

# **Youable Emotional Health Services**

Richfield, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2024 and 2023



**CERTIFIED PUBLIC ACCOUNTANTS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Youable Emotional Health Services  
Richfield, Minnesota

### **Opinion**

We have audited the accompanying financial statements of Youable Emotional Health Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youable Emotional Health Services as of June 30, 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. 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 Youable Emotional Health Services 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 Youable Emotional Health Services's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

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

*Capita Ent and A.S. Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
January 31, 2025

YOUABLE EMOTIONAL HEALTH SERVICES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

EXHIBIT A

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash	\$ 728,434	\$ 61,849
Contracts Receivable - Net	63,224	297,432
Client Service Receivable - Net	692,447	1,366,739
Fiscal Agent Receivable - Custodial Funds	1,930	13,579
Prepaid Expenses	85,990	90,513
Total Current Assets	1,572,025	1,830,112
Land, Buildings and Equipment - Net	159,052	249,688
Right of Use Asset	851,308	1,095,868
TOTAL ASSETS	\$ 2,582,385	\$ 3,175,668
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Current Portion of Long-term Debt	\$ 100,000	\$ 330,854
Accounts Payable	117,878	166,329
Accrued Expenses	172,437	362,548
Operating Lease Liabilities	241,212	235,121
Total Current Liabilities	631,527	1,094,852
Long-term Liabilities:		
Operating Lease Liabilities	663,268	882,017
Long-term Debt, Net of Current Maturities	200,000	300,000
Total Liabilities	1,494,795	2,276,869
Net Assets:		
Without Donor Restrictions		
Board Designated - Operating Reserve	530,000	530,000
Undesignated	546,422	343,165
Total Without Donor Restrictions	1,076,422	873,165
With Donor Restrictions		
Total Net Assets	11,168	25,634
Total Net Assets	1,087,590	898,799
TOTAL LIABILITIES AND NET ASSETS	\$ 2,582,385	\$ 3,175,668

The accompanying Notes to Financial Statements  
are an integral part of these statements.

YOUABLE EMOTIONAL HEALTH SERVICES  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:						
Net Service Revenue	\$ 5,976,555	\$ -	\$ 5,976,555	\$ 8,791,685	\$ -	\$ 8,791,685
Government Grants and Contracts	542,585	-	542,585	1,186,437	-	1,186,437
Contributions of Cash and other Financial Assets	35,526	2,250	37,776	84,982	17,647	102,629
Contributions of Nonfinancial Assets	54,055	-	54,055	141,084	-	141,084
Other Revenue	2,023,906	-	2,023,906	398,730	-	398,730
Net Assets Released from Purpose Restrictions	16,716	(16,716)	-	29,006	(29,006)	-
Total Support and Revenue	<u>8,649,343</u>	<u>(14,466)</u>	<u>8,634,877</u>	<u>10,631,924</u>	<u>(11,359)</u>	<u>10,620,565</u>
Expense:						
Program Services						
Mental Health Services	1,152,247	-	1,152,247	4,363,457	-	4,363,457
Educational Support Services	2,359,675	-	2,359,675	2,281,815	-	2,281,815
Family Support Services	<u>3,277,004</u>	<u>-</u>	<u>3,277,004</u>	<u>3,562,264</u>	<u>-</u>	<u>3,562,264</u>
Total Program Services	6,788,926	-	6,788,926	10,207,536	-	10,207,536
Support Services:						
Management and General	1,509,204	-	1,509,204	1,772,832	-	1,772,832
Fundraising	<u>147,956</u>	<u>-</u>	<u>147,956</u>	<u>69,155</u>	<u>-</u>	<u>69,155</u>
Total Support Services	1,657,160	-	1,657,160	1,841,987	-	1,841,987
Total Expense	<u>8,446,086</u>	<u>-</u>	<u>8,446,086</u>	<u>12,049,523</u>	<u>-</u>	<u>12,049,523</u>
Change in Net Assets	203,257	(14,466)	188,791	(1,417,599)	(11,359)	(1,428,958)
Net Assets - Beginning of Year	<u>873,165</u>	<u>25,634</u>	<u>898,799</u>	<u>2,290,764</u>	<u>36,993</u>	<u>2,327,757</u>
Net Assets - End of Year	<u>\$ 1,076,422</u>	<u>\$ 11,168</u>	<u>\$ 1,087,590</u>	<u>\$ 873,165</u>	<u>\$ 25,634</u>	<u>\$ 898,799</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

