



Big Brothers Big Sisters of Northeast Indiana, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2025 and 2024



Big Brothers Big Sisters of Northeast Indiana, Inc.
Contents
December 31, 2025 and 2024

Independent Auditor’s Report 1

Financial Statements

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses..... 6

Statements of Cash Flows 8

Notes to Financial Statements 9

Independent Auditor's Report

Board of Directors
Big Brothers Big Sisters of Northeast Indiana, Inc.
Fort Wayne, Indiana

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's 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 auditor's 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 the Organization'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 the Organization'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.

Forvis Mazars, LLP

**Fort Wayne, Indiana
July 21, 2026**

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 944,848	\$ 986,755
Investments	10,332,014	9,987,610
Pledges receivable, net	24,905	24,905
Prepaid expenses	59,630	32,572
Beneficial interest - Community Foundations	452,044	411,558
Accrued income	52,146	47,604
Property and equipment, net	137,041	168,361
Right-of-use asset, operating	235,624	233,324
Total Assets	\$ 12,238,252	\$ 11,892,689
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ -	\$ 35,578
Accrued liabilities and deferred revenue	133,818	119,886
Operating lease liability	242,855	238,081
Total Liabilities	376,673	393,545
Net Assets		
Without donor restrictions	9,117,969	9,198,034
With donor restrictions	2,743,610	2,301,110
Total Net Assets	11,861,579	11,499,144
Total Liabilities and Net Assets	\$ 12,238,252	\$ 11,892,689

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Activities
Year Ended December 31, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 523,351	\$ 500,000	\$ 1,023,351
Foundation grants	529,834	-	529,834
Government grants	762,593	-	762,593
United Way	8,130	-	8,130
Fundraising events			
Proceeds	1,586,176		1,586,176
Less: cost of direct benefits to donors	(252,552)	-	(252,552)
In-kind contributions	231,522	-	231,522
Investment income	449,260	-	449,260
Unrealized gain on investments	544,314	-	544,314
Other income	1,059	-	1,059
Net assets released from restrictions	57,500	(57,500)	-
Total Support and Revenue	4,441,187	442,500	4,883,687
Expenses			
Program	3,503,754	-	3,503,754
Management and general	424,697	-	424,697
Fundraising	592,801	-	592,801
Total Expenses	4,521,252	-	4,521,252
Change in Net Assets	(80,065)	442,500	362,435
Net Assets, Beginning of Year	9,198,034	2,301,110	11,499,144
Net Assets, End of Year	\$ 9,117,969	\$ 2,743,610	\$ 11,861,579

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Activities
Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 743,433	\$ 250,000	\$ 993,433
Foundation grants	610,165	-	610,165
Government grants	954,954	-	954,954
United Way	8,978	-	8,978
Fundraising events			-
Proceeds	1,565,433	17,500	1,582,933
Less: cost of direct benefits to donors	(317,745)	-	(317,745)
In-kind contributions	303,548	-	303,548
Investment income	489,373	-	489,373
Unrealized gain on investments	395,599	-	395,599
Other income	9,520	-	9,520
Net assets released from restrictions	45,500	(45,500)	-
Total Support and Revenue	4,808,758	222,000	5,030,758
Expenses			
Program	3,264,006	-	3,264,006
Management and general	355,398	-	355,398
Fundraising	544,896	-	544,896
Total Expenses	4,164,300	-	4,164,300
Change in Net Assets	644,458	222,000	866,458
Net Assets, Beginning of Year	8,553,576	2,079,110	10,632,686
Net Assets, End of Year	\$ 9,198,034	\$ 2,301,110	\$ 11,499,144

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Functional Expenses
Year Ended December 31, 2025

