ANNUAL CONSOLIDATED FINANCIAL REPORT

FAMILY TREE, INC. DBA FAMILY TREE CLINIC AND
FAMILY TREE REAL ESTATE HOLDING, LLC
MINNEAPOLIS, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Table of Contents
December 31, 2025 and 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Minneapolis, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Family Tree, Inc. dba Family Tree Clinic and Family Tree Real Estate Holding, LLC. (collectively known as "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2025 and 2024, 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 Consolidated financial statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities as of and for the year ended December 31, 2025 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Abdo

Abdo
Minneapolis, Minnesota
July 29, 2026

CONSOLIDATED FINANCIAL STATEMENTS

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 1,550,615	$ 280,730
Cash and cash equivalents, certificates of deposit	3,736,447	-
Cash and cash equivalents, fiscal sponsor	-	418,572
Accounts receivable, net of allowance for credit losses and contractual adjustments of $216,585 and $213,605 in 2025 and 2024, respectively	232,870	241,133
Pledges receivable, current	186,200	421,200
Grants receivable	180,420	198,589
Inventory	42,523	41,193
Prepaid expenses	4,789	4,780
Total Current Assets	5,933,864	1,606,197
Property and Equipment		
Land	1,579,512	1,579,512
Building and improvements	5,887,615	5,868,070
Furniture and equipment	383,465	365,225
Total Property and Equipment	7,850,592	7,812,807
Less: accumulated depreciation	(839,859)	(649,466)
Property and Equipment, Net	7,010,733	7,163,341
Other Assets		
Grants and pledges receivable, non-current	55,534	116,634
Total Assets	$ 13,000,131	$ 8,886,172

See Independent Auditor's Report and Notes to the Financial Statements.

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Financial Position (Continued)
December 31, 2025 and 2024

		2025		2024
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$	69,338	$	100,152
Accrued wages		25,705		85,162
Accrued vacation		89,993		65,470
Other accrued liabilities		14,539		20,807
Security deposit		2,200		1,200
Fiscal sponsorships		-		414,868
Current maturities of long-term debt		97,053		1,161,421
Total Current Liabilities		298,828		1,849,080
Long-term debt, net of deferred financing costs of $34,759 and $52,138 in 2025 and 2024, respectively		4,529,383		3,541,186
Total Liabilities		4,828,211		5,390,266
Net Assets				
Net assets without donor restrictions		7,728,426		2,594,936
Net assets with donor restrictions		443,494		900,970
Total Net Assets		8,171,920		3,495,906
Total Liabilities and Net Assets	$	13,000,131	$	8,886,172

See Independent Auditor's Report and Notes to the Financial Statements.

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Activities
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue			
Patient service revenue, net of contractual adjustments	$ 1,592,206	$ -	$ 1,592,206
Rent income	23,644	-	23,644
Other income	136,503	-	136,503
Total Revenue	1,752,353	-	1,752,353
Support			
Government grants	1,784,920	-	1,784,920
Contributions	6,022,553	188,277	6,210,830
In-kind contributions	16,909	-	16,909
Total Support	7,824,382	188,277	8,012,659
Net assets released from restrictions	645,753	(645,753)	-
Total Revenue and Support	10,222,488	(457,476)	9,765,012
Expenses			
Program services			
Medical and education			
Medical	3,155,973	-	3,155,973
Education	1,099,489	-	1,099,489
Total program services	4,255,462	-	4,255,462
Supporting services			
Management and general	499,878	-	499,878
Fundraising	333,658	-	333,658
Total supporting services	833,536	-	833,536
Total Expenses	5,088,998	-	5,088,998
Change in Net Assets	5,133,490	(457,476)	4,676,014
Beginning Net Assets	2,594,936	900,970	3,495,906
Ending Net Assets	$ 7,728,426	$ 443,494	$ 8,171,920

See Independent Auditor's Report and Notes to the Financial Statements.

