

BIG BROTHERS BIG SISTERS OF PUGET SOUND
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Puget Sound
Bellevue, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Puget Sound (a nonprofit organization), which comprises the statements of financial position as of August 31, 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 Puget Sound as of August 31, 2024 and 2023, and the changes in 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 Puget Sound 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 Puget Sound's 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 Puget Sound's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the 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 Puget Sound's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Bellevue, Washington
February 8, 2025

BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 375,810	\$ 680,503
Investments, Short-Term	1,823,270	647,121
Pledges and Grants Receivable, Net of Allowance	308,818	336,495
Other Receivables	-	71,206
Prepaid Expenses, Inventory, and Other Assets	410,069	290,503
Total Current Assets	2,917,967	2,025,828
OTHER ASSETS		
Investments, Long-Term	4,309,002	4,438,513
Pledges and Grants Receivable, Long-Term, Net	-	340,000
Property and Equipment, Net	724,639	332,348
Property Held for Sale	-	792,977
Right of use Asset - Operating	1,086,197	166,982
Right of use Asset - Finance	171,309	18,969
Total Other Assets	6,291,147	6,089,789
Total Assets	\$ 9,209,114	\$ 8,115,617
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	200,595	100,201
Deferred Revenue	236,398	129,511
Accrued Expenses and Other Liabilities	115,932	95,915
Current Lease Liability - Operating	228,041	68,614
Current Lease Liability - Finance	38,971	10,125
Total Current Liabilities	819,937	404,366
LONG-TERM LIABILITIES		
Long-Term Lease Liability - Operating	967,862	100,430
Long-Term Lease Liability - Finance	135,415	11,381
Total Current Liabilities	1,103,277	111,811
Total Liabilities	1,923,214	516,177
NET ASSETS		
Without Donor Restrictions:		
Undesignated	975,073	2,001,691
Board-Designated	6,132,272	5,085,634
Total Without Donor Restrictions	7,107,345	7,087,325
With Donor Restrictions	178,555	512,115
Total Net Assets	7,285,900	7,599,440
Total Liabilities and Net Assets	9,209,114	\$ 8,115,617

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and Donor Contributions	\$ 2,101,622	\$ 16,000	\$ 2,117,622
In-Kind Contributions	142,403	-	142,403
Special Events	883,581	-	883,581
Investment Income	710,093	-	710,093
Revenue from Sales of Donated Household Goods	732,168	-	732,168
Other Revenue	22,331	-	22,331
Gain on Sale of Property	393,913	-	393,913
Net Assets Released from Donor Restrictions	349,560	(349,560)	-
Total Support and Revenue	<u>5,335,671</u>	<u>(333,560)</u>	<u>5,002,111</u>
Direct Costs of Special Events	(397,831)	-	(397,831)
Direct Costs of Sales of Donated Household Goods	(620,808)	-	(620,808)
	<u>4,317,032</u>	<u>(333,560)</u>	<u>3,983,472</u>
EXPENSES			
Program Services	2,480,809	-	2,480,809
Fundraising	993,229	-	993,229
Management and General	822,974	-	822,974
Total Expenses	<u>4,297,012</u>	<u>-</u>	<u>4,297,012</u>
CHANGE IN NET ASSETS	20,020	(333,560)	(313,540)
Net Assets - Beginning of Year	<u>7,087,325</u>	<u>512,115</u>	<u>7,599,440</u>
NET ASSETS - END OF YEAR	<u>\$ 7,107,345</u>	<u>\$ 178,555</u>	<u>\$ 7,285,900</u>

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and Donor Contributions	\$ 2,578,812	\$ 85,000	\$ 2,663,812
In-Kind Contributions	559,203	-	559,203
Special Events	931,084	-	931,084
Investment Income	262,270	-	262,270
Revenue from Sales of Donated Household Goods	669,290	-	669,290
Other Revenue	14,512	-	14,512
Net Assets Released from Donor Restrictions	577,996	(577,996)	-
Total Support and Revenue	<u>5,593,167</u>	<u>(492,996)</u>	<u>5,100,171</u>
Direct Costs of Special Events	(333,860)	-	(333,860)
Direct Costs of Sales of Donated Household Goods	(623,487)	-	(623,487)
	<u>4,635,820</u>	<u>(492,996)</u>	<u>4,142,824</u>
EXPENSES			
Program Services	2,748,409	-	2,748,409
Fundraising	1,063,215	-	1,063,215
Management and General	685,381	-	685,381
Total Expenses	<u>4,497,005</u>	<u>-</u>	<u>4,497,005</u>
CHANGE IN NET ASSETS	138,815	(492,996)	(354,181)
Net Assets - Beginning of Year	<u>6,948,510</u>	<u>1,005,111</u>	<u>7,953,621</u>
NET ASSETS - END OF YEAR	<u>\$ 7,087,325</u>	<u>\$ 512,115</u>	<u>\$ 7,599,440</u>

