

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
TABLE OF CONTENTS  
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Big Brothers Big Sisters of the Greater Twin Cities  
Minneapolis, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Greater Twin Cities, which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Greater Twin Cities as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Big Brothers Big Sisters of the Greater Twin Cities 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 Big Brothers Big Sisters of the Greater Twin Cities' ability to continue as a going concern for one year after the date 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 Big Brothers Big Sisters of the Greater Twin Cities' 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 Big Brothers Big Sisters of the Greater Twin Cities' 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**

Minneapolis, Minnesota  
February 27, 2025

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
BALANCE SHEETS  
SEPTEMBER 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,559,099	\$ 1,004,744
Grants Receivable	40,296	82,818
Pledges Receivable, Net	979,980	536,611
Employee Retention Credit Receivable	632,942	-
Prepaid Expenses and Other	119,083	80,353
Total Current Assets	3,331,400	1,704,526
<b>OTHER ASSETS</b>		
Investments	15,287,285	13,747,475
Property and Equipment, Net	3,330,308	3,670,427
Right-of-Use Asset, Net	12,780	19,257
Long-Term Pledges Receivable, Net	724,901	973,767
Total Other Assets	19,355,274	18,410,926
Total Assets	\$ 22,686,674	\$ 20,115,452
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 46,547	\$ 24,234
Accrued Expenses	365,116	292,419
Short-Term Lease Liability	3,878	3,512
Total Current Liabilities	415,541	320,165
<b>LONG-TERM LIABILITIES</b>		
Long-Term Lease Liability	17,354	21,574
Total Liabilities	432,895	341,739
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	16,207,709	14,092,424
Board-Designated - Strategic Plan Initiatives	2,414,618	3,000,000
Board-Designated - Building Maintenance	1,500,000	1,500,000
Total Without Donor Restrictions	20,122,327	18,592,424
With Donor Restrictions	2,131,452	1,181,289
Total Net Assets	22,253,779	19,773,713
Total Liabilities and Net Assets	\$ 22,686,674	\$ 20,115,452

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Support:			
Contributions	\$ 3,950,553	\$ 961,173	\$ 4,911,726
Contributions In-Kind	124,605	-	124,605
Special Event Revenue	514,893	-	514,893
National Affiliation Pass-Through Contributions	68,459	-	68,459
United Way - Designated Gifts	17,951	-	17,951
Total Support	4,676,461	961,173	5,637,634
Other Revenue:			
Grants	649,938	-	649,938
Interest and Dividend Income	549,294	-	549,294
ERC	632,942	-	632,942
Miscellaneous	50	-	50
Total Other Revenue	1,832,224	-	1,832,224
Total Support and Revenue Before Releases	6,508,685	961,173	7,469,858
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	443,377	(443,377)	-
Total Support and Revenue	6,952,062	517,796	7,469,858
<b>EXPENSES</b>			
Program Services	4,142,782	-	4,142,782
Support Services:			
Management and General	620,043	-	620,043
Fundraising	1,230,582	-	1,230,582
Volunteer Recruitment	355,630	-	355,630
Total Expenses	6,349,037	-	6,349,037
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	603,025	517,796	1,120,821
<b>NONOPERATING CHANGES IN NET ASSETS</b>			
Endowment Contributions	-	301,500	301,500
Unrealized Investment Gains	909,093	130,867	1,039,960
Realized Investment Gains	17,785	-	17,785
Total Nonoperating Changes in Net Assets	926,878	432,367	1,359,245
<b>CHANGE IN NET ASSETS</b>	1,529,903	950,163	2,480,066
Net Assets - Beginning of Year	18,592,424	1,181,289	19,773,713
<b>NET ASSETS - END OF YEAR</b>	\$ 20,122,327	\$ 2,131,452	\$ 22,253,779

