

LIFEWORKS SERVICES, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024



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**LIFEWORKS SERVICES, INC.
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YEARS ENDED DECEMBER 31, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lifeworks Services, Inc.
Richfield, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lifeworks Services, Inc. (Lifeworks) which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lifeworks 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lifeworks and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 5, 2026

LIFEWORKS SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 3,007,768	\$ 4,607,191
Accounts Receivable, Net of Allowance of \$525,000 in 2025 and \$420,000 in 2024	14,465,314	13,571,401
Prepaid Expenses	560,111	429,632
Investments	3,457,641	3,310,783
Beneficial Interests in Assets Held by a Foundation	27,251,024	24,743,248
Promises to Give, Net	404,280	199,009
Deferred Compensation	430,518	380,411
Operating Right-of-Use Asset, Net	379,308	461,596
Property and Equipment, Net	4,246,170	4,223,320
Total Assets	\$ 54,202,134	\$ 51,926,591
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 90,530	\$ 289,350
Accrued Salaries and Related Expenses	6,176,941	6,687,494
Accrued Vacation and Sick Pay	3,097,724	3,201,131
Other Accrued Expenses	410,508	183,389
Deferred Revenue	411,772	41,589
Deferred Compensation	430,518	380,411
Lease Liability - Operating	598,637	719,821
Notes Payable	577,603	781,002
Total Liabilities	11,794,233	12,284,187
NET ASSETS		
Without Donor Restrictions:		
Designated for Property and Equipment	3,668,567	3,442,318
Board-Designated Operating Reserve	30,708,665	28,054,031
Undesignated	8,030,669	8,146,055
Total Without Donor Restrictions	42,407,901	39,642,404
Total Net Assets	42,407,901	39,642,404
Total Liabilities and Net Assets	\$ 54,202,134	\$ 51,926,591

See accompanying Notes to Financial Statements.

LIFEWORKS SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Service Contracts	\$ 132,157,351	\$ -	\$ 132,157,351
Vocational Contracts	1,295,595	-	1,295,595
Contributions and Grants	4,301,029	-	4,301,029
Donated Nonfinancial Assets	202,869	-	202,869
Private Pay	660	-	660
Interest Income	178,024	-	178,024
Investment Income	146,765	-	146,765
Change in Value of Beneficial Interest in Assets Held by a Foundation	2,507,776	-	2,507,776
Other	29,193	-	29,193
Total Support and Revenue	140,819,262	-	140,819,262
EXPENSES			
Program Services	127,418,893	-	127,418,893
Supporting Services:			
Administration	9,871,532	-	9,871,532
Development	763,340	-	763,340
Total Supporting Services	10,634,872	-	10,634,872
Total Expenses	138,053,765	-	138,053,765
CHANGE IN NET ASSETS	2,765,497	-	2,765,497
Net Assets - Beginning of Year	39,642,404	-	39,642,404
NET ASSETS - END OF YEAR	\$ 42,407,901	\$ -	\$ 42,407,901

See accompanying Notes to Financial Statements.

**LIFEWORKS SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Service Contracts	\$ 110,085,105	\$ -	\$ 110,085,105
Vocational Contracts	1,585,223	-	1,585,223
Contributions and Grants	1,406,003	-	1,406,003
Donated Nonfinancial Assets	193,243	-	193,243
Private Pay	380	-	380
Interest Income	190,302	-	190,302
Investment Income	142,637	-	142,637
Change in Value of Beneficial Interest in Assets Held by a Foundation	1,800,869	-	1,800,869
Other	201,989	-	201,989
Total Support and Revenue	115,605,751	-	115,605,751
EXPENSES			
Program Services	102,676,990	-	102,676,990
Supporting Services:			
Administration	8,006,564	-	8,006,564
Development	535,826	-	535,826
Total Supporting Services	8,542,390	-	8,542,390
Total Expenses	111,219,380	-	111,219,380
CHANGE IN NET ASSETS	4,386,371	-	4,386,371
Net Assets - Beginning of Year	35,256,033	-	35,256,033
NET ASSETS - END OF YEAR	\$ 39,642,404	\$ -	\$ 39,642,404

See accompanying Notes to Financial Statements.

