and cash equivalents	\$ 3,993,652	\$ 3,516,986
Investments	3,581,771	3,323,781
Endowments - beneficial interests in community foundations	3,909,756	3,581,287
Cash restricted for endowment	64,151	54,069
Clinical accounts receivable	350,343	364,081
Miscellaneous receivables	39,883	47,151
Government grants receivable	147,762	96,000
Total financial assets	12,087,318	10,983,355
Less amounts not available for expenditure within one year:		
Board designated net assets	(4,058,073)	(3,795,333)
Donor restricted and board designated endowment	(3,923,907)	(3,606,356)
Allowances for clinical accounts receivable	(85,000)	(53,841)
Financial assets not available for use within one year	(8,066,980)	(7,455,530)
Financial assets available to meet general operating expenses within one year	\$ 4,020,338	\$ 3,527,825

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, 2024 and 2023

(4) PROMISES TO GIVE

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

Conditional promises to give at December 31, 2024 and 2023 consist of promises to:

	<u>2024</u>	<u>2023</u>
Provide school based mental health services for youth in Minnesota	\$ 232,000	\$ 367,000
Provide respite services, coaching, counseling, and education for caregivers	<u>247,000</u>	<u>223,000</u>
Total	<u>\$ 479,000</u>	<u>\$ 590,000</u>

(5) PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 791,704	\$ 791,704
Land improvements	145,517	145,517
Buildings and improvements	5,221,694	5,137,292
Leasehold improvements	86,975	86,975
Furniture and equipment	<u>1,477,142</u>	<u>1,390,711</u>
Total property and equipment	7,723,032	7,552,199
Less accumulated depreciation	<u>(3,258,426)</u>	<u>(3,026,741)</u>
Net property and equipment	<u>\$ 4,464,606</u>	<u>\$ 4,525,458</u>

(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 \$3,910,000 and \$3,581,000 as of December 31, 2024 and 2023, respectively. The Organization received distributions from the Foundations of approximately \$238,000 and \$325,000 for the years ended December 31, 2024 and 2023, respectively. See Note 10 for additional information on these funds.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(7) FAIR VALUE MEASUREMENTS

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

	Fair value measurements at reporting date using			
	Fair Value	Level 1	Level 2	Level 3
Mutual funds - equity	\$ 1,486,292	\$ 1,486,292	\$ -	-
Mutual funds - fixed income	1,863,346	1,863,346	-	-
Money market	232,133	232,133	-	-
Total investments	3,581,771	3,581,771	-	-
Beneficial interests in community foundations	3,909,756	-	-	3,909,756
Total assets measured at fair value	\$ 7,491,527	\$ 3,581,771	\$ -	\$ 3,909,756

	Fair value measurements at reporting date using			
	Fair Value	Level 1	Level 2	Level 3
Mutual funds - equity	\$ 1,354,065	\$ 1,354,065	\$ -	\$ -
Mutual funds - fixed income	1,687,063	1,687,063	-	-
Money market	282,653	282,653	-	-
Total investments	3,323,781	3,323,781	-	-
Beneficial interests in community foundations	3,581,287	-	-	3,581,287
Total assets measured at fair value	\$ 6,905,068	\$ 3,323,781	\$ -	\$ 3,581,287

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, 2024 and 2023.

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

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

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(7) FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2024 and 2023.

	Beneficial interests in community foundations
Balance, December 31, 2022	\$ 3,200,774
Change in beneficial interests in community foundations	415,064
Deposits	290,449
Distributions	(325,000)
Balance, December 31, 2023	3,581,287
Change in beneficial interests in community foundations	444,520
Deposits	122,240
Distributions	(238,291)
Balance, December 31, 2024	<u>\$ 3,909,756</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, 2024	<u>\$ 444,520</u>

(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, 2024 and 2023 the Organization held client funds of \$53,000 and \$10,000 respectively.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

(9) NET ASSETS

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>

The net assets are summarized as follows as of December 31, 2023:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 3,308,494	\$ -	\$ 3,308,494
Net investment in property and equipment	4,525,458	-	4,525,458
Designated by the board for:			
Operating reserve	3,795,333	-	3,795,333
Quasi-endowment	64,689	-	64,689
Endowment funds restricted in perpetuity:			
Restricted for facilities and equipment	-	1,655,047	1,655,047
Available for general operating purposes	-	1,915,620	1,915,620
	<u>\$ 11,693,974</u>	<u>\$ 3,570,667</u>	<u>\$ 15,264,641</u>