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024**

	Program Services	Fundraising	Management and General	Total
Salaries, Benefits, and Payroll Taxes, Including 401(k) Expense of \$45,508	\$ 1,669,867	\$ 629,282	\$ 364,529	\$ 2,663,678
Event Food and Rentals	-	148,684	-	148,684
Professional Fees	259,578	99,222	105,253	464,053
In-Kind Expenses	14,345	43,669	3,188	61,202
Occupancy Costs	145,394	33,097	34,363	212,854
Technology and Equipment Costs	16,208	23,669	52,592	92,469
Contract Services	-	249,147	-	249,147
Event Materials and Supplies	-	613	-	613
Depreciation	49,122	8,612	33,639	91,373
Insurance	43,945	10,133	8,687	62,765
Participant Expenses	84,370	608	429	85,407
National/Regional Dues	39,036	6,846	6,608	52,490
Printing and Publications	3,725	11,629	2,123	17,477
Office Supplies and Expense	9,329	2,248	2,772	14,349
Staff Recruitment and Training	47,120	11,745	7,915	66,780
Bad Debt Expense	-	52,979	25,000	77,979
Volunteer Screening and Expenses	35,935	-	-	35,935
Miscellaneous	1,322	13,124	91,137	105,583
Telephone and Internet	35,551	9,341	9,097	53,989
Conferences and Meetings	15,085	10,886	36,972	62,943
Travel, Auto, and Meetings	4,163	228	970	5,361
Credit Card and Bank Fees	304	24,686	36,807	61,797
Postage	1,410	612	893	2,915
BBBS Affiliate Revenue Share	5,000	-	-	5,000
Total Expenses	2,480,809	1,391,060	822,974	4,694,843
Less: Special Event Expenses	-	397,831	-	397,831
Total Expenses Included in Expense Section on the Statement of Activities	<u>\$ 2,480,809</u>	<u>\$ 993,229</u>	<u>\$ 822,974</u>	<u>\$ 4,297,012</u>

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023**

	Program Services	Fundraising	Management and General	Total
Salaries, Benefits, and Payroll Taxes, Including 401(k) Expense of \$35,070	\$ 1,814,893	\$ 570,592	\$ 255,647	\$ 2,641,132
Event Food and Rentals	-	271,928	-	271,928
Professional Fees	188,738	164,630	156,781	510,149
In-Kind Expenses	301,400	175,689	45,600	522,689
Occupancy Costs	92,105	16,377	13,083	121,565
Technology and Equipment Costs	10,740	25,977	20,149	56,866
Contract Services	-	61,932	-	61,932
Event Materials and Supplies	-	380	-	380
Depreciation	55,916	13,630	15,137	84,683
Insurance	53,398	14,208	9,370	76,976
Participant Expenses	81,724	672	95	82,491
National/Regional Dues	30,181	4,973	5,902	41,056
Printing and Publications	2,513	14,819	700	18,032
Office Supplies and Expense	1,097	491	628	2,216
Staff Recruitment and Training	15,303	6,845	39,264	61,412
Bad Debt Expense	-	10,545	-	10,545
Volunteer Screening and Expenses	40,116	215	302	40,633
Miscellaneous	7,282	3,349	6,309	16,940
Telephone and Internet	32,590	8,333	7,746	48,669
Conferences and Meetings	14,245	3,201	85,929	103,375
Travel, Auto, and Meetings	4,814	680	875	6,369
Credit Card and Bank Fees	737	23,452	20,723	44,912
Postage	617	4,157	1,141	5,915
Total Expenses	2,748,409	1,397,075	685,381	4,830,865
Less: Special Event Expenses	-	333,860	-	333,860
Total Expenses Included in Expense Section on the Statement of Activities	\$ 2,748,409	\$ 1,063,215	\$ 685,381	\$ 4,497,005