YOUABLE EMOTIONAL HEALTH SERVICES  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	2024							2023	
	Program Services				Support Services			Total All Services	Total All Services
	Mental Health Services	Educational Support Services	Family Support Services	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries and Wages	\$ 581,176	\$ 1,193,886	\$ 1,890,130	\$ 3,665,192	\$ 515,204	\$ 54,449	\$ 569,653	\$ 4,234,845	\$ 7,369,211
Employee Benefits and Payroll Tax	101,767	226,825	402,583	731,175	78,481	8,173	86,654	817,829	1,318,374
Total Personnel Expense	682,943	1,420,711	2,292,713	4,396,367	593,685	62,622	656,307	5,052,674	8,687,585
Bad Debt Expense	286,718	448,715	394,513	1,129,946	-	-	-	1,129,946	754,759
Office Systems	97,858	189,530	317,616	605,004	77,700	7,583	85,283	690,287	816,660
Outside Services	32,243	35,008	41,900	109,151	316,251	68,385	384,636	493,787	683,116
Facilities	38,876	164,183	110,220	313,279	121,708	6,197	127,905	441,184	681,262
Other Expenses	3,476	8,487	22,610	34,573	387,584	99	387,683	422,256	132,738
Travel and Training	4,699	66,733	70,814	142,246	3,125	-	3,125	145,371	192,701
Supplies	5,434	26,308	26,618	58,360	9,151	3,070	12,221	70,581	100,702
<b>Total Expense</b>	<b>\$ 1,152,247</b>	<b>\$ 2,359,675</b>	<b>\$ 3,277,004</b>	<b>\$ 6,788,926</b>	<b>\$ 1,509,204</b>	<b>\$ 147,956</b>	<b>\$ 1,657,160</b>	<b>\$ 8,446,086</b>	<b>\$ 12,049,523</b>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

YOUABLE EMOTIONAL HEALTH SERVICES  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Support Services			Total All Services
	Mental Health Services	Educational Support Services	Family Support Services	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries and Wages	\$ 2,892,798	\$ 1,345,721	\$ 2,349,363	\$ 6,587,882	\$ 764,170	\$ 17,159	\$ 781,329	\$ 7,369,211
Employee Benefits and Payroll Tax	546,510	233,011	420,781	1,200,302	115,288	2,784	118,072	1,318,374
Total Personnel Expense	3,439,308	1,578,732	2,770,144	7,788,184	879,458	19,943	899,401	8,687,585
Bad Debt Expense	374,477	141,136	239,146	754,759	-	-	-	754,759
Office Systems	304,444	149,793	292,784	747,021	69,639	-	69,639	816,660
Outside Services	89,703	25,864	33,767	149,334	492,551	41,231	533,782	683,116
Facilities	82,540	282,614	97,888	463,042	213,656	4,564	218,220	681,262
Other Expenses	13,692	7,740	19,575	41,007	91,731	-	91,731	132,738
Travel and Training	30,657	71,346	84,126	186,129	6,572	-	6,572	192,701
Supplies	28,636	24,590	24,834	78,060	19,225	3,417	22,642	100,702
Total Expense	\$ 4,363,457	\$ 2,281,815	\$ 3,562,264	\$ 10,207,536	\$ 1,772,832	\$ 69,155	\$ 1,841,987	\$ 12,049,523

The accompanying Notes to Financial Statements  
are an integral part of this statement.



