

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024



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**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
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YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

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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 financial statements for Big Brothers Big Sisters of the Greater Twin Cities, which comprise the balance sheets as of September 30, 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 Big Brothers Big Sisters of the Greater Twin Cities as of September 30, 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 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 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 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 19, 2026

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
BALANCE SHEETS
SEPTEMBER 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,229,429	\$ 1,559,099
Grants Receivable	89,693	40,296
Pledges Receivable, Net	766,476	979,980
Employee Retention Credit Receivable	-	632,942
Prepaid Expenses and Other	134,146	119,083
Total Current Assets	2,219,744	3,331,400
OTHER ASSETS		
Investments	18,199,867	15,287,285
Property and Equipment, Net	3,009,247	3,330,308
Right-of-Use Asset, Net	6,389	12,780
Long-Term Pledges Receivable, Net	-	724,901
Total Other Assets	21,215,503	19,355,274
Total Assets	\$ 23,435,247	\$ 22,686,674
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 110,314	\$ 46,547
Accrued Expenses	418,549	365,116
Short-Term Lease Liability	4,253	3,878
Total Current Liabilities	533,116	415,541
LONG-TERM LIABILITIES		
Long-Term Lease Liability	12,738	17,354
Total Liabilities	545,854	432,895
NET ASSETS		
Without Donor Restrictions:		
Undesignated	17,862,558	16,207,709
Board-Designated - Strategic Plan Initiatives	1,468,031	2,414,618
Board-Designated - Building Maintenance	1,500,000	1,500,000
Total Without Donor Restrictions	20,830,589	20,122,327
With Donor Restrictions	2,058,804	2,131,452
Total Net Assets	22,889,393	22,253,779
Total Liabilities and Net Assets	\$ 23,435,247	\$ 22,686,674

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 3,580,490	\$ 539,235	\$ 4,119,725
Contributions In-Kind	131,888	-	131,888
Special Event Revenue	641,450	-	641,450
Less: Costs of Direct Benefits to Donors	(90,114)	-	(90,114)
National Affiliation Pass-Through Contributions	220,660	-	220,660
United Way - Designated Gifts	15,986	-	15,986
Total Support	<u>4,500,360</u>	<u>539,235</u>	<u>5,039,595</u>
Other Revenue:			
Grants	687,907	-	687,907
Interest and Dividend Income	521,914	-	521,914
Miscellaneous	1,800	-	1,800
Total Other Revenue	<u>1,211,621</u>	<u>-</u>	<u>1,211,621</u>
Total Support and Revenue Before Releases	5,711,981	539,235	6,251,216
NET ASSETS RELEASED FROM RESTRICTIONS	<u>699,933</u>	<u>(699,933)</u>	<u>-</u>
Total Support and Revenue	6,411,914	(160,698)	6,251,216
EXPENSES			
Program Services	4,413,744	-	4,413,744
Support Services:			
Management and General	634,446	-	634,446
Fundraising	1,117,371	-	1,117,371
Volunteer Recruitment	472,642	-	472,642
Total Expenses	<u>6,638,203</u>	<u>-</u>	<u>6,638,203</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(226,289)	(160,698)	(386,987)
NONOPERATING CHANGES IN NET ASSETS			
Endowment Contributions	-	1,500	1,500
Unrealized Investment Gains	878,281	86,550	964,831
Realized Investment Gains	56,270	-	56,270
Total Nonoperating Changes in Net Assets	<u>934,551</u>	<u>88,050</u>	<u>1,022,601</u>
CHANGE IN NET ASSETS	708,262	(72,648)	635,614
Net Assets - Beginning of Year	<u>20,122,327</u>	<u>2,131,452</u>	<u>22,253,779</u>
NET ASSETS - END OF YEAR	<u>\$ 20,830,589</u>	<u>\$ 2,058,804</u>	<u>\$ 22,889,393</u>