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Activities (Continued)
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue			
Patient service revenue, net of contractual adjustments	$ 1,511,316	$ -	$ 1,511,316
Rent income	23,330	-	23,330
Other income	77,088	-	77,088
Total Revenue	1,611,734	-	1,611,734
Support			
Grants	1,666,634	-	1,666,634
Contributions	1,482,329	225,000	1,707,329
In-kind contributions	55,723	-	55,723
Total Support	3,204,686	225,000	3,429,686
Net assets released from restrictions	641,981	(641,981)	-
Total Revenue and Support	5,458,401	(416,981)	5,041,420
Expenses			
Program services			
Medical and education			
Medical	3,092,863	-	3,092,863
Education	1,672,465	-	1,672,465
Total program services	4,765,328	-	4,765,328
Supporting services			
Management and general	506,465	-	506,465
Fundraising	245,104	-	245,104
Total supporting services	751,569	-	751,569
Total Expenses	5,516,897	-	5,516,897
Change in Net Assets	(58,496)	(416,981)	(475,477)
Beginning Net Assets	2,653,432	1,317,951	3,971,383
Ending Net Assets	$ 2,594,936	$ 900,970	$ 3,495,906

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2025

	Program Services			Supporting Services		
	Medical	Education	Total Program Services	Management and General	Fundraising	Total Expenses
Personnel Expenses						
Salaries and wages	$ 1,871,391	$ 625,771	$ 2,497,162	$ 345,133	$ 173,957	$ 3,016,252
Payroll taxes	140,080	46,835	186,915	25,948	13,023	225,886
Employee benefits	251,289	86,615	337,904	36,012	20,578	394,494
Total Personnel Expenses	2,262,760	759,221	3,021,981	407,093	207,558	3,636,632
Advertising and publicity	1,250	1,473	2,723	799	1,017	4,539
Bank fees	12,014	463	12,477	2	7,565	20,044
Depreciation and amortization	127,177	38,175	165,352	17,522	7,519	190,393
Dues and subscriptions	15,151	323	15,474	9,159	2,792	27,425
Electronic health records	77,151	-	77,151	-	-	77,151
Grants to others	-	38,619	38,619	-	-	38,619
Insurance	19,660	3,912	23,572	4,414	772	28,758
Interest expense	124,585	38,575	163,160	30,178	6,678	200,016
Lab test fees	17,695	-	17,695	-	-	17,695
Licenses and fees	642	96	738	504	16	1,258
Medical and lab supplies	167,483	107	167,590	-	-	167,590
Minnesota care provider tax	28,726	-	28,726	-	-	28,726
Occupancy	10,850	3,766	14,616	1,644	575	16,835
Office supplies	15,613	5,040	20,653	6,662	1,054	28,369
Printing	5,837	11,240	17,077	666	7,965	25,708
Professional services	167,809	98,063	265,872	11,207	84,665	361,744
Property taxes	4,728	1,469	6,197	716	251	7,164
Provision for credit losses	14,983	-	14,983	-	789	15,772
Repairs and maintenance	5,095	910	6,005	319	280	6,604
Staff and board development	30,377	3,246	33,623	2,620	157	36,400
Supplies	4,499	72,482	76,981	-	955	77,936
Telephone and utilities	41,262	14,964	56,226	6,373	3,006	65,605
Travel and meetings	626	7,345	7,971	-	44	8,015
Total Expenses	$ 3,155,973	$ 1,099,489	$ 4,255,462	$ 499,878	$ 333,658	$ 5,088,998

See Independent Auditor's Report and Notes to the Financial Statements.