YOUABLE EMOTIONAL HEALTH SERVICES  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

EXHIBIT E

	2024	2023
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 188,791	\$ (1,428,958)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Bad Debt Expense	1,129,946	754,759
Depreciation	90,636	141,256
Change in Operating Leases	31,902	21,270
(Increase) Decrease in Operating Assets:		
Contracts Receivable	234,208	(20,994)
Client Service Receivable	(455,654)	10,820
Fiscal Agent Receivable - Custodial Funds	11,649	6,513
Prepaid Expenses	4,523	17,368
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(48,451)	(79,956)
Accrued Expenses	(190,111)	(53,325)
Net Cash Provided (Used) by Operating Activities	997,439	(631,247)
Cash Flows from Investing Activities:		
Purchases of Equipment and Building Improvements	-	(26,250)
Net Cash (Used) by Investing Activities	-	(26,250)
Cash Flows from Financing Activities:		
Repayment of Debt	(330,854)	(291,825)
Net Cash (Used) by Financing Activities	(330,854)	(291,825)
Net Increase (Decrease) in Cash	666,585	(949,322)
Cash - Beginning of year	61,849	1,011,171
Cash - Ending of year	\$ 728,434	\$ 61,849
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	\$ 29,438	\$ 23,804

The accompanying Notes to Financial Statements  
are an integral part of these statements.

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies

Youable Emotional Health Services (Youable) provides comprehensive mental health care in the Twin Cities area. Our mission is empowering people of all ages to live an emotionally healthy life.

Founded in 1970, Youable today is a highly integrated, collaborative organization with a professional, diverse staff of over 150 employees at June 30, 2024 and over 150 employees at June 30, 2023. We help those who are facing challenges in their personal or family lives with programming and services that address mental health issues, parenting issues, psychological assessments, divorce, a difficult teen, physical abuse, sexual abuse, unhealthy relationships and more. Youable has locations in Brooklyn Center, Golden Valley, Richfield and Hopkins, and also provides services in more than 60 schools and other community-based locations throughout the Twin Cities.

Youable provided direct mental health services to over 6,000 unique clients in FY 2024 and FY 2023. Youable self-reported data indicated that of the clients who racially identified, 50% of our clients were non-white in FY 2024 and FY 2023. Youable is a Minnesota Essential Community Provider and committed to provide services to all who request it.

Each day Youable touches the lives of hundreds of people in the Twin Cities area, helping them overcome obstacles in their lives through treatment, intervention and education. Our programs fall under three focus areas: Mental Health, Family Support and Educational Support. Our clients can also be grouped: Children and Adolescents, Adults, and Couples and Family

MENTAL HEALTH: Youable's Mental Health services include:

Children and Adolescents:

Outpatient Counseling: Youable offers highly effective general outpatient therapy and counseling for children and teens who are depressed, have neurological or behavioral issues, have been sexually or physically abused or neglected, or have severe mental health issues. Outpatient Counseling for children and adolescents includes therapists who specialize in: play, Family and Group Therapy; Anger Management; Sexual Abuse Treatment; and Adolescent Dialectical Behavioral Therapy, an innovative program of individual therapy, skills groups and coaching for youth who are suicidal, self-injurious and have difficulty managing their emotions and sustaining relationships.

In-School: Prior to FY 2024 Youable provided school-based services address school success, truancy, mental health and chemical dependency through support, advocacy and case management. Youable therapists worked daily in more than 60 schools, primarily in the Anoka/Hennepin, Bloomington and Burnsville school districts, with services also provided at individual schools in other districts.

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

Psychological Assessment & Testing: Psychological assessment and testing is conducted by a Clinical Psychologist. Assessments include risk, diagnostic, psychosexual, and adult certification of juveniles. Testing includes neuro-behavioral, cognitive, objective and projective personality, diagnostic and parent/teacher behavioral reports.

Adults:

Outpatient Counseling: Youable's mental health professionals offer highly effective general outpatient therapy and counseling for individuals looking for emotional and mental health support.

Dialectical Behavioral Therapy (DBT): Individual therapy, skills groups and coaching for men and women who are suicidal, self-injurious and have difficulty managing their emotions and sustaining relationships.

