STEPPING STONE EMERGENCY HOUSING
ANOKA, MINNESOTA

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

SMITHSCHAFER

STEPPING STONE EMERGENCY HOUSING

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stepping Stone Emergency Housing
Anoka, Minnesota

Opinion

We have audited the financial statements of Stepping Stone Emergency Housing (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets without donor restrictions, 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 Stepping Stone Emergency Housing 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stepping Stone Emergency Housing 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 Stepping Stone Emergency Housing's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Stepping Stone Emergency Housing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stepping Stone Emergency Housing's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Smith, Schafer and Associates, Ltd.

Minneapolis, Minnesota
September 26, 2025

STEPPING STONE EMERGENCY HOUSING

STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	**$ 729,087**	$ 942,959
Certificates of deposit	**158,226**	151,580
Contracts receivable	**311,147**	111,395
Total Current Assets	**1,198,460**	1,205,934
Property and Equipment		
Building	**156,231**	156,231
Leasehold improvements	**2,000,424**	2,000,424
Equipment	**447,141**	447,141
Total	**2,603,796**	2,603,796
Less: Accumulated depreciation	**492,764**	281,255
Property and Equipment, net of depreciation	**2,111,032**	2,322,541
Operating lease right-of-use asset	**605,187**	668,039
Total Property and Equipment, net	**2,716,219**	2,990,580
TOTAL ASSETS	**$ 3,914,679**	$ 4,196,514

See Notes to Financial Statements

LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	**2024**	2023
Current Liabilities		
Current portion of operating lease liability	**$ 68,494**	$ 67,832
Accounts payable	**56,730**	30,847
Due to Anoka County	**295,513**	295,513
Accrued expenses	**79,810**	61,673
Sales and use tax payable	**-**	441
Total Current Liabilities	**500,547**	456,306
Long-Term Liabilities		
Operating lease liability, net of current portion	**584,838**	653,332
Total Liabilities	**1,085,385**	1,109,638
Net Assets Without Donor Restrictions		
Undesignated	**2,460,294**	2,717,876
Board designated - operating reserve	**369,000**	369,000
Total Net Assets Without Donor Restrictions	**2,829,294**	3,086,876
TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ 3,914,679**	$ 4,196,514

This Page Left Blank Intentionally

STEPPING STONE EMERGENCY HOUSING

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
For the Years Ended December 31, 2024 and 2023

	2024	2023
Revenue and Support		
Program service fees	$ 1,710,267	$ 1,419,968
Contributions	395,259	260,480
Government contribution	184,500	1,708,293
In-kind donations	125,000	50,000
Special events, net of direct benefit to donors	74,542	83,460
Rental income	28,800	16,800
Investment income	21,478	11,941
Vending income	5,214	6,417
Other income	-	576
Total Revenue and Support	2,545,060	3,557,935
Expenses		
Program services		
Long Term Housing	502,236	237,936
Shelter	1,750,925	1,605,036
Stepping Home	-	12,271
Total program services	2,253,161	1,855,243
Management and general	315,310	342,646
Fundraising	234,171	160,022
Total Expenses	2,802,642	2,357,911
Increase (Decrease) in Net Assets	(257,582)	1,200,024
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	3,086,876	1,886,852
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	$ 2,829,294	$ 3,086,876

See Notes to Financial Statements

STEPPING STONE EMERGENCY HOUSING

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

	Program Services			
	Long Term Housing	Shelter	Stepping Home	Total
Salaries and wages	$ 68,289	$ 773,944	$ -	$ 842,233
Employee benefits	8,887	100,723	-	109,610
Payroll taxes	5,506	62,400	-	67,906
Total Payroll Expenses	82,682	937,067	-	1,019,749
Client expenses	383,991	266,842	-	650,833
Contract services	3,386	38,373	-	41,759
Depreciation	12,691	143,826	-	156,517
Dues and subscriptions	2,225	25,212	-	27,437
Equipment	1,346	15,256	-	16,602
Food expenses	-	144,012	-	144,012
Fundraising	-	-	-	-
Insurance	1,308	14,818	-	16,126
Meetings	32	363	-	395
Miscellaneous	1,885	21,357	-	23,242
Occupancy	2,938	33,297	-	36,235
Postage	255	2,885	-	3,140
Printing	368	4,174	-	4,542
Professional fees	2,966	33,612	-	36,578
Repairs and maintenance	3,064	34,724	-	37,788
Staff development	648	7,342	-	7,990
Supplies	1,287	14,583	-	15,870
Telephone	1,019	11,544	-	12,563
Travel	145	1,638	-	1,783
Total Functional Expenses	502,236	1,750,925	-	2,253,161
Direct Benefit to Donors	-	-	-	-
FUNCTIONAL EXPENSE, NET OF DIRECT BENEFIT TO DONORS	$ 502,236	$ 1,750,925	$ -	$ 2,253,161