	Program	Management and General	Fundraising	2025 Total	2024 Total
Salaries	\$ 1,689,796	\$ 238,064	\$ 201,528	\$ 2,129,388	\$ 1,935,897
Employee benefits	341,015	48,043	40,670	429,728	309,137
Payroll taxes	135,467	19,085	16,156	170,708	149,390
Other	147,691	9,703	8,214	165,608	301,622
Total salaries and related expenses	2,313,969	314,895	266,568	2,895,432	2,696,046
Program expense	247,323	-	-	247,323	212,130
Supplies	9,912	1,396	1,182	12,490	14,258
Printing	4,497	634	536	5,667	11,977
Travel and training	69,820	-	-	69,820	42,777
Mileage	14,787	807	1,958	17,552	19,913
Property and equipment expense	15,171	1,172	992	17,335	27,849
Building expense	270,100	37,034	31,350	338,484	319,411
Advertising/promotions	52,145	-	-	52,145	91,908
Insurance	57,765	8,138	6,889	72,792	66,452
Professional services	7,160	45,365	-	52,525	79,716
Postage	7,966	1,122	950	10,038	9,376
Dues	142,707	2,365	-	145,072	114,819
Telephone and internet	24,505	3,452	2,922	30,879	41,296
Miscellaneous	18,071	2,876	2,075	23,022	13,998
Special events	209,237	-	272,773	482,010	369,320
Depreciation	38,619	5,441	4,606	48,666	33,054
	<u>\$ 3,503,754</u>	<u>\$ 424,697</u>	<u>\$ 592,801</u>	<u>\$ 4,521,252</u>	<u>\$ 4,164,300</u>

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,548,717	\$ 193,590	\$ 193,590	\$ 1,935,897
Employee benefits	247,309	30,914	30,914	309,137
Payroll taxes	119,512	14,939	14,939	149,390
Other	260,772	20,425	20,425	301,622
Total salaries and related expenses	2,176,310	259,868	259,868	2,696,046
Program expense	212,130	-	-	212,130
Supplies	11,406	1,426	1,426	14,258
Printing	9,581	1,198	1,198	11,977
Travel and training	42,777	-	-	42,777
Mileage	15,381	498	4,034	19,913
Property and equipment expense	22,299	2,775	2,775	27,849
Building expense	255,535	31,938	31,938	319,411
Advertising/promotions	91,908	-	-	91,908
Insurance	53,162	6,645	6,645	66,452
Professional services	40,916	38,800	-	79,716
Postage	7,500	938	938	9,376
Dues	107,314	2,190	5,315	114,819
Telephone and internet	33,036	4,130	4,130	41,296
Miscellaneous	10,943	1,687	1,368	13,998
Special events	147,364	-	221,956	369,320
Depreciation	26,444	3,305	3,305	33,054
	<u>\$ 3,264,006</u>	<u>\$ 355,398</u>	<u>\$ 544,896</u>	<u>\$ 4,164,300</u>

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ 362,435	\$ 866,458
Items not requiring (providing) operating activities cash flows		
Depreciation	48,666	33,054
Realized/unrealized gain on investments	(683,361)	(615,300)
Noncash lease expense	246,782	222,511
Changes in		
Pledges receivable	-	2,000
Prepaid expenses	(27,058)	20,587
Beneficial interest	(40,486)	(15,412)
Accrued income	(4,542)	(7,318)
Accounts payable	(35,578)	(30,930)
Accrued liabilities	13,932	5,147
Lease liability	(244,308)	(222,479)
Net Cash Provided by (Used in) Operating Activities	(363,518)	258,318
Investing Activities		
Purchase of investments	(3,324,735)	(3,172,027)
Proceeds from sale of investments	3,663,692	2,831,910
Purchase of property and equipment	(17,346)	(137,903)
Net Cash Provided by (Used in) Investing Activities	321,611	(478,020)
Decrease in Cash and Cash Equivalents	(41,907)	(219,702)
Cash and Cash Equivalents, Beginning of Year	986,755	1,206,457
Cash and Cash Equivalents, End of Year	\$ 944,848	\$ 986,755
Supplemental Cash Flow Information		
ROU asset obtained in exchange for operating lease liability	\$ 249,082	\$ -

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Big Brothers Big Sisters of Northeast Indiana, Inc. (Organization) provides guidance and support to the youth of northeast Indiana and southern Michigan through various programs that match adult mentors with youth. At the present time, the Agency serves the counties of Allen, Adams, Wells, DeKalb, Noble, Huntington, Whitley, Kosciusko, Steuben and LaGrange and the Michigan counties of Branch and Hillsdale. The Organization’s revenues and other support are derived principally from contributions and grants.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025, cash equivalents consisted primarily of money market funds. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

At December 31, 2025, the Organization’s cash accounts exceeded federally insured limits by approximately \$113,000.