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Support:			
Contributions	\$ 5,310,630	\$ 271,932	\$ 5,582,562
Contributions In-Kind	162,130	-	162,130
Special Event Revenue	568,576	-	568,576
National Affiliation Pass-Through Contributions	290,316	-	290,316
United Way - Designated Gifts	14,973	-	14,973
Total Support	6,346,625	271,932	6,618,557
Other Revenue:			
Grants	390,843	-	390,843
Interest and Dividend Income	303,491	-	303,491
Miscellaneous	2,140	-	2,140
Total Other Revenue	696,474	-	696,474
Total Support and Revenue Before Releases	7,043,099	271,932	7,315,031
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>532,131</b>	<b>(532,131)</b>	<b>-</b>
Total Support and Revenue	7,575,230	(260,199)	7,315,031
<b>EXPENSES</b>			
Program Services	3,513,416	-	3,513,416
Support Services:			
Management and General	553,720	-	553,720
Fundraising	1,178,168	-	1,178,168
Volunteer Recruitment	260,594	-	260,594
Total Expenses	5,505,898	-	5,505,898
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	2,069,332	(260,199)	1,809,133
<b>NONOPERATING CHANGES IN NET ASSETS</b>			
Endowment Contributions	-	500,606	500,606
Unrealized Investment Losses	200,153	47,874	248,027
Realized Investment Gains	32,982	2,446	35,428
Total Nonoperating Changes in Net Assets	233,135	550,926	784,061
<b>CHANGE IN NET ASSETS</b>	2,302,467	290,727	2,593,194
Net Assets - Beginning of Year	16,289,957	890,562	17,180,519
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 18,592,424</b>	<b>\$ 1,181,289</b>	<b>\$ 19,773,713</b>

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2024**

	Program Services	Support Services			Total Support Services	Total
		Management and General	Fundraising	Volunteer Recruitment		
Salaries	\$ 2,391,573	\$ 412,177	\$ 663,037	\$ 224,027	\$ 1,299,241	\$ 3,690,814
Employee Benefits	259,256	37,719	59,639	22,310	119,668	378,924
Payroll Taxes	173,742	28,708	47,496	16,564	92,768	266,510
Total Payroll Expense	<u>2,824,571</u>	<u>478,604</u>	<u>770,172</u>	<u>262,901</u>	<u>1,511,677</u>	<u>4,336,248</u>
Professional Fees	366,729	66,104	105,075	17,013	188,192	554,921
Background Investigations	45,928	512	843	349	1,704	47,632
Supplies	227,176	530	122,927	779	124,236	351,412
Postage and Delivery	1,004	627	4,152	83	4,862	5,866
Communications	40,969	4,538	7,307	3,317	15,162	56,131
Equipment and Maintenance	29,858	3,716	26,262	2,534	32,512	62,370
Occupancy	39,260	4,856	8,029	3,336	16,221	55,481
Advertising and Marketing	21,313	403	12,186	21,320	33,909	55,222
Printing and Publications	2,214	251	21,774	907	22,932	25,146
Local Travel and Meetings	24,631	2,539	3,722	1,569	7,830	32,461
Training, Seminars, and Conventions	13,468	3,418	6,293	7,017	16,728	30,196
Dues and Subscriptions	38,326	1,997	16,938	3,624	22,559	60,885
Scholarships	92,156	-	-	-	-	92,156
Interest	257	1,027	-	-	1,027	1,284
Insurance	44,496	5,521	8,884	3,716	18,121	62,617
Miscellaneous	23,564	9,396	56,488	2,325	68,209	91,773
National BBBS Dues	44,100	3,479	5,732	2,372	11,583	55,683
Total Expense Before Depreciation	<u>3,880,020</u>	<u>587,518</u>	<u>1,176,784</u>	<u>333,162</u>	<u>2,097,464</u>	<u>5,977,484</u>
Depreciation Expense	<u>262,762</u>	<u>32,525</u>	<u>53,798</u>	<u>22,468</u>	<u>108,791</u>	<u>371,553</u>
Total Expense by Function	<u>\$ 4,142,782</u>	<u>\$ 620,043</u>	<u>\$ 1,230,582</u>	<u>\$ 355,630</u>	<u>\$ 2,206,255</u>	<u>\$ 6,349,037</u>
Percent of Total Expenses	65.3%	9.8%	19.4%	5.6%	34.7%	100.0%

