FAMILYMEANS

(A Non-Profit Corporation)

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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.

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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.

Emphasis of Matter

The financial statements for the year ended December 31, 2021 have been restated to correct a misstatement of the beneficial interests in community foundations asset. A description of the restatement is provided in Note 2 to the financial statements. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

Minneapolis, Minnesota
May 10, 2023

FAMILYMEANS

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,823,076	$ 3,586,891
Investments	3,027,237	3,506,754
Clinical accounts receivable, net of allowances	272,298	240,438
Miscellaneous receivables	96,038	16,176
Government grants receivable	134,452	144,829
Prepaid expenses	29,889	29,881
TOTAL CURRENT ASSETS	7,382,990	7,524,969
PROPERTY AND EQUIPMENT, NET	4,385,552	4,559,729
OTHER ASSETS		
Cash restricted for endowment	171,006	40,551
Operating lease right-of-use asset	70,234	-
Beneficial interests in community foundations	3,200,774	3,794,376
TOTAL OTHER ASSETS	3,442,014	3,834,927
TOTAL ASSETS	$ 15,210,556	$ 15,919,625
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 62,550	$ 48,478
Accrued expenses	169,039	175,218
Current portion of operating lease liability	36,309	-
TOTAL CURRENT LIABILITIES	267,898	223,696
OPERATING LEASE LIABILITY, LESS CURRENT PORTION	34,171	-
TOTAL LIABILITIES	302,069	223,696
NET ASSETS		
NET ASSETS		
Without donor restrictions	11,479,683	11,796,430
With donor restrictions	3,428,804	3,899,499
TOTAL NET ASSETS	14,908,487	15,695,929
TOTAL LIABILITIES AND NET ASSETS	$ 15,210,556	$ 15,919,625

FAMILYMEANS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
PUBLIC SUPPORT			
Contributions and grants	$ 1,479,005	$ 355,501	$ 1,834,506
Government grants and contracts	580,414	-	580,414
Special event revenue	88,741	-	88,741
Direct costs of special events	(22,415)	-	(22,415)
In-kind contributions	108,466	-	108,466
TOTAL PUBLIC SUPPORT	2,234,211	355,501	2,589,712
REVENUE			
Service fees	2,209,643	-	2,209,643
Investment return (loss)	(474,563)	-	(474,563)
Change in beneficial interests in community foundations	(6,645)	(641,372)	(648,017)
(Gain) loss on disposal of property and equipment	44,465	-	44,465
Other revenue	1,588	-	1,588
TOTAL REVENUE	1,774,488	(641,372)	1,133,116
NET ASSETS RELEASED FROM RESTRICTIONS	184,824	(184,824)	-
TOTAL PUBLIC SUPPORT AND REVENUE	4,193,523	(470,695)	3,722,828
EXPENSES			
PROGRAM SERVICES	3,831,969	-	3,831,969
SUPPORTING SERVICES			
General and administrative	438,885	-	438,885
Fundraising	239,416	-	239,416
TOTAL SUPPORTING SERVICES	678,301	-	678,301
TOTAL EXPENSES	4,510,270	-	4,510,270
CHANGE IN NET ASSETS	(316,747)	(470,695)	(787,442)
NET ASSETS, BEGINNING OF YEAR	11,796,430	3,899,499	15,695,929
NET ASSETS, END OF YEAR	$ 11,479,683	$ 3,428,804	$ 14,908,487

FAMILYMEANS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
PUBLIC SUPPORT			
Contributions and grants	$ 1,669,328	$ 337,075	$ 2,006,403
Government grants and contracts	524,592	-	524,592
Special event revenue	77,175	-	77,175
Direct costs of special events	(14,193)	-	(14,193)
In-kind contributions	137,323	-	137,323
TOTAL PUBLIC SUPPORT	2,394,225	337,075	2,731,300
REVENUE			
Service fees	2,318,127	-	2,318,127
Investment return	604,834	-	604,834
Change in beneficial interests in community foundations	11,052	468,146	479,198
Loss on disposal of property and equipment	(68,345)	-	(68,345)
Other revenue	2,691	-	2,691
TOTAL REVENUE	2,868,359	468,146	3,336,505
NET ASSETS RELEASED FROM RESTRICTIONS	568,710	(568,710)	-
TOTAL PUBLIC SUPPORT AND REVENUE	5,831,294	236,511	6,067,805
EXPENSES			
PROGRAM SERVICES	3,747,211	-	3,747,211
SUPPORTING SERVICES			
General and administrative	379,263	-	379,263
Fundraising	313,422	-	313,422
TOTAL SUPPORTING SERVICES	692,685	-	692,685
TOTAL EXPENSES	4,439,896	-	4,439,896
CHANGE IN NET ASSETS	1,391,398	236,511	1,627,909
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	10,405,032	2,861,919	13,266,951
Prior period adjustment	-	801,069	801,069
NET ASSETS, BEGINNING OF YEAR, RESTATED	10,405,032	3,662,988	14,068,020
NET ASSETS, END OF YEAR	$ 11,796,430	$ 3,899,499	$ 15,695,929