LIFEWORKS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program Services					Total Program Services
	Day Support Services	Employment Services	Transportation	In-Home Services	Other Programs	
EXPENSES						
Salaries	\$ 2,257,062	\$ 3,332,631	\$ 245,660	\$ 101,491,236	\$ 348,337	\$ 107,674,926
Payroll Taxes and Benefits	764,931	920,156	86,267	5,519,536	103,421	7,394,311
Total Salaries and Related Benefits	3,021,993	4,252,787	331,927	107,010,772	451,758	115,069,237
Fiscal Intermediary Purchases	-	-	-	8,615,078	-	8,615,078
Professional Services	88,189	14,308	2,557	29,421	9,563	144,038
Contracted Personnel	-	-	-	-	-	-
Travel	140,299	106,787	165,341	116,164	2,478	531,069
Advertisement	-	-	367	-	-	367
Insurance	28,393	7,565	33,416	31,776	879	102,029
Occupancy Costs	466,298	19,251	-	7,836	-	493,385
Telecommunication/Hosting Services	46,547	42,253	1,220	564,774	1,440	656,234
Equipment Expenses	123,797	29,169	2,272	29,335	3,690	188,263
Other Supplies	14,263	1,108	8	15,246	290	30,915
Printing	1,344	2,550	115	269	116	4,394
Postage	113	146	15	6,356	338	6,968
Recruitment, Training, and Meetings	2,927	5,192	1,700	83,469	3,834	97,122
Memberships and Subscriptions	1,880	3,492	1,209	6,849	720	14,150
Events	-	-	-	-	150	150
Recognition	1,079	294	156	796	3,049	5,374
Interest	20,646	-	-	-	-	20,646
Miscellaneous	36,703	97,630	2,394	1,301,399	1,348	1,439,474
Total Functional Expenses	<u>\$ 3,994,471</u>	<u>\$ 4,582,532</u>	<u>\$ 542,697</u>	<u>\$ 117,819,540</u>	<u>\$ 479,653</u>	<u>\$ 127,418,893</u>

See accompanying Notes to Financial Statements.

LIFEWORKS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

EXPENSES	Supporting Services		
	Administration	Development	Total
Salaries	\$4,542,604	\$324,394	\$ 112,541,924
Payroll Taxes and Benefits	1,210,986	77,451	8,682,748
Total Salaries and Related Benefits	5,753,590	401,845	121,224,672
Fiscal Intermediary Purchases	-	-	8,615,078
Professional Services	516,662	20,019	680,719
Contracted Personnel	1,160,896	-	1,160,896
Travel	6,255	245	537,569
Advertisement	183,297	-	183,664
Insurance	100,076	293	202,398
Occupancy Costs	279,775	-	773,160
Telecommunication/Hosting Services	592,486	3,740	1,252,460
Equipment Expenses	736,022	1,438	925,723
Other Supplies	97,060	-	127,975
Printing	18,489	5,566	28,449
Postage	13,981	2,523	23,472
Recruitment, Training, and Meetings	299,331	46,963	443,416
Memberships and Subscriptions	8,129	8,250	30,529
Events	12,087	253,873	266,110
Recognition	30,311	66	35,751
Interest	-	-	20,646
Miscellaneous	63,085	18,519	1,521,078
Total Functional Expenses	\$ 9,871,532	\$ 763,340	\$ 138,053,765

See accompanying Notes to Financial Statements.