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services	Support Services			Total Support Services	Total
		Management and General	Fundraising	Volunteer Recruitment		
Salaries	\$ 1,962,684	\$ 346,523	\$ 596,575	\$ 169,219	\$ 1,112,317	\$ 3,075,001
Employee Benefits	245,419	32,894	56,156	16,842	105,892	351,311
Payroll Taxes	141,972	23,880	40,965	12,603	77,448	219,420
Total Payroll Expense	<u>2,350,075</u>	<u>403,297</u>	<u>693,696</u>	<u>198,664</u>	<u>1,295,657</u>	<u>3,645,732</u>
Professional Fees	297,294	62,018	98,956	4,182	165,156	462,450
Background Investigations	27,497	420	751	275	1,446	28,943
Supplies	209,364	8,963	145,456	5,592	160,011	369,375
Postage and Delivery	3,166	228	7,459	155	7,842	11,008
Communications	36,256	3,454	6,172	2,453	12,079	48,335
Equipment and Maintenance	23,812	2,763	25,467	1,769	29,999	53,811
Occupancy	66,682	7,313	13,229	5,007	25,549	92,231
Advertising and Marketing	1,279	647	23,332	4,592	28,571	29,850
Printing and Publications	3,699	174	24,469	2,585	27,228	30,927
Local Travel and Meetings	17,158	4,819	5,774	2,141	12,734	29,892
Training, Seminars, and Conventions	3,682	857	2,213	4,213	7,283	10,965
Dues and Subscriptions	27,805	2,327	18,088	134	20,549	48,354
Scholarships	51,000	-	-	-	-	51,000
Interest	334	1,336	-	-	1,336	1,670
Insurance	63,854	7,317	12,885	4,665	24,867	88,721
Miscellaneous	21,474	14,908	41,064	2,697	58,669	80,143
National BBBS Dues	42,857	3,009	5,387	1,969	10,365	53,222
Total Expense Before Depreciation	<u>3,247,288</u>	<u>523,850</u>	<u>1,124,398</u>	<u>241,093</u>	<u>1,889,341</u>	<u>5,136,629</u>
Depreciation Expense	<u>266,128</u>	<u>29,870</u>	<u>53,770</u>	<u>19,501</u>	<u>103,141</u>	<u>369,269</u>
Total Expense by Function	<u>\$ 3,513,416</u>	<u>\$ 553,720</u>	<u>\$ 1,178,168</u>	<u>\$ 260,594</u>	<u>\$ 1,992,482</u>	<u>\$ 5,505,898</u>
Percent of Total Expenses	63.8%	10.1%	21.4%	4.7%	36.2%	100.0%

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,480,066	\$ 2,593,194
Adjustments to Reconcile Change in Net Assets		
Net Cash Provided by Operating Activities:		
Depreciation	371,553	369,269
Noncash Addition of Right-of-Use Asset	-	(19,257)
Amortization of Right-of-Use Asset - Finance Lease	6,477	-
Realized and Unrealized Gain on Investments	(926,878)	(283,455)
Perpetual Endowment Contributions	(301,500)	(500,606)
Perpetual Endowment Appropriations	(30,641)	-
Increase (Decrease) in Allowance for Uncollectible Pledges	2,580	(9,640)
Increase (Decrease) in Current Assets:		
Grants Receivable	42,522	(13,378)
Pledges Receivable	(197,083)	(1,072,944)
ERC	(632,942)	-
Prepaid Expenses and Accrued Interest	(38,730)	54,598
Increase (Decrease) in Current Liabilities:		
Accounts Payable	22,313	(19,528)
Accrued Expenses	72,697	14,812
Financing Lease Liability	(3,854)	(6,315)
Net Cash Provided by Operating Activities	866,580	1,106,750
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(31,434)	(42,886)
Proceeds Received from Sale of Investments	8,691,617	9,226,664
Purchase of Investments	(9,273,908)	(11,553,376)
Net Cash Used by Investing Activities	(613,725)	(2,369,598)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Perpetual Endowment Contributions	301,500	500,606
Net Cash Provided by Financing Activities	301,500	500,606
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	554,355	(762,242)
Cash and Cash Equivalents - Beginning of Year	1,004,744	1,766,986
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,559,099	\$ 1,004,744