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2024

	Program Services			Supporting Services		
	Medical	Education	Total Program Services	Management and General	Fundraising	Total Expenses
Personnel Expenses						
Salaries and wages	$ 1,721,875	$ 569,812	$ 2,291,687	$ 328,805	$ 150,982	$ 2,771,474
Payroll taxes	126,993	41,984	168,977	24,068	11,077	204,122
Employee benefits	225,790	78,236	304,026	41,697	16,688	362,411
Total Personnel Expenses	2,074,658	690,032	2,764,690	394,570	178,747	3,338,007
Advertising and publicity	53,691	8,033	61,724	327	608	62,659
Bank fees	9,363	359	9,722	3,069	6,325	19,116
Depreciation and amortization	126,415	38,053	164,468	18,883	6,527	189,878
Dues and subscriptions	14,476	214	14,690	1,793	11,486	27,969
Electronic health records	76,081	-	76,081	-	-	76,081
Grants to others	-	755,033	755,033	-	-	755,033
Insurance	17,022	3,112	20,134	3,948	566	24,648
Interest expense	127,854	39,601	167,455	28,769	7,418	203,642
Lab test fees	14,692	-	14,692	-	-	14,692
Licenses and fees	484	28	512	250	5	767
Medical and lab supplies	154,818	595	155,413	425	-	155,838
Minnesota care provider tax	21,132	-	21,132	-	-	21,132
Miscellaneous	834	70	904	(662)	8	250
Occupancy	7,128	2,214	9,342	1,080	378	10,800
Office supplies	14,353	5,623	19,976	2,452	1,739	24,167
Printing	10,958	9,147	20,105	1,035	6,982	28,122
Professional services	169,789	40,785	210,574	39,223	13,553	263,350
Property taxes	4,325	1,345	5,670	655	229	6,554
Provision for credit losses	126,695	-	126,695	-	7,334	134,029
Repairs and maintenance	3,964	660	4,624	322	113	5,059
Fundraising expenses	-	-	-	-	55	55
Staff and board development	24,669	6,853	31,522	2,542	650	34,714
Supplies	2,157	47,500	49,657	-	63	49,720
Telephone and utilities	37,268	13,106	50,374	6,698	2,252	59,324
Travel and meetings	37	10,102	10,139	1,086	66	11,291
Total Expenses	$ 3,092,863	$ 1,672,465	$ 4,765,328	$ 506,465	$ 245,104	$ 5,516,897

See Independent Auditor's Report and Notes to the Financial Statements.

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 4,676,014	$ (475,477)
Adjustment to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation and amortization	190,393	189,878
Deferred financing cost interest	17,379	17,439
Provision for credit losses	15,772	134,029
Changes in assets and liabilities:		
Accounts receivable	(7,509)	(257,556)
Pledges receivable	296,100	504,444
Grants receivable	18,169	-
Inventory	(1,330)	(8,654)
Prepaid expenses	(9)	1,611
Accounts payable	(30,814)	38,377
Accrued wages	(59,457)	33,114
Accrued vacation	24,523	7,131
Other accrued liabilities	(6,268)	271
Security deposit payable	1,000	(383)
Fiscal sponsorships	(414,868)	(475,766)
Net Cash Provided (Used) By Operating Activities	4,719,095	(291,542)
Cash Flows from Investing Activities		
Purchase of property and equipment	(37,785)	-
Cash Flows from Financing Activities		
Proceeds on line of credit	300,000	-
Payments on line of credit	(300,000)	-
Payments of long-term debt	(93,550)	(311,944)
Net Change in Cash and Cash Equivalents	4,587,760	(603,486)
Cash and Cash Equivalents at Beginning of Year	699,302	1,302,788
Cash and Cash Equivalents at End of Year	$ 5,287,062	$ 699,302
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 182,034	$ 187,006

See Independent Auditor's Report and Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Family Tree, Inc. dba Family Tree Clinic and Family Tree Real Estate Holding, LLC. (collectively known as "the Organization") operates a medical clinic and education center. The Organization's mission is to cultivate a healthy community through comprehensive sexual health care and education. A major source of revenue is funding from the State of Minnesota. The Organization charges on a sliding fee scale to medical patients, located mainly in the St. Paul and Minneapolis areas, based on their self-reported income. The Organization also bills insurance and public assistance programs.

As of September 25, 2020, the Organization formed Family Tree Real Estate Holding LLC, a related building company for Family Tree, Inc. The Organization is the sole member of Family Tree Real Estate Holding LLC.

In January 2023, the Organization ended operations on the Deaf Education program due to the loss of grant funding.

In 2024, the Organization made the decision to end its fiscal sponsor program due to a lack of staff capacity. As of December 31, 2025, the Organization had $0 in funds designated for fiscally sponsored groups.