See Notes to Financial Statements

FAMILYMEANS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services						Supporting Services			
	Financial Solutions	Counseling and Therapy	Employee Assistance	Caregiver and Aging	Youth Development	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries	$ 343,179	1,079,575	17,995	395,318	186,897	$ 2,022,964	$ 263,226	$ 172,588	$ 435,814	$ 2,458,778
Payroll taxes	26,185	78,916	1,348	30,163	14,260	150,872	20,109	13,168	33,277	184,149
Employee benefits	40,448	112,005	1,690	26,944	20,104	201,191	28,881	12,449	41,330	242,521
Total salaries and related expenses	409,812	1,270,496	21,033	452,425	221,261	2,375,027	312,216	198,205	510,421	2,885,448
Accounting fees	3,189	12,682	131	3,323	2,396	21,721	69,038	1,187	70,225	91,946
Other contracted services	1,925	410,444	79	2,006	1,447	415,901	1,392	709	2,101	418,002
Advertising and promotion	572	1,735	18	872	328	3,525	716	860	1,576	5,101
Supplies	1,756	11,074	69	1,921	1,782	16,602	1,191	650	1,841	18,443
Program expenses	42,006	53,674	57	18,200	42,751	156,688	5,490	23,496	28,986	185,674
Telephone	3,542	13,460	139	3,854	3,443	24,438	2,582	1,322	3,904	28,342
Postage	1,318	4,703	195	1,171	870	8,257	1,049	3,743	4,792	13,049
Facilities	32,345	134,937	781	19,804	38,213	226,080	12,262	7,028	19,290	245,370
Equipment maintenance	-	-	-	-	709	709	-	-	-	709
Printing and promotion	121	1,374	5	221	185	1,906	72	9,246	9,318	11,224
Travel and meeting	4,417	3,380	50	4,645	1,691	14,183	1,547	30	1,577	15,760
Staff development	1,145	17,908	338	5,407	1,247	26,045	3,221	266	3,487	29,532
Computer expenses	10,631	42,365	423	11,476	10,517	75,412	5,517	4,392	9,909	85,321
Membership and accreditation	14,300	16,407	15	3,986	274	34,982	1,676	347	2,023	37,005
In-kind services	-	-	-	30,678	77,788	108,466	-	-	-	108,466
Bad debt	-	5,474	-	-	-	5,474	-	-	-	5,474
Insurance	12,813	25,934	285	7,401	5,145	51,578	3,851	2,444	6,295	57,873
Depreciation	18,833	111,976	811	20,270	53,341	205,231	8,678	5,952	14,630	219,861
Miscellaneous	14,116	36,985	179	4,542	3,922	59,744	8,387	1,954	10,341	70,085
Total functional expenses	572,841	2,175,008	24,608	592,202	467,310	3,831,969	438,885	261,831	700,716	4,532,685
Less expenses included with revenues on the statement of activities:										
Direct costs of special events	-	-	-	-	-	-	-	(22,415)	(22,415)	(22,415)
Total expenses included in the expense section on the statement of activities	$ 572,841	$ 2,175,008	$ 24,608	$ 592,202	$ 467,310	$ 3,831,969	$ 438,885	$ 239,416	$ 678,301	$ 4,510,270

