

BIG BROTHERS BIG SISTERS OF PUGET SOUND
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2025 AND 2024



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**BIG BROTHERS BIG SISTERS OF PUGET SOUND
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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, 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 Puget Sound as of August 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, management identified an error related to the lack of proper disclosure of investment valuation inputs in the 2024 audited financial statements. Our opinion is not modified with respect to this matter.

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 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 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
January 7, 2026

BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 459,034	\$ 375,810
Investments, Short-Term	1,517,992	1,823,270
Pledges and Grants Receivable, Net of Allowance	657,642	308,818
Prepaid Expenses, Inventory, and Other Assets	<u>347,578</u>	<u>410,069</u>
Total Current Assets	2,982,246	2,917,967
OTHER ASSETS		
Investments, Long-Term	3,358,926	4,309,002
Pledges and Grants Receivable, Net of Allowance and Current Portion	80,000	-
Property and Equipment, Net	636,410	724,639
Right of use Asset - Operating	866,199	1,086,197
Right of use Asset - Finance	<u>216,652</u>	<u>171,309</u>
Total Other Assets	<u>5,158,187</u>	<u>6,291,147</u>
Total Assets	<u><u>\$ 8,140,433</u></u>	<u><u>\$ 9,209,114</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 143,284	\$ 200,595
Deferred Revenue	248,333	236,398
Accrued Expenses and Other Liabilities	100,231	115,932
Current Lease Liability - Operating	240,706	228,041
Current Lease Liability - Finance	<u>57,811</u>	<u>38,971</u>
Total Current Liabilities	790,365	819,937
LONG-TERM LIABILITIES		
Long-Term Lease Liability - Operating	727,155	967,862
Long-Term Lease Liability - Finance	<u>165,595</u>	<u>135,415</u>
Total Current Liabilities	892,750	1,103,277
Total Liabilities	1,683,115	1,923,214
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,302,484	975,073
Board-Designated	<u>4,876,918</u>	<u>6,132,272</u>
Total Without Donor Restrictions	6,179,402	7,107,345
With Donor Restrictions	<u>277,916</u>	<u>178,555</u>
Total Net Assets	<u>6,457,318</u>	<u>7,285,900</u>
Total Liabilities and Net Assets	<u><u>\$ 8,140,433</u></u>	<u><u>\$ 9,209,114</u></u>

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and Donor Contributions	\$ 2,327,006	\$ 254,000	\$ 2,581,006
Nonfinancial Contributions	180,323	-	180,323
Special Events	1,058,631	-	1,058,631
Investment Income	396,494	-	396,494
Revenue from Sales of Donated Household Goods	777,263	-	777,263
Other Revenue	21,421	-	21,421
Loss on Disposal of Property and Equipment	(2,065)	-	(2,065)
Net Assets Released from Donor Restrictions	154,639	(154,639)	-
Total Support and Revenue	4,913,712	99,361	5,013,073
 Direct Costs of Special Events	(406,370)	-	(406,370)
Direct Costs of Sales of Donated Household Goods	(633,364)	-	(633,364)
	3,873,978	99,361	3,973,339
 EXPENSES			
Program Services	2,872,561	-	2,872,561
Fundraising	1,241,420	-	1,241,420
Management and General	687,940	-	687,940
Total Expenses	4,801,921	-	4,801,921
 CHANGE IN NET ASSETS	(927,943)	99,361	(828,582)
 Net Assets - Beginning of Year	7,107,345	178,555	7,285,900
 NET ASSETS - END OF YEAR	<u>\$ 6,179,402</u>	<u>\$ 277,916</u>	<u>\$ 6,457,318</u>

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	5,335,671	(333,560)	5,002,111
Direct Costs of Special Events	(397,831)	-	(397,831)
Direct Costs of Sales of Donated Household Goods	(620,808)	-	(620,808)
	4,317,032	(333,560)	3,983,472
EXPENSES			
Program Services	2,480,809	-	2,480,809
Fundraising	993,229	-	993,229
Management and General	822,974	-	822,974
Total Expenses	4,297,012	-	4,297,012
CHANGE IN NET ASSETS	20,020	(333,560)	(313,540)
Net Assets - Beginning of Year	7,087,325	512,115	7,599,440
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 FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2025