Medical Program:

Family Tree Clinic's clinic program provides culturally responsive, trauma-informed sexual and reproductive healthcare to communities most impacted by health inequities, including LGBTQ, BIPOC, low-income, and uninsured populations. Services include preventive health exams, STI testing and treatment, HIV testing and PrEP, pregnancy testing and all-options counseling, menopause care, breast/chest exams and mammogram referrals, birth control, and hormone care. In FY2025, the clinic recorded 10,079 visits across 3,735 unduplicated patients — a 10% increase from the prior year — with 81% of patients identifying as LGBTQ, 30% as BIPOC, 43% under age 25, and 63% living below 200% of the Federal Poverty Level. Eighteen percent of patients were uninsured and another 27% relied on Medicaid or MNCare. To reduce barriers beyond the clinic visit itself, Family Tree offers wrap-around support services including insurance navigation and resource coordination, with MNsure-certified Navigators on staff assisting patients with health coverage enrollment. In addition to patient education, Family Tree trains healthcare professionals in LGBTQ-competent care through the Midwest Trans Health Education Network, a five-year initiative that has to date trained 125 rural providers across the upper Midwest in trans-competent and gender-affirming hormone care.

Education Program:

Family Tree Clinic's Health Education and Engagement department delivers medically accurate, inclusive education on puberty, sexuality, and healthy relationships to youth and families across the Twin Cities metro and beyond. Working in partnership with over 200 sites — including schools, juvenile detention centers, and community locations — the department fills critical gaps in sex education for populations least likely to receive comprehensive, inclusive instruction, including those facing barriers related to gender identity, sexual orientation, geographic isolation, cost, and structural racism. In FY2025, the department reached 11,415 individuals through 1,073 lessons and an additional 8,000 individuals through community outreach events, for a combined reach of over 19,000 people. Family Tree operates Equity Programs specifically designed to reach intersectional Black communities, focused on HIV prevention, parent sex education, and community listening sessions whose feedback is used to improve clinic services and inform access strategies for Black and African American communities experiencing health disparities. The organization also operates the Minnesota Department of Health-funded MN Sexual Health Hotline, a statewide, free, and confidential resource providing information on STIs, birth control, and family planning, with dedicated outreach to rural Minnesotans who face particular barriers to LGBTQ-competent care.

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times.

E. Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of amounts billed for medical appointments. Accounts receivable are reduced by an allowance for credit losses. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for credit losses and credit loss expense. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for credit losses. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for credit losses and a credit loss expense, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a credit loss expense in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for credit losses. At December 31, 2025 and 2024, the allowance for credit losses was $101,860 and $86,088, respectively.

F. Pledges Receivable

Pledges receivable consist of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions is provided based upon management's judgment including such factors as prior collection history. As of December 31, 2025 and 2024, the allowance for uncollectible contributions was $0.

G. Government Grants Receivable

Grants receivable are due primarily from federal, state and local governmental units and arise primarily from the Organization's contracts with those agencies to administer various programs. All grants receivable are due within the next year and are considered collectible by management based upon history and assessed risk of collection; therefore, no allowance for uncollectible accounts is presented

Note 1: Summary of Significant Accounting Policies (Continued)

H. Inventory

Inventory consists of goods held for distribution such as various medical devices and are recorded at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price if it were to be sold in the ordinary course of business.

I. Property and Equipment

The Organization considers items with a cost greater than $1,000 and a useful life greater than one year to be property and equipment. Items below $1,000 are expensed when purchased. Property and equipment are capitalized at cost or fair market value at time of donation. Depreciation is provided for using the straight-line method over the following useful lives:

Asset	Useful Life in Years
Buildings and improvements	12 - 39
Furniture and equipment	3 - 10

Depreciation expense for 2025 and 2024 was $190,392 and $189,878, respectively.

J. Deferred Financing Costs

During 2021, the Organization entered into three construction loans with Sunrise Banks. The Organization incurred debt issuance costs for these three loans. As of December 31, 2025 and 2024, the total debt issuance costs were $109,575.

K. Revenue Recognition

Revenue Recognition Policy

For the patient service revenue, the revenue is recorded net of contractual adjustments and related discounts upon completion of the related service. Contractual discounts and adjustments represent estimated differences between service revenue at established rates and amounts expected to be realized from third-party payers under contractual agreements. Certain managed care organizations may refund amounts previously withheld from the Organization based upon managed care performance. The patient service revenue is recognized when the service is provided by the Organization, which is at a point in time.

Performance Obligations

The performance obligation related to the patient service revenue is satisfied when the service is provided by the Organization; therefore, the Organization recognizes revenue at a point in time.

