

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC. (A NONPROFIT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

(with Comparative Totals for 2024)

CONTENTS

Independent Auditors' Report.....	1-3
Consolidated Statement of Financial Position.....	4
Consolidated Statement of Activities.....	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-23
Supplementary Information	
Consolidating Statement of Financial Position	24
Consolidating Statement of Activities	25
Consolidating Statement of Functional Expenses	26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Brothers Big Sisters of Orange County and the Inland Empire, Inc.
Santa Ana, California

Opinion

We have audited the accompanying consolidated financial statements of Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters of Orange County and the Inland Empire, Inc.'s 2024 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated October 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Windes, Inc.".

Irvine, California
September 22, 2025

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

ASSETS

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 1,346,212	\$ 3,419,581
Investments	20,615,784	18,736,220
Grants and contributions receivable	1,560,863	1,139,770
Deferred rent receivable	24,496	58,506
Prepaid expenses and other assets	542,311	591,257
Operating lease right-of-use asset	815,421	-
Property and equipment, net	<u>7,088,825</u>	<u>7,367,179</u>
TOTAL ASSETS	<u>\$ 31,993,912</u>	<u>\$ 31,312,513</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 86,610	\$ 112,940
Accrued expenses	681,580	609,077
Operating lease liability	815,421	-
Deferred revenue	202,103	298,105
Note payable	<u>3,032,617</u>	<u>3,138,806</u>
	<u>4,818,331</u>	<u>4,158,928</u>

CONTINGENCIES (Note 9)

NET ASSETS		
Without donor restrictions	27,025,581	27,153,585
With donor restrictions	<u>150,000</u>	<u>-</u>
	<u>27,175,581</u>	<u>27,153,585</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,993,912</u>	<u>\$ 31,312,513</u>

The accompanying notes are an integral part of these consolidated financial statements.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 6,424,084	\$ 150,000	\$ 6,574,084	\$ 6,489,316
Special events, net	1,774,677	-	1,774,677	2,085,563
Rental income	692,863	-	692,863	606,505
Employee Retention Credits	-	-	-	1,040,814
Miscellaneous income	71,169	-	71,169	80,759
Donated services	45,500	-	45,500	30,000
	<u>9,008,293</u>	<u>150,000</u>	<u>9,158,293</u>	<u>10,332,957</u>
EXPENSES				
Program services	9,227,330	-	9,227,330	8,848,619
Management and general	1,199,422	-	1,199,422	1,091,306
Fundraising	867,054	-	867,054	757,348
	<u>11,293,806</u>	<u>-</u>	<u>11,293,806</u>	<u>10,697,273</u>
OTHER INCOME				
Investment return, net	<u>2,157,509</u>	<u>-</u>	<u>2,157,509</u>	<u>1,961,899</u>
CHANGE IN NET ASSETS	(128,004)	150,000	21,996	1,597,583
NET ASSETS:				
BEGINNING OF YEAR	<u>27,153,585</u>	<u>-</u>	<u>27,153,585</u>	<u>25,556,002</u>
END OF YEAR	<u>\$ 27,025,581</u>	<u>\$ 150,000</u>	<u>\$ 27,175,581</u>	<u>\$ 27,153,585</u>

The accompanying notes are an integral part of these consolidated financial statements.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025				2024
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 5,604,931	\$ 701,022	\$ 527,545	\$ 6,833,498	\$ 6,383,201
Employee benefits and payroll taxes	855,446	106,993	80,516	1,042,955	970,930
Total personnel costs	6,460,377	808,015	608,061	7,876,453	7,354,131
Donated legal services	-	45,500	-	45,500	30,000
Program activities	1,300,987	-	-	1,300,987	1,225,504
Professional fees	101,724	49,182	45,450	196,356	202,014
Occupancy and rent	140,578	29,337	33,952	203,867	195,488
Interest	-	164,631	-	164,631	122,951
Insurance	151,743	11,010	13,927	176,680	134,149
Administration and office	124,775	11,150	11,900	147,825	85,509
Information technology	112,892	10,405	10,894	134,191	122,072
Utilities and telephone	123,064	12,149	11,512	146,725	180,753
Dues and subscriptions	62,355	-	-	62,355	57,130
Miscellaneous	82,194	7,727	27,053	116,974	108,205
Building maintenance	156,967	16,372	14,349	187,688	283,525
Marketing and development	38,490	-	55,431	93,921	121,438
Repairs and maintenance	36,359	3,792	3,324	43,475	90,444
Taxes and fees	16,901	1,763	1,545	20,209	19,405
Depreciation and amortization	317,924	28,389	29,656	375,969	364,555
Total	\$ 9,227,330	\$ 1,199,422	\$ 867,054	\$ 11,293,806	\$ 10,697,273

