

**Valley Outreach**

Financial Statements with  
Independent Auditor's Report

September 30, 2025

**Valley Outreach**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Valley Outreach

**Opinion**

We have audited the accompanying financial statements of Valley Outreach (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Valley Outreach as of September 30, 2025, and the changes in its net assets and its cash flows for the year 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. 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 Valley Outreach and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Valley Outreach'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 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 Valley Outreach'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 Valley Outreach'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.

#### **Report on Summarized Comparative Information**

We have previously audited Valley Outreach's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schutz CPA, Ltd.*

March 13, 2026

**Valley Outreach**  
Statement of Financial Position  
September 30, 2025  
(With Comparative Totals for 2024)

	2025	2024
<b>Assets</b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 530,672	\$ 445,757
Cash and Cash Equivalent Restricted for Operating Reserve	356,119	397,708
Cash Restricted for Capital Reserve	77,472	433,573
Cash Restricted for Tenant Security Deposit	4,235	4,235
Certificates of Deposit	325,097	265,041
Accounts Receivable	113,707	95,636
Pledges Receivable	4,585	11,335
Inventory - Food	24,894	23,379
Inventory - Clothing	35,538	75,110
Prepaid Expenses	74,303	64,370
Total Current Assets	1,546,622	1,816,144
<u>Property and Equipment</u>		
Land	463,822	463,822
Building and Improvements	2,218,135	1,840,883
Furniture and Fixtures	22,208	22,208
Equipment	165,600	165,600
Vehicles	33,771	33,771
Accumulated Depreciation	(871,244)	(773,037)
construction in Progress	56,308	
Net Property and Equipment	2,088,600	1,753,247
<u>Other Assets</u>		
Cash Restricted for UST Unemployment Fund	14,854	34,038
Investments	967,908	689,999
Total Other Assets	982,762	724,037
Total Assets	\$4,617,984	\$4,293,428
<b>Liabilities</b>		
<u>Current Liabilities</u>		
Accounts Payable	41,827	38,552
Accrued Payroll	36,584	29,761
Accrued Vacation	46,052	39,934
Accrued Expenses	20,128	35,795
Deferred Revenue	3,700	48,934
Tenant Security Deposits	4,235	4,235
Total Current Liabilities	152,526	197,211
Total Liabilities	152,526	197,211
<b>Net Assets</b>		
Without Donor Restriction	3,461,714	2,970,360
With Donor Restriction	1,003,744	1,125,857
Total Net Assets	4,465,458	4,096,217
Total Liabilities and Net Assets	\$4,617,984	\$4,293,428

See accompanying notes to financial statements.

**Valley Outreach**  
Statement of Activities  
Year Ended September 30, 2025  
(With Comparative Totals for 2024)

	Without Donor Restriction	With Donor Restriction	2025 Total	2024 Total
<b>Support and Revenue</b>				
Grants and Contributions	\$ 2,605,665	\$ 447,643	\$ 3,053,308	\$ 2,757,884
In-Kind Donations - Food	1,447,276		1,447,276	1,088,904
In-Kind Donations - Clothing	618,378		618,378	604,428
Program Income	20,504		20,504	16,670
Fundraising	13,227		13,227	
Investment Income	133,507		133,507	117,511
Loss on Disposal of Fixed Assets	(1,107)		(1,107)	
Subtotal Support and Revenue	<u>4,837,450</u>	<u>447,643</u>	<u>5,285,093</u>	<u>4,585,397</u>
Released from Restrictions	569,756	(569,756)		
Special Event	185,788		185,788	178,373
Less Special Event Direct Expenses	(51,597)		(51,597)	(51,403)
Net Special Events	<u>134,191</u>		<u>134,191</u>	<u>126,970</u>
Rental Income	78,363		78,363	73,984
Less Rental Expenses	(86,667)		(86,667)	(74,166)
Net Rental Income	<u>(8,304)</u>		<u>(8,304)</u>	<u>(182)</u>
Total Support and Revenue	<u>5,533,093</u>	<u>(122,113)</u>	<u>5,410,980</u>	<u>4,712,185</u>
<b>Expenses</b>				
Program Services	4,280,702		4,280,702	3,712,558
Management and General	500,505		500,505	348,705
Fundraising	260,532		260,532	352,717
Total Expenses	<u>5,041,739</u>		<u>5,041,739</u>	<u>4,413,980</u>
Change in Net Assets	<u>491,354</u>	<u>(122,113)</u>	<u>369,241</u>	<u>298,205</u>
Net Assets - Beginning of Year	2,970,360	1,125,857	4,096,217	3,798,012
Net Assets - End of Year	<u>\$ 3,461,714</u>	<u>\$ 1,003,744</u>	<u>\$ 4,465,458</u>	<u>\$ 4,096,217</u>