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 3,950,553	\$ 961,173	\$ 4,911,726
Contributions In-Kind	124,605	-	124,605
Special Event Revenue	514,893	-	514,893
Less: Costs of Direct Benefits to Donors	(70,623)	-	(70,623)
National Affiliation Pass-Through Contributions	68,459	-	68,459
United Way - Designated Gifts	17,951	-	17,951
Total Support	<u>4,605,838</u>	<u>961,173</u>	<u>5,567,011</u>
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	<u>1,832,224</u>	<u>-</u>	<u>1,832,224</u>
Total Support and Revenue Before Releases	6,438,062	961,173	7,399,235
NET ASSETS RELEASED FROM RESTRICTIONS	<u>443,377</u>	<u>(443,377)</u>	<u>-</u>
Total Support and Revenue	6,881,439	517,796	7,399,235
EXPENSES			
Program Services	4,142,782	-	4,142,782
Support Services:			
Management and General	620,043	-	620,043
Fundraising	1,159,959	-	1,159,959
Volunteer Recruitment	355,630	-	355,630
Total Expenses	<u>6,278,414</u>	<u>-</u>	<u>6,278,414</u>
CHANGE IN NET ASSETS FROM OPERATIONS	603,025	517,796	1,120,821
NONOPERATING CHANGES IN NET ASSETS			
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	<u>926,878</u>	<u>432,367</u>	<u>1,359,245</u>
CHANGE IN NET ASSETS	1,529,903	950,163	2,480,066
Net Assets - Beginning of Year	<u>18,592,424</u>	<u>1,181,289</u>	<u>19,773,713</u>
NET ASSETS - END OF YEAR	<u>\$ 20,122,327</u>	<u>\$ 2,131,452</u>	<u>\$ 22,253,779</u>

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025**

	Program Services	Support Services			Total Support Services	Total
		Management and General	Fundraising	Volunteer Recruitment		
Salaries	\$ 2,506,275	\$ 433,549	\$ 647,780	\$ 257,359	\$ 1,338,688	\$ 3,844,963
Employee Benefits	266,439	39,573	56,065	24,883	120,521	386,960
Payroll Taxes	182,124	30,338	46,613	19,044	95,995	278,119
Total Payroll Expense	<u>2,954,838</u>	<u>503,460</u>	<u>750,458</u>	<u>301,286</u>	<u>1,555,204</u>	<u>4,510,042</u>
Professional Fees	495,631	63,707	122,476	21,823	208,006	703,637
Background Investigations	27,818	418	657	341	1,416	29,234
Supplies	222,320	1,132	134,087	3,513	138,732	361,052
Postage and Delivery	1,340	659	5,670	31	6,360	7,700
Communications	43,590	4,682	7,158	3,909	15,749	59,339
Equipment and Maintenance	39,577	4,538	26,638	3,693	34,869	74,446
Occupancy	41,006	4,976	7,803	4,044	16,823	57,829
Advertising and Marketing	8,267	158	5,254	83,459	88,871	97,138
Printing and Publications	6,547	230	20,334	1,529	22,093	28,640
Local Travel and Meetings	30,160	2,520	3,911	2,338	8,769	38,929
Training, Seminars, and Conventions	25,447	1,447	5,185	7,187	13,819	39,266
Dues and Subscriptions	46,519	2,843	19,969	4,073	26,885	73,404
Scholarships	73,864	-	-	-	-	73,864
Interest	212	850	-	-	850	1,062
Insurance	66,870	8,468	12,711	6,585	27,764	94,634
Miscellaneous	29,848	-	31,190	866	32,056	61,904
National BBBS Dues	46,300	3,598	5,649	2,929	12,176	58,476
Total Expense Before Depreciation	<u>4,160,154</u>	<u>603,686</u>	<u>1,159,150</u>	<u>447,606</u>	<u>2,210,442</u>	<u>6,370,596</u>
Depreciation Expense	<u>253,590</u>	<u>30,760</u>	<u>48,335</u>	<u>25,036</u>	<u>104,131</u>	<u>357,721</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(90,114)</u>	<u>-</u>	<u>(90,114)</u>	<u>(90,114)</u>
Total Expense by Function	<u>\$ 4,413,744</u>	<u>\$ 634,446</u>	<u>\$ 1,117,371</u>	<u>\$ 472,642</u>	<u>\$ 2,224,459</u>	<u>\$ 6,638,203</u>
Percent of Total Expenses	66.5%	9.6%	16.8%	7.1%	33.5%	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, 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>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(70,623)</u>	<u>-</u>	<u>(70,623)</u>	<u>(70,623)</u>
Total Expense by Function	<u>\$ 4,142,782</u>	<u>\$ 620,043</u>	<u>\$ 1,159,959</u>	<u>\$ 355,630</u>	<u>\$ 2,135,632</u>	<u>\$ 6,278,414</u>
Percent of Total Expenses	66.0%	9.9%	18.5%	5.7%	34.0%	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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 635,614	\$ 2,480,066
Adjustments to Reconcile Change in Net Assets		
Net Cash Provided by Operating Activities:		
Depreciation	357,721	371,553
Amortization of Right-of-Use Asset - Finance Lease	6,391	6,477
Realized and Unrealized Gain on Investments	(1,021,101)	(926,878)
Perpetual Endowment Contributions	(1,500)	(301,500)
Perpetual Endowment Appropriations	(43,500)	(30,641)
Increase in Allowance for Uncollectible Pledges	-	2,580
Increase (Decrease) in Current Assets:		
Grants Receivable	(49,397)	42,522
Pledges Receivable	938,405	(197,083)
ERC Receivable	632,942	(632,942)
Prepaid Expenses and Accrued Interest	(15,063)	(38,730)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	63,767	22,313
Accrued Expenses	53,433	72,697
Financing Lease Liability	(4,241)	(3,854)
Net Cash Provided by Operating Activities	1,553,471	866,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(36,660)	(31,434)
Proceeds Received from Sale of Investments	24,160,745	8,691,617
Purchase of Investments	(26,008,726)	(9,273,908)
Net Cash Used by Investing Activities	(1,884,641)	(613,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Perpetual Endowment Contributions	1,500	301,500
Net Cash Provided by Financing Activities	1,500	301,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(329,670)	554,355
Cash and Cash Equivalents - Beginning of Year	1,559,099	1,004,744
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,229,429	\$ 1,559,099