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The mission of Big Brothers Big Sisters of the Greater Twin Cities (BBBS) is to create and support mentoring relationships that ignite the power and promise of youth. BBBS is a youth development organization founded in 1920 that creates and supports high quality, evidence-based youth mentoring programs in Minneapolis-St. Paul and surrounding communities. One of the 10 largest U.S. affiliates of Big Brothers Big Sisters agencies in the nation, and the largest mentoring organization in Minnesota, BBBS Twin Cities is a separate 501(c)(3) that raises its revenue locally and creates and implements Twin Cities-specific programming as well as the BBBS mentoring model.

The primary activity of the agency is to create and support mentoring relationships between young people and volunteer mentors that will support them in setting and pursuing their own goals, including social and emotional growth and healthy youth development. In pursuing the vision that all youth achieve their full potential, BBBS partners with young people, their families and volunteer mentors, as well as communities, businesses, civic groups, and community-based organizations to implement youth-centric programs and initiatives. Key programs include 1:1 mentoring programming, operated in community, school and workplace settings; Free Arts programming that offers mentoring and arts-based expression and creative learning in partnership with community-based organizations and schools; and innovative programs offering career and post-secondary readiness skills development and access for teens and young adults.

**Financial Statement Presentation**

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

*Net Assets Without Donor Restrictions* – Net assets over which the board of directors has discretionary control. The board each year determines an appropriate balance given market conditions, operating requirements and Agency initiatives, and is held as reserve for future use. The Board-Designated Strategic Plan Initiatives net assets are related to funds designated for investing in BBBS's Board-approved Strategic Plan 2023-2026. The Board-Designated Building Maintenance net assets are related to funds set aside for maintenance of the building as items arise. Funds in both categories may be used upon approval of the board.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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 revenue 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. BBBS has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Nonoperating activities represent contributions that are perpetual in nature and realized and unrealized investment gains or losses.

**Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions**

BBBS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor 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. Contributions of long-lived assets are reported as restricted support only if restricted by the donor. Conditional pledges and contributions are not included as support until such time as the conditions are substantially met. As of September 30, 2024, BBBS has been awarded \$475,000 in conditional contributions and grants that depend on incurring qualified expenses. As of September 30, 2024, BBBS had conditional gifts of approximately \$394,775 where conditions of allowable costs have not yet been met and have not been recorded as revenue.

**Cash and Cash Equivalents**

Cash and cash equivalents of BBBS are maintained at a financial institution located in Minnesota. At times, the account exceeds the federal deposit insurance limit of \$250,000.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Pledges Receivable**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional pledges and grants are not included as support until such time as the conditions are substantially met. Pledges and grants that are expected to be collected within one year are recorded at their net realizable value. Pledges and grants that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. BBBS reserves for bad debts using the allowance method which is based on management judgment considering significant patterns of uncollectability and historical information.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. At September 30, 2024, BBBS had complied with the conditions of the Employee Retention Credit (ERC) funding through the Internal Revenue Service (IRS) in the amount of \$632,942, which is noted on the statement of financial position as a receivable.

**Investments and Fair Value Measurements**

Investments in mutual funds are considered held for long-term and recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Donated assets are recorded at fair value at the date of donation. BBBS records the change of ownership of securities on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements.