The Organization's revenue based on performance obligations satisfied at a point in time was $1,592,206 and $1,511,316 for the year ended December 31, 2025 and 2024, respectively. Revenue from performance obligations satisfied at a point in time consists of patient service revenue. There was no revenue from performance obligations satisfied over a period of time.

Note 1: Summary of Significant Accounting Policies (Continued)

Contract Balances

Billing primarily occurs concurrently with recognition of revenue. However, the Organization may offer payment terms resulting in accounts receivable, which are considered contract assets. Accounts receivable included on the statement of financial position represent all amounts billed and additional amounts recorded as accrued unbilled revenue as of December 31, 2025, December 31, 2024, and January 1, 2024. Accounts receivable contract balances consist of the following:

	December 31, 2025	December 31, 2024	January 1, 2024
Patient service fees	$ 232,870	$ 241,133	$ 117,606

L. Support

For contributions, grants, and other similar revenues, revenue is recognized when the contribution or notification of the contribution is received. Contributions are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted support. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Organization has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization.

M. In-kind Contributions

In-kind contributions are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would ordinarily be purchased if not provided by donation. Contributed services, including promises to give, that do not meet these criteria are not recognized.

Many individuals have donated time and services to advance the Organization’s programs and objectives. The value of these services has not been recorded in the consolidated financial statements because it does not meet the definition of recognition under generally accepted accounting principles.

N. Advertising Expense

The Organization’s advertising costs are expensed as incurred. Advertising expense was $4,539 and $62,659 for the years ended December 31, 2025 and 2024, respectively.

Note 1: Summary of Significant Accounting Policies (Continued)

O. Functional Allocation of Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on the amounts of time spent by employees performing those functions.

- Occupancy and other expenses that cannot be directly identified are allocated on the basis of salaries and wages.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in support received in future years.

P. Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, but is subject to income tax on net unrelated business income.

Q. Subsequent Events

Subsequent events were evaluated through July 29, 2026, which is the date the financial statements were available to be issued.

R. Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. Net assets have not been affected by these reclassifications.

Note 2: Accounts Receivable

Accounts receivable consists of the following at December 31:

	2025	2024
Patient fees receivable	$ 449,455	$ 454,438
Other accounts receivable	-	300
Total accounts receivable	449,455	454,738
Less: allowance for credit losses	(101,860)	(86,088)
Less: allowance for contractual adjustments	(114,725)	(127,517)
Total accounts receivable, net of allowances	$ 232,870	$ 241,133

Note 3: Pledges Receivable

Pledges receivable are due as of December 31, 2025 as follows:

For the Year Ended December 31,	Amount
2026	$ 186,200
2027	25,534
2028	25,000
2029	5,000
Total	$ 241,734

Note 4: Current Expected Credit Losses

Changes in the allowance for credit losses during the year ended December 31 were as follows:

	2025	2024
Balance, January 1	$ 86,088	$ 47,149
Credit loss expense	15,772	65,872
Write-offs	-	(26,933)
Balance, December 31	$ 101,860	$ 86,088

Note 5: Long-term Debt

The Organization had long-term debt at December 31 as follows:

	2025	2024
In January 2021, the Organization received two construction loans totaling $3,500,000. Loan A, totaling $2,767,959, matures on January 12, 2028. Loan B, totaling $732,041, matures on January 12, 2051. Both loans require interest only payments at a rate of 3.45% and are collateralized by the underlying property.	$ 3,500,000	$ 3,500,000
In December 2021, the Organization entered into a construction loan of $1,500,000 to be drawn on over the construction period. As of December 31, 2023, the full $1,500,000 has been drawn for construction. The loan accrues interest at 4.15%, matures on January 12, 2028, and is collateralized by the underlying property.	1,067,781	1,115,767
In January 2022, the Organization entered into a Recovery Capital Loan of $300,000 with Propel Nonprofits. To date, $75,000 of the balance has been forgiven. The loan requires payments of $4,100 per month. The loan accrues interest at 3.00% and is set to mature on December 31, 2027.	93,414	138,978
Total	4,661,195	4,754,745
Less: deferred financing costs	(34,759)	(52,138)
Less: current portion	(97,053)	(1,161,421)
Long-term Note Payable	$ 4,529,383	$ 3,541,186