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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, 2025 AND 2024

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, 2025 and 2024, BBBS has been awarded \$475,000 in conditional contributions and grants that depend on incurring qualified expenses. As of September 30, 2025 and 2024, BBBS had conditional gifts of \$399,346 and \$394,775, respectively, 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 accounts exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. BBBS has not experienced any loss in such accounts. Balances exceeded FDIC insured amounts by approximately \$985,000 and \$1,334,000, respectively as of September 30, 2025 and 2024.

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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 a risk adjusted 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.

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, 2025 AND 2024**

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, 2025 AND 2024**

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:

	2025	2024
Contribution Revenue	\$ 497,324	\$ 363,275
Exchange Revenue:		
Auction Items	81,357	89,535
Meals	62,769	62,083
Total	\$ 641,450	\$ 514,893

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 leases do not provide an implicit rate, BBBS uses a risk-free 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, 2025 AND 2024

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 balance sheet. 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.

Subsequent Events

In preparing these financial statements, BBBS has evaluated events and transactions for potential recognition or disclosure through February 19, 2026, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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:

	2025	2024
Pledges Receivable	\$ 774,036	\$ 1,743,540
Allowance for Uncollectible Pledges	(7,560)	(7,560)
Net Present Value Discount at 5%	-	(31,099)
Total	\$ 766,476	\$ 1,704,881
Amounts Due In:		
Less Than One Year	\$ 766,476	\$ 979,980
One to Five Years	-	724,901
Total	\$ 766,476	\$ 1,704,881

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 INVESTMENTS

Investments consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Long-Term Investments:		
Stock Mutual Funds	\$ 2,638,680	\$ 1,888,423
Bond Mutual Funds	2,952,221	1,900,289
Equity Exchange Traded Funds	5,654,860	3,482,553
Money Market Funds	1,299,490	4,027,788
Treasury Bills	5,536,870	3,928,956
Cash Held for Investment Purposes	117,746	59,276
Total Long-Term Investments	<u>18,199,867</u>	<u>15,287,285</u>
 Total Investments	 <u>\$ 18,199,867</u>	 <u>\$ 15,287,285</u>