The accompanying notes are an integral part of these consolidated financial statements.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,996	\$ 1,597,583
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	375,969	364,555
Amortization of operating lease right-of-use asset	(815,421)	115,696
Realized and unrealized gains on investments	(1,474,116)	(1,228,371)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(421,093)	(117,980)
Deferred rent receivable	34,010	6,748
Prepaid expenses and other assets	48,946	(66,430)
Accounts payable	(26,330)	(16,201)
Accrued expenses	72,503	26,134
Operating lease liabilities	815,421	(117,265)
Deferred revenue	(96,002)	(75,644)
Net Cash (Used In) Provided By Operating Activities	<u>(1,464,117)</u>	<u>488,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(97,615)	(186,739)
Purchases of investments	(2,715,577)	(8,754,928)
Proceeds from sales and maturities of investments	<u>2,310,129</u>	<u>8,150,209</u>
Net Cash Used In Investing Activities	<u>(503,063)</u>	<u>(791,458)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(106,189)</u>	<u>(155,631)</u>
Net Cash Used In Financing Activities	<u>(106,189)</u>	<u>(155,631)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,073,369)	(458,264)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,419,581</u>	<u>3,877,845</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,346,212</u>	<u>\$ 3,419,581</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Income taxes paid	<u>\$ 20,209</u>	<u>\$ 19,405</u>
Interest paid	<u>\$ 164,631</u>	<u>\$ 122,951</u>

The accompanying notes are an integral part of these consolidated financial statements.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 1 – Nature of Organization

Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. (BBBSOCIE), dba Big Brothers Big Sisters of Orange County and Big Brothers Big Sisters of the Inland Empire is a California nonprofit corporation formed to provide one-to-one mentors for children in great need to strengthen self-esteem, improve academic success, and pursue a purposeful future.

In September 2014, to facilitate the acquisition of a new operating facility, BBBSOCIE formed a new California nonprofit corporation, BBBSOC QALICB, Inc. (QALICB), in which BBBSOCIE is the sole member. Through the use of the U.S. Department of the Treasury's New Market Tax Credit Program, BBBSOCIE purchased the operating facility and contemporaneously entered into a 99-year lease agreement with QALICB, with an upfront payment of \$7,000,000. Of the \$7,000,000, \$4,000,000 was allocated to the building on QALICB's records and recorded as a financing lease, and \$3,000,000 was allocated to the land on BBBSOCIE's records and recorded as an operating lease. As part of the lease, QALICB acquired the rights to all tenant revenue from the new building and took financial responsibility for the building improvements. BBBSOCIE then leased a portion of the building back from QALICB in a lease agreement that expires in December 2045.

BBBSOCIE has an auxiliary, Angelitos de Oro (ADO), which performs fundraising activities on its behalf.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of BBBSOCIE and QALICB (collectively, the Organization). All intercompany amounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. The Organization’s board of directors may designate net assets without restrictions for general operational purposes from time to time.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that are temporary in nature that will be met by actions of the Organization or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. As of June 30, 2025 and 2024, the Organization did not have any net assets restricted in perpetuity.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of cash and cash equivalents not held for investment purposes. Cash and cash equivalents held for investment purposes, which includes money market funds and time deposits, are included in investments on the consolidated statement of financial position as they are not anticipated to be used to cover general expenditures and are a part of the Organization’s investment strategy.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based on quoted market prices. Realized and unrealized gains and losses have been presented as net amounts on the consolidated statement of activities. The investment return presented on the consolidated statement of activities is presented as net of investment expenses. (See Note 4.) There were no investment expenses for the years ended June 30, 2025 and 2024.

