

CONSOLIDATED FINANCIAL STATEMENTS

SOLID GROUND
WHITE BEAR LAKE, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

Solid Ground
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Solid Ground
White Bear Lake, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Solid Ground and Solid Ground EMP LLC (collectively, 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 present fairly, in all material respects, the financial position of Solid Ground and Solid Ground EMP LLC 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.



Abdo
Minneapolis, Minnesota
October 2, 2026

CONSOLIDATED FINANCIAL STATEMENTS

Solid Ground
Consolidated Statements of Financial Position
December 31, 2025 and 2024

Assets	2025	2024
Current Assets		
Cash and cash equivalents	$ 812,215	$ 848,820
Accounts receivable	3,168	125,000
Rent receivable, net	13,429	38,226
Grants receivable, net	288,886	408,446
Promises to give, current portion	553,278	238,874
Prepaid expenses	137,851	113,154
Total Current Assets	1,808,827	1,772,520
Property and Equipment		
Land	577,500	577,500
Land improvements	211,938	211,938
Buildings and improvements	8,161,051	6,670,742
Furniture and fixtures	424,395	369,252
Construction in progress	10,071	-
Total Property and Equipment, Cost	9,384,955	7,829,432
Less: Accumulated Depreciation	(2,278,598)	(2,029,877)
Total Property and Equipment, Net	7,106,357	5,799,555
Noncurrent Assets		
Promises to give, net of current portion	98,438	268,144
Operating right-of-use assets	23,661	31,919
Certificates of deposit	256,010	-
Investments	1,552,219	2,545,563
Board-designated endowment	668,820	610,538
Total Noncurrent Assets	2,599,148	3,456,164
Total Assets	$ 11,514,332	$ 11,028,239

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

Solid Ground
Consolidated Statements of Financial Position (Continued)
December 31, 2025 and 2024

Liabilities	2025	2024
Current Liabilities		
Accounts payable	$ 53,574	$ 201,766
Accrued liabilities	111,018	228,680
Operating lease liabilities, current portion	8,995	8,498
Deferred revenue	1,647	3,274
Tenant security deposits	59,083	58,348
Total Current Liabilities	234,317	500,566
Noncurrent Liabilities		
Forgivable note payable	-	38,000
Operating lease liabilities, net of current portion	14,594	23,589
Long-term mortgage and notes payable, net of deferred financing cost of $6,215 and $6,887 in 2025 and 2024, respectively	1,776,940	1,776,268
Accrued interest	368,710	350,879
Total Noncurrent Liabilities	2,160,244	2,188,736
Total Liabilities	2,394,561	2,689,302
Net Assets		
Without donor restrictions:		
Board designated	2,762,173	3,259,943
Undesignated	5,614,878	3,221,477
Total without donor restrictions	8,377,051	6,481,420
With donor restrictions	742,720	1,857,517
Total Net Assets	9,119,771	8,338,937
Total Liabilities and Net Assets	$ 11,514,332	$ 11,028,239

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

Solid Ground
Consolidated Statements of Activities
For the Years Ended December 31, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Support			
Corporate and foundation grants	$ 926,277	$ 585,795	$ 1,512,072
Contributions	485,026	-	485,026
United Way	219,571	-	219,571
Government grants	2,183,942	-	2,183,942
Special events, net of direct benefits to donors of $47,984	460,219	-	460,219
In-kind contributions	157,724	-	157,724
Total Support	4,432,759	585,795	5,018,554
Revenue			
Rental income	766,360	-	766,360
Investment income	161,323	-	161,323
Program services	22,553	-	22,553
Other income	1,046	-	1,046
Non-recurring losses from external activity	(410,140)	-	(410,140)
Total Revenue	541,142	-	541,142
Net Assets Released From Restrictions	1,700,592	(1,700,592)	-
Total Revenues and Support	6,674,493	(1,114,797)	5,559,696
Expenses			
Program services	3,806,355	-	3,806,355
Management and general	589,697	-	589,697
Fundraising	382,810	-	382,810
Total Expenses	4,778,862	-	4,778,862
Change in Net Assets	1,895,631	(1,114,797)	780,834
Net Assets, Beginning	6,481,420	1,857,517	8,338,937
Net Assets, Ending	$ 8,377,051	$ 742,720	$ 9,119,771