LIFEWORKS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services					Total Program Services
	Day Support Services	Employment Services	Transportation	In-Home Services	Resource Navigation	
EXPENSES						
Salaries	\$ 2,420,552	\$ 3,742,509	\$ 185,169	\$ 79,726,994	\$ 200,157	\$ 86,275,381
Payroll Taxes and Benefits	840,878	966,403	67,470	4,484,522	55,964	6,415,237
Total Salaries and Related Benefits	3,261,430	4,708,912	252,639	84,211,516	256,121	92,690,618
Fiscal Intermediary Purchases	-	-	-	7,815,992	-	7,815,992
Professional Services	26,893	10,195	-	16,319	533	53,940
Contracted Personnel	492	749	-	2,236	73	3,550
Travel	140,141	119,532	223,386	143,396	1,833	628,288
Advertisement	-	-	-	-	-	-
Insurance	28,773	7,725	31,589	30,494	383	98,964
Occupancy Costs	287,290	6,370	155	10,549	89	304,453
Telecommunication/Hosting Services	58,845	53,076	792	304,949	3,480	421,142
Equipment Expenses	42,188	35,688	1,728	23,101	2,227	104,932
Other Supplies	18,639	2,008	-	-	3	20,650
Printing	146	610	48	188	67	1,059
Postage	360	588	-	1,382	44	2,374
Recruitment, Training, and Meetings	9,269	13,737	99	90,829	1,324	115,258
Memberships and Subscriptions	2,835	3,447	-	10,282	336	16,900
Events	-	-	-	-	-	-
Recognition	1,040	802	131	968	26	2,967
Interest	28,025	-	-	-	-	28,025
Banking/Other Fees	1,050	-	387	725	-	2,162
Miscellaneous	26,170	38,947	1,762	298,837	-	365,716
Total Functional Expenses	\$ 3,933,586	\$ 5,002,386	\$ 512,716	\$ 92,961,763	\$ 266,539	\$ 102,676,990

See accompanying Notes to Financial Statements.

LIFEWORKS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

EXPENSES	Supporting Services		
	Administration	Development	Total
Salaries	\$ 3,763,275	\$ 260,266	\$ 90,298,922
Payroll Taxes and Benefits	979,089	57,701	7,452,027
Total Salaries and Related Benefits	4,742,364	317,967	97,750,949
Fiscal Intermediary Purchases	-	-	7,815,992
Professional Services	737,150	24,543	815,633
Contracted Personnel	402,336	-	405,886
Travel	5,287	118	633,693
Advertisement	149,922	-	149,922
Insurance	95,744	280	194,988
Occupancy Costs	273,980	-	578,433
Telecommunication/Hosting			
Services	456,826	3,728	881,696
Equipment Expenses	699,328	1,152	805,412
Other Supplies	11,265	112	32,027
Printing	19,310	1,635	22,004
Postage	44,088	530	46,992
Recruitment, Training, and			
Meetings	295,674	221	411,153
Memberships and			
Subscriptions	7,289	290	24,479
Events	12,248	181,838	194,086
Recognition	14,021	-	16,988
Interest	721	-	28,746
Banking/Other Fees	35,767	3,412	41,341
Miscellaneous	3,244	-	368,960
Total Functional Expenses	\$ 8,006,564	\$ 535,826	\$ 111,219,380

See accompanying Notes to Financial Statements.