Psychological Assessment & Testing: Psychological assessment and testing is conducted by a clinical psychologist.

Medication Management: Services include assessment, prescriptions, and medication monitoring including managing dosage changes.

Other Adult Services: Group Therapy, specialty interventions such as DBT and EMDR.

EDUCATIONAL SUPPORT: Youable's Educational Support services include:

Day Treatment: Programming for children grades 7-12 who are experiencing significant emotion and mental health issues that make it difficult to succeed in a mainstream school setting and cannot be resolved in a standard outpatient mental health setting.

In-School: School-based services address school success, truancy, mental health and chemical dependency through support, advocacy and case management.

Truancy Services: Youable provides Truancy Case Management to Hennepin County clients through the counties' Be @ School initiative. We work with K-12 students and their families to identify the root issues of the truancy, develop plans and find resources to assist.

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

FAMILY SUPPORT: Youable's Family Support services include:

Case Management: Mental Health Case Management Services' staff provide guidance and support for families whose children are at risk for abuse or neglect, and for those with children who have severe and long-term mental health needs.

Healthy Families: Youable is a member of the Hennepin Healthy Families Home Visiting Program, which services young children from prenatal to four and their first-time parents who are dealing with multiple challenges. Our trained home visitors provide long-term, clinically-supervised, intensive home visits that focus on strengths- and relationship-building.

Diversion: Non-violent juvenile offenders ages 10-17 are referred to Youable by Hennepin County for services ranging from restorative justice programming to diversion groups to outpatient therapy.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Youable, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

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

Net Assets with Donor Restriction – 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. Youable reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Income Tax

Youable is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal income taxes on related income accordingly. Youable is also exempt from state income taxes under similar provisions in the Minnesota Statutes. Youable has elected to adopt guidance in the income standard regarding the recognition and measurement of uncertain tax positions. Youable follows the accounting standard for contingencies for evaluating uncertain tax positions. The adoption of this standard has no effect on the financial statements.

Cash and Cash Equivalents

Cash consists of cash, money market accounts, and all highly liquid securities purchased with an original maturity of 90 days or less. Cash and cash equivalents are stated at cost which approximates fair value.

Accounts Receivable and Allowance for Credit Losses

Receivables are recorded at amounts billed and are generally due when billed. The Organization has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories. Management believes that the historical loss information it has compiled is a reasonable basis on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing historical credit-loss percentages. Additionally, management has determined that the current and reasonable supportable forecasted economic conditions are consistent with the economic conditions included in historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2024 and 2023 totaled \$102,500 and \$277,226, respectively.

Changes in the allowance for credit losses for receivables are as follows for the years ended:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Allowance for Credit Losses, Beginning of Year	\$ 277,226	\$ 339,465
Provision for Credit Losses	1,512,179	1,173,771
Charge-offs	(1,686,905)	(1,236,010)
Recoveries	-	-
	<u>\$ 102,500</u>	<u>\$ 277,226</u>

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Fiscal Agency Receivable and Payable

An asset and/or liability is recorded for certain assets for which Youable acts as an agent. The related agreements have stipulations that the assets be passed on to certain individuals or entities as directed by the sponsoring organization. Fiscal agency transactions resulted in a net receivable of \$1,930 and \$13,579 at June 30, 2024 and 2023, respectively.

Property and Equipment

Equipment in excess of \$1,000 is recorded at cost if purchased or at estimated market value at date of contribution if donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. All equipment purchases less than \$1,000 are expensed. Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

Buildings and Improvements	5 – 33 Years
Leasehold Improvements	3 – 10 Years
Furniture and Office Equipment	3 – 7 Years
Automobiles	5 Years

Revenue and Revenue Recognition

Youable recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Youable records contributed nonfinancial assets at fair market value at the date of donation. Youable's policy related to contributed nonfinancial assets is to utilize the assets given to carry out the mission of Youable. If an asset is provided that does not allow Youable to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Net Service Revenue

Client and medical assistance fees are recorded at standard hourly rates. When the services are rendered, discounts are recorded to reduce client fees for allowable discounts based on the difference between the usual and customary charges and the clients' ability to pay, as determined by a sliding fee scale. Discounts are also recorded for contractual discounts as negotiated with third-party payors and medical assistance. Charity services are defined as services that Youable discounts or provides for free to under-insured or un-insured clients to assist them in receiving treatment. Charity services also include client service Youable provides in excess of contractual funding limits. Youable elects to continue to serve clients once funding is exhausted.