BBBS categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine 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 in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Fair Value Measurements (Continued)**

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that BBBS has the ability to access. Level 1 assets of BBBS include certificates of deposit and mutual funds.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Securities valued using Level 3 inputs include funds held on behalf of BBBS at a community foundation.

**Property and Equipment**

Leasehold improvements, equipment, and furniture and fixtures are stated at cost (capitalization threshold of \$4,000) at the date of acquisition or fair market value at date of donation in the case of donated property. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. Property and equipment are depreciated over the lives of the assets using the straight-line method. Furniture and equipment are depreciated over an estimated life of five years and computers and peripherals over an estimated life of three years. Leasehold improvements are amortized over the shorter of the life of the lease or the life of the asset. Building is depreciated over an estimated useful life of 39 years.

**Advertising and Marketing**

Advertising and marketing costs are expensed when incurred.

**Functional Expenses**

Salaries and related expenses are allocated based on job descriptions, time and effort, and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated on the best estimates of management including allocations based on salaries, FTE, or other direct costs (expenses such as communications, occupancy, insurance, and depreciation).

**Tax Status**

BBBS is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota Statutes. BBBS is not considered a private foundation and contributions to BBBS are considered tax deductible.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Status (Continued)**

BBBS follows the standard for accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. BBBS files as a tax-exempt organization.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

**Special Event Revenue**

Special event revenue comprise an exchange element based on the value of the benefits provided, and a contribution element for the difference between the total support and the exchange element. The exchange element includes the meals provided, which is recognized at the time the event occurs, and the auction items purchased at the events, which is recognized at the time when the auction ends. Special event revenue consisted of the following for the years ended September 30:

	2024	2023
Contribution Revenue	\$ 363,275	\$ 442,706
Exchange Revenue:		
Auction Items	89,535	72,720
Meals	62,083	53,150
Total	\$ 514,893	\$ 568,576

**Donated Services and Assets**

Contributions of services are recognized if the services 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. Contributions of tangible assets are recognized at fair market value when received.

**Leases**

BBBS leases various equipment. BBBS determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent BBBS' right to use an underlying asset for the lease term and lease liabilities represent BBBS' obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, BBBS uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that BBBS will exercise that option. Lease expense for lease payments is recognized on a straight-line basis of the lease term.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

BBBS has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position. BBBS has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**Adoption of New Accounting Standards**

BBBS has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2016-13), *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**Subsequent Events**

In preparing these financial statements, BBBS has evaluated events and transactions for potential recognition or disclosure through February 27, 2025, the date the financial statements were available to be issued.

**NOTE 2 PLEDGES RECEIVABLE**

Unconditional promises to give are included in the financial statements as pledges receivable and revenue in the appropriate net asset category.

Unconditional promises to give at September 30 are expected to be realized in the following periods:

	<u>2024</u>	<u>2023</u>
Pledges Receivable	\$ 1,743,540	\$ 1,560,751
Allowance for Uncollectible Pledges	(7,560)	(10,140)
Net Present Value Discount at 5%	(31,099)	(40,233)
Total	<u>\$ 1,704,881</u>	<u>\$ 1,510,378</u>
Amounts Due In:		
Less Than One Year	\$ 979,980	\$ 536,611
One to Five Years	724,901	973,767
Total	<u>\$ 1,704,881</u>	<u>\$ 1,510,378</u>

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 3 INVESTMENTS**

Investments consist of the following at September 30:

	2024	2023
Long-Term Investments:		
Stock Mutual Funds	\$ 1,888,423	\$ 1,450,860
Bond Mutual Funds	1,900,289	526,748
Equity Exchange Traded Funds	3,482,553	1,758,623
Money Market Funds	4,027,788	9,842,846
Treasury Bills	3,928,956	-
Cash Held for Investment Purposes	59,276	168,398
Total Long-Term Investments	15,287,285	13,747,475
 Total Investments	 \$ 15,287,285	 \$ 13,747,475