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:

	<u>2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stock Mutual Funds	\$ 2,638,680	\$ -	\$ -	\$ 2,638,680
Bond Mutual Funds	2,952,221	-	-	2,952,221
Equity Exchange Traded Funds	5,654,860	-	-	5,654,860
Money Market Funds	1,299,490	-	-	1,299,490
Treasury Bills	5,536,870	-	-	5,536,870
Total	<u>\$ 18,082,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,082,121</u>
	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	<u>\$ 15,228,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,228,009</u>

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 359,465	\$ 335,773
Building	1,702,813	1,702,813
Furniture and Fixtures	634,542	634,542
Building Improvements	<u>2,220,090</u>	<u>2,213,513</u>
Total Property and Equipment	4,916,910	4,886,641
Less: Accumulated Depreciation	<u>(1,907,663)</u>	<u>(1,556,333)</u>
Property and Equipment, Net	<u><u>\$ 3,009,247</u></u>	<u><u>\$ 3,330,308</u></u>

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:

	<u>2025</u>	<u>2024</u>
Financing Right-of-Use Assets:		
Cost	\$ 31,952	\$ 49,158
Accumulated Depreciation	<u>(25,563)</u>	<u>(36,378)</u>
Total	<u><u>\$ 6,389</u></u>	<u><u>\$ 12,780</u></u>

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

	<u>2025</u>	<u>2024</u>
Right-of-Use Assets:		
Financing Leases, Net	<u>\$ 6,389</u>	<u>\$ 12,780</u>
Total Right-of-Use Assets	<u><u>\$ 6,389</u></u>	<u><u>\$ 12,780</u></u>
Lease Liabilities:		
Current:		
Financing Leases	\$ 4,253	\$ 3,878
Noncurrent:		
Financing Leases	<u>12,738</u>	<u>17,354</u>
Total Lease Liabilities	<u><u>\$ 16,991</u></u>	<u><u>\$ 21,232</u></u>
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 6,390	\$ 6,477
Interest on Lease Liabilities	<u>1,081</u>	<u>1,301</u>
Total Finance Lease Costs	<u><u>\$ 7,471</u></u>	<u><u>\$ 7,778</u></u>

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 6 LEASES – ASC 842 (CONTINUED)

	<u>2025</u>	<u>2024</u>
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	\$ 1,081	\$ 1,301
Financing Cash Flows from Finance Leases	\$ 4,221	\$ 3,822
Weighted Average Remaining Lease Term - Financing Leases	3.3 Years	4.3 Years
Weighted Average Discount Rate - Financing Leases	5.50%	5.50%

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

<u>Year Ending September 30.</u>	<u>Financing Leases</u>
2026	\$ 5,486
2027	5,677
2028	5,875
2029	<u>2,026</u>
Total Lease Payments	19,064
Less: Interest	<u>(2,073)</u>
Present Value of Lease Liabilities	<u><u>\$ 16,991</u></u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
Program Restricted	\$ 944,175	\$ 886,373
Time Restricted	-	175,000
Endowment Earnings	220,105	177,055
Total	<u>1,164,280</u>	<u>1,238,428</u>
Endowments:		
Scholarships	21,740	21,740
Memorial Funds	57,486	55,986
Other	815,298	815,298
Total	<u>894,524</u>	<u>893,024</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 2,058,804</u></u>	<u><u>\$ 2,131,452</u></u>

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	2025	2024
Program Restricted	\$ 481,433	\$ 392,736
Endowment	43,500	30,641
Time Restricted	175,000	20,000
Total Assets Released from Restriction	\$ 699,933	\$ 443,377

NOTE 8 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.