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

Solid Ground
Consolidated Statements of Activities (Continued)
For the Years Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Support			
Corporate and foundation grants	$ 701,550	$ 2,725,519	$ 3,427,069
Contributions	235,209	96,581	331,790
United Way	168,504	-	168,504
Government grants	2,507,071	-	2,507,071
Special events, net of direct benefits to donors of $73,772	442,119	-	442,119
In-kind contributions	158,973	-	158,973
Total Support	4,213,426	2,822,100	7,035,526
Revenue			
Rental income	803,874	-	803,874
Investment income	249,568	-	249,568
Program services	22,526	-	22,526
Loss on disposal of fixed assets	(70,519)	-	(70,519)
Total Revenue	1,005,449	-	1,005,449
Net Assets Released From Restrictions	2,552,064	(2,552,064)	-
Total Revenue and Support	7,770,939	270,036	8,040,975
Expenses			
Program services	4,225,931	-	4,225,931
Management and general	732,739	-	732,739
Fundraising	428,606	-	428,606
Total Expenses	5,387,276	-	5,387,276
Change in Net Assets	2,383,663	270,036	2,653,699
Net Assets, Beginning	4,097,757	1,587,481	5,685,238
Net Assets, Ending	$ 6,481,420	$ 1,857,517	$ 8,338,937

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

Solid Ground
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2025

	Program Services										Supporting Services			
	East Metro Place	East Metro Place Property Management	Home Again & Home Safe	Home Front	Ramsey County Prevention	Washington County Prevention	Washington County CLI	Welcome Home Washington	Homework Starts with Home	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total Expenses
Personnel Costs														
Salaries and wages	$ 198,531	$ 194,494	$ 208,262	$ 44,577	$ 102,040	$ 48,485	$ 6,047	$ 98,334	$ 163,573	$ 1,064,343	$ 348,237	$ 209,624	$ 557,861	$ 1,622,204
Employee benefits	37,516	-	23,373	6,598	6,505	3,443	248	7,521	24,684	109,888	30,733	24,075	54,808	164,696
Payroll taxes	28,937	-	15,034	2,953	7,679	3,618	456	7,219	11,174	77,070	27,762	15,440	43,202	120,272
Total Personnel Expenses	264,984	194,494	246,669	54,128	116,224	55,546	6,751	113,074	199,431	1,251,301	406,732	249,139	655,871	1,907,172
Other Expenses														
Capital campaign expenses	-	-	-	-	-	-	-	-	-	-	-	12,458	12,458	12,458
Community engagement	82	-	38	12	40	16	-	36	52	276	74	53	127	403
Credit loss expense	-	13,615	-	-	-	-	-	-	-	13,615	-	3,356	3,356	16,971
Depreciation and amortization	2,262	229,376	3,392	-	-	-	-	-	-	235,030	14,363	-	14,363	249,393
Dues, memberships and subscriptions	1,809	377	881	278	928	371	-	835	1,206	6,685	1,891	1,252	3,143	9,828
Employee engagement	1,867	605	909	287	957	383	-	861	1,244	7,113	1,838	1,292	3,130	10,243
Equipment rental	2,959	1,941	1,311	455	1,766	976	-	1,366	1,972	12,746	2,353	2,320	4,673	17,419
Family assistance	13,609	-	8,093	2,633	-	-	-	41,430	7,822	73,587	-	-	-	73,587
Family development	9,173	-	140	200	-	-	-	-	-	9,513	1,009	-	1,009	10,522
In-kind direct assistance	22,651	-	35,864	1,889	50,965	22,651	-	28,314	26,426	188,760	-	-	-	188,760
In-kind rent	-	-	-	24,000	-	-	-	-	-	24,000	-	-	-	24,000
Insurance	7,968	30,101	1,795	567	1,889	756	-	1,700	2,456	47,232	3,396	2,550	5,946	53,178
Interest	-	18,593	-	-	-	-	-	-	-	18,593	-	-	-	18,593
Miscellaneous	-	3,045	-	-	-	-	-	-	-	3,045	1,235	11,694	12,929	15,974
Occupancy	5,234	285,334	2,550	805	2,684	1,074	-	2,416	3,490	303,587	5,366	3,624	8,990	312,577
Office supplies and expenses	1,835		981	282	941	376	-	847	1,226	6,488	9,436	3,315	12,751	19,239
Professional fees and consulting	266,602	45,388	22,465	6,543	24,172	10,912	-	24,739	28,488	429,309	128,059	88,550	216,609	645,918
Rental assistance	107	-	267,126	1,475	374,347	232,326	43,540	196,195	41,308	1,156,424	-	-	-	1,156,424
Repairs and maintenance	786	-	383	121	403	161	-	363	524	2,741	746	544	1,290	4,031
Staff development	3,191	-	1,646	464	1,723	618	-	1,391	2,129	11,162	9,655	2,155	11,810	22,972
Travel	1,022	727	1,158	198	242	140	-	220	1,441	5,148	3,544	508	4,052	9,200
Total Expenses by Function	$ 606,141	$ 823,596	$ 595,401	$ 94,337	$ 577,281	$ 326,306	$ 50,291	$ 413,787	$ 319,215	$ 3,806,355	$ 589,697	$ 382,810	$ 972,507	$ 4,778,862