Grants and Contributions Receivable

Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at net realizable value; pledges that are expected to be collected over periods in excess of one year are discounted to net present value using risk-free interest rates applicable to the years in which the pledges are received. Discounts on unconditional pledges are amortized from the date the pledge was initially recognized to the date the contribution is received. As of June 30, 2025 and 2024, all pledges were due within one year.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Accounts are charged to the allowance for uncollectable accounts as they are deemed uncollectible. The Organization has determined all grants and contributions receivable as of June 30, 2025 and 2024 to be collectible and, as a result, there was no allowance for uncollectible promises to give as of June 30, 2025 and 2024. Discount amortization is recognized as contributions.

Concentrations of Credit Risk

Certain financial instruments held by the Organization potentially subject the Organization to concentrations of credit risk. These financial instruments include cash and cash equivalents, grants and contributions receivable, and investments.

The Organization places its cash and cash equivalents with high-credit, quality financial institutions. At times, such cash may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash and cash equivalents.

With respect to grants and contributions receivable, the Organization routinely assesses the financial strength of its donors and, as a consequence, believes that credit risk exposure is limited for these receivables.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk (Continued)

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

Approximately 42.9% of the Organization's total grants and contributions receivable at June 30, 2025 were from two donors. Revenue earned during the year from these donors accounted for approximately 12.4% of the Organization's total revenue and support.

Fair Value Measurements

As defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 820, *Fair Value Measurements and Disclosures* (ASC 820), 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. In determining fair value, the Organization uses the market approach. Based on this approach, the Organization utilizes certain assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- | | |
|----------------|---|
| Level 1 | Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets |
| Level 2 | Includes other inputs that are directly or indirectly observable in the marketplace |
| Level 3 | Unobservable inputs which are supported by little or no market activity |

For the years ended June 30, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment include leasehold improvements and furniture and fixtures used in the operations of the Organization. Property and equipment are stated at cost, if purchased, or fair market value at the date of donation, if donated. Normal repairs and maintenance are expensed as incurred, while additions, renewals, and betterments that materially increase values or extend useful lives are capitalized and depreciated over the estimated remaining useful lives of the related assets.

Depreciation and amortization on all other property and equipment is computed using the straight-line method over the following estimated useful lives of assets:

Building improvements	10-30 years
Furniture and fixtures	3-5 years

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such a review indicates that the carrying amount of an asset may not be recoverable, an impairment loss is recognized for the excess of the carrying amount over the fair value of an asset to be held and used or over the fair value, less cost to sell an asset to be disposed. The Organization has determined that there is no impairment of long-lived assets for the years ended June 30, 2025 and 2024.

Grants and Contributions

Grants and contributions are reported in the period earned, at the amount reasonably expected to be collected, and as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expiration of donor restrictions on net assets with donor restrictions are reported as net assets released from restrictions on the consolidated statement of activities. All funds the Organization receives in advance of fulfilling its performance obligations are presented as deferred revenue in the accompanying consolidated statement of financial position.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

Support arising from donated services is recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition, the Organization receives a significant amount of donated services from unpaid volunteers that are essential to the completion of the Organization's purposes. However, these services do not meet the accounting criteria necessary for recognition and, therefore, have not been recorded in the consolidated financial statements. The Organization recognizes contributions of property and equipment as in-kind support on the consolidated statement of activities at fair value.

In-kind contributions made during the year ended June 30, 2025 are as follows:

<u>Type</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Legal costs	\$ 45,500	Legal Services	None	The Organization estimated the fair value on the basis of comparable attorney rates

Special Events

During the years ended June 30, 2025 and 2024, the Organization held events that generated revenue from sponsorships, ticket sales, and donations. Revenue and direct expenses for these events were as follows for the years ending June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Revenue	\$ 2,673,240	\$ 2,779,058
Direct expenses	<u>(898,563)</u>	<u>(693,495)</u>
Net special events income	<u>\$ 1,774,677</u>	<u>\$ 2,085,563</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, and employee benefits are allocated based on time and effort of employees and are used to allocate all indirect expenses. Administration, office, dues, and subscriptions are first allocated directly, and the remaining indirect expenses are allocated based on the time and effort of employees. All other expenses are indirectly allocated based on the time and effort of employees as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel costs	Time and effort
Occupancy and rent	Usage
Depreciation and amortization	Usage

Expenses in the program activities line on the consolidated statement of functional expenses consists of recruitment, training, transportation, and other miscellaneous costs for the mentors and children.