Future debt maturities as of December 31, 2025 are as follows:

For the Year Ended December 31,	Principal Portion	Less Loan Costs	Total
2026	$ 97,053	$ (17,379)	$ 79,674
2027	98,447	(17,380)	81,067
2028	3,733,654	-	3,733,654
Thereafter	732,041	-	732,041
Total	$ 4,661,195	$ (34,759)	$ 4,626,436

Note 6: Major Grantor

The Organization received three grants from the Minnesota Department of Health for the year ended December 31, 2025, making up 74% of its grant revenues and 14% of its total revenues in 2025. The Organization received four grants from the Minnesota Department of Health for the year ended December 31, 2024, making up 70% of its grant revenues and 27% of its total revenues in 2024.

Note 7: Net Patient Service Revenue

Net patient service revenue is recorded net of contractual adjustments and related discounts upon completion of the related service. Contractual discounts and adjustments represent estimated differences between service revenue at established rates and amounts expected to be realized from third-party payers under contractual agreements. Certain managed care organizations may refund amounts previously withheld from the Organization based upon managed care performance. Net patient service revenue consists of the following for the years ended December 31:

	2025	2024
Gross patient fees	$ 2,994,377	$ 2,571,154
Contractual adjustments	(1,402,171)	(1,059,838)
Total	$ 1,592,206	$ 1,511,316

Note 8: In-kind Contributions

In-kind contributions consists of the following for the years ended December 31:

	2025	2024	Usage in Programs/ Activities	Fair Value Techniques
Lobbying services	$ 12,000	$ -	Management and general	Estimated based on time rates for each practitioner.
Transaction fees	3,628	5,298	Fundraising	Estimated based on transaction fees charged on similar platforms.
Supplies	1,281	425	Management and general	Estimated wholesale prices of identical or similar products if purchased in the region.
Advertising services	-	50,000	Clinic program	Estimated based on time rates for each practitioner.
Total In-kind Contributions	$ 16,909	$ 55,723		

In the years ended December 31, 2025 and 2024, there were no donor restrictions on any in-kind donations.

Note 9: Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

	2025	2024
Time restricted	$ 412,300	$ 895,300
We Are Family Fund	29,460	2,836
Capital campaign	1,734	2,834
Total	$ 443,494	$ 900,970

Note 10: Retirement Plan

The Organization has a defined contribution profit sharing 401(k) plan in effect for its employees who meet certain age and service requirements. Employees may elect to contribute up to IRS limits. The Organization's contributions to the plan are a dollar-for-dollar match up to a maximum of 2% of qualified employee salaries. For the years ended December 31, 2025 and 2024, employer contributions were $41,081 and $36,750, respectively.

Note 11: Commitments and Contingencies

A. Compliance

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with imposition of significant fines and penalties, as well as significant repayments for patient services billed.

Management believes that the Organization is in substantial compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

B. Other

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous year in any of the Organization’s policies.

The Organization is subject to legal proceedings which arise in the normal course of providing health care services. The Organization maintains malpractice insurance on a claims-made basis for claims made during the term of the policy. The potential loss related to any potential claims cannot currently be estimated; however, in management’s opinion, adequate provision has been made for any amounts that it may be required to pay under the policy’s deductible limits.

Note 12: Line of Credit

The Organization had a line of credit with a maximum of $300,000 and an 8% interest rate. The line of credit matured on March 18, 2026, and was not renewed. The line of credit had no balance due at December 31, 2025 and 2024.

Note 13: Liquidity and Availability of Financial Assets

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 45 days of normal operating expenses, which are, on average, approximately $627,000. The Organization has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations come due.