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

Solid Ground
Consolidated Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2024

	Program Services										Supporting Services			
	East Metro Place	East Metro Place Property Management	Home Again & Home Safe	Home Front	Ramsey County Prevention	Washington County Prevention	Washington County CLI	Welcome Home Washington	Homework Starts with Home	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total Expenses
Personnel Costs														
Salaries and wages	$ 366,930	$ 215,802	$ 227,880	$ 37,122	$ 90,426	$ 36,392	$ 25,330	$ 72,553	$ 238,049	$ 1,310,484	$ 398,763	$ 211,291	$ 610,054	$ 1,920,538
Employee benefits	30,438	-	12,759	4,177	4,486	1,434	770	3,594	26,321	83,979	23,790	23,531	47,321	131,300
Payroll taxes	31,677	-	21,260	2,736	6,872	3,162	1,925	5,485	24,802	97,919	29,108	15,401	44,509	142,428
Total Personnel Expenses	429,045	215,802	261,899	44,035	101,784	40,988	28,025	81,632	289,172	1,492,382	451,661	250,223	701,884	2,194,266
Other Expenses														
Capital campaign	-	-	-	-	-	-	-	-	-	-	-	39,652	39,652	39,652
Community engagement	-	1,135	-	-	-	-	-	-	-	1,135	-	-	-	1,135
Credit loss expense	-	29,771	-	-	-	-	-	-	-	29,771	-	40,072	40,072	69,843
Depreciation and amortization	4,544	156,920	-	-	-	-	-	-	-	161,464	9,066	-	9,066	170,530
Dues, memberships and subscriptions	1,537	-	1,061	457	334	9	55	432	1,833	5,718	1,150	1,112	2,262	7,980
Equipment rental	1,504	-	877	477	380	272	36	460	1,566	5,572	3,805	1,651	5,456	11,028
Family assistance	12,752	-	10,930	1,081	958	375	22	2,401	8,360	36,879	2,960	545	3,505	40,384
Family development	12,124	-	605	605	-	-	-	-	2,000	15,334	-	-	-	15,334
In-kind direct assistance	52,284	-	42,945	8,480	-	-	-	13,539	18,053	135,301	-	-	-	135,301
In-kind rent	-	-	-	22,176	-	-	-	-	-	22,176	-	-	-	22,176
Insurance	6,821	29,285	4,018	1,934	1,420	-	396	2,123	8,336	54,333	6,521	6,442	12,963	67,296
Interest	-	18,334	-	-	-	-	-	-	-	18,334	-	-	-	18,334
Miscellaneous	-	7,357	15	11	-	-	-	7	-	7,390	1,469	3,794	5,263	12,653
Occupancy	5,256	409,828	3,066	1,460	1,289	662	172	1,606	5,763	429,102	16,097	16,097	32,194	461,296
Office supplies and expenses	1,033	1,889	603	287	235	138	52	316	1,134	5,687	9,276	3,690	12,966	18,653
Professional fees and consulting	38,166	20,425	19,392	7,428	8,217	5,399	2,309	20,129	49,219	170,684	221,198	62,124	283,322	454,006
Rental assistance	1,385	-	224,450	651	714,963	244,993	297,064	35,826	93,559	1,612,891	-	-	-	1,612,891
Repairs and maintenance	1,288	-	929	390	359	123	-	353	1,411	4,853	850	850	1,700	6,553
Staff development	1,481	-	1,200	405	362	158	43	445	2,097	6,191	3,583	1,639	5,222	11,413
Travel	969	2,795	3,290	312	84	26	-	264	2,994	10,734	5,103	715	5,818	16,552
Total Expenses	$ 570,189	$ 893,541	$ 575,280	$ 90,189	$ 830,385	$ 293,143	$ 328,174	$ 159,533	$ 485,497	$ 4,225,931	$ 732,739	$ 428,606	$ 1,161,345	$ 5,387,276