Income Taxes

The Organization has been designated as tax-exempt under Internal Revenue Code (the Code) Section 501(c)(3), is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, and is not generally subject to federal or state income taxes. However, the Organization is subject to income taxes on any net income that is derived from a trade or business regularly carried on and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as, in the opinion of management, the net income from any unrelated trade or business is not material to the basic consolidated financial statements taken as a whole.

The Organization adopted FASB ASC Topic No. 740, *Accounting for Uncertainty in Income Taxes* (ASC 740). In accordance with ASC 740, the Organization recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes the potential accrued interest and penalties related to uncertain tax positions in income tax expense. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated subsequent events from the date of the consolidated statement of financial position through September 22, 2025, which is the date the consolidated financial statements were available to be issued and determined no additional items need to be disclosed.

NOTE 3 – Financial Assets and Liquidity Resources

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,346,212	\$ 3,419,581
Investments	20,615,784	18,736,220
Grants and contributions receivable	<u>1,560,863</u>	<u>1,139,770</u>
Financial assets available for general expenditure within one year	<u>\$ 23,522,859</u>	<u>\$ 23,295,571</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 4 – Investments

The following table summarizes the Organization's investments by the fair value hierarchy:

Assets at Fair Value as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Corporate stocks	\$ 810,481	\$ -	\$ -	\$ 810,481
Mutual funds:				
Equities	10,486,923	-	-	10,486,923
Bonds	6,045,894	-	-	6,045,894
Fixed income	-	3,182,638	-	3,182,638
Investment pool	-	-	89,848	89,848
	<u>\$ 17,343,298</u>	<u>\$ 3,182,638</u>	<u>\$ 89,848</u>	<u>\$ 20,615,784</u>

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Corporate stocks	\$ 934,054	\$ -	\$ -	\$ 934,054
Mutual funds:				
Equities	8,659,356	-	-	8,659,356
Bonds	6,017,502	-	-	6,017,502
Fixed income	-	3,043,282	-	3,043,282
Investment pool	-	-	82,026	82,026
	<u>\$ 15,610,912</u>	<u>\$ 3,043,282</u>	<u>\$ 82,026</u>	<u>\$ 18,736,220</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 4 – Investments (Continued)

Investment return consisted of the following for the years ended:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 743,238	\$ 781,882
Realized and unrealized gains on investments	1,474,116	1,228,371
Investment fees	<u>(59,845)</u>	<u>(48,354)</u>
Investment return, net	<u>\$ 2,157,509</u>	<u>\$ 1,961,899</u>

NOTE 5 – Property and Equipment

The Organization's property and equipment consisted of the following as of:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 3,000,000	\$ 3,000,000
Building and improvements	6,604,886	6,554,932
Furniture and equipment	<u>954,884</u>	<u>926,921</u>
	10,559,770	10,481,853
Less accumulated depreciation and amortization	<u>(3,470,945)</u>	<u>(3,114,674)</u>
	<u>\$ 7,088,825</u>	<u>\$ 7,367,179</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$375,969 and \$364,555, respectively.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 6 – Note Payable

The Organization's note payable to the bank of \$4,400,000 was amended on September 28, 2024, bearing interest at 5.78%, and matures on September 27, 2039. As of June 30, 2025, the outstanding principal balance of the note payable was \$3,032,617.

Future minimum payments on the note payable are as follows:

Years Ending	
June 30,	
<u> </u>	
2026	140,263
2027	148,842
2028	157,517
2029	167,597
2030	177,858
Thereafter	<u>2,240,540</u>
	<u>\$ 3,032,617</u>

NOTE 7 – Leasing Arrangements as a Lessee

The Organization leases its office space in Riverside, California under an operating lease. During 2024, the amendments to the initial lease expired, and a new lease agreement was entered into that is short-term in nature. During 2025, the Organization entered into a new lease agreement that extends through June 2030. The lease agreement does not include any material residual value guarantees or restrictive covenants.