**Valley Outreach**  
Statement of Functional Expenses  
Year Ended September 30, 2025  
(With Comparative Totals for 2024)

	Program Services	Management and General	Fundraising	Expenses Before Rental/ Special Event	Special Event Expenses	Rental Expenses	2025 Total Expenses	2024 Total Expenses
Client Assistance - Goods	\$2,397,112			\$ 2,397,112			\$2,397,112	\$2,048,331
Client Assistance - Financial	351,826			351,826			351,826	420,773
Salaries	1,069,314	\$ 71,458	\$ 135,259	1,276,031	\$ 3,565	\$ 8,422	1,288,018	1,174,089
Contracted Services	63,848	12,500		76,348	8,055		84,403	88,742
Employee Benefits	135,963	9,086	17,198	162,247			162,247	106,580
Payroll Taxes	99,942	6,679	12,642	119,263	263	642	120,168	86,818
Bank and Credit Card Fees	374	7,774	1,050	9,198	2,975		12,173	12,298
Conferences and Meetings	1,443	10,316	695	12,454			12,454	6,748
Depreciation	60,687	4,055	7,677	72,419		39,150	111,569	107,374
Dues and Subscriptions	264	13,504	3,775	17,543			17,543	23,054
Insurance	14,217	20,871	1,272	36,360		3,096	39,456	30,117
Inventory Adjustment/Spoilage		217,233		217,233			217,233	
Meals and Entertainment					30,359		30,359	37,734
Miscellaneous		53		53			53	5,895
Office Equipment		3,201		3,201			3,201	10,522
Office Expense	1,939	26,189	9,249	37,377	24		37,401	16,939
Postage		436	11,081	11,517			11,517	10,037
Printing and Publications	540	333	29,337	30,210			30,210	39,219
Professional Services		53,363		53,363			53,363	103,685
Property Tax						7,176	7,176	18,767
Rent Expense		4,800		4,800			4,800	4,800
Repair and Maintenance	25,102	26,977		52,079		19,599	71,678	65,817
Supplies	17,812		9,272	27,084	6,256		33,340	30,920
Telephone and Communications	32	2,862	18,524	21,418			21,418	25,085
Utilities	25,638	1,713	3,243	30,594		8,582	39,176	36,921
Vehicle Expense	7,006	588	11	7,605			7,605	14,302
Volunteer and Staff Recognitions	7,643	6,514	247	14,404	100		14,504	13,982
<b>Total Expenses</b>	<b>\$4,280,702</b>	<b>\$ 500,505</b>	<b>\$ 260,532</b>	<b>\$ 5,041,739</b>	<b>\$ 51,597</b>	<b>\$86,667</b>	<b>\$5,180,003</b>	<b>\$4,539,549</b>

See accompanying notes to financial statements.