See Notes to Financial Statements

FAMILYMEANS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services						Supporting Services			
	Financial Solutions	Counseling and Therapy	Employee Assistance	Caregiver and Aging	Youth Development	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries	$ 337,517	$ 1,022,617	$ 3,002	$ 352,586	$ 213,749	$ 1,929,471	$ 271,149	$ 173,289	$ 444,438	$ 2,373,909
Payroll taxes	25,582	77,579	328	26,435	16,368	146,292	20,363	12,936	33,299	179,591
Employee benefits	39,017	120,052	815	42,197	19,067	221,148	23,636	9,169	32,805	253,953
Total salaries and related expenses	402,116	1,220,248	4,145	421,218	249,184	2,296,911	315,148	195,394	510,542	2,807,453
Accounting fees	4,117	13,997	274	3,568	2,196	24,152	1,921	1,372	3,293	27,445
Other contracted services	25,221	462,072	113	10,343	5,103	502,852	6,551	19,556	26,107	528,959
Advertising and promotion	8,589	4,971	97	3,267	780	17,704	933	11,209	12,142	29,846
Supplies	3,149	12,805	173	2,589	2,531	21,247	1,517	1,160	2,677	23,924
Program expenses	20,332	23,285	-	17,990	85,871	147,478	201	14,352	14,553	162,031
Telephone	6,353	19,749	275	3,743	6,598	36,718	3,147	1,497	4,644	41,362
Postage	3,780	8,958	207	3,518	834	17,297	2,069	1,449	3,518	20,815
Facilities	34,431	80,585	1,186	20,163	29,029	165,394	11,860	8,303	20,163	185,557
Equipment maintenance	5,349	18,310	357	8,836	3,036	35,888	2,495	(38,383)	(35,888)	-
Printing and promotion	2,104	2,128	205	452	307	5,196	271	10,285	10,556	15,752
Travel and meeting	3,496	1,857	-	2,091	2,140	9,584	3,515	127	3,642	13,226
Staff development	2,483	17,288	18	4,101	(329)	23,561	8,399	3,299	11,698	35,259
Computer expenses	4,858	16,518	324	5,115	2,591	29,406	2,267	41,785	44,052	73,458
Membership and accreditation	12,816	31,013	18	2,333	363	46,543	2,510	(29,443)	(26,933)	19,610
In-kind services	-	-	-	15,566	77,788	93,354	-	43,969	43,969	137,323
Bad debt	-	9,344	-	-	-	9,344	-	-	-	9,344
Insurance	7,812	24,212	494	6,951	3,444	42,913	3,852	2,733	6,585	49,498
Depreciation	21,823	84,994	1,299	20,001	60,756	188,873	11,427	8,052	19,479	208,352
Miscellaneous	3,281	24,005	168	3,996	1,346	32,796	1,180	30,899	32,079	64,875
Total functional expenses	572,110	2,076,339	9,353	555,841	533,568	3,747,211	379,263	327,615	706,878	4,454,089
Less expenses included with revenues on the statement of activities: Direct costs of special events	-	-	-	-	-	-	-	(14,193)	(14,193)	(14,193)
Total expenses included in the expense section on the statement of activities	$ 572,110	$ 2,076,339	$ 9,353	$ 555,841	$ 533,568	$ 3,747,211	$ 379,263	$ 313,422	$ 692,685	$ 4,439,896

See Notes to Financial Statements

FAMILYMEANS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (787,442)	$ 1,627,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	219,861	208,352
Bad debt	5,474	9,344
Donated stock	-	(53,833)
Contributions restricted for endowment	(237,501)	-
Reinvested interest and dividend income	(54,771)	(45,766)
Change in beneficial interests in community foundations	648,017	(479,198)
Realized and unrealized (gain) on investments	534,288	(554,657)
(Gain) loss on disposal of property and equipment	(44,465)	68,345
Operating lease expense	37,521	-
Changes in operating assets and liabilities:		
Clinical accounts receivable	(37,334)	(60,470)
Miscellaneous receivables	(79,862)	29,370
Promises to give receivable	-	47,683
Government grants receivable	10,377	10,745
Prepaid expenses	(8)	1,122
Accounts payable	14,072	(27,140)
Accrued expenses	(6,179)	(44,881)
Operating lease liabilities	(37,275)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	184,773	736,925
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,895)	(207,800)
Proceeds from sale of investments	1,895	261,633
Deposit in beneficial interests in community foundations	(107,046)	(249,245)
Proceeds from beneficial interests in community foundations	52,631	393,585
Insurance proceeds from property casualty loss	101,575	-
Purchase of property and equipment	(102,794)	(388,249)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(55,634)	(190,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributions restricted for endowment	237,501	-
NET INCREASE (DECREASE)	366,640	546,849
CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	3,627,442	3,080,593
END OF YEAR	$ 3,994,082	$ 3,627,442

See Notes to Financial Statements

(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, credit report reviews and student loan 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 group and in-home respite to aid caregivers of children and adults with functional limitations. Caregivers receive guidance, resource connections, professional and peer support, and regular breaks that give them time to themselves. The program also engages community partners to plan and act together to create a more age-friendly community.