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 7 – Leasing Arrangements as a Lessee (Continued)

The following summarizes the line items in the consolidated statement of financial position, which include amounts for operating leases as of June 30, 2025 and 2024:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating lease right-of-use asset	\$ 815,421	\$ -
Current portion of operating lease liability	\$ 133,298	\$ -
Long-term portion of operating lease liability	<u>682,123</u>	<u>-</u>
	<u>\$ 815,421</u>	<u>\$ -</u>

The components of operating lease expenses that are included in “Occupancy and rent” in the consolidated statement of functional expenses were as follows:

	<u>For the Year Ended</u>	
	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating lease costs	<u>\$ -</u>	<u>\$ 116,947</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 7 – Leasing Arrangements as a Lessee (Continued)

The following table summarizes the supplemental cash flow information for the years ended June 30, 2025 and 2024:

	For the Year Ended	
	June 30,	
	2025	2024
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ -	\$ 118,516
Right-of-use asset obtained in exchange for lease liability:		
Operating lease	\$ 815,421	\$ -

The weighted-average remaining lease term and discount rate for the operating lease as of June 30, 2025 and 2024 were as follows:

	June 30,	
	2025	2024
Weighted-average remaining lease term	5 years	-
Weighted-average discount rate	3.84%	-

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 7 – Leasing Arrangements as a Lessee (Continued)

The maturities of the operating lease liability as of June 30, 2025 are as follows:

Year Ending June 30,	Operating Lease
2026	\$ 165,672
2027	172,296
2028	179,196
2029	186,360
2030	<u>193,812</u>
Total minimum lease payments	897,336
Less amount representing interest	<u>(81,915)</u>
Present value of minimum lease payments	815,421
Less current portion	<u>(133,298)</u>
	<u>\$ 682,123</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 8 – Leasing Arrangements as a Lessor

The Organization leases office space to tenants under noncancelable operating leases as of June 30, 2025, as follows:

<u>Lease Location</u>	<u>Monthly Rent</u>	<u>Expiration Date of Lease</u>
Lease A*	\$ 11,414	July 2030
Lease B	5,546	June 2028
Lease C	8,357	October 2027
Lease D	5,693	December 2026
Lease G	3,532	June 2029
Lease H	6,382	August 2025
Lease I	<u>2,600</u>	July 2027
	<u>\$ 43,524</u>	

*Tenant has the right to cancel lease after July 2028 for a \$25,000 cancellation fee

Future minimum receipts estimated under the existing noncancelable operating leases are as follows:

<u>Years Ending June 30,</u>	
2026	\$ 492,750
2027	436,157
2028	313,012
2029	209,628
2030	<u>167,652</u>
	<u>\$ 1,619,199</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 9 – Commitments and Contingencies

Legal Matters

In the ordinary course of business, the Organization may be involved in legal proceedings and regulatory investigations. Management believes that the outcome of such matters existing at June 30, 2025 will be resolved without material adverse effect on the Organization's future financial position, changes in net assets, or cash flows.

NOTE 10 – Employee Retention Credit

The Employee Retention Credit (ERC) was enacted in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERC is a refundable tax credit against certain employment related taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 2020 through September 2021. During the years ended June 30, 2025 and 2024, the Organization recorded \$0 and \$1,040,814 of refundable ERC claimed under provisions of the CARES Act in the accompanying consolidated statement of activities. These amounts were recognized in revenue as they were received.

NOTE 11 – Retirement Benefits

The Organization has a 403(b) plan covering all employees. The Organization matches 30% of the first 10% of employee contributions to the plan. The Organization's contributions in the participants' account balances become fully vested after three years. For the years ended June 30, 2025 and 2024, the Organization's matching contributions were approximately \$29,000 and \$28,000, respectively.