Investments and Investment Return

Investments in equity and debt securities having a readily determinable fair value are carried at fair value. Investment return includes dividends, interest, and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statements of activities as with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, except donated assets which are recorded at fair value as of the date of the gift. Items with a cost of \$1,000 or more and a useful life of one year or more are capitalized. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts, and resulting gain or loss is included in the statements of activities. Property and equipment are depreciated over their estimated useful lives:

Building	20 years
Equipment	3 to 10 years
Vehicles	5 years

Right-of-Use (ROU) Assets and Lease Liabilities

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2025 and 2024.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for board-designated endowment, which totaled \$4,736,214 and \$4,582,522 at December 31, 2025 and 2024, respectively.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates resources be maintained in perpetuity.

Government Grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor 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.

Gifts having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Gifts of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in a reclass of net assets with donor restrictions are reported when the long-lived assets are placed in service.

Special Events and Sponsorships

The Organization has multiple special events where tickets are purchased for the event and revenue is recognized upon the occurrence of the event. In addition, the Organization will sell sponsorships for the events. When a sponsorship is sold it contains elements of both an exchange transaction and a contribution. The Organization will recognize the contribution portion once received or unconditionally pledged. The portion related to the exchange transaction is recorded as deferred income until the event occurs at which time it is recognized as revenue.

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount. The Organization recorded \$231,522 and \$303,548 for the years ended December 31, 2025 and 2024, respectively, related to donated goods and specialized services from various donors.

Functional Allocation of Expenses

The costs of supporting the Organization's program and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Occupancy and depreciation expenses have been allocated across the various functions based on square footage. All other expenses are allocated based on time and effort.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Revisions

Certain immaterial revisions have been made to the 2024 financial statements related to the classification of certain of the Organization's contributions. As a result of these revisions, \$250,000 was moved from contributions without donor restrictions to with donor restrictions as of December 31, 2024. These revisions did not have an impact on total net assets. These revisions do not have a significant impact on the financial statement line items impacted.

Note 2. Pledges Receivable

Pledges receivable consists of the following at December 31:

	2025	2024
Due within one year	\$ 25,005	\$ 25,005
Less		
Allowance for uncollectible pledges	(100)	(100)
Total	<u>\$ 24,905</u>	<u>\$ 24,905</u>

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 3. Investments

Investments at December 31 consisted of the following:

	2025	2024
Cash equivalents	\$ 87,011	\$ 615,912
Certificates of deposit	222,582	222,582
Equities	6,177,366	5,508,600
Corporate bonds	80,483	1,103,025
Municipal bonds	3,714,505	2,238,867
U.S. Treasury securities	50,067	298,624
Total	<u>\$ 10,332,014</u>	<u>\$ 9,987,610</u>

Total investment return is comprised of the following:

	2025	2024
Interest and dividends, net	\$ 310,213	\$ 269,672
Realized gain	139,047	219,701
Unrealized gain	544,314	395,599
Total	<u>\$ 993,574</u>	<u>\$ 884,972</u>

Note 4. Beneficial Interest in Funds Held by Others

Funds held at Community Foundations as of December 31, 2025 and 2024, are summarized as follows:

	2025	2024
Community Foundation of Greater Fort Wayne	\$ 437,903	\$ 398,765
Kosciusko County Community Foundation	14,141	12,793
	<u>\$ 452,044</u>	<u>\$ 411,558</u>

The investments held by the Community Foundations are the result of agreements whereby the Organization has transferred assets, but not variance power, to the Foundations and has specified itself as the beneficiary of those assets. The Organization may draw up to a certain percentage of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundations hold investment assets, with a value of \$450,598 and \$400,823 at December 31, 2025 and 2024, respectively, for the benefit of the Organization for which the Foundations have retained variance power. These assets are not recorded as assets of the Organization.