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (313,540)	\$ (354,181)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Forgiveness of Paycheck Protection		
Depreciation	101,445	94,376
Loss on disposal of equipment	-	35,819
Gain on Sale of Property	(393,913)	-
Bad Debt Expense	77,979	10,545
In-Kind Contribution of Office Furniture	(26,340)	-
Transaction Fees on Sale of Property	85,790	-
(Gain) Loss on Investments	(477,429)	(141,312)
Amortization of ROU Asset	40,332	9,105
Interest on Lease Liabilities	7,492	918
Noncash Lease Expense	122,177	(19,297)
(Increase) Decrease in Assets:		
Receivables	360,904	824,174
Prepaid Expenses and Other Assets	(119,566)	(83,774)
Increase (Decrease) in Liabilities:		
Accounts Payable	100,394	(66,435)
Accrued Expenses and Other Liabilities	20,017	(86,234)
Deferred Revenue	106,887	78,935
Net Cash Provided (Used) by Operating Activities	(307,371)	302,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Property and Equipment	(480,506)	(330,728)
Proceeds from Sale of Property Net of Transaction Costs	1,114,210	-
Purchase of Investments (Including Reinvested Interest and Non-Cash Donations)	(576,106)	(7,231,494)
Sale of Investments	6,897	3,329,136
Net Cash Provided (Used) by Investing Activities	64,495	(4,233,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Lease	(61,817)	(9,837)
Net Cash Provided (Used) by Financing Activities	(61,817)	(9,837)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(304,693)	(3,940,284)
Cash - Beginning of Year	680,503	4,620,787
CASH - END OF YEAR	\$ 375,810	\$ 680,503
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
In-Kind Contribution of Office Furniture	\$ 26,340	\$ -
Right-of-Use Asset Exchanged for Lease Liability	\$ 1,291,298	\$ 77,724

See accompanying Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Big Brothers Big Sisters of Puget Sound (BBBSPS or the Organization) is a nonprofit organization whose mission is to create and support one-to-one mentoring relationships that ignite the power and promise of youth. Its vision is that all youth achieve their full potential. BBBSPS is an affiliate of Big Brothers Big Sisters of America (BBBSA). The Organization's service area includes King, Pierce, Jefferson, Kitsap, and Clallam Counties in the state of Washington; it currently has offices in King and Pierce Counties.

The Organization has provided mentoring services to children and youth in its service area for over 60 years. Using community-based, school-based, and career-centered approaches, BBBSPS mentoring programs boost academic achievement and social-emotional development for children and youth.

The mentoring program funding is provided through donor contributions, grants from foundations, corporations, governments, BBBSA, and special events. In addition, the Organization operates a Donation Center, which receives donated household goods and resells them. The net proceeds from the resold goods are used to fund mentoring programs.

Financial Statement Presentation

BBBSPS reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Use of Estimates

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023**

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

Net Assets (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met.

Net assets with donor restrictions consist of the following at August 31:

	<u>2024</u>	<u>2023</u>
Time Restrictions	\$ 91,667	\$ 404,474
Mentoring Programs	86,888	107,641
Total	<u>\$ 178,555</u>	<u>\$ 512,115</u>

Board-Designated Net Assets

BBBSPS maintains a board-designated reserve fund, the objective of which is to help ensure the long-term financial stability of BBBSPS operations. The reserve fund is held and directed separately from operating funds. The reserve fund is invested at the discretion of the Finance Committee of the Board, consistent with the Organization's investment policy. As of August 31, 2024 and 2023, the reserve fund was invested in cash, money market funds, bonds, equities, and mutual funds.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 – Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

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

Cash

Cash consists of cash held in banks, which, at times, may include deposits in excess of federally insured limits. Cash and cash equivalents held in bank and brokerage accounts as part of the reserve fund are presented as investments on the statements of financial position.

Investments

Investments are recorded at fair value using Level 1 inputs determined by the quoted market price of these securities traded on national exchanges. Cash and cash equivalents held with the reserve fund are presented as part of investments in these financial statements.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are recorded at estimated fair value at the date of gift. Depreciation is recorded on the straight-line method over estimated useful lives of the assets ranging from 3 to 39 years. BBBSPS capitalizes property and equipment with a cost of \$1,000 or more and a useful life of one year or more.