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Government Grants and Contracts

Government grants and contracts are recorded as contributions. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Youable will record such disallowance at the time the final assessment is made.

Unemployment Compensation Self-Insurance

Youable has elected to self-fund their unemployment claims through reimbursing the State of Minnesota based on actual unemployment claims paid by the State to former Youable employees.

Functional Allocation of Expense

Functional expenses have been directly coded to specific functions whenever possible. Expenses which cannot be directly identified to a specific function are allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Leases

Youable determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. The operating lease expense is recognized on a straight-line basis over the lease term. Youable does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Concentrations of Credit Risk

Youable maintains cash balances at Bremer Bank which is insured by the federal deposit insurance corporation up to \$250,000. Youable also maintains an insured cash sweep (ICS) account at Bremer that divides the money on deposit in to amounts not exceeding \$250,000 with any one financial institution at the end of each business day.

Youable is also subject to risk with respect to concentration of accounts receivable and net service revenue, which is dependent on a series of contracts with third-party payers. This is typical in the industry in which Youable operates.

YOUABLE EMOTIONAL HEALTH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

In the year ended June 30, 2024, Youable adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology.

Subsequent Events

Youable has evaluated the effect that subsequent events would have on the financial statements through January 31, 2025, which is the date financial statements were available to be issued.

2. Land, Buildings and Equipment

Youable owned the following as of:

	June 30,	
	2024	2023
Land	\$ 50,000	\$ 50,000
Buildings	389,097	389,097
Building Improvements	1,335,746	1,335,746
Equipment and Furniture	447,759	447,759
Leasehold Improvements	567,610	567,610
	2,790,212	2,790,212
Less: Accumulated Depreciation	2,631,160	2,540,524
Land, Buildings and Equipment - Net	\$ 159,052	\$ 249,688

Depreciation expense was \$90,636 and \$141,256 for the years ended June 30, 2024 and 2023, respectively.

3. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following purposes as of:

	June 30,	
	2024	2023
Staff Development	\$ 11,168	\$ 10,634
Home Visiting Program	-	15,000
	\$ 11,168	\$ 25,634



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4. Board Designated Net Assets

The Board of Directors have adopted an operating reserve policy for net assets without donor restrictions. The designated balance are as follows as of:

	June 30,	
	2024	2023
Operating Reserve	\$ 530,000	\$ 530,000

5. Contributions of Nonfinancial Assets

Youable received approximately \$54,055 for the fiscal year ended June 30, 2024 and \$141,084 for the fiscal year ended June 30, 2023 of in-kind salary contributions from internship positions and other professional services. The contributed nonfinancial assets were utilized for programs during the years ended June 30, 2024 and 2023 and have no donor restrictions. Values were based on the current market rates Youable would have paid for the same services if they were not donated.

6. Liquidity and Availability

The following represents Youable’s financial assets as of:

	June 30,	
	2024	2023
Financial Assets:		
Cash	\$ 728,434	\$ 61,849
Contracts Receivable - Net	63,224	297,432
Client Service Receivable - Net	906,407	1,366,739
	1,698,065	1,726,020
Less: Assets not available to be used within one year:		
Board - Designated Operating Reserve	530,000	530,000
Net Assets With Donor Restrictions	11,168	25,635
Total Assets not available to be used within one year	541,168	555,635
Financial assets available for general expenditures		
Within one year	\$ 1,156,897	\$ 1,170,385

Youable has certain net assets with donor restrictions limited to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been excluded in the qualitative information above for financial assets to meet general expenditures within one year. The board-designated reserve is not considered available for use within one year, but these amounts could be made available if necessary by board action.