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.

(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 as of December 31, 2022 and 2021.

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 United Way, 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.

(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 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. Unconditional contributions and investment return (loss) that is restricted by the donor or by law is reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the contribution or the investment return (loss) 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.

(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 - 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. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for doubtful accounts at December 31, 2022 and 2021 was $20,000 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, 2022 and 2021, the allowance for billing adjustments was $34,000 and $34,000, respectively.

Promises to give 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.

(1) Summary of significant accounting policies (continued)

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 8 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, 2022 and 2021, depreciation expense amounted to $220,000 and $208,000, respectively.

Functional allocation of expenses - The costs of providing the various programs and activities 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.

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.

(1) **Summary of significant accounting policies (continued)**

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, 2022 and 2021.

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.

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 year ended December 31, 2022.

(1) **Summary of significant accounting policies (continued)**

Accounting pronouncement recently adopted - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016–02, *Leases (Topic 842)* that requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position and disclose key information about leasing arrangements. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current accounting principles generally accepted in the United States of America. The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at January 1, 2022 through a cumulative effect adjustment. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for the existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The standard had a material impact on the Organization's statement of financial position but did not have a material impact on its statement activities, nor statement of cash flows. The most significant impact was the recognition of the ROU asset and lease liability for operating leases. As a result of the adoption of the new lease accounting guidance, the Organization recognized an operating lease liability of $95,000 and related operating lease right-of-use asset of $95,000 on January 1, 2022.

In September 2020 FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires incremental disclosures of in-kind gifts received by a nonprofit organization and results in more disaggregated information about contributions of goods and services. The new standard does not affect the amount or timing of revenue recognition. The change in accounting principle was adopted retrospectively. As a result, there was no cumulative effect of the change on the change in net assets, net assets without donor restrictions, or total assets as of January 1, 2021. In addition, the change had no effect on the change in net assets, net assets without donor restrictions, or total assets for 2021.

Subsequent events policy - Subsequent events have been evaluated through May 10, 2023 which is the date the financial statements were available to be issued.

(2) Correction of Error

The Organization is the beneficiary of various funds that have been established with a Community Foundation (the Foundation). The Organization is not financially interrelated to the Foundation. During 2022, the Organization determined that one existing fund (the Fund) was established through a reciprocal transfer of funds by the Organization to the Foundation in that the Organization (the resource provider) specified itself as the beneficiary of the Fund. Since the Organization is both the resource provider and named itself as the beneficiary, and the Organization and the Foundation are not financially interrelated, an asset equal to the value of the transferred assets should have been recognized. The value of the Fund was not recorded as an asset. Accordingly, the Organization restated its financial statements for the year ended December 31, 2021. The cumulative effect increases beginning net assets with donor restrictions as of January 1, 2021 by approximately $801,000.

The correction of error as of and for the year ended December 31, 2021 is as follows:

	2021		
	As previously reported	Correction	Restated
Statement of financial position:			
Beneficial interests in community foundations	$ 2,662,318	$ 1,132,058	3,794,376
Accounts payable	89,029	(40,551)	48,478
Net assets with donor restrictions	2,726,890	1,172,609	3,899,499
Statement of activities:			
Change in beneficial interests in community foundations	$ 371,756	$ 107,442	479,198
Contributions and grants without donor restrictions	1,695,026	(25,698)	1,669,328
Contributions and grants with donor restrictions	47,279	289,796	337,075
Releases from restrictions - without donor restrictions	543,012	25,698	568,710
Releases from restrictions - with donor restrictions	(543,012)	(25,698)	(568,710)
Change in net assets with donor restrictions	(135,029)	371,540	236,511

(3) 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.

(4) 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.

	2022	2021
Financial Assets at Year End:		
Cash and cash equivalents	$ 3,823,076	$ 3,586,891
Investments	3,027,237	3,506,754
Endowments - beneficial interests in community foundations	3,200,774	3,794,376
Cash restricted for endowment	171,006	40,551
Clinical accounts receivable	326,139	294,279
Miscellaneous receivables	96,038	16,176
Government grants receivable	134,452	144,829
Total financial assets	10,778,722	11,383,856
Less amounts not available for expenditure within one year:		
Restricted by donors for use in future periods	-	(45,818)
Board designated net assets	(3,495,343)	(3,974,081)
Donor and board restricted endowment	(3,318,780)	(3,783,218)
Allowances for clinical accounts receivable	(53,841)	(53,841)
Financial assets not available for use within one year	(6,867,964)	(7,856,958)
Financial assets available to meet general operating expenses within one year	$ 3,910,758	$ 3,526,898

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. In addition to the financial assets listed above, FamilyMeans has a $200,000 line of credit available to meet cash flow needs, if necessary.