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

Solid Ground
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	$ 780,834	$ 2,653,699
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	248,721	170,530
Credit loss expense	16,971	69,843
Interest and dividends reinvested	(162,892)	(164,949)
Unrealized gain on investments	33,479	(65,467)
Realized loss on sale of investments	(7,525)	13,323
Loss on disposal of fixed assets	-	70,519
Grant and loan payable forgiveness	(38,000)	(38,000)
Deferred interest	17,831	17,830
Amortization of operating right-of-use asset	8,258	14,913
Amortization of debt issuance cost	672	672
Decrease (increase) in assets:		
Accounts receivable	121,832	(125,000)
Rents receivable	24,797	(4,282)
Grants receivable	119,560	21,634
Promises to give	(161,669)	(193,338)
Prepaid expenses	(24,697)	9,727
Increase (decrease) in liabilities:		
Accounts payable	(148,192)	60,891
Accrued liabilities	(117,662)	(129,622)
Operating lease liability	(8,498)	(14,830)
Deferred revenue	(1,627)	843
Tenant security deposits	735	18,160
Net Cash Provided by Operating Activities	702,928	2,387,096
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,555,523)	(2,529,243)
Purchases of investments	(1,006,010)	(500,000)
Proceeds from sale of investments	1,822,000	733,000
Net Cash Used by Investing Activities	(739,533)	(2,296,243)
Change in Cash and Cash Equivalents	(36,605)	90,853
Beginning Cash and Cash Equivalents	848,820	757,967
Ending Cash and Cash Equivalents	$ 812,215	$ 848,820

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

Note 1: Summary of Significant Accounting Policies

A. Organization

Solid Ground (the Organization) is comprised of Solid Ground and Solid Ground EMP LLC.

Solid Ground is a nonprofit corporation organized under the laws of the State of Minnesota. It has a mission to prevent and end homelessness of families with children through housing, resources, and opportunity. The purpose is to advocate, provide, and coordinate housing and services for families in transition and working towards self-sufficiency in the St. Paul, Minnesota metro area.

For the years ended December 31, 2025 and 2024, Solid Ground had a .01% ownership in the EMP Partnership as the General Partner and Solid Ground EMP LLC had a 99.99% ownership in the EMP Partnership as a Limited Partner.

Prevention Assistance for unstably housed families was extremely successful in 2025. Solid Ground's Prevention team provided assistance with unpaid rent and utilities to help families avoid eviction, as well as security deposits and first month's rent for families to access more affordable housing. Prevention Assistance served 315 families, impacting 1,431 people including children, in 2025.

East Metro Place Property Management, East Metro Place I, and East Metro Place II provided 34 units of transitional and permanent supportive housing in White Bear Lake for families experiencing homelessness. Permanent units are designated for families with disabilities and/or histories of long-term homelessness. Parents receive a variety of services, including budgeting, tenant training, employment assistance, mental/chemical health support and parenting skills. Children received assistance with school and early learning enrollment, after-school tutoring, summer camp, and recreational activities. East Metro Place housed 39 families, consisting of 191 total people in 2025.

During 2025, the Organization was in the final stages of a multi-year capital campaign to fund facility improvements and expansion initiatives. Campaign resources were used to finance significant investments in buildings and related infrastructure, resulting in a substantial increase in property and equipment. These improvements are intended to strengthen the Organization's long-term capacity to provide housing and supportive services to families experiencing homelessness and support its mission for years to come.

HomeAgain and HomeSafe provided scattered-site, time-limited housing for families experiencing homelessness in Washington and Ramsey Counties. Solid Ground partners with landlords in the community to provide housing and helps with security deposits and rental assistance paid directly to landlords to make the housing more affordable. Families receive in-home services and monthly rent assistance for 6-36 months while they stabilize and work to increase their income. The HomeAgain and HomeSafe programs served 33 families, consisting of 94 people in 2025.

Homework Starts with Home (HSWH) provides prevention assistance and rehousing services to help prevent and end homelessness for families with pre-K through 12th grade students in suburban Ramsey and Washington County school districts. Families receive financial assistance to make housing more affordable and services to help them achieve stability and work toward independent housing. Children receive academic and other support to help them achieve school success. HSWH provided 91 adults and children with scattered-site rehousing, prevention assistance and housing stabilization services in 2025.