Financial assets available for general expenditure, 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
Financial Assets		
Cash and cash equivalents	$ 1,550,615	$ 280,730
Accounts receivable, net	232,870	241,133
Grants receivable	180,420	198,589
Pledges receivable	241,734	537,834
Total Financial Assets	2,205,639	1,258,286
Less Financial Assets Unavailable for General Expenditures Within One Year		
Cash and cash equivalents - fiscal sponsor	-	(418,572)
Donor restricted net assets	(271,194)	(288,934)
Total Unavailable Financial Assets	(271,194)	(707,506)
Total Amounts Available for General Expenditures Within One Year	$ 1,934,445	$ 550,780

SUPPLEMENTARY INFORMATION

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidating Statement of Financial Position
December 31, 2025

	Family Tree Clinic	Family Tree Real Estate Holding	Eliminating Entries	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	$ 1,550,615	$ -	$ -	$ 1,550,615
Cash and cash equivalents, certificate of deposit	3,736,447	-	-	3,736,447
Accounts receivable, net of allowance for credit losses and contractual adjustments of $216,585	232,870	-	-	232,870
Grants and pledges receivable, current	186,200	-	-	186,200
Inventory	42,523	-	-	42,523
Prepaid expenses	4,789	-	-	4,789
Due from related party	3,012,038	-	(3,012,038)	-
Total Current Assets	8,765,482	-	(3,012,038)	5,753,444
Property and Equipment				
Land and improvements	250,426	1,329,086	-	1,579,512
Building and improvements	28,626	5,858,989	-	5,887,615
Furniture and equipment	168,075	215,390	-	383,465
Total Property and Equipment	447,127	7,403,465	-	7,850,592
Less: accumulated depreciation	(117,282)	(722,577)	-	(839,859)
Property and Equipment, Net	329,845	6,680,888	-	7,010,733
Other Assets				
Grants and pledges receivable, non-current	235,954	-	-	235,954
Total Assets	$ 9,331,281	$ 6,680,888	$ (3,012,038)	$ 13,000,131
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 69,338	$ -	$ -	$ 69,338
Accrued wages	25,705	-	-	25,705
Accrued vacation	89,993	-	-	89,993
Other accrued liabilities	340	14,199	-	14,539
Security deposit payable	2,200	-	-	2,200
Fiscal sponsorships	-	-	-	-
Current maturities of long-term debt	47,033	50,020	-	97,053
Due to related party	-	3,012,038	(3,012,038)	-
Total Current Liabilities	234,609	3,076,257	(3,012,038)	298,828
Long-term debt, net of deferred financing costs of $52,138 for FTREH	46,381	4,483,002	-	4,529,383
Total Liabilities	280,990	7,559,259	(3,012,038)	4,828,211
Net Assets				
Net assets without donor restrictions	8,606,797	(878,371)	-	7,728,426
Net assets with donor restrictions	443,494	-	-	443,494
Total Net Assets	9,050,291	(878,371)	-	8,171,920
Total Liabilities and Net Assets	$ 9,331,281	$ 6,680,888	$ (3,012,038)	$ 13,000,131

Family Tree, Inc.
dba Family Tree Clinic
and Family Tree Real Estate Holding, LLC.
Consolidating Statement of Activities
For the Year Ended December 31, 2025

	Family Tree Clinic	Family Tree Real Estate Holding, LLC.	Eliminating Entries	Total
Revenue and Support				
Revenue				
Patient service revenue, net	$ 1,592,206	$ -	$ -	$ 1,592,206
Rent income	23,644	240,000	(240,000)	23,644
Other income	136,503	-	-	136,503
Total Revenue	1,752,353	240,000	(240,000)	1,752,353
Support				
Grants	1,784,920	-	-	1,784,920
Contributions	6,210,830	-	-	6,210,830
In-kind contributions	16,909	-	-	16,909
Total Support	8,012,659	-	-	8,012,659
Total Revenue and Support	9,765,012	240,000	(240,000)	9,765,012
Expenses				
Program services				
Medical and education				
Medical	3,078,162	236,211	(158,400)	3,155,973
Education	1,076,703	71,986	(49,200)	1,099,489
Total Program Services	4,154,865	308,197	(207,600)	4,255,462
Supporting services				
Management and general	479,398	44,480	(24,000)	499,878
Fundraising	328,715	13,343	(8,400)	333,658
Total Supporting Services	808,113	57,823	(32,400)	833,536
Total Expenses	4,962,978	366,020	(240,000)	5,088,998
Change in Net Assets	4,802,034	(126,020)	-	4,676,014
Beginning Net Assets	4,248,257	(752,351)	-	3,495,906
Ending Net Assets	$ 9,050,291	$ (878,371)	$ -	$ 8,171,920