**Valley Outreach**  
Statement of Cash Flows  
Year Ended September 30, 2025  
(With Comparative Totals for 2024)

	2025	2024
<b>Cash Flows from (to) Operating Activities</b>		
Change in Net Assets	\$ 369,241	\$ 298,205
Adjustments to Reconcile:		
Depreciation	111,569	107,374
(Gain) Loss on Investments	(161,430)	
(Gain) Loss on Fixed Asset Disposal	(1,107)	(117,703)
Change in Inventory	38,057	(63,332)
(Increase) Decrease in Operating Assets:		
Accounts and Pledges Receivable	(11,321)	28,283
Prepaid Expenses	(9,933)	14,825
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,275	(32,742)
Accrued Payroll	6,823	(16,441)
Accrued Vacation	6,118	18,228
Accrued Expenses	(15,667)	9,373
Deferred Revenue	(45,234)	(14,331)
Net Cash from Operating Activities	290,391	231,739
<b>Cash Flows (to) Investing Activities</b>		
Purchase of Fixed Assets	(447,780)	(18,379)
Purchases of Investments	(174,570)	(347,662)
Redeem Certificates of Deposit		79,467
Net Cash (to) Investing Activities	(622,350)	(286,574)
Net Increase in Cash and Cash Equivalents	(331,959)	(54,835)
Cash and Cash Equivalents, Beginning of Year	1,315,311	1,370,146
Cash and Cash Equivalents, End of Year	\$ 983,352	\$ 1,315,311
Reconciliation to Statement of Financial Position:		
Cash and Cash Equivalents	\$ 530,672	\$ 445,757
Cash Restricted for Operating Reserve	356,119	397,708
Cash Restricted for Capital Reserve	77,472	433,573
Cash Restricted for Tenant Security Deposit	4,235	4,235
Cash Restricted for UST Unemployment Fund	14,854	34,038
Total Cash and Cash Equivalents	\$ 983,352	\$ 1,315,311

**Valley Outreach**  
Notes to Financial Statements  
September 30, 2025  
(With Summarized Comparative Amounts for 2024)

**Note 1: Nature of the Organization**

Valley Outreach is a community supported and privately funded non-profit whose mission is to help people move their lives forward through basic needs services and personalized support. Clients are offered, free of charge, a range of support including food, clothing, resource navigation and case management. The target demographic is those within 200% of the federal poverty level or those in crisis.

**Note 2: Summary of Significant Accounting Policies**

Financial Statement Presentation: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Cash, Cash Equivalents, and Restricted Cash: The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Restricted cash includes cash and highly liquid financial instruments restricted for tenant security deposits, UST unemployment fund, operating, and capital reserves.

Certificates of Deposit: Certificates of deposit are recorded at cost plus accrued interest, which approximates fair market value.

Accounts Receivable: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off against the allowance account when deemed uncollectable. At September 30, 2025, and 2024, all amounts were considered fully collectible and an allowance account was not deemed necessary.

Inventory: Inventories are stated at lower of cost, determined using the average cost method, or market, based on average value per pound for food and average value per item for clothing.

Property and Equipment: Property and equipment additions of \$2,500 or more are carried at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenses as incurred.

Investments: The Organization records investments at their fair value in the statement of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Deferred Revenue: Deferred revenue consists of special event revenues received prior to the event date.

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of 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 use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for both operating capital reserves.

**Valley Outreach**  
Notes to Financial Statements  
September 30, 2025  
(With Summarized Comparative Amounts for 2024)

**Note 2: Summary of Significant Accounting Policies (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor) 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the donor restrictions are satisfied in the reporting period in which the support is recognized.

Revenue and Revenue Recognition:

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or 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 met.

A portion of the Organization's revenue is derived from cost reimbursement grants. Revenue is recognized when earned. Program fees and rental income are deferred to the applicable period in which related services are performed.

Special event revenue is recorded equal to the fair value of direct benefits to the donors and contributions income for the excess received when the event takes place.

In-kind contributions of donated goods, which include food and clothing, are recorded as unrestricted support by the Organization at the estimated fair value on the date of donation.

In-kind contributions of services provided by volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Allocation of Expenses: The costs of programs and supporting services activities have been summarized on a functional basis and natural classifications in the statement of functional expenses. Expenses have been allocated among program and supporting service classifications on the basis of direct expenses and based on the best estimates of the Organization's management. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort, as well as depreciation and occupancy which are allocated on a square footage basis.

Advertising Expenses: Advertising costs are expensed as they are incurred.

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 and disclosure of contingent 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. Significant estimates include allocation of expenses to the various functional expense categories and the value of in-kind donations.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**Valley Outreach**  
Notes to Financial Statements  
September 30, 2025  
(With Summarized Comparative Amounts for 2024)

**Note 2: Summary of Significant Accounting Policies (Continued)**

Financial Instruments and Credit Risk: The Organization manages concentration risk by placing financial assets with financial institutions believed to be creditworthy. At September 30, 2025, the amounts at three separate financial institutions exceeded the FDIC insured limit of \$250,000 per financial institution by a combined total of \$354,361. To date, the Organization has not experienced losses in any of its accounts. Credit risk associated with grants receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the Organization's mission. Credit risks associated with accounts receivable is considered to be limited due to high historical collection rates.