Note 5. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025 and 2024:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
December 31, 2025				
Investments				
Cash equivalents	\$ 87,011	\$ 87,011	\$ -	\$ -
Certificates of deposit	222,582	-	222,582	-
Equities	6,177,366	6,177,366	-	-
Corporate bonds	80,483	-	80,483	-
Municipal bonds	3,714,505	-	3,714,505	-
U.S. Treasury securities	50,067	-	50,067	-
Beneficial interest - Community Foundations	452,044	-	-	452,044

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
December 31, 2024				
Investments				
Cash equivalents	\$ 615,912	\$ 615,912	\$ -	\$ -
Certificates of deposit	222,582	-	222,582	-
Equities	5,508,600	5,508,600	-	-
Corporate bonds	1,103,025	-	1,103,025	-
Municipal bonds	2,238,867	-	2,238,867	-
U.S. Treasury securities	298,624	-	298,624	-
Beneficial interest - Community Foundations	411,558	-	-	411,558

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2025 and 2024.

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest - Community Foundations
Balance, January 1, 2024	\$ 396,146
Total return on assets	33,223
Distributions	(17,811)
Balance, December 31, 2024	411,558
Total return on assets	59,710
Distributions	(19,224)
Balance, December 31, 2025	<u>\$ 452,044</u>

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2025 and 2024:

	Fair Value at December 31, 2025	Valuation Technique	Unobservable Inputs	Range
Beneficial interest - Community Foundations	\$ 452,044	Discounted cash flows	Discount rates Market return rates	N/A^
	Fair Value at December 31, 2024	Valuation Technique	Unobservable Inputs	Range
Beneficial interest - Community Foundations	\$ 411,558	Discounted cash flows	Discount rates Market return rates	N/A^

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 6. Property and Equipment

Property and equipment at December 31 consisted of the following:

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 49,592	\$ 49,592
Equipment	326,583	312,025
Vehicles	<u>123,568</u>	<u>123,568</u>
	499,743	485,185
Less accumulated depreciation	<u>(362,702)</u>	<u>(316,824)</u>
Total	<u><u>\$ 137,041</u></u>	<u><u>\$ 168,361</u></u>

Note 7. Leases

Nature of Leases

The Organization has entered into the following lease arrangements:

Operating Leases

The Organization has a lease for a building that expires in 2026. Lease payments have an escalating fee schedule. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Organization has no material related-party leases.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2025 and 2024, is:

	<u>2025</u>	<u>2024</u>
Lease cost		
Operating lease cost	<u><u>\$ 321,280</u></u>	<u><u>\$ 306,902</u></u>

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 246,782	\$ 222,511
Weighted-average remaining lease term		
Operating leases	1.0 years	1.0 years
Weighted-average discount rate		
Operating leases	4.71%	4.71%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2025, are as follows:

	<u>Operating Leases</u>
2026	\$ 243,756
Less interest	(901)
Lease liabilities	<u>\$ 242,855</u>

Note 8. Line of Credit

The Organization has established a line of credit with PNC Bank in the amount of \$100,000. The line automatically renews annually and bears interest at the prime rate plus 3.37% (10.12% and 10.87% at December 31, 2025 and 2024, respectively). There were no borrowings on the line at December 31, 2025 and 2024.

Note 9. Net Assets

Net Assets With Donor Restrictions

Donor restricted net assets at December 31 are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose	\$ 750,000	\$ 307,500
Endowment	1,993,610	1,993,610
Total net assets with donor restrictions	<u>\$ 2,743,610</u>	<u>\$ 2,301,110</u>

Net assets released from restrictions totaled \$57,500 and \$45,500 for the years ended December 31, 2025 and 2024, respectively, related to the passage of time and expenditures satisfying donor stipulations.