(5) 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, 2022 and 2021 consist of promises to:

	2022	2021
Provide respite services, coaching, counseling, and education for caregivers	$ 265,000	$ 275,000
Provide school based mental health services for youth in Minnesota	50,000	318,000
Create a broad, integrated, accessible continuum of support for families experiencing dementia	-	26,000
Total	$ 315,000	$ 619,000

(6) Property and equipment

A summary of property and equipment is as follows:

	2022	2021
Land	$ 791,704	$ 791,704
Land improvements	74,509	74,509
Buildings and improvements	5,137,292	5,113,558
Leasehold improvements	86,975	86,975
Furniture and equipment	1,183,687	1,183,687
Total property and equipment	7,274,167	7,250,433
Less accumulated depreciation	(2,888,615)	(2,690,704)
Net property and equipment	$ 4,385,552	$ 4,559,729

(7) 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 $3,201,000 and $3,794,000 as of December 31, 2022 and 2021, respectively. The Organization received distributions from the Foundations of approximately $53,000 and $394,000 for the years ended December 31, 2022 and 2021, respectively. See Note 11 for additional information on these funds.

(8) Fair value measurements

Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

	Fair value measurements at reporting date using			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
2022				
U.S. common stock	$ 2,868,398	$ 2,868,398	$ -	$ -
U.S. corporate bonds	95,065	95,065	-	-
Money market	63,774	63,774	-	-
Total investments	3,027,237	3,027,237	-	-
Beneficial interests in community foundations	3,200,774	-	-	3,200,774
Total assets measured at fair value	$ 6,228,011	$ 3,027,237	$ -	$ 3,200,774

	Fair value measurements at reporting date using			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
2021				
U.S. common stock	$ 3,338,098	$ 3,338,098	$ -	$ -
U.S. corporate bonds	100,766	100,766	-	-
Money market	67,890	67,890	-	-
Total investments	3,506,754	3,506,754	-	-
Beneficial interests in community foundations	3,794,376	-	-	3,794,376
Total assets measured at fair value	$ 7,301,130	$ 3,506,754	$ -	$ 3,794,376

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, 2022 and 2021.

Common stock and corporate bonds: Valued at closing price reported on the active market on which the individual securities are traded.

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.

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.

(8) 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, 2022 and 2021.

ASSETS	**Beneficial interests in community foundations**
Balance, December 31, 2020	$ 3,459,518
Change in beneficial interests in community foundations	479,198
Deposits	249,245
Distributions	(393,585)
Balance, December 31, 2021	3,794,376
Change in beneficial interests in community foundations	(648,017)
Deposits	107,046
Distributions	(52,631)
Balance, December 31, 2022	$ 3,200,774
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, 2022	$ (648,017)

(9) 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, 2022 and 2021 the Organization held client funds of $10,000 and $11,000 respectively.

(10) Net assets

The net assets are summarized as follows as of December 31, 2022:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 3,537,811	$ -	$ 3,537,811
Net investment in property and equipment	4,385,552	-	4,385,552
Designated by the board for:			
Operating reserve	3,495,343	-	3,495,343
Quasi-endowment	60,977	-	60,977
Restricted for specific purposes:			
School programs	-	1,500	1,500
Mental health	-	2,500	2,500
Youth development - Cimarron	-	30,000	30,000
Youth development - Landfall	-	30,000	30,000
Financial solutions		54,000	54,000
Endowment funds restricted in perpetuity:			
Restricted for facilities and equipment	-	1,724,919	1,724,919
Available for general operating purposes	-	1,585,885	1,585,885
	$ 11,479,683	$ 3,428,804	$ 14,908,487

The net assets are summarized as follows as of December 31, 2021:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 3,194,998	$ -	$ 3,194,998
Net investment in property and equipment	4,559,729	-	4,559,729
Designated by the board for:			
Operating reserve	3,974,081	-	3,974,081
Quasi-endowment	67,622	-	67,622
Restricted for specific purposes:			
School programs	-	91,194	91,194
Marketing	-	28,000	28,000
Youth development - Cimarron	-	13,000	13,000
Endowment funds restricted in perpetuity:	-		
Restricted for facilities and equipment	-	2,106,566	2,106,566
Available for general operating purposes	-	1,660,739	1,660,739
	$ 11,796,430	$ 3,899,499	$ 15,695,929

(10) 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 year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Purpose restriction accomplished:		
School programs	$ 91,193	$ 62,631
Youth development-Cimarron	13,000	46,246
Youth development-Landfall	-	66,246
Marketing	28,000	-
Time restrictions expired:		
Release of appropriated endowment returns without purpose restrictions	52,631	43,587
Release of appropriated endowment returns with purpose restrictions	-	350,000
Total restrictions accomplished	$ 184,824	$ 568,710

(11) 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.