Pledges and Grants Receivable

Pledges and grants receivable consist of unconditional promises to give and are recognized when the pledge is made. Pledges that are expected to be received within one year of the financial statement date are valued at net realizable value (the face amount of the pledge less an allowance based on collectability). Pledges that are expected to be received more than one year after the financial statement date are reflected at the present value of their estimated future cash flows after any allowance for uncollectible amounts, using a risk-adjusted discount rate applicable to the years in which the promises are received.

Management reviews the collectability of receivables on a periodic basis and determines the appropriate amount of any allowance. BBBSPS charges off receivables to the allowance when management determines that a receivable is not collectible. Management has established an allowance for uncollectible receivables of \$44,028 and \$31,788 as of August 31, 2024 and 2023, respectively. The allowance is netted with the pledges and grants receivable balance on the statements of financial position.

At August 31, 2024 and 2023, receivables from two organizations at 2024, and one organization at 2023, accounted for 28% and 48% of pledges and grants receivable, respectively.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Grants and Donor Revenue

Contributions are recognized as revenue at the date received or unconditionally promised and are recorded as support with or without restrictions depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions or promises to give that are subject to donor-imposed conditions are not recognized as revenue until the period when the conditions are met.

There was one donor contributing 5% of total revenues during the year ended August 31, 2024. There were three donors contributing 26% of total revenues during the year ended August 31, 2023.

Special Event Revenue

Throughout the period, the Organization hosts a number of events to raise funds for its operations. Revenue related to these events is recognized at the time of the event. Any amounts given as unconditional contributions outside of events are recorded at the time of the gift.

In-Kind Contributions

BBBSPS recognizes donated services 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 donated.

Volunteers contribute thousands of hours of their time annually as Big Brothers and Big Sisters. Each volunteer Big Brother or Big Sister spends from 4 to 12 hours every month with his or her Little Brother or Little Sister. Management estimates that volunteers contributed 44,500 and 70,000 hours for the years ended August 31, 2024 and 2023, respectively. Volunteer mentor services contributed to BBBSPS do not meet criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States of America and, therefore, are not reflected in the accompanying financial statements. The BBBSPS program model of using community volunteers to provide program services has an impact on the Organization's fundraising and administration percentage, which was 42% and 39% of total expenses for 2024 and 2023, respectively, based on the statement of activities. An approximate economic value for this volunteer time contributed in 2024 and 2023 for Washington State is \$40.28 per hour and \$37.63 per hour using the most recent data released by Independent Sector, respectively. Applying this rate, BBBSPS volunteer mentor services can be valued at \$1,792,460 and \$2,634,100 for 2024 and 2023, respectively. Including this economic value of donated mentor services as part of program expenses would result in the calculation of fundraising and administration expenses as a percentage of total organization expenses of 30% and 25% for 2024 and 2023, respectively.

In addition, the Donation Center receives donated household items and resells them. Revenue for these in-kind contributions of household items is recognized when the household items are sold.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Reclassifications

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

Information Regarding Liquidity and Availability

Financial assets available for general expenditure within one year of the date of the statement of financial position comprise the following:

	<u>2024</u>	<u>2023</u>
Cash	\$ 375,810	\$ 680,503
Investments Convertible to Cash Within One Year	6,132,272	5,085,634
Accounts and Donations Receivable	308,818	747,701
Total Financial Assets	<u>6,816,900</u>	<u>6,513,838</u>
Less: Those Unavailable for General Expenditures		
Within One Year, Due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose		
Restrictions	(178,555)	(512,115)
Add Back Amounts Available to Use Within		
One Year	<u>178,555</u>	<u>172,115</u>
	-	(340,000)
Board Designations:		
Amounts Set Aside for Liquidity Reserve	<u>(6,132,272)</u>	<u>(5,085,634)</u>
Financial Assets Available to Meet Cash Needs		
for General Expenditures Within One Year	<u>\$ 684,628</u>	<u>\$ 1,088,204</u>

The Organization regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programmatic activities as well as the services that support those activities to be general expenditures. BBBSPS receives contributions with donor restrictions, and financial assets not available to meet general expenditures within one year may include assets with donor restrictions that are not expected to be met within the following year.