LIFEWORKS SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,765,497	\$ 4,386,371
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in Right to Use Asset and Lease Liability	82,288	79,729
Depreciation	754,280	686,209
Uncompensated Care	1,366,950	363,958
Gain on Disposal of Property and Equipment	-	(35,588)
Realized and Unrealized Gain on Investments	(146,765)	(142,637)
Change in Beneficial Interests in Assets Held by a Foundation	(2,507,776)	(1,800,869)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(2,260,863)	(4,888,281)
Promises to Give	(205,271)	(128,961)
Prepaid Expenses	(130,479)	89,143
Increase (Decrease) in Operating Liabilities:		
Lease Liability	(121,184)	(116,257)
Accounts Payable	(198,820)	104,985
Accrued Salaries and Related Expenses	(510,553)	1,451,485
Accrued Vacation and Sick Pay	(103,407)	535,672
Other Accrued Expenses	227,119	5,166
Deferred Revenue	370,183	5,852
Net Cash Provided (Used) by Operating Activities	(618,801)	595,977
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(93)	-
Purchases of Property and Equipment	(777,130)	(570,157)
Proceeds from Sale of Property and Equipment	-	35,586
Net Cash Used by Investing Activities	(777,223)	(534,571)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Notes Payable	(203,399)	(196,018)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,599,423)	(134,612)
Cash and Cash Equivalents - Beginning of Year	4,607,191	4,741,803
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,007,768	\$ 4,607,191
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payment for Interest	\$ 20,646	\$ 28,746

See accompanying Notes to Financial Statements.

LIFEWORCS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

For 60 years, Lifeworks Services, Inc. (Lifeworks or the Organization) has been the partner of choice for advancing disability inclusion. We partner with people with disabilities to create innovative and person-centered solutions for careers, daily activities, community engagement, and in-home services. Lifeworks offers disability inclusion training and consulting to businesses and organizations to help make our communities more inclusive and accessible. Today, more than 9,000 people participate in programs and services through Lifeworks.

Advancing disability inclusion is our true north, and we continue to evolve alongside our community by listening to those with lived experience, co-creating innovative services, advocating for equitable workplaces, and expanding options that honor self-determination. We are guided by our shared vision to create a world where disability inclusion is the standard.

Lifeworks' mission is to be the partner of choice in advancing disability inclusion.

Lifeworks In-Home Services

Through a personalized and self-directed approach, Lifeworks partners with individuals and families to help them maintain their independence at home and in their community. This includes Minnesota programs: Consumer Directed Community Supports (CDCS), Community First Services and Supports (CFSS), Consumer Support Grant (CSG), PCA Choice, Individualized Home Supports (IHS), Respite, Night Supervision, and Homemaker Services.

In 2025, 2,781 individuals and families accessed in-home services through Lifeworks.

Lifeworks Employment Services

Lifeworks breaks down barriers and increases access to opportunities, leading to a more diverse and inclusive workforce in Minnesota. We connect people to experiences that explore their interests, develop skills, and start or advance their careers.

In 2025, Lifeworks partnered with 545 people through our employment services. Individuals joining the workforce or starting new jobs earned an average wage of \$14.66 per hour with wages as high as \$25.33 per hour.

Lifeworks Day Support Services

Personalized support and community engagement are cornerstones of Lifeworks service delivery – and with the individual leading the way, we provide opportunities to explore each person's interests, develop skills, and build community connections.

265 individuals participated in activities in their communities including volunteer opportunities, tours of area businesses, and recreational outings in 2025.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Lifeworks Resource Navigation

Navigating the complexities of disability support can be challenging. Resource Navigation is designed to empower and equip individuals and families with the knowledge and skill they need to thrive. Participants explore available options and connect with resources that helped them take the next step toward achieving their goals. In 2025, 1,102 people partnered with Lifeworks Resource Navigation.

Lifeworks Disability Inclusion Training and Consulting

Disability inclusion guides everything we do at Lifeworks because we believe in radically inclusive communities where people with disabilities are leaders, decision-makers, and equal participants in every aspect. Through our training and consulting, we are building a world where people with disabilities can thrive. In 2025, 5,331 people attended a disability inclusion training or education session with Lifeworks.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Lifeworks considers all without donor restriction, highly liquid financial instruments with an original maturity of three months or less, which are neither held for nor restricted by donors for a long-term purpose, to be cash and cash equivalents.

Investments

Investments consist of fixed income securities with various maturity dates and are recorded at fair value. Investment income or loss is reported on the statements of activities as without donor restrictions, as there are no restrictions on the income.