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.

(11) **Endowments (continued)**

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, 2022:

	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	$ -	$ 2,122,891	$ 2,122,891
Accumulated investment gains-subject to appropriation under UPMIFA	-	1,187,913	1,187,913
Board-designated endowment funds	60,976	-	60,976
Total endowment net assets	$ 60,976	$ 3,310,804	$ 3,371,780

Endowment net asset composition by type of fund as of December 31, 2021:

	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	$ -	$ 1,885,390	$ 1,885,390
Accumulated investment gains-subject to appropriation under UPMIFA	-	1,881,916	1,881,916
Board-designated endowment funds	67,622	-	67,622
Total endowment net assets	$ 67,622	$ 3,767,306	$ 3,834,928

(11) Endowments (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 67,622	$ 3,767,306	$ 3,834,928
Investment return (loss)	(6,645)	(641,372)	(648,017)
Contributions	-	237,500	237,500
Appropriation of endowment assets for expenditure	-	(52,631)	(52,631)
Endowment net assets, end of year	$ 60,977	$ 3,310,803	$ 3,371,780

Changes in endowment net assets for the fiscal year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 56,570	$ 3,402,950	$ 3,459,520
Investment return (loss)	11,052	468,146	479,198
Contributions	-	289,796	289,796
Appropriation of endowment assets for expenditure	-	(393,586)	(393,586)
Endowment net assets, end of year	$ 67,622	$ 3,767,306	$ 3,834,928

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, 2022 and 2021.

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.

(11) Endowments (continued)

Spending policy and how the return objectives relate to spending (continued) - 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 5% of the average value of the fund balance over the previous 12 quarters, however, larger distributions can be requested. Grants available but not appropriated for expenditure at December 31, 2022 and 2021 were $87,000 and $0, respectively.

(12) 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, 2022 and 2021 are as follows:

	2022	2021
Services-caregiver support and social services programs	$ 30,678	$ 15,566
Rent - Cimarron	67,788	65,268
Rent - Landfall building	10,000	10,000
Google Adwords grant	-	46,489
Total	$ 108,466	$ 137,323

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.

(13) 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, 2022 and 2021 were $56,000 and $49,000, respectively.

(14) Leases

The Organization leases office space in western Wisconsin and southwest Minnesota. Required monthly lease payments range from $400 to $1,900 with lease terms ending from September 2024 to March 2025. In addition, the Organization leases office equipment with lease terms ending at various times through June 2026. 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.

Lease expense as accounted for under Legacy ASC Topic 840 was $28,000 for the year ended December 31, 2021.

The components of operating lease expense are as follows:

	Year Ended December 31, 2022
Operating lease costs	$ 48,000
Variable lease costs	2,000
Short-term lease costs	9,000
Total operating lease costs	$ 59,000
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 38,080
Right-of-use assets obtained in exchange for new operating lease liabilities	$12,503
Weighted average remaining lease term (years): Operating leases	1.95
Weighted average discount rate: Operating leases	0.99%

(14) Leases (continued)

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

Years Ending December 31,	Amount
2023	$ 37,000
2024	29,000
2025	4,000
2026	1,000
Total future operating lease payments	71,000
Less imputed interest	(1,000)
Total operating lease liability	70,000
Less current portion	(36,000)
Noncurrent portion	$ 34,000

(15) 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 $192,000 and $245,000 at December 31, 2022 and 2021, 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, 2022 and 2021, respectively.

(16) Related party transaction

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 fiscal years ended December 31, 2022 and 2021, the Organization paid the insurance agency $7,000 and $8,000, respectively, for insurance coverage.

(17) 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, 2022 and 2021,is as follows:

	2022	2021
Components of cash and cash equivalents:		
Cash and cash equivalents	$ 3,823,076	$ 3,586,891
Cash restricted for endowment	171,006	40,551
	$ 3,994,082	$ 3,627,442

(18) Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2022, to conform with classifications of the current year. The reclassifications did not affect financial position or changes in net assets.