Investments are held in pooled funds managed by a community foundation which diversifies risk. Investments are exposed to various risks, such as overall market volatility. Due to the level of risk associated with investments, it is reasonably possible that changes in the values of the investments will occur in the near term and such changes could be material to the amounts reported.

**Note 3: Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2025	2024
Fiscal assets at September 30,	\$1,486,190	\$1,717,655
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions	(35,836)	(404,140)
Restricted cash and certificates of deposit	(777,777)	(711,501)
Total financial assets available to meet cash needs for general expenditures within one year at September 30,	\$ 672,577	\$602,014

As part of the Organization's liquidity management plan both an operating reserve and a capital reserve were established. In addition, a long-term non-endowed fund was established at a local community foundation. Although, the Organization does not intend to spend from these reserves, amounts could be made available if necessary.

In October 2016, the Board approved the establishment of a board designated fund as an operating reserve. The purpose of the operating reserve is to build and maintain an adequate level of unrestricted net assets to support the Organization's day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. The target minimum operating reserve is \$450,000 and will be calculated each year after approval of the annual budget. At September 30, 2025, the operating reserve was \$571,408, with \$302,886 in money market accounts, and \$268,522 in certificates of deposit. At September 30, 2024, the operating reserve was \$554,269 with \$52,256 in money market accounts and \$502,013 held in certificates of deposit.

In October 2017, the Board approved the establishment of a board designated fund as a capital reserve. The purpose of the capital reserve is to support the Organization's capital needs and obligations accompanying building ownership. The target minimum capital reserve is \$50,000 and capital needs will be reviewed annually by the Facilities Subcommittee. At September 30, 2025, the Board designated capital reserves were \$187,281, with \$77,472 in money market funds, and \$109,809 in certificates of deposit. At September 30, 2024, the capital reserve was \$151,871 with \$43,617 in money market funds and \$108,254 held in certificates of deposit.

**Valley Outreach**  
Notes to Financial Statements  
September 30, 2025  
(With Summarized Comparative Amounts for 2024)

**Note 4: Investments**

The Organization established a long-term, non-endowed fund with the St. Croix Valley Foundation (SCVF) during the fiscal year ending September 30, 2016. SCVF has sole discretion as to the investment and reinvestment of the assets of the fund. The fund is to be administered in accordance with the Minnesota and Wisconsin Uniform Prudent Management of Institutional Funds Acts. The income of the fund, as determined to be 5% of the average past sixteen quarters' fund balance, can be distributed annually or be added all or in part back into the fund. However, upon request of three-fourths of the directors of Valley Outreach, the Foundation may authorize distributions in excess of the income of the fund. As of September 30, 2025, and 2024, the spendable amount from the fund were \$17,044, and \$9,032, respectively.

**Note 5: Fair Value Measurements and Disclosures**

Investments are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset.

Investments are held in a pooled fund at a community foundation and are under control of the community foundation. Individual assets specific to the Organization are not specifically identifiable on an open market, as such, the investments are classified within Level 3.

Fair value of assets measured on a recurring basis at September 30, 2025, and 2024 are as follows:

2025 Investment In:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
St. Croix Valley Foundation	\$ 0	\$ 0	\$967,908	\$967,908
2024 Investment In:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
St. Croix Valley Foundation	\$ 0	\$ 0	\$689,999	\$689,999

**Valley Outreach**  
Notes to Financial Statements  
September 30, 2025  
(With Summarized Comparative Amounts for 2024)

**Note 6: UST Unemployment Fund**

The Organization started an unemployment fund with an unemployment management company during the fiscal year ended September 30, 2018. The Organization has determined that the contributions to the fund are a restricted cash asset of the Organization, as upon severance the fund returns the account balance. Any unemployment claims are paid from this fund; there were no claims paid in the current fiscal year. As of September 30, 2025, the balance was \$14,854.