Receivables and Credit Policies

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for estimated uncollectible amounts through a provision for uncompensated care expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization uses the allowance method to determine uncollectible accounts receivable. The Organization uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets.

Because 96% of all Lifeworks funding comes from authorized Medicaid service agreements, the Organization uses the historical loss trend information as a percent of annual revenue for services provided over authorized amounts. Lifeworks applies historical average to forward-looking information to estimate credit losses. The Organization considers various risk factors such as denied or unauthorized services, inability to pay deductibles, Medicaid program takebacks due to noncompliance of program service rules or fraudulent activity and any predicted changes in funding sources.

**LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Receivables and Credit Policies (Continued)

Accounts receivable for the years ended December 31 consists of the following:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts Receivable	\$ 14,990,314	\$ 13,991,401	\$ 9,367,078
Allowance	(525,000)	(420,000)	(320,000)
Accounts Receivable, Net	<u>\$ 14,465,314</u>	<u>\$ 13,571,401</u>	<u>\$ 9,047,078</u>

Changes in the allowance for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 420,000	\$ 320,000
Provisions	1,366,950	363,957
Write-Offs, Net of Recoveries	(1,261,950)	(263,957)
Balance, End of Year	<u>\$ 525,000</u>	<u>\$ 420,000</u>

Beneficial Interest in Assets Held by a Foundation

The Organization has an investment fund account held by the St. Paul and Minnesota Foundation (the Foundation) as a part of their multi-asset endowment portfolio. The fund was created with the objective of providing lasting support for Lifeworks Services, Inc. The Organization granted variance power to the Foundation, which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation's board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The fund is held and invested by the Foundation for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

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, 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 statements of activities. Management determines the allowance for uncollectible promises to give based on historical experiences, an assessment of economic conditions, and a review of subsequent collections.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Promises to Give (Continued)

Promises to give are written off when deemed uncollectible. As of December 31, 2025 and 2024, the allowance was \$-0-.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are valued at fair market value at the date of the donation. The Organization capitalizes property and equipment with a value of \$5,000 or more. Depreciation is provided on the straight-line method over the following estimated useful lives:

Building	40 Years
Vehicles	8 Years
Furniture, Equipment and Systems	3 to 7 Years

Leasehold Improvements are recorded at the shorter of the lease term or the remaining useful life of the improvement.

Lifeworks reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2025 and 2024.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represents resources received with no donor-imposed restrictions. Net assets without donor restrictions include amounts that have been designated by the board of directors for specific purposes.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets with donor restrictions represents resources subject to donor-imposed restrictions which will be satisfied by a specific purpose or time period. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no donor-restricted net assets that are required to be held in perpetuity at December 31, 2025 and 2024.

The board has designated \$30,708,665 and \$28,054,031 as of December 31, 2025 and 2024, respectively. The board has set aside these funds to be used as reserves to be used for general purposes, day-to-day operations in the event of unforeseen shortfalls, and nonrecurring expenses that will build long-term capacity.

Service and Vocational Contract Revenue

Contracts for services consist of contracts that are exchange transactions in which there is a reciprocal transfer of assets or services between the parties involved in the grant or contract. Exchange transactions are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are incurred. Funds received but not yet earned are recorded as deferred revenue on the statements of financial position. Lifeworks participates in the Medicaid program and is reimbursed for contracted services based on established rates. Revenue is recognized based on the date of services provided.

Contributions and Grants Revenue

Contributions received are recorded as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Conditional contributions and grants received but not yet earned are recorded as deferred revenue on the statements of financial position.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's 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 accounting principles generally accepted in the United States of America (GAAP). Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. Contributed professional services are recognized if the skills received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The cost of program services and supporting 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 to the programs and supporting services benefited. The expenses allocated included occupancy and related expenses based on square footage, and salaries, payroll taxes, employer-paid benefits, professional services, travel, insurance, technology, office expenses, interest, and other, which were allocated based on estimates of time and effort.