**NOTE 4 FAIR VALUE MEASUREMENTS**

The following tables present the fair value hierarchy for the balances of the assets of BBBS measured at fair value on a recurring basis as of September 30:

	2024			
	Level 1	Level 2	Level 3	Total
Stock Mutual Funds	\$ 1,888,423	\$ -	\$ -	\$ 1,888,423
Bond Mutual Funds	1,900,289	-	-	1,900,289
Equity Exchange Traded Funds	3,482,553	-	-	3,482,553
Money Market Funds	4,027,788	-	-	4,027,788
Treasury Bills	3,928,956	-	-	3,928,956
Total	\$ 15,228,009	\$ -	\$ -	\$ 15,228,009
	2023			
	Level 1	Level 2	Level 3	Total
Stock Mutual Funds	\$ 1,450,860	\$ -	\$ -	\$ 1,450,860
Bond Mutual Funds	526,748	-	-	526,748
Equity Exchange Traded Funds	1,758,623	-	-	1,758,623
Money Market Funds	9,842,846	-	-	9,842,846
Total	\$ 13,579,077	\$ -	\$ -	\$ 13,579,077

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	2024	2023
Leasehold Improvements	\$ -	\$ 73,432
Equipment	335,773	482,698
Building	1,702,813	1,702,813
Furniture and Fixtures	634,542	867,835
Building Improvements	2,213,513	2,213,513
Total Property and Equipment	4,886,641	5,340,291
Less: Accumulated Depreciation	(1,556,333)	(1,669,864)
Property and Equipment, Net	\$ 3,330,308	\$ 3,670,427

**NOTE 6 LEASES – ASC 842**

BBBS leases solar panels and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029.

The following summarizes the assets under the leases:

	2024	2023
Financing Right-of-Use Assets:		
Cost	\$ 49,158	\$ 49,158
Accumulated Depreciation	(36,378)	(29,901)
Total	\$ 12,780	\$ 19,257

The following table provides quantitative information concerning the BBBS's leases for the year ended September 30:

	2024	2023
Right-of-Use Assets:		
Financing Leases, Net	\$ 12,780	\$ 19,257
Total Right-of-Use Assets	\$ 12,780	\$ 19,257
Lease Liabilities:		
Current:		
Financing Leases	\$ 3,878	\$ 3,512
Noncurrent:		
Financing Leases	17,354	21,574
Total Lease Liabilities	\$ 21,232	\$ 25,086
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 6,477	\$ 6,390
Interest on Lease Liabilities	1,301	1,500
Total Finance Lease Costs	\$ 7,778	\$ 7,890

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 6 LEASES – ASC 842 (CONTINUED)**

	2024	2023
Other Information:		
Gains (Losses) on Sale and Leaseback Transactions, Net Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 1,301	\$ 1,500
Financing Cash Flows from Finance Leases	3,822	3,451
Weighted Average Remaining Lease Term - Financing Leases	4.3 Years	5.3 Years
Weighted Average Discount Rate - Financing Leases	5.50%	5.50%

The future minimum lease obligations for the years ending September 30 are:

Year Ending September 30,	Financing Leases
2025	\$ 5,302
2026	5,486
2027	5,677
2028	5,875
2029	2,026
Total Lease Payments	24,366
Less: Interest	(3,134)
Present Value of Lease Liabilities	\$ 21,232

**NOTE 7 LINE OF CREDIT**

BBBS had a \$300,000 line of credit agreement with a financial institution. The line expired on October 26, 2023 and was not renewed. The line required interest at prime rate plus 0.5%. BBBS's assets were security for any principal amounts borrowed under the agreement.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Program Restricted	\$ 886,373	\$ 492,936
Time Restricted	175,000	20,000
Endowment Earnings	<u>177,055</u>	<u>76,829</u>
Total	1,238,428	589,765
Endowments:		
Scholarships	21,740	21,740
Memorial Funds	55,986	54,487
Other	<u>815,298</u>	<u>515,297</u>
Total	<u>893,024</u>	<u>591,524</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 2,131,452</u></u>	<u><u>\$ 1,181,289</u></u>