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 1,583,549	\$ 712,003	\$ 229,148	\$ 2,524,700
Benefits, Including 401(k) Expense of \$43,197	146,156	72,544	61,914	280,614
Payroll Taxes	198,644	66,198	51,839	316,681
Total Payroll Expenses	1,928,349	850,745	342,901	3,121,995
Event Food and Rentals	-	192,801	-	192,801
Professional Fees	222,427	90,054	105,309	417,790
Nonfinancial Expenses	16,581	81,120	1,000	98,701
Occupancy Costs	168,797	49,320	36,115	254,232
Technology and Equipment Costs	57,558	31,359	59,963	148,880
Contract Services	-	151,060	-	151,060
Event Materials and Supplies	-	69,154	-	69,154
Depreciation and ROU Amortization	108,160	15,768	36,077	160,005
Insurance	37,151	10,607	7,816	55,574
Participant Expenses	146,090	-	-	146,090
National/Regional Dues	43,592	268	3,132	46,992
Printing and Publications	2,179	14,113	1,580	17,872
Office Supplies and Expense	4,943	1,531	1,373	7,847
Staff Recruitment and Training	41,385	8,283	8,936	58,604
Bad Debt Expense	-	15,882	-	15,882
Volunteer Screening and Expenses	19,106	-	-	19,106
Miscellaneous	4,196	19,891	4,331	28,418
Telephone and Internet	26,646	8,975	6,175	41,796
Conferences and Meetings	19,559	8,374	35,109	63,042
Travel, Auto, and Meetings	10,515	406	499	11,420
Credit Card and Bank Fees	5	25,307	35,095	60,407
Postage	222	2,772	2,529	5,523
BBBS Affiliate Revenue Share	15,100	-	-	15,100
 Total Expenses	 2,872,561	 1,647,790	 687,940	 5,208,291
Less: Special Event Expenses	-	406,370	-	406,370
 Total Expenses Included in Expense Section on the Statement of Activities	 \$ 2,872,561	 \$ 1,241,420	 \$ 687,940	 \$ 4,801,921

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	\$ 1,404,027	\$ 541,127	\$ 262,246	\$ 2,207,400
Benefits, Including 401(k) Expense of \$45,508	163,189	46,178	50,004	259,371
Payroll Taxes	102,651	41,977	52,279	196,907
Total Payroll Expenses	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	\$ 2,480,809	\$ 993,229	\$ 822,974	\$ 4,297,012

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (828,582)	\$ (313,540)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	181,402	101,445
ROU lease Amortization	50,721	40,332
Loss (Gain) on disposal of Property and Equipment	2,065	(393,913)
Bad Debt Expense	15,882	77,979
In-Kind Contribution of Office Furniture	-	(26,340)
Transaction Fees on Sale of Property	-	85,790
Realized and Unrealized Gain on Investments	(160,851)	(477,429)
Noncash Lease Expense	(9,411)	129,669
Increase (Decrease) in Assets:		
Receivables	(444,706)	360,904
Prepaid Expenses and Other Assets	62,491	(119,566)
Increase (Decrease) in Liabilities:		
Accounts Payable	(57,311)	100,394
Accrued Expenses and Other Liabilities	(15,701)	20,017
Deferred Revenue	11,935	106,887
Net Cash Used by Operating Activities	<u>(1,192,066)</u>	<u>(307,371)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Property and Equipment	(95,237)	(480,506)
Proceeds from Sale of Property Net of Transaction Costs	-	1,114,210
Purchase of Investments (Including Reinvested Interest and Noncash Donations)	(528,915)	(576,106)
Sale of Investments	1,945,119	6,897
Net Cash Provided by Investing Activities	<u>1,320,967</u>	<u>64,495</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Lease	(45,677)	(61,817)
Net Cash Used by Financing Activities	<u>(45,677)</u>	<u>(61,817)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	83,224	(304,693)
Cash - Beginning of Year	<u>375,810</u>	<u>680,503</u>
CASH - END OF YEAR	<u><u>\$ 459,034</u></u>	<u><u>\$ 375,810</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
In-Kind Contribution of Office Furniture	<u>\$ -</u>	<u>\$ 26,340</u>
Right-of-Use Asset Exchanged for Lease Liability	<u>\$ 94,151</u>	<u>\$ 1,291,298</u>
Interest on Lease Liabilities	<u>\$ 10,348</u>	<u>\$ 7,492</u>

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

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 every kid graduates with a plan for their future and mentor whose impact lasts a lifetime. 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, 2025 AND 2024

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 Donor 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:

	2025	2024
Time Restrictions	\$ 96,488	\$ 91,667
Mentoring Programs	181,428	86,888
Total	<u>\$ 277,916</u>	<u>\$ 178,555</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, 2025 and 2024, the reserve fund was invested in cash, money market funds, bonds, equities, and mutual funds.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024**

**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.

Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of August 31, 2025 and 2024, the Organization had approximately \$212,573 and \$119,713, respectively, in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts

Investments

Investments are recorded at fair value using 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 \$20,459 and \$44,028 as of August 31, 2025 and 2024, respectively. The allowance is netted with the pledges and grants receivable balance on the statements of financial position.