Leases

Lifeworks leases office space and equipment. Lifeworks determines if an arrangement is a lease at inception. Operating leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability. ROU assets represent Lifeworks' right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, Lifeworks uses a risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Lifeworks will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lifeworks has elected to recognize payments for short-term leases with a lease term of 12 months or less, or with an aggregate lease amount of less than \$5,000 as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Advertising Costs

Advertising costs are expensed as incurred and approximated \$183,663 and \$149,922 during the years ended December 31, 2025 and 2024, respectively.

Income Taxes

Lifeworks is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as an organization that is not a private foundation under Section 509(a). The Organization undergoes an annual analysis of its various tax positions. The Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

The Organization believes that it has appropriate support for any tax position taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits or expenses in income tax expenses if incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and investment with financial institutions believed by management to be creditworthy. Credit risk associated with accounts receivable and promises to give are considered to be limited due to high historical collection rates. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

The Organization has evaluated subsequent events through May 5, 2026, the date which the financial statements were available to be issued.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 or liability, 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 or liability 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 or liability 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 or liabilities that the Organization can access at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability 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 entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of the multi-asset endowment portfolio assets held at the Foundation is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table present assets measured at fair value on a recurring basis, at December 31:

	<u>Fair Value Measurement at Report Date Using</u>			<u>Total</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<u>December 31, 2025</u>				
Fixed Income	\$ 2,994,824	\$ -	\$ -	\$ 2,994,824
Beneficial Interest in Multi-Assets Endowment Portfolio Assets Held at the St. Paul and Minnesota Foundation	-	-	27,251,024	27,251,024
Total	<u>2,994,824</u>	<u>-</u>	<u>27,251,024</u>	<u>30,245,848</u>
Cash and Cash Equivalents	-	-	-	462,817
Total	<u>\$ 2,994,824</u>	<u>\$ -</u>	<u>\$ 27,251,024</u>	<u>\$ 30,708,665</u>
 <u>December 31, 2024</u>				
Fixed Income	\$ 3,065,485	\$ -	\$ -	\$ 3,065,485
Beneficial Interest in Multi-Assets Endowment Portfolio Assets Held at the St. Paul and Minnesota Foundation	-	-	24,743,248	24,743,248
Total	<u>3,065,485</u>	<u>-</u>	<u>24,743,248</u>	<u>27,808,733</u>
Cash and Cash Equivalents	-	-	-	245,298
Total	<u>\$ 3,065,485</u>	<u>\$ -</u>	<u>\$ 24,743,248</u>	<u>\$ 28,054,031</u>

For the valuation of the beneficial interest in assets held by a community foundation at December 31, 2025 and 2024, the Organization used significant unobservable inputs (Level 3). The Organization had \$-0- of purchases into Level 3 investments and no sales for the years ended December 31, 2025 and 2024, respectively.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

Quantitative Information About Level 3 Fair Value Measurements			
Types of Assets	Fair Value at December 31, 2025	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Assets Held by a Foundation	\$ 27,251,024	Fair Value of Assets	Value of Underlying Assets
Total	\$ 27,251,024		
Types of Assets	Fair Value at December 31, 2024	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Assets Held by a Foundation	\$ 24,743,248	Fair Value of Assets	Value of Underlying Assets
Total	\$ 24,743,248		

NOTE 3 PROMISES TO GIVE

Unconditional promises to give at December 31 are as follows:

	2025	2024
Operating Support	\$ 404,280	\$ 199,009

At December 31, 2025 and 2024, promises to give were expected to be collected within 12 months.