**Note 7: Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of grants and contributions designated for future use by the Food Shelf/ Client Financial Assistance Fund programs and amounts held in the St. Croix Valley Foundation Fund. At September 30, 2025, and 2024, net assets with donor restrictions consisted of the following:

	2025	2024
Food Shelf/Client Financial Assistance Fund	\$ 30,835	\$ 13,750
Vibrant Future Fund	967,909	721,717
Carpeting	5,000	
Exterior Refresh		389,056
Timing		1,334
Total Net Assets With Donor Restrictions	\$1,003,744	\$1,125,857

**Note 8: Donated Goods and Services**

The Organization received donated goods which include food and clothing. Donated amounts are recorded in financial statements as unrestricted support by the Organization at the estimated fair value on the date of donation. In 2025, food donations were valued at a per pound amount of \$0.70 and in 2024 at \$2.15, net of spoilage. Clothing items are valued on a per item basis at an average of \$5.17 per item and socks and underwear at \$0.46 per item. In determining the price per pound and average per item amounts, the Organization performs studies and uses price testing and the consumer price index.

The average value of one pound of donated food and per item value of donated clothing will vary from year-to-year based on the mix of product items donated. As part of determining the price, the Organization analyses and reviews the results to determine the accuracy and understand the key components of the valuations and the year-to-year changes.

In 2025, the Organization received 2,067,537 pounds of food at an estimated fair value of \$1,447,276 and purchased an estimated 652,852 pounds at a cost of \$456,955. The cost of the purchased food was \$0.70 per pound.

The Organization distributed 2,440,950 pounds of food with an estimated value of \$0.70 per pound valued at \$1,708,665.

In 2025, the Organization received clothing items at an estimated fair value of \$618,378. Clothing sales were \$20,504 and distributions were valued at \$683,808.

At the end of 2025, food and clothing inventory amounts were adjusted to reflect the differences between actual inventory counts on hand and calculated amounts. The inventory adjustment/spoilage also includes food spoilage and waste in addition to the pricing difference between the actual purchase cost and the estimated fair value amount, as well as the pricing differences on inventory purchase values above the fair value per item.

Contributed services are recognized for those services that improve or enhance property and equipment or for those that require specialized skills. Many other volunteers contribute service hours, for which no value has been assigned, benefited the Organization but have not been recognized in the financial statements since they do not meet the requirements for recognition. During the years ended September 30, 2025, and 2024, the Organization benefitted from approximately 811, and 608 individual volunteers, respectively.

**Valley Outreach**  
Notes to Financial Statements  
September 30, 2025  
(With Summarized Comparative Amounts for 2024)

**Note 9: Rental Income**

The Organization leased a portion of its building to a tenant in 2025 and 2024 under an annual operating lease that ended October 31, 2024, and has not yet been renewed. After the lease ended the tenant continued to lease on a month-to-month basis based on the original lease agreement which required base monthly payments of \$3,375 in addition to common area maintenance fees, utilities, and prorated tax reimbursements.

The security deposit of \$4,235 is considered restricted cash and are not held in a separate bank account.

**Note 10: Special Events**

The Organization participated in two special events each year to raise awareness about its activities and fundraise. Special events consisted of the following:

	2025 Vibrant	2024 Vibrant
Revenue	\$185,788	\$178,373
Direct Expenses	(51,597)	(51,402)
Net Special Event Revenue	\$134,191	\$126,971

**Note 11: Operating Leases**

The Organization has a lease for a parking lot space with a neighboring business. The lease is on a month-to-month basis and requires thirty-day notice to cancel. The Organization is required to pay \$400 per month.

**Note 12: Retirement Plan**

During the fiscal year ending September 30, 2016, the Organization adopted a SIMPLE retirement plan covering all employees who have received at least \$5,000 in compensation during any two prior years. Employees are eligible for employer matching contributions once they begin contributing to the plan. The Organization matches up to 3% of their gross pay. Employer contributions are immediately vested.

Employer matching contributions to the plan were \$31,823 and \$26,513 for the years ended September 30, 2025, and 2024, respectively.

**Note 13: Subsequent Events**

The Organization has evaluated subsequent events through March 13, 2026, which was the date the financial statements were available to be issued.