See Notes to Financial Statements

Management and General	Fund Raising	Total
$ 182,104	$ 113,815	$ 1,138,152
23,700	14,812	148,122
14,682	9,177	91,765
220,486	137,804	1,378,039
-	-	650,833
9,029	5,643	56,431
33,841	21,151	211,509
5,932	3,708	37,077
3,590	2,244	22,436
-	2,939	146,951
-	55,342	55,342
3,487	2,179	21,792
85	53	533
5,025	3,141	31,408
7,835	4,897	48,967
679	424	4,243
982	614	6,138
7,909	4,943	49,430
8,170	5,107	51,065
1,727	1,080	10,797
3,431	2,144	21,445
2,717	1,698	16,978
385	241	2,409
315,310	255,352	2,823,823
-	(21,181)	(21,181)
$ 315,310	$ 234,171	$ 2,802,642

STEPPING STONE EMERGENCY HOUSING

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

	Program Services			
	Long Term Housing	Shelter	Stepping Home	Total
Salaries and wages	$ 46,057	$ 819,187	$ -	$ 865,244
Employee benefits	8,799	102,605	-	111,404
Payroll taxes	3,387	68,506	-	71,893
Total Payroll Expenses	58,243	990,298	-	1,048,541
Client expenses	165,810	241,669	1,200	408,679
Depreciation	-	-	-	-
Food expenses	116	101,831	-	101,947
Contract services	2,700	62,061	-	64,761
Fundraising	-	-	-	-
Repairs and maintenance	-	44,934	2,326	47,260
Professional fees	-	1,627	-	1,627
Occupancy	3,579	40,464	3,752	47,795
Dues and subscriptions	1,143	17,689	-	18,832
Miscellaneous	4,000	10,481	16	14,497
Equipment	456	26,008	650	27,114
Insurance	87	10,612	4,112	14,811
Supplies	-	22,779	-	22,779
Telephone	1,059	16,984	215	18,258
Staff development	298	10,797	-	11,095
Printing	-	-	-	-
Postage	24	634	-	658
Travel	421	5,167	-	5,588
Meetings	-	1,001	-	1,001
Total Functional Expenses	237,936	1,605,036	12,271	1,855,243
Direct Benefit to Donors	-	-	-	-
FUNCTIONAL EXPENSE, NET OF DIRECT BENEFIT TO DONORS	$ 237,936	$ 1,605,036	$ 12,271	$ 1,855,243

See Notes to Financial Statements

Management and General	Fund Raising	Total
$ 171,775	$ 82,841	$ 1,119,860
12,012	11,982	135,398
9,342	6,143	87,378
193,129	100,966	1,342,636
-	-	408,679
133,216	-	133,216
-	2,863	104,810
-	3,275	68,036
-	37,612	37,612
-	3,354	50,614
11,375	-	13,002
-	-	47,795
-	2,877	21,709
4,926	2,896	22,319
-	184	27,298
-	87	14,898
-	3,075	25,854
-	-	18,258
-	1,055	12,150
-	14,880	14,880
-	1,646	2,304
-	10	5,598
-	-	1,001
342,646	174,780	2,372,669
-	(14,758)	(14,758)
$ 342,646	$ 160,022	$ 2,357,911

This Page Left Blank Intentionally

STEPPING STONE EMERGENCY HOUSING

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

	2024	2023
Cash Flows From Operating Activities		
Change in Net Assets	$ (257,582)	$ 1,200,024
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	211,509	133,216
Interest income retained in certificates of deposit	(6,646)	-
Noncash rent expense	(4,980)	6,445
Loss on disposal of assets	-	1,002
(Increase) Decrease in:		
Contracts receivable	(199,752)	288,549
Prepaid expenses	-	7,502
Increase (Decrease) in:		
Accounts payable	25,883	(293,762)
Accrued expenses	18,137	2,558
Sales and use tax payable	(441)	216
Net Cash Provided By (Used In) Operating Activities	(213,872)	1,345,750
Cash Flows From Investing Activities		
Purchases of certificates of deposit	-	(151,580)
Purchase of property and equipment	-	(1,225,550)
Net Cash (Used In) Investing Activities	-	(1,377,130)
(Decrease) in Cash and Cash Equivalents	(213,872)	(31,380)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	942,959	974,339
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 729,087	$ 942,959