As part of Youable’s liquidity plan, Youable has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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7. Long-Term Debt

The breakdown of notes payable is as follows as of:

	June 30,	
	2024	2023
Mortgage note payable to Bremer Bank, payable in monthly installments of \$13,366, including interest at 4.35% and principal with unpaid principal and interest due on February 1, 2024. The note is secured by land, building and equipment.	\$ -	\$ 105,175
\$625,000 variable interest rate line-of-credit with Bremer Bank that expires on August 1, 2025. Interest is due monthly with unpaid principal and interest due at maturity. Interest rate at June 30, 2024 was 7.75%. The line-of-credit is secured by all assets.	-	125,679
2.5% note payable to Otto Bremer Trust. Interest calculated on unpaid principal balance and interest payments due every January and July from 2023 through 2027. The final payment is due January 15, 2027. The note is unsecured.	300,000	400,000
	300,000	630,854
Less Portion Due Within One (1) Year	100,000	330,854
Long-term Portion	\$ 200,000	\$ 300,000

Principal payments required are as follows:

Due in the Year Ending June 30,

2025	\$ 100,000
2026	100,000
2027	100,000
Total	\$ 300,000

8. Retirement Plan

Youable maintains a 401(k) qualified retirement plan covering all staff that meet eligibility requirements. The plan is funded by elective employee contributions and employer match of employee contributions up to 3% of employee compensation. The employer amount contributed to this plan was \$71,672 and \$155,408 for the years ended June 30, 2024 and 2023, respectively.

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9. Operating Leases

Youable has operating leases for office space and equipment. The right-of-use (ROU) assets represent the Youable's right to use underlying assets for the lease term, and the lease liabilities represent the Youable's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. Youable has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

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

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating Leases:		
Right of Use Asset	<u>\$ 851,309</u>	<u>\$ 1,095,868</u>
Operating Lease Liabilities - Current	\$ 241,212	\$ 235,121
Operating Lease Liabilities - Noncurrent	<u>663,268</u>	<u>882,017</u>
Total Operating Lease Liabilities	<u>\$ 904,480</u>	<u>\$ 1,117,138</u>

The following summarizes the weighted average remaining lease term and discount rate as of:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term:		
Operating Leases	5.23 years	6.23 years
Weighted Average Discount Rate:		
Operating Leases	2.30%	2.30%

Maturities of lease liabilities as of June 30, 2024 were as follows:

Year Ending June 30:	
2025	\$ 270,188
2026	147,318
2027	147,012
2028	135,199
2029	139,255
2030 and Beyond	<u>166,922</u>
Total Lease Payments	1,005,894
Less Present Value Discount	<u>101,414</u>
Present Value of Lease Liabilities	<u>\$ 904,480</u>

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9. Operating Leases (continued)

The following summarizes the line items in the statements of activities, which include the components of lease expense for the year ended:

	June 30,	
	2024	2023
Operating lease expense included in Facilities	<u>\$ 267,092</u>	<u>\$ 359,361</u>

The following summarizes cash flow information related to leases for the year ended:

	June 30,	
	2024	2023
Cash paid for amounts included in the measurement of Lease liabilities: Operating cash flows from operating leases	<u>\$ 235,121</u>	<u>\$ 373,896</u>

10. Rental Income

Youable leases office space at their Richfield office building to an unrelated third party through December 31, 2025. Minimum future rental receipts for the lease is as follows:

Due in the Year Ending June 30,

2025	\$ 33,033
2026	<u>16,680</u>
Total	<u>\$ 49,713</u>

11. Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit (the Credit) which is a refundable tax credit against certain employment taxes. The Consolidated Appropriations Act of 2021, the American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act of 2021 (collectively the Acts) expanded the credit and extended the credit through September 30, 2021. During the year ended June 30, 2024, the Organization recorded a \$1,962,716 benefit related to the credit which is included in other revenue on the statement of activities.