HomeFront and Welcome Home Washington provided permanent supportive housing for families experiencing homelessness who are veterans and/or have a disabling condition. Families receive in-home services, rental assistance, intensive case management and services for children and youth with the goal of housing stabilization. HomeFront and Welcome Home Washington served 28 families, consisting of 93 people in 2025.

Welcome Home Washington (WHW) launched in late 2023 to provide scattered-site, permanent supportive housing for chronically homeless families headed by an adult with a disability. Families will receive income-based rental assistance and in-home supportive services designed to help them improve their health and achieve housing stability. WHW served 28 families in 2025.

Note 1: Summary of Significant Accounting Policies (Continued)

B. Principles of Consolidation

The consolidated financial statements include the accounts of Solid Ground and Solid Ground EMP LLC for the years ended December 31, 2025 and 2024. All material inter-organization transactions have been eliminated.

C. Basis of Presentation

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

D. 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 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 these estimates.

E. Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

F. Accounts Receivable

The Organization was notified of a settlement related to faulty roofing installation and recorded a receivable when the settlement was reached. The majority of the receivable was collected in 2025, and the remaining balance comprises the accounts receivable balance as of December 31, 2025.

G. Rent Receivable and Allowance for Credit Losses

Rent receivables are stated at the amount management expects to collect from outstanding balances. Management estimates the allowance for credit losses based on the aging of receivables, historical loss experience, individual account balances, current conditions, and reasonable and supportable forecasts. Amounts determined to be uncollectible are charged against the allowance when management determines collection is unlikely. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization’s receivables have remained constant since the Organization’s inception. Due to the consistent nature of their receivables the Organization is anticipating no changes in the expected credit losses. As a result, management has determined that its allowance for credit losses should not be adjusted across all its aging categories. As of December 31, 2025 and 2024, management has set up an allowance for credit losses of $14,558 and $943, respectively.

H. Grants Receivable

Grants receivable represent reimbursements receivable from government entities. The Organization receives reimbursements for qualified expenses incurred. Receivables are recorded when management submits the expenses for reimbursement.

Note 1: Summary of Significant Accounting Policies (Continued)

I. Promises to Give

Unconditional promises to give expected to be collected within one year are recorded 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. The Organization follows a policy of providing an allowance for uncollectible promise to give based upon management's judgment, including such factors as prior collection history and type of contribution. As of December 31, 2025 and 2024, management has set up an allowance for uncollectible pledges of $22,056 and $18,700, respectively. If accounts become uncollectible, bad debt is charged to operations when that determination is made. Bad debt expense for the years ended December 31, 2025 and 2024 was $16,971 and $69,843, respectively.

The Organization anticipates the receipt of the following promises to give at December 31:

Year	2025	2024
In one year or less	$ 553,278	$ 238,874
Between one year and five years	134,527	307,888
	687,805	546,762
Less:		
Discount, at 7.5% for 2025 and 2024	(14,033)	(21,044)
Allowance for uncollectible pledges	(22,056)	(18,700)
Total	$ 651,716	$ 507,018

J. Property and Equipment

Property and equipment are recorded at cost or, in the case of contributed property, at fair value at the date of contribution. Expenditures for replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed as incurred. At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities. The Organization generally capitalizes asset purchases over $2,000. Useful lives on property and equipment are estimated as follows:

	Useful Life
Furniture and Fixtures	3 - 27.5 years
Building Improvements	3 - 27.5 years
Land Improvements	30 years
Building	20 - 40 years

For the years ended December 31, 2025 and 2024, depreciation expense was $248,721 and $170,530, respectively.

K. Investments

Investments consist of money market funds, debt and equity securities, and beneficial interest in assets held by The Saint Paul Foundation. The fair values of investments are estimated based on quoted market prices for those investments. See fair value measurement disclosure in Note 3 for additional information on types of investments and valuation.

Note 1: Summary of Significant Accounting Policies (Continued)

L. Certificates of Deposit

Short-term interest-bearing investments are those with maturities greater than three months when purchased. These investments are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

M. 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.

Government contract funds are generally considered nonexchange transactions and are recorded as revenue when earned as conditions on eligible expenditures are met. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as contract advances if the contract contains conditions. Consequently, as of December 31, 2025, conditional grants of approximately $2,979,734, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

N. Rental Revenue

Rental revenue from tenant dwelling leases, including amounts subsidized by government funding, is recognized over the lease term as rental services are provided. Rental revenue is recognized at the start of each month of the lease term. The performance obligation related to the rental revenue is satisfied upon the beginning of the rental period. Therefore, the Organization recognizes revenue over a period of time.

O. Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable.

Note 1: Summary of Significant Accounting Policies (Continued)

Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Operating lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities. The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

P. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation and amortization, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, telephone, printing, and insurance, which are allocated on the basis of estimates of time and effort.

Q. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Because the Organization is a public charity, contributions to it may be deductible for tax purposes.

R. Reclassification

Certain amounts from the prior year have been reclassified in order to be consistent with the current year presentation.

S. Subsequent Events

Subsequent events were evaluated through October 2, 2026, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentrations

Solid Ground, and Solid Ground EMP, LLC maintain cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC. Management does not believe this presents a significant risk to the Organization.

For the years ended December 31, 2025 and 2024, the Organization received approximately 41% and 44%, respectively, of its total revenue from its top three funders. For the years ended December 31, 2025 and 2024, two of the Organization's top three funders were government entities. Management believes the Organization is not exposed to significant credit risk related to these concentrations based on the nature of the funding sources and the Organization's history of collections.

Note 3: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

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

Level 2 - Inputs to the valuation methodology include:

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Invested Cash: Valued at cash value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Government Securities: Valued at the daily closing price of the securities.

Corporate Bonds: Valued at the daily closing price of the securities.

Note 3: Fair Value Measurements (Continued)

Financial assets recorded in the consolidated statements of financial position include investments held at fair market value as follows at December 31, 2025 and 2024:

	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2025				
Investments				
Corporate bonds	$ 383,469	$ -	$ -	$ 383,469
Government securities	445,322	-	-	445,322
Invested cash	376,911	-	-	376,911
Mutual funds	346,517	-	-	346,517
Endowment Investments				
Multi-asset endowment portfolio	-	-	668,820	668,820
Total Investments	$ 1,552,219	$ -	$ 668,820	$ 2,221,039
December 31, 2024				
Investments				
Corporate bonds	$ 622,789	$ -	$ -	$ 622,789
Government securities	446,662	-	-	446,662
Invested cash	956,994	-	-	956,994
Mutual funds	519,118	-	-	519,118
Endowment Investments				
Multi-asset endowment portfolio	-	-	610,538	610,538
Total Investments	$ 2,545,563	$ -	$ 610,538	$ 3,156,101

Note 4: Board-designated Endowments

The purpose of the Organization's board-designated endowment is to provide for future spending needs. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has no donor-restricted endowment funds or donor-designated endowments as of December 31, 2025 and 2024.

Board-designated endowment fund activity for the years ended December 31 are as follows:

Endowment Net Assets, January 1, 2024	$	569,157
Administrative fees		(4,861)
Investment gain		46,242
Endowment Net Assets, December 31, 2024		610,538
Administrative fees		(5,219)
Investment gain		63,501
Endowment Net Assets, December 31, 2025	$	668,820

Investment Objectives and Strategies

The investment objective of the Endowment Fund is based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. The return target is 4% plus inflation and fees. To accomplish this return goal, the Endowment Fund will diversify its assets among several asset classes and seek to manage risk effectively. Investment fees and costs were 0.78% and 0.80% in 2025 and 2024, respectively.

Spending Policy

The purpose of the Endowment Fund is to provide funding, in perpetuity, for programs of Solid Ground. The Board of Directors will approve from time to time a spending rate but expects that a spending rate of 5.25% of a moving twenty-one quarter average but not less than 4.5% or greater than 6.0% of current market value to be appropriate for sustaining the purchasing power of the Endowment Fund and yet still providing the funding for which the Endowment Fund was established. Distributions from the Endowment Fund were $0 in 2025 and 2024.