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 78,988	$ 62,575

See Notes to Financial Statements

This Page Left Blank Intentionally

1. Organization and Summary of Significant Accounting Policies

Description of Organization

Stepping Stone Emergency Housing, Inc. (SSEH, the Organization) provides emergency housing and support services to adults experiencing homelessness in Anoka County, Minnesota. SSEH accommodates up to 60 adults assisting with short-term housing, job and life skills, educational courses, and support in finding a place to live once they have graduated.

The Organization's programs are as following:

Long Term Housing - This is a community-based housing program that provides case management to up to 22 former Stepping Stone residents who have a diagnosed disability.

Shelter - This program provides emergency housing and critical support services to up to 66 single adults 18 and over who are experiencing homelessness.

Stepping Home - This is another community-based housing program where three female residents stay in a home in Blaine owned by Stepping Stone.

Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of donor imposed restrictions as either:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no net assets with donor restrictions as of December 31, 2024 and 2023.

Basis of Accounting and Support and Revenue Recognition

The Organization maintains its books and records on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP).

1. Organization and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Support and Revenue Recognition (Continued)

For contracts that are within the scope of FASB ASC 606, *Revenue from Contracts with Customers*, the Organization performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation.

Revenues are derived primarily by providing services to program participants through contracts with the State of Minnesota and Anoka County. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

For performance obligations related to program service fees, control transfers to customers at a point in time based on the term of the contract. Revenues are recorded monthly based upon services provided for that month. For performance obligations related to vending income, special events, and other income, control also transfers to the customer at a point in time as goods are provided or as services are performed.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. incurred. All cost-reimbursable grants have been recognized in revenue as of December 31, 2024 and 2023.

Cash and Cash Equivalents

The Organization considers all demand deposits and investments with an original maturity of three months or less to be cash and cash equivalents.

Contracts Receivable and Allowance for Credit Losses

Contracts receivable are carried at their outstanding principal amounts, less an allowance for credit losses. All contracts receivable are expected to be collected within one year of the statement of financial position date.

1. Organization and Summary of Significant Accounting Policies (Continued)

Contracts Receivable and Allowance for Credit Losses (Continued)

The allowance for credit losses under the current expected credit loss (CECL) methodology is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. The loss rate percentages used are based on the history of credit loss expense, the aging of contracts receivable, and the expectation of payments, with adjustments for current economic conditions and forecasts of future economic conditions. Where contracts receivable do not share risk characteristics, they are evaluated on an individual basis. Amounts are deemed past due when they exceed the payment terms agreed to by the customer. The Organization has determined its estimate of expected losses over the remaining contractual life of its receivables is not significant to the financial statements. Based on this an allowance for credit losses is not considered necessary as of December 31, 2024 and 2023.

Property and Equipment

The Organization capitalizes acquisitions of property and equipment at cost or fair value at the date of gift for donations using a capitalization threshold of $1,000. Depreciation of property and equipment is computed using the straight-line method over useful lives of 5 to 39 years.

Leases

When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in property and equipment as operating lease right-of-use (ROU) assets and current and long-term operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment, current liabilities, and long-term liabilities on the statements of financial position.

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. The operating lease ROU asset also includes any lease payment made prior to the commencement date and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

1. Organization and Summary of Significant Accounting Policies (Continued)

Leases (Continued)

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization has elected to use the rate implicit in the lease or the risk-free rate based on information available at the commencement date for the lease term when determining the present value of lease payments.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease agreements have lease and non-lease components, which are generally accounted for separately. The amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in functional expenses in the period in which the obligation for those payments was incurred.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor’s obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Tax Status

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. As a result, the Organization does not pay federal income tax. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statement or related disclosures.

The Organization's federal information returns are subject to examination by the IRS, generally for three years after they were filed.

1. Organization and Summary of Significant Accounting Policies (Continued)

Unemployment Insurance

The Organization makes contributions to an unemployment services trust. The trust is a pooled fund that is used to pay unemployment claims made to the Organization. The trust's pooled assets were comprised of domestic and international equities, domestic bonds, and cash and cash equivalents.