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2025	2024
Land	\$ 608,210	\$ 608,210
Building	3,104,081	2,844,090
Leasehold Improvements	1,268,787	932,427
Vehicles	724,539	724,539
Furniture, Equipment and Systems	3,366,470	3,951,666
Total	9,072,087	9,060,932
Less: Accumulated Depreciation	4,825,917	4,837,612
Property and Equipment, Net	\$ 4,246,170	\$ 4,223,320

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 5 LINE OF CREDIT

The Organization has a revolving line of credit available from a financial institution. The line of credit was entered into starting October 29, 2019 and was extended to May 31, 2025 and is limited to \$5,000,000 for the year. During the year, the line of credit amount was increased to \$10,000,000 and extended to June 30, 2027. The credit line bears interest at a fluctuating rate determined by the financial institution and will bear an interest rate floor of 5%, with a current interest rate of 7.8%. The line is secured by general business assets, accounts receivable, and equipment. There was no outstanding balance as of December 31, 2025. The line of credit requires compliance with certain financial and nonfinancial covenants.

NOTE 6 NOTES PAYABLE

Notes payable consisted of the following:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Refinanced note payable with the Minnesota Bank & Trust with payments due in monthly installments of \$18,671, including interest at 3.0% beginning August 15, 2021; maturing August 15, 2028. Secured by a mortgage and security agreement.	<u>\$ 577,603</u>	<u>\$ 781,002</u>

Future maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 209,404
2027	215,863
2028	152,336
Total	<u>\$ 577,603</u>

NOTE 7 LEASES

The Organization leases space and some equipment for its operations under long-term, noncancelable lease agreements with payments ranging from \$248 to \$10,423 per month. In addition to monthly rent payments, some of the leases require the Organization to pay real estate taxes, insurance, and other occupancy costs. The lease agreements' ending dates vary through February 28, 2030.

LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 7 LEASES (CONTINUED)

The following table provides quantitative information regarding the Organization's leases for the year's ended December 31:

	<u>2025</u>	<u>2024</u>
Operating Lease Cost	\$ 109,307	\$ 79,650
Operating Cash Flows from Operating Leases	\$ 148,283	\$ 116,257
Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 190,318
Weighted-Average Remaining Lease Term - Operating	4.0 Years	5.0 Years
Weighted-Average Discount Rate - Operating	4.15%	4.15%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2025 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 153,156
2027	156,045
2028	161,414
2029	159,143
2030	<u>20,846</u>
Less: Imputed Interest	<u>(51,967)</u>
Total Present Value	<u>\$ 598,637</u>

NOTE 8 DONATED GOODS AND SERVICES

Donations of goods and services are used to support program services. All in-kind donations are reported at good faith estimated fair value as provided by the donor based on rates charged for similar goods or services. There were no donor restrictions on any of the donated goods and services during the years ended December 31.

	<u>Year Ended December 31, 2025</u>			
	<u>Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Professional Fees	\$ -	\$ 41,760	\$ -	\$ 41,760
Advertisement	-	114,390	-	114,390
Other	-	-	46,719	46,719
Total	<u>\$ -</u>	<u>\$ 156,150</u>	<u>\$ 46,719</u>	<u>\$ 202,869</u>

**LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 8 DONATED GOODS AND SERVICES (CONTINUED)

	Year Ended December 31, 2024			
	Program Services	Administration	Development	Total
Professional Fees	\$ -	\$ 34,027	\$ -	\$ 34,027
Advertisement	-	108,826	-	108,826
Other	-	-	50,390	50,390
Total	\$ -	\$ 142,853	\$ 50,390	\$ 193,243

53 volunteers contributed approximately 612 hours of service to Lifeworks during 2025, and 18 volunteers contributed approximately 976 hours of service to Lifeworks during 2024.

NOTE 9 COLLECTIVE BARGAINING AGREEMENT

A portion of Lifeworks' employees are covered by collective bargaining agreements. The most recent agreement between SEIU Healthcare Minnesota and the state of Minnesota (the fiscal service union employees) was in effect from July 1, 2025, through June 30, 2027. The previous agreement was in effect from July 1, 2023 through June 30, 2025. As of December 31, 2025 and 2024, approximately 35% and 40% of the Organization's employees were represented by this collective bargaining agreement, respectively.