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:

	2025		
	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	\$ -	\$ 894,524	\$ 894,524
Accumulated Investment Gains	-	220,105	220,105
Total	\$ -	\$ 1,114,629	\$ 1,114,629

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 8 ENDOWMENT (CONTINUED)

Application of Relevant Law (Continued)

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
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	<u>\$ -</u>	<u>\$ 1,070,079</u>	<u>\$ 1,070,079</u>

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

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment Investments -			
Beginning of Year	\$ -	\$ 1,070,079	\$ 1,070,079
Investment Income	-	86,550	86,550
Contributions	-	1,500	1,500
Appropriations	-	(43,500)	(43,500)
Endowment Investments - End of Year	<u>\$ -</u>	<u>\$ 1,114,629</u>	<u>\$ 1,114,629</u>

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
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>

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, 2025 and 2024.

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 8 ENDOWMENT (CONTINUED)

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.

BBBS uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year. The rate is 4% based on the preceding five year average of the endowment.

NOTE 9 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 \$60,865 and \$50,975 for the years ended September 30, 2025 and 2024, respectively.

NOTE 10 CONCENTRATIONS

BBBS received 30% of its operating support from one donor as of September 30, 2025, and 24% of its operating support was from one donor as of September 30, 2024.

BBBS's pledges receivable are from a limited number of individuals and organizations. As of September 30, 2025, 72% of pledges are from three donors and as of September 30, 2024, 76% of pledges were from three donors.

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

NOTE 11 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.

**BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

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

	2025	2024
In-Kind Donations and Services:		
Event Tickets	\$ 26,434	\$ 51,567
Gift Certificates	5,020	11,663
Services	88,929	25,219
Food and Beverage	1,485	2,926
Supplies	4,881	10,688
Apparel	5,139	22,542
Total In-Kind Donations and Services	\$ 131,888	\$ 124,605
In-Kind Expense Allocation:		
Program Services	\$ 93,907	\$ 68,478
Fundraising	37,981	56,127
Total In-Kind Expense Allocation	\$ 131,888	\$ 124,605

NOTE 12 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 81,958 hours in 2025 and 83,521 hours in 2024. An approximate economic value for this volunteer time contributed for the state of Minnesota is \$38.16 per hour for 2025 and \$36.31 per hour for 2024 (using an estimate from the Do Good Institute at the University of Maryland). Applying this rate, BBBS' volunteer mentor services would be valued at approximately \$3,127,517 for 2025 and \$3,032,648 for 2024.

Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as approximately 77% and 76% of total BBBS expenses for the years ended September 30, 2025 and 2024, respectively. Support services would be approximately 23% and 24% of total BBBS expenses for the years ended September 30, 2025 and 2024, respectively.

Program expenses as a percentage of total BBBS expenses in the audited financial statements are 66% for 2025 and 65% for 2024, respectively. Support services expenses as a percentage of total BBBS expenses in the audited financial statements are 34% for 2025 and 35% for 2024.

BIG BROTHERS BIG SISTERS OF THE GREATER TWIN CITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 13 RELATED PARTY TRANSACTIONS

Annual dues paid to Big Brothers Big Sisters of America (BBBSA) were \$58,476 and \$55,684 during the years ended September 30, 2025 and 2024, respectively. For the years ended September 30, 2025 and 2024, BBBS received funding from BBBSA of \$220,660 and \$68,459, 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 \$106,928 and \$114,381 during the years ended September 30, 2025 and 2024, respectively.

NOTE 14 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.

	<u>2025</u>	<u>2024</u>
Cash and Equivalents	\$ 1,229,429	\$ 1,559,099
Investments	18,199,867	15,287,285
Grants Receivable	89,693	40,296
Pledges Receivable	<u>766,476</u>	<u>979,980</u>
Total Financial Assets	20,285,465	17,866,660
Donor-Restricted Scholarship Fund	(122,705)	(122,705)
Donor-Restricted Other Time and Purpose	(1,041,575)	(1,115,723)
Donor-Restricted Perpetual Endowment	(894,524)	(893,024)
Board-Designated for Strategic Plan Initiatives	(1,468,031)	(2,414,618)
Board-Designated for Building Maintenance	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Total Financial Assets Not Available for General Operating Support	<u>(5,026,835)</u>	<u>(6,046,070)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 15,258,630</u>	<u>\$ 11,820,590</u>



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