Net assets released from restrictions were released for the following uses during the years ended September 30:

	<u>2024</u>	<u>2023</u>
Program Restricted	\$ 392,736	\$ 187,131
Endowment	30,641	-
Time Restricted	<u>20,000</u>	<u>345,000</u>
Total Assets Released from Restriction	<u><u>\$ 443,377</u></u>	<u><u>\$ 532,131</u></u>

**NOTE 9 ENDOWMENT**

BBBS's endowment consists of six individual funds established for a variety of purposes. The endowment includes perpetual endowments only. Net assets associated with endowment funds, including funds designated by the board of directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 9 ENDOWMENT (CONTINUED)**

**Application of Relevant Law**

BBBS follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which governs the use of donor-restricted endowment funds for a nonprofit organization.

The board of directors of BBBS has applied UPMIFA such that, absent donor stipulations to the contrary, donor-restricted endowment fund gifts are preserved at the fair value as of the date of gift. As a result of this application, BBBS classifies as net assets with donor restrictions (1) the original value of the gifts to the perpetual endowment, (2) the value of subsequent gifts to the perpetual endowment, (3) accumulations made pursuant to the direction of the applicable donor gift investment at the time the accumulation is added to the fund, and (4) the portion of the investment return added to the funds to maintain its purchasing power.

Endowment net asset composition by type and changes in endowment net assets for the years ended September 30 is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 893,024	\$ 893,024
Accumulated Investment Gains	-	177,055	177,055
Total	\$ -	\$ 1,070,079	\$ 1,070,079
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 591,524	\$ 591,524
Accumulated Investment Gains	-	76,829	76,829
Total	\$ -	\$ 668,353	\$ 668,353

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 9 ENDOWMENT (CONTINUED)**

**Application of Relevant Law (Continued)**

The following is a summary of endowment funds subject to UPMIFA for the years ended September 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Investments -			
Beginning of Year	\$ -	\$ 668,353	\$ 668,353
Investment Income	-	130,867	130,867
Contributions	-	301,500	301,500
Appropriations	-	(30,641)	(30,641)
Endowment Investments - End of Year	<u>\$ -</u>	<u>\$ 1,070,079</u>	<u>\$ 1,070,079</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Investments -			
Beginning of Year	\$ -	\$ 117,427	\$ 117,427
Investment Income	-	50,320	50,320
Contributions	-	500,606	500,606
Endowment Investments - End of Year	<u>\$ -</u>	<u>\$ 668,353</u>	<u>\$ 668,353</u>

**Fund with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires BBBS to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were deficiencies of \$-0- as of September 30, 2024 and 2023.

**Investment Objectives and Strategies**

BBBS has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to manage for consistent total returns with a long-term growth objective, manage with a moderate level of risk, and maintain sufficient diversification of assets. To achieve these objectives, BBBS follows an asset diversification plan, sets performance benchmarks for investments managers, and has established various asset quality and limitations thresholds. An investment advisory committee regularly reviews investment diversification and performance.

**NOTE 10 RETIREMENT SAVINGS PLAN**

BBBS has a 403(b) retirement savings plan covering all eligible employees. BBBS makes discretionary contributions to the plan. Pension expense was \$50,975 and \$47,604 for the years ended September 30, 2024 and 2023, respectively.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 11 CONCENTRATIONS**

BBBS received 24% of its operating support from one donor as of September 30, 2024, and 46% of its operating support was from two donors as of September 30, 2023.

BBBS's pledges receivable are from a limited number of individuals and organizations. As of September 30, 2024, 76% of pledges are from three donors and as of September 30, 2023, 82% of pledges were from one donor.

BBBS's government grants receivables are from a limited number of governmental agencies.

**NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS**

BBBS records various types of in-kind support, including certain professional services, food and beverage, supplies, and apparel at fair market value based on estimated market rates of similar services or materials. Event tickets and gift certificates are valued at their face value. The fundraising portion of in-kinds received are used for special events held by BBBS and the remainder are used in programming. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or increase in property and equipment. BBBS records in-kind donations and services at estimated fair market value at date of donation.

BBBS has recognized contributions for the following, with like amounts included in expenses or property and equipment for the years ended September 30:

	2024	2023
In-Kind Donations and Services:		
Event Tickets	\$ 51,567	\$ 43,325
Gift Certificates	11,663	8,010
Services	25,219	60,661
Food and Beverage	2,926	5,841
Supplies	10,688	9,230
Apparel	22,542	35,063
Total In-Kind Donations and Services	\$ 124,605	\$ 162,130
In-Kind Expense Allocation:		
Program Services	\$ 68,478	\$ 95,051
Fundraising	56,127	67,079
Total In-Kind Expense Allocation	\$ 124,605	\$ 162,130

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 VOLUNTEER SERVICES**

BBBS receives donated time from volunteers. This donated time does not meet the criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States, and therefore it is not reflected in the accompanying financial statements. Management estimates that these volunteers contributed approximately 83,521 hours in 2024 and 91,793 hours in 2023. An approximate economic value for this volunteer time contributed for the state of Minnesota is \$36.31 per hour for 2024 and \$34.47 per hour for 2023 (using an estimate from the Do Good Institute at the University of Maryland). Applying this rate, BBBS' volunteer mentor services would be valued at \$3,032,648 for 2024 and \$3,164,105 for 2023.

Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as approximately 76% and 77% of total BBBS expenses for the years ended September 30, 2024 and 2023, respectively. Support services would be approximately 24% and 23% of total BBBS expenses for the years ended September 30, 2023 and 2022, respectively.

Program expenses as a percentage of total BBBS expenses in the audited financial statements are 65.3% for 2024 and 63.8% for 2023. Support services expenses as a percentage of total BBBS expenses in the audited financial statements are 34.7% for 2024 and 36.2% for 2023.

**NOTE 14 RELATED PARTY TRANSACTIONS**

Annual dues paid to Big Brothers Big Sisters of America (BBBSA) were \$55,684 and \$57,253 during the years ended September 30, 2024 and 2023, respectively. For the years ended September 30, 2024 and 2023, BBBS received funding from BBBSA of \$68,459 and \$290,316, respectively, in the form of pass-through contributions. Pass-through contribution funding is awarded annually from BBBSA to various Big Brothers Big Sisters agencies across the nation.

Board members contributed \$114,381 and \$207,092 during the years ended September 30, 2024 and 2023, respectively.

**NOTE 15 LIQUIDITY AND AVAILABILITY**

BBBS regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of its liquidity management, the governing body of BBBS can authorize liquidation of investments as needed to meet operating expenses in excess of cash provided by operating activities. See Notes 3, 4, 8, and 9 for further information about BBBS's investment portfolio, net assets, and endowment funds.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 15 LIQUIDITY AND AVAILABILITY (CONTINUED)**

	<u>2024</u>	<u>2023</u>
Cash and Equivalents	\$ 1,559,099	\$ 1,004,744
Investments	15,287,285	13,747,475
Grants Receivable	40,296	82,818
Pledges Receivable	979,980	536,611
Total Financial Assets	<u>17,866,660</u>	<u>15,371,648</u>
Donor-Restricted Scholarship Fund	(122,705)	(146,997)
Donor-Restricted Other Time and Purpose	(1,115,723)	(442,768)
Donor-Restricted Perpetual Endowment	(893,024)	(591,524)
Board-Designated for Strategic Plan Initiatives	(2,414,618)	(3,000,000)
Board-Designated for Building Maintenance	(1,500,000)	(1,500,000)
Total Financial Assets Not Available for General Operating Support	<u>(6,046,070)</u>	<u>(5,681,289)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 11,820,590</u>	<u>\$ 9,690,359</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.