LIFEWORCS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 10 RETIREMENT BENEFITS

Lifeworks has a defined contribution salary deferral plan. Employees are eligible to participate in this 403(b) plan maintained by the Organization on the first day of the payroll period following the date the employee satisfies eligibility requirements.

For eligible employees, the Organization intends to continue to provide a 3% salary contribution as a discretionary contribution under the 403(b) retirement plan, as well as contribute annually a 100% matching contribution on the eligible employee's elective salary deferral contributions to the 403(b) retirement plan, up to a maximum of 4% of the employee's eligible plan compensation. The Organization's contributions to the 403(b) retirement plan is fully vested after three years of employment.

Employer contributions to the plans, for employees, were \$647,766 and \$609,078 for 2025 and 2024, respectively.

NOTE 11 DEFERRED COMPENSATION

The Organization has a deferred compensation agreement with select highly compensated employees which calls for the Organization to fund an IRC Section 457(b) deferred compensation plan. Deferred compensation of up to 7% of the employee's salary contract or the maximum limitation allowed pursuant to Section 457(b) of the IRC, is paid to fund annuity contracts. These 457(b) deferred compensation plans were fully funded as of December 31, 2025 and 2024. Deferred compensation payments and expense under the agreement were \$62,848 and \$60,355 for 2025 and 2024, respectively.

NOTE 12 CONCENTRATIONS

The Organization receives a substantial amount of its support and revenue from Medicaid which made up 95% and 96%, respectively, of revenue (excluding investment income) in 2025 and 2024. A significant reduction in the level of revenue received by Medicaid may have an effect on the Organization's ability to continue its programs and activities.

NOTE 13 CONTINGENCIES

Lifeworks Self-Directed Service programs provide in-home personal care and fiscal intermediary services to allow individuals to continue living at home. A majority of this funding is provided by the state of Minnesota's medical assistance waiver program. Lifeworks' role is to manage the employment, training, payroll services, and reimbursements of qualified expenses within a client's approved plan including billing the state, county, or insurance companies for those services. If Lifeworks inadvertently approves expenses that are later denied for reimbursement, Lifeworks could be at risk for payment of these services. Revenue related to this program totaled \$123,389,900 and \$101,973,716 for 2025 and 2024, respectively. Administrative fees were allocated to the program of \$7,542,806 and \$5,022,068 for 2025 and 2024, respectively.

**LIFEWORKS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 14 LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short- and long-term investment vehicles. Occasionally, the board designates a portion of any operating surplus to its operating reserve, which was \$30,708,665 and \$28,054,031 as of December 31, 2025 and 2024, respectively. The target minimum board-designated financial asset is equal to 60 days of average projected operating costs not to fall below any contractual minimum net asset requirement. There are established board-designed funds where the governing board has the objective of setting funds aside to be drawn upon in the event of unforeseen shortfalls. Funds may be used for one-time, nonrecurring expenses to build long-term capacity, such as staff development, research and development or investment in infrastructure. Funds are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. In the event the need arises to utilize the board-designated funds for liquidity purposes, the funds could be drawn upon through board resolution. In the event of an unanticipated liquidity need, the Organization could draw upon its \$10 million of available line of credit (as further discussed in Note 5).

The Organization's financial assets due within one year of the statement of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 3,007,768	\$ 4,607,191
Accounts Receivable, Net of Allowance	14,465,314	13,571,401
Promises to Give, Net of Allowance	404,280	199,009
Investments	3,457,641	3,310,783
Beneficial Interests in Assets Held by a Community Foundation	<u>27,251,024</u>	<u>24,743,248</u>
Total	48,586,027	46,431,632
Less: Board-Designated Funds	<u>(30,708,665)</u>	<u>(28,054,031)</u>
Financial Assets Available Within One Year for General Expenditures	<u><u>\$ 17,877,362</u></u>	<u><u>\$ 18,377,601</u></u>



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