Concentration of Credit Risks

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and contracts receivable. The Organization keeps its cash and cash equivalents with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. As of December 31, 2024 and 2023, the Organization had cash and cash equivalent balances (including certificates of deposit) of approximately $207,000 and $416,000, respectively, in excess of the federally insured limit.

See Note 4 for further discussion on the Organization's concentration of contracts receivable.

Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments. See Note 3 for further discussion on the fair value of the Organization's certificates of deposit.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. The allocation of expenses between programs is based on actual expenditures and allocations based on staff time records.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from the estimates.

Subsequent Events

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through September 26, 2025, the date the financial statements were available to be issued.

2. Liquidity and Availability

The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual, donor-imposed or board-imposed restrictions.

	2024	2023
Financial assets, end of year	**$ 1,198,460**	$ 1,205,934
Less those unavailable for general expenditures within one year due to:		
Board designated reserves	**(369,000)**	(369,000)
Financial assets available to meet cash needs for general expenditures within one year	**$ 829,460**	$ 836,934

As part of the Organization's liquidity management plan, the Organization goal is generally to maintain financial assets to meet 90 days of operating expenses. The Organization's board designated funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of typical operations.

3. Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

3. Fair Value Measurements (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Certificates of Deposit: Certificates of deposit are valued based on comparisons to certificates of deposit with similar yields and maturities as reported by the Organization's financial institutions.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 tables reflect the Organization's investments within the fair value hierarchy at December 31, 2024 and 2023:

	As of December 31, 2024			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	$ 158,226	$ -	$ 158,226	$ -

	As of December 31, 2023			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	$ 151,580	$ -	$ 151,580	$ -

4. Concentrations

The Organization received revenue and support from the State of Minnesota totaling approximately $1,683,000 and $2,544,000 during the years ended December 31, 2024 and 2023, respectively. This includes reimbursements received through cost-reimbursable grants and represents approximately 66% and 71% of total revenue and support in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, 82% and 74%, respectively, of contracts receivable were from one customer.

5. Commitments

The Organization leases office facilities under an operating lease with Anoka County. The lease requires monthly payments of $5,735 through August 2034. This term includes a five-year extension which the Organization is likely to exercise.

The Organization also leases equipment under various non-cancelable operating leases, which require monthly payments ranging from $99 to $700 and expire between May and September 2028.

Rent expense for operating leases for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Operating lease cost	**$ 74,007**	$ 69,020
Variable operating lease cost	**305,430**	130,538
Total rent expense	**$ 379,437**	$ 199,558

The weighted average remaining lease term for operating leases as of December 31, 2024 and 2023 was 9.3 and 10.3 years, respectively. The weighted average discount rate for operating leases as of December 31, 2024 and 2023 was 1.63% and 1.65%, respectively.

5. Commitments (Continued)

The following is a schedule by years of future annual minimum payments required under the leases described above:

For the Years Ended December 31,	Totals
2025	$ 78,408
2026	78,408
2027	78,408
2028	75,615
2029	68,820
Thereafter	321,160
Total	700,819
Less: imputed interest	47,487
Total	$ 653,332

6. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort.

7. Revenue and Contract Balances

Performance obligations satisfied at a point in time totaled $1,736,662 and $1,441,719 for the years ended December 31, 2024 and 2023, respectively. Revenue from performance obligations satisfied at a point in time consists of program service fees, vending income, special events, and other income. Program service fees include services provided to clients, which are partially funded by the State of Minnesota and Anoka County.

8. In-Kind Contributions

The Organization's financial statements include the following in-kind contributions revenue and support, and associated expense:

Food expenses – The Organization receives donated food which is used to reduce the cost of programs. These items are recognized as in-kind contributions at fair value, with a corresponding expense as they are used. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

Client expenses – The Organization receives donated supplies for residents which are used to reduce the cost of programs. These items are recognized as in-kind contributions at fair value, with a corresponding expense as they are used. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

The Organization did not monetize any contributed nonfinancial assets and contributed non-financial assets did not have donor restrictions during the years ended December 31, 2024 and 2023.

In-kind contributions included in the statement of activities for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Program Services:		
Food expenses	**$ 60,000**	$ 50,000
Client expenses	**65,000**	-
Total In-Kind Contributions	**$ 125,000**	$ 50,000