At August 31, 2025 and 2024, receivables from four organizations/individuals at 2025, and one organization at 2024, accounted for 52% and 28% of pledges and grants receivable, respectively.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024**

**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.

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.

Nonfinancial 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 28,000 and 44,500 hours for the years ended August 31, 2025 and 2024, 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 40% and 42% of total expenses for 2025 and 2024, respectively, based on the statement of activities. An approximate economic value for this volunteer time contributed in 2025 and 2024 for Washington State is \$41.70 per hour and \$40.28 per hour using the most recent data released by Independent Sector, respectively. Applying this rate, BBBSPS volunteer mentor services can be valued at \$1,167,600 and \$1,792,460 for 2025 and 2024, 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 33% and 30% for 2025 and 2024, 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.

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.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

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

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:

	2025	2024
Cash	\$ 459,034	\$ 375,810
Investments Convertible to Cash Within One Year	4,876,918	6,132,272
Accounts and Donations Receivable	657,642	308,818
Total Financial Assets	5,993,594	6,816,900
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	(277,916)	(178,555)
Add Back Amounts Available to Use Within One Year	277,916	178,555
Subtotal	-	-
Board Designations:		
Amounts Set Aside for Liquidity Reserve	(4,876,918)	(6,132,272)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,116,676	\$ 684,628

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. BBBSPPS 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 as well as amounts set aside by the board of directors for liquidity reserve. This reserve could be drawn upon with the approval of the governing board.

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 11% and 8% of cash expenses incurred by BBBSPPS during the years August 31, 2025 and 2024, respectively.

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 \$4,876,918 and \$6,132,272 at August 31, 2025 and 2024, 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.

**BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024**

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

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 statements 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 statements of financial position. Finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

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 statements of financial position.

Subsequent Events

The Organization has evaluated subsequent events through January 7, 2026, 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.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

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.

Investments consist of the following at August 31, 2025:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Investments Measured at Fair Value:				
Corporate and Municipal Bond Funds	\$ 641,300	\$ 2,204,537	\$ -	\$ 2,845,837
Equities	513,089	-	-	513,089
	<u>\$ 1,154,389</u>	<u>\$ 2,204,537</u>	<u>\$ -</u>	<u>3,358,926</u>
Money Market Funds and Cash Included for Reconciliation Purposes				1,517,992
Total Investments				<u>\$ 4,876,918</u>

Investments consist of the following at August 31, 2024:

	(Restated) Quoted Prices (Level 1)	(Restated) Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Investments Measured at Fair Value:				
Corporate and Municipal Bond Funds	\$ 378,300	\$ 2,567,580	\$ -	\$ 2,945,880
Equities	1,363,122	-	-	1,363,122
	<u>\$ 1,741,422</u>	<u>\$ 2,567,580</u>	<u>\$ -</u>	<u>4,309,002</u>
Money Market Funds and Cash Included for Reconciliation Purposes				1,823,270
Total				<u>\$ 6,132,272</u>

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 3 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are as follows at August 31:

	2025	2024
Receivable in Less than One Year	\$ 678,101	\$ 352,846
Less Allowance for Uncollectible Receivables	(20,459)	(44,028)
Total Current Receivables	<u>\$ 657,642</u>	<u>\$ 308,818</u>
Receivables in Between One and Two Years	\$ 20,000	\$ -
Receivables Between Two and Five Years	60,000	-
Less: Discount	-	-
Total Noncurrent Receivables	<u>\$ 80,000</u>	<u>\$ -</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	2025	2024
Furniture and Equipment	\$ 508,694	\$ 494,617
Improvements	101,240	97,172
Curriculum	73,950	49,300
Software	299,328	261,329
Construction in Progress	18,619	48,642
Subtotal	1,001,831	951,060
Less: Accumulated Depreciation	(365,421)	(226,421)
Total	<u>\$ 636,410</u>	<u>\$ 724,639</u>

Depreciation is recorded on the straight-line method over estimated useful lives of the assets ranging from 3 to 39 years as follows for the years ended August 31:

	2025	2024
Statement of Functional Expenses	\$ 160,005	\$ 91,373
Donation Center	21,397	10,072
Total Depreciation Expense	<u>\$ 181,402</u>	<u>\$ 101,445</u>

NOTE 5 LINE OF CREDIT

Under a line of credit agreement with HomeStreet Bank, BBBSPS 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, 2025 and 2024, respectively. The line of credit matures on February 1, 2026. The balance on the line of credit was zero at August 31, 2025 and 2024.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

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:

	2025	2024
Salaries, Benefits, and Payroll Taxes	\$ 335,778	\$ 326,402
Travel, Auto, and Meetings	64,376	85,105
Miscellaneous	19,963	23,579
Professional Fees	9,361	11,923
Depreciation and ROU Amortization	72,115	50,404
Insurance	19,648	19,201
Occupancy	19,853	30,578
Partner Revenue Share	4,528	-
In-Kind Expenses	75,900	56,319
National/Regional Dues	111	3,784
Printing and Publications	1,481	2,179
Office Supplies and Expense	3,850	3,857
Staff Recruitment and Training	2,864	4,028
Telephone and Internet	2,839	3,203
Conferences and Meetings	697	246
Total Operating Expenses	<u>\$ 633,364</u>	<u>\$ 620,808</u>

NOTE 7 RELATED PARTY TRANSACTIONS

Annual dues and technology licensing fees paid to Big Brothers Big Sisters of America (BBBSA) were \$56,911 and \$54,109 during the years ended August 31, 2025 and 2024, respectively. During the years ended August 31, 2025 and 2024, BBBSPS received funding from BBBSA of \$360,186 and \$330,158, 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, 2025 and 2024, \$63,185 and \$36,685 was due from BBBSA, and was classified as Grants Receivable in the statements of financial position.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended August 31:

	2025	2024
Parking and Storage	\$ 75,900	\$ 51,900
Tickets	47,500	19,550
Food and Food Vouchers	24,957	7,880
Professional Services	5,837	14,290
Construction Service	-	8,088
Furniture	-	26,340
Clothing	-	12,355
Software	5,512	2,000
Other Goods	20,617	-
Total Contribution Nonfinancial Assets	<u>\$ 180,323</u>	<u>\$ 142,403</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, 2025 and 2024. 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.

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 9 ASC 842 – LEASES

The Organization leases box trucks, copiers, and two office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through September 2030. 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:

	<u>2025</u>	<u>2024</u>
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 50,720	\$ 40,332
Interest on Lease Liabilities	10,348	7,492
Operating Lease Cost	<u>260,532</u>	<u>170,539</u>
Total Lease Cost	<u>\$ 321,600</u>	<u>\$ 218,363</u>

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, 2025, is as follows:

<u>Year Ending August 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2026	\$ 275,454	\$ 68,867	\$ 344,321
2027	264,135	68,867	333,002
2028	252,180	68,867	321,047
2029	255,476	30,607	286,083
2030	-	11,478	11,478
Undiscounted Cash Flows	<u>1,047,245</u>	<u>248,686</u>	<u>1,295,931</u>
Less: Imputed interest	(79,384)	(25,280)	(104,664)
Total Present Value	<u>\$ 967,861</u>	<u>\$ 223,406</u>	<u>\$ 1,191,267</u>

BIG BROTHERS BIG SISTERS OF PUGET SOUND
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 9 ASC 842 – LEASES (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Other Information:		
Cash Paid for Amounts Included in the		
Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 9,799	\$ 7,555
Operating Cash Flows from Operating Leases	\$ 267,399	\$ 37,832
Financing Cash Flows from Finance Leases	\$ 45,677	\$ 61,817
Right-of-Use Assets Obtained in Exchange for New		
Finance Lease Liabilities:	\$ 94,151	\$ 205,571
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities:	\$ -	\$ 1,085,727
Weighted-Average Remaining Lease Term - Finance		
Leases	3.7 Years	4.17 Years
Weighted-Average Remaining Lease Term - Operating		
Leases	3.8 Years	4.79 Years
Weighted-Average Discount Rate - Finance Leases	5.71%	4.43%
Weighted-Average Discount Rate - Operating Leases	4.15%	4.13%

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 CORRECTION OF ERROR

During 2025, management identified an error related to the lack of proper disclosure of investment valuation inputs in the 2024 audited financial statements. Accounting standards (ASC820) require disclosure of the fair value measurement and the valuation processes used to ensure transparency and comparability in financial reporting. See Note 2 for the corrected disclosure.



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