Note 5: Long-term Debt

Solid Ground's long term debt consisted of the following as at December 31, 2025, and 2024:

Description	2025	2024
Mortgage note payable with simple interest at 1% per annum, principal and interest due April 18, 2035, secured by mortgage on the EMP Building. Accrued interest of $193,298 and $183,963 for the years ended December 31, 2025 and 2024, respectively.	$ 933,496	$ 933,496
Note payable from Ramsey County HRA with simple interest at 1% per annum, principal and interest due April 30, 2035, secured by mortgage on the EMP Building. Accrued interest of $74,930 and $71,311 for the years ended December 31, 2025 and 2024, respectively.	361,857	361,857
Note payable from Ramsey County HRA with simple interest at 1% per annum, principal and interest due April 30, 2035, secured by mortgage on the EMP Building. Accrued interest of $49,696 and $47,296 for the years ended December 31, 2025 and 2024, respectively.	240,000	240,000
Note payable from Ramsey County HRA with simple interest at 1% per annum, principal and interest due November 30, 2035, secured by mortgage on the EMP Building. Accrued interest of $19,723 and $18,745 for the years ended December 31, 2025 and 2024, respectively.	97,802	97,802
Note payable from Family Housing Fund with simple interest at 1% per annum, principal and interest due April 18, 2035, secured by mortgage on the EMP Building. Accrued interest of $31,067 and $29,567 for the years ended December 31, 2025 and 2024, respectively.	150,000	150,000
Total Debt	1,783,155	1,783,155
Less: Deferred financing cost	(6,215)	(6,887)
Total Long Term Debt	$ 1,776,940	$ 1,776,268

Note 5: Long-term Debt (Continued)

Scheduled maturities of long-term debt as of December 31, 2025 are as follows:

Year	Amount	Deferred Financing Costs	Amount
2026	$ -	$ (672)	$ (672)
2027	-	(672)	(672)
2028	-	(672)	(672)
2029	-	(672)	(672)
2030	-	(672)	(672)
Thereafter	1,783,155	(2,855)	1,780,300
Total	$ 1,783,155	$ (6,215)	$ 1,776,940

Note 6: Donor Restricted Net Assets

Donor restricted net assets on December 31, 2025 and 2024 consisted of the following:

	2025	2024
Building improvement and expansion	$ 502,253	$ 1,645,070
Time restricted pledges	174,156	171,696
Homework starts with home	48,523	22,220
Youth	6,400	7,135
Education & employment	6,667	6,667
Educational scholarship	3,289	3,297
Organizational	1,432	1,432
Total	$ 742,720	$ 1,857,517

Note 7: Non-recurring Loss from External Activity

During the year ended December 31, 2025, the Organization identified certain irregular disbursement activity related to payments made to an external party. The resulting loss has been recognized in the accompanying consolidated statement of activities in the period identified. Management evaluated the matter, notified appropriate parties, and implemented additional procedures to enhance internal processes over cash disbursements and related approvals.

The total loss recognized, net of amounts recovered as of December 31, 2025, was $410,140. The matter has been resolved, and no additional recoveries are expected.

Note 8: In-kind Contributions

The Organization has the following in-kind contributions at December 31:

	2025	2024	Usage in Programs / Activities	Fair Value Techniques
Event supplies and materials	$ 55,385	$ 60,471	Fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Household supplies	133,724	136,797	Programs	Estimated wholesale prices of identical or similar products if purchased in the region
Home Front office space	24,000	22,176	Programs	Prices to comparable spaces for lease in the same region
Total	$ 213,109	$ 219,444		

All in-kind contributions received in the years ended December 31, 2025 and 2024 were unrestricted. In-kind contributions used in fundraising activities are grouped with special events support on the statement of activities.

Note 9: Defined Contribution Benefit Plan

Solid Ground has a qualified contributory retirement savings plan under Section 403(b) of the Internal Revenue Code, which covers all employees who meet certain eligibility requirements. Voluntary contributions may be made to the plan by the employees. Solid Ground contributions for the years ended December 31, 2025 and 2024 were $27,339 and $20,985, respectively.

Note 10: Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position dates, comprise the following at December 31:

	2025	2024
Cash and cash equivalents	$ 812,215	$ 848,820
Accounts receivable	3,168	125,000
Rent receivable, net	13,429	38,226
Grants receivable, net	288,886	408,446
Promises to give	651,716	507,018
Certificates of deposit	256,010	-
Investments	1,552,219	2,545,563
Board-designated endowment	668,820	610,538
Total financial assets	4,246,463	5,083,611
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restriction	(742,720)	(1,857,517)
Board-designated endowment	(668,820)	(610,538)
Total amounts unavailable for general expenditures within one year	(1,411,540)	(2,468,055)
Total financial assets available to management for general purpose expenditures within one year	$ 2,834,923	$ 2,615,556

The Organization strives to maintain liquid financial assets sufficient to cover 70-90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and investment accounts.