The Organization's major fundraising event, its annual gala dinner and auction, is held in the Fall. The net auction revenue generated has supported over 8% of cash expenses incurred by BBBSPS during the current fiscal year.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

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

Information Regarding Liquidity and Availability (Continued)

The Organization has a \$500,000 line of credit (see Note 5) that can be drawn upon in the event of an unanticipated liquidity need. In addition, the Organization maintains an operating reserve (see Note 2), which had a balance of \$6,132,272 and \$5,085,634 at August 31, 2024 and 2023, respectively, that is not included in the total financial assets available to meet cash needs within one year. This covers the board-designated reserve with the objective of maintaining a minimum of three months' worth of operating cash needs in low-risk cash, cash equivalents, and fixed-income securities to meet unexpected financial and liquidity needs. This reserve could be drawn upon with the approval of the governing board.

Income Taxes

BBBSPS is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and other services have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that received benefit. Expenses that benefit more than one function are allocated using a reasonable basis for the particular expense being allocated. Major expenses that are allocated include office and occupancy expenses, information technology support and depreciation, which are allocated on the basis of personnel headcount, as well as some salaries and fringe and related expenses, which are allocated on the basis of estimates of time and effort.

Leases

The Organization leases office space, box trucks, and copiers. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization 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 right of use assets on the balance sheet.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2 INVESTMENTS

The purpose of the investments is to provide long-term financial support for BBBSPS, so the Organization has elected to present most investments as a noncurrent asset.

Investments consist of the following at August 31:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 1,823,270	\$ 647,121
Bond Funds	2,945,880	2,721,921
Equity	1,363,122	1,716,592
Total	<u>\$ 6,132,272</u>	<u>\$ 5,085,634</u>

NOTE 3 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are as follows at August 31:

	<u>2024</u>	<u>2023</u>
Receivable in Less than One Year	352,846	368,283
Less Allowance for Uncollectible Receivables	(44,028)	(31,788)
Total Current Receivables	<u>\$ 308,818</u>	<u>\$ 336,495</u>
Receivables in More than One Year	\$ -	\$ 340,000
Less: Discount	-	-
Total Noncurrent Receivables	<u>\$ -</u>	<u>\$ 340,000</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	<u>2024</u>	<u>2023</u>
Furniture and Equipment	494,617	435,455
Improvements	97,172	1,959
Buildings	-	1,172,844
Land	-	298,429
Curriculum	49,300	24,650
Software	261,329	-
Construction in Progress	48,642	91,569
	<u>951,060</u>	<u>2,024,906</u>
Less: Accumulated Depreciation	(226,421)	(899,581)
Total	<u>\$ 724,639</u>	<u>\$ 1,125,325</u>

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023**

NOTE 5 LINE OF CREDIT

Under a line of credit agreement with HomeStreet Bank, BBSPS may borrow up to \$500,000 with interest accruing at a variable rate which is the Wall Street Journal Prime Rate (+0%) subject to adjustment as described in the promissory note, on a 365/360 basis at August 31, 2024 and 2023, respectively. The line of credit matures on February 1, 2026. The balance on the line of credit was zero at August 31, 2024 and 2023.

NOTE 6 DONATION CENTER

Direct costs of sales of donated household goods are shown as a reduction in total support and revenue in the statements of activities. The following is a detail of the direct costs of sales of donated household goods for the years ended August 31:

	2024	2023
Salaries, Benefits, and Payroll Taxes	\$ 326,402	\$ 355,442
Travel, Auto, and Meetings	85,105	97,807
Miscellaneous	23,579	18,508
Professional Fees	11,923	16,280
Depreciation	50,404	18,800
Insurance	19,201	14,697
Disposal Costs	-	1,114
Occupancy	30,578	9,317
Partner Revenue Share	-	7,945
In-Kind Expenses	56,319	67,100
National/Regional Dues	3,784	2,841
Printing and Publications	2,179	1,908
Office Supplies and Expense	3,857	3,422
Staff Recruitment and Training	4,028	2,207
Telephone and Internet	3,203	5,896
Conferences and Meetings	246	203
Total Operating Expenses	\$ 620,808	\$ 623,487

NOTE 7 RELATED PARTY TRANSACTIONS

Annual dues and technology licensing fees paid to Big Brothers Big Sisters of America (BBBSA) were \$54,109 and \$41,586 during the years ended August 31, 2024 and 2023, respectively. During the years ended August 31, 2024 and 2023, BBSPS received funding from BBBSA of \$330,158 and \$478,049, respectively, in the form of pass-through contributions. Pass-through contributions are awarded annually from BBBSA to various Big Brothers Big Sisters agencies across the nation. At August 31, 2024 and 2023, \$36,685 and \$66,900 was due from BBBSA, respectively, and was classified as Grants Receivable in the statement of financial position.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
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NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ending August 31:

	<u>2024</u>	<u>2023</u>
Parking & Storage	\$51,900	\$27,900
Tickets	19,550	57,173
Food	4,880	-
Food Voucher	3,000	
Professional Services	14,290	470,000
Construction Service	8,088	
Furniture	26,340	
Clothing	12,355	-
Software Grant	2,000	-
Other	-	4,130
Total Contribution Nonfinancial Assets	<u>\$142,403</u>	<u>\$559,203</u>

Contributed household items are recorded as in-kind contribution revenue and expense when received. Inventory is adjusted annually based on the year-end physical count. The Organization utilized three inventory valuation methods during the years ended August 31, 2024 and 2023. These methods include (1) current price located on publicly available websites if the inventory item is a match for the website item when donated; (2) thrift shop value on a publicly available website if the item donated has been used; (3) the current average price located on a publicly available website for similar items if a group of items are donated and the items range in price depending on model, size, etc.

Donated parking and storage are utilized by the donation center for operations during the fiscal years noted. Donated tickets are utilized for program purposes so that matches of Bigs and Littles can go to high-quality venues at no cost. Donated food is utilized by program participants to attend a summer picnic. Donated professional services include legal services and consulting services. Legal Services comprised of vendor contract review. Consulting Services comprised of analysis of strategic plan and analysis of program data by KMPG and Deloitte. In addition, professional fees also include photographer services for enhanced messaging during fundraising events. Donated clothing consists of blankets given to program participants and items sold at the donation center. Donated advertising and printing are utilized for fundraising events. In addition, donated advertising is utilized to promote recruiting of mentors and is also utilized in fundraising to promote Big Brothers Big Sisters of Puget Sound events.

The Organization receives items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received at auction. In addition, donated artwork sold to raise funds.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
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NOTE 9 ASC 842 – LEASES

The Organization leases box trucks, copiers, and two office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through September 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Organization's leases:

	2024	2023
Finance lease cost:		
Amortization of right-of-use assets	40,332	9,105
Interest on lease liabilities	7,492	918
Operating lease cost	170,539	64,611
Total lease cost	218,363	74,634

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2024, is as follows:

<u>Year Ending August 31,</u>	Operating	Finance	Totals
2025	274,454	45,911	320,365
2026	275,454	45,911	321,365
2027	264,135	45,911	310,046
2028	252,180	45,911	298,091
2029	255,476	7,652	263,128
Thereafter	-	-	-
Undiscounted cash flows	1,321,699	191,296	1,512,995
(Less) Imputed interest	(125,796)	(16,910)	(142,706)
Total present value	1,195,903	174,386	1,370,289

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NOTE 9 ASC 842 – LEASES (CONTINUED)

Other information related to the Organization’s operating lease as of August 31, 2024, was as follows:

	2024	2023
Other Information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	7,555	855
Operating cash flows from operating leases	37,832	59,307
Financing cash flows from finance leases	61,817	9,837
Right-of-use assets obtained in exchange for new finance lease liabilities:	205,571	31,280
Right-of-use assets obtained in exchange for new operating lease liabilities:	1,085,727	221,879
Weighted-average remaining lease term - finance leases	4.17 years	2.1 years
Weighted-average remaining lease term - operating leases	4.79 years	2.9 years
Weighted-average discount rate - finance leases	4.43%	3.54%
Weighted-average discount rate - operating leases	4.13%	3.64%

NOTE 10 PROPERTY HELD FOR SALE

On January 5, 2024, BBBSPS sold the Organization’s main office building for total consideration of \$1,200,000, excluding \$85,790 of transaction costs, and recorded a gain on the sale of property of \$393,913.

NOTE 11 CONTINGENCIES

The Organization is subject to various claims and legal proceedings that arise in the ordinary course of business. Management, after consultation with legal counsel, believes that the resolution of these matters will not result in any material adverse effect on the Organization's financial position, results of operations, or cash flows. The Organization maintains insurance coverage for such contingencies, which management believes is adequate to cover any potential liabilities that may arise from these claims.

NOTE 12 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 8, 2025, which is the date the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure other than the following.



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