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purpose restriction accomplished:		
School programs	\$ -	\$ 115,500
Mental Health	-	2,500
Time restrictions expired:		
Release of appropriated endowment returns without purpose restrictions	68,662	58,689
Release of appropriated endowment returns with purpose restrictions	169,628	325,000
Total restrictions accomplished	<u>\$ 238,290</u>	<u>\$ 501,689</u>

(10) ENDOWMENTS

The Organization has established three funds, which are held as a beneficial interest 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 insure 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, 2024 and 2023

(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, 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	69,261	-	69,261
Total endowment net assets	\$ 69,261	\$ 3,904,646	\$ 3,973,907

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

(10) ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2023:

	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	\$ -	\$ 2,296,230	\$ 2,296,230
Accumulated investment gains-subject to appropriation under UPMIFA	-	1,274,437	1,274,437
Board-designated endowment funds	64,689	-	64,689
Total endowment net assets	\$ 64,689	\$ 3,570,667	\$ 3,635,356

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

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(10) ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the fiscal year ended December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 60,977	\$ 3,310,803	\$ 3,371,780
Investment return (loss)	3,712	411,352	415,064
Contributions	-	173,512	173,512
Appropriation of endowment assets for expenditure	-	(325,000)	(325,000)
Endowment net assets, end of year	<u>\$ 64,689</u>	<u>\$ 3,570,667</u>	<u>\$ 3,635,356</u>

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, 2024 and 2023.

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, 2024 and 2023 were \$0.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(10) ENDOWMENTS (CONTINUED)

Spending policy and how the return objectives relate to spending (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.

(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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Rent - Cimarron	\$ 67,788	\$ 67,788
Rent - Landfall building	10,000	10,000
Total	<u>\$ 77,788</u>	<u>\$ 77,788</u>

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 the 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.

(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, 2024 and 2023 were \$67,000 and \$47,000, respectively.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

(13) LEASES

The Organization leases office space in western Wisconsin and southeast Minnesota. Required monthly lease payments range from \$400 to \$1,900 with lease terms ending from March 2025 to September 2027. In addition, the Organization leases office equipment with lease terms ending at various times through July 2027. There are 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:

	Years Ended	
	December 31,	
	2024	2023
Operating lease costs	\$ 38,000	\$ 38,000
Variable lease costs	-	-
Short-term lease costs	9,000	9,000
Total operating lease costs	\$ 47,000	\$ 47,000
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 38,173	\$ 38,358
Right-of-use assets obtained in exchange for new Operating lease liabilities	\$ 66,996	\$ 13,370
Weighted average remaining lease term (years): Operating leases	2.59	1.75
Weighted average discount rate: Operating leases	3.47%	1.99%

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS December 31, 2024 and 2023

(13) LEASES (CONTINUED)

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

<u>Years Ending December 31,</u>	<u>Amount</u>
2025	\$ 32,000
2026	28,000
2027	<u>20,000</u>
Total future operating lease payments	80,000
Less imputed interest	<u>(4,000)</u>
Total operating lease liability	76,000
Less current portion	<u>(29,000)</u>
Noncurrent portion	<u>\$ 47,000</u>

(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 \$232,000 and \$214,000 at December 31, 2024 and 2023, 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, 2024 and 2023, respectively.

(15) RELATED PARTY TRANSACTIONS

The Organization purchases insurance coverage from a company that is majority-owned by a family member of a director on the Organization's board of directors. During the years ended December 31, 2024 and 2023, the Organization paid the insurance agency \$7,000 and \$6,000, respectively, for insurance coverage. The Organization also has investments held through a bank in which its board treasurer is the CFO. During the years ended December 31, 2024 and 2023, advisor fees paid to the bank totaled \$17,000 and \$5,000, respectively.

FAMILYMEANS

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

(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, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Components of cash and cash equivalents:		
Cash and cash equivalents	\$ 3,993,652	\$ 3,516,986
Cash restricted for endowment	64,151	54,069
	<u>\$ 4,057,803</u>	<u>\$ 3,571,055</u>