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 10. Endowment

The Organization's endowment consists of two funds established for providing revenue from earnings. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The composition of net assets by type of endowment fund at December 31, 2025 and 2024, were:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,993,610	\$ 1,993,610
Board-designated endowment funds - Community Foundations	452,044	-	452,044
Board-designated endowment funds	4,284,170	-	4,284,170
	<u>\$ 4,736,214</u>	<u>\$ 1,993,610</u>	<u>\$ 6,729,824</u>

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,993,610	\$ 1,993,610
Board-designated endowment funds -			
Community Foundations	411,558	-	411,558
Board-designated endowment funds	4,170,964	-	4,170,964
	<u>\$ 4,582,522</u>	<u>\$ 1,993,610</u>	<u>\$ 6,576,132</u>

Changes in endowment net assets for the years ended December 31, 2025 and 2024, were:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,582,522	\$ 1,993,610	\$ 6,576,132
Investment return			
Interest income	245,044	-	245,044
Net appreciation	659,861	-	659,861
	<u>904,905</u>	<u>-</u>	<u>904,905</u>
Total investment return	904,905	-	904,905
Contributions	-	-	-
Transfer in	500,000	-	500,000
Appropriation of endowment assets for expenditure	(1,251,213)	-	(1,251,213)
	<u>\$ 4,736,214</u>	<u>\$ 1,993,610</u>	<u>\$ 6,729,824</u>

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,796,846	\$ 1,993,610	\$ 5,790,456
Investment return			
Interest income	244,414	-	244,414
Net appreciation	603,451	-	603,451
	<u>847,865</u>	<u>-</u>	<u>847,865</u>
Total investment return	847,865	-	847,865
Contributions	-	-	-
Transfer in	250,000	-	250,000
Appropriation of endowment assets for expenditure	(312,189)	-	(312,189)
	<u>\$ 4,582,522</u>	<u>\$ 1,993,610</u>	<u>\$ 6,576,132</u>

Big Brothers Big Sisters of Northeast Indiana, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. Deficiencies could result from unfavorable market fluctuations that occur shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the Organization. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At December 31, 2025 and 2024, there were no such deficiencies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Organization expects its endowment fund, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized).

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior four quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the current value. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. As it pertains to the donor-restricted endowment, this is only one fund, and there are no restrictions placed on any investment return earned on the corpus. As such, the Organization's practice has been to maintain the corpus of the endowment, but in years where investment return is earned, to allocate those to operations rather than applying the spending policy.

Note 11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2025	2024
Cash	\$ 944,848	\$ 986,755
Pledges receivable	24,905	24,905
Accrued income	52,146	47,604
Investments	4,054,234	3,765,536
Total financial assets	<u>\$ 5,076,133</u>	<u>\$ 4,824,800</u>

Note 12. Coronavirus Aid, Relief, and Economic Security Act (CARES)

The CARES Act, subsequent expanded under the *Consolidated Appropriations Act* (CAA) contains a business relief provision known as the Employee Retention Credit (ERC), a refundable payroll tax credit for “qualified wages” paid to retain full-time employees. Employers qualified either under a gross receipts decline test or a partial suspension of operations based on a government mandate.

The Organization recorded approximately \$180,000 of grant revenue during 2024 related to this program based on its determination of eligibility, filing of required tax forms and ultimate receipt of payment. There was no such revenue recorded in 2025.

Note 13. Retirement Plan

The Organization sponsors a defined contribution plan where contributions to the plan are made for all employees with at least 30 days of continuous employment. The Organization’s contributions are 100% vested after 3 years of employment. The Organization contributes \$3 for each \$1 contributed by eligible employees up to 2% of each employee’s total compensation. Expenses for the years ended December 31, 2025 and 2024, totaled \$83,211 and \$58,920, respectively.

Note 14. Subsequent Events

Subsequent events have been evaluated through July 21, 2026, which is the date the financial statements were available to be issued.