NOTE 12 – Net Assets with Donor Restrictions

The activity of net assets with donor restrictions for the year ended June 30, 2025 is as follows:

	June 30, 2024	Additions	Releases from Restriction	June 30, 2025
Time restrictions	\$ -	\$ 150,000	\$ -	\$ 150,000

SUPPLEMENTARY INFORMATION

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	<u>BBBSOCIE</u>	<u>QALICB</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 924,037	\$ 422,175	\$ -	\$ 1,346,212
Investments	20,936,784	-	(321,000)	20,615,784
Grants and contributions receivable	1,556,542	20,088	(15,767)	1,560,863
Deferred rent receivable	-	24,496	-	24,496
Prepaid expenses and other assets	207,141	3,024,560	(2,689,390)	542,311
Operating lease right-of-use asset	815,421	-	-	815,421
Property and equipment, net	<u>3,096,779</u>	<u>3,992,046</u>	<u>-</u>	<u>7,088,825</u>
TOTAL ASSETS	<u>\$ 27,536,704</u>	<u>\$ 7,483,365</u>	<u>\$ (3,026,157)</u>	<u>\$ 31,993,912</u>
LIABILITIES				
Accounts payable	\$ 86,610	\$ 15,767	\$ (15,767)	\$ 86,610
Accrued expenses	633,136	48,444	-	681,580
Operating lease liability	815,421	-	-	815,421
Deferred revenue	2,891,493	-	(2,689,390)	202,103
Note payable	<u>3,032,617</u>	<u>-</u>	<u>-</u>	<u>3,032,617</u>
	<u>7,459,277</u>	<u>64,211</u>	<u>(2,705,157)</u>	<u>4,818,331</u>
COMMITMENTS AND CONTINGENCIES (Note 9)				
NET ASSETS				
Without donor restrictions	19,927,427	7,419,154	(321,000)	27,025,581
With donor restrictions	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
	<u>20,077,427</u>	<u>7,419,154</u>	<u>(321,000)</u>	<u>27,175,581</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,536,704</u>	<u>\$ 7,483,365</u>	<u>\$ (3,026,157)</u>	<u>\$ 31,993,912</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>BBBSOCIE</u>	<u>QALICB</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 6,574,084	\$ -	\$ -	\$ 6,574,084
Special events, net	1,774,677	-	-	1,774,677
Rental income	30,303	874,639	(212,079)	692,863
Employee Retention Credits	-	-	-	-
Miscellaneous income	57,595	13,574	-	71,169
Donated services	35,500	10,000	-	45,500
	<u>8,472,159</u>	<u>898,213</u>	<u>(212,079)</u>	<u>9,158,293</u>
EXPENSES				
Program services	8,675,398	764,011	(212,079)	9,227,330
Management and general	945,100	254,322	-	1,199,422
Fundraising	797,210	69,844	-	867,054
	<u>10,417,708</u>	<u>1,088,177</u>	<u>(212,079)</u>	<u>11,293,806</u>
OTHER INCOME				
Investment return, net	<u>2,157,509</u>	<u>-</u>	<u>-</u>	<u>2,157,509</u>
CHANGE IN NET ASSETS	211,960	(189,964)	-	21,996
NET ASSETS:				
BEGINNING OF YEAR	<u>19,865,467</u>	<u>7,609,118</u>	<u>(321,000)</u>	<u>27,153,585</u>
END OF YEAR	<u>\$ 20,077,427</u>	<u>\$ 7,419,154</u>	<u>\$ (321,000)</u>	<u>\$ 27,175,581</u>

BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.
(A Nonprofit Organization)

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	BBBSOCIE				QALICB				Eliminations		Consolidated			
	Program Services	Management and General	Fundraising	Totals	Program Services	Management and General	Fundraising	Totals	Program Services	Totals	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 5,604,931	\$ 701,022	\$ 527,545	\$ 6,833,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,604,931	\$ 701,022	\$ 527,545	\$ 6,833,498
Employee benefits and payroll taxes	855,446	106,993	80,516	1,042,955	-	-	-	-	-	-	855,446	106,993	80,516	1,042,955
Total personnel costs	6,460,377	808,015	608,061	7,876,453	-	-	-	-	-	-	6,460,377	808,015	608,061	7,876,453
Donated services	-	35,500	-	35,500	-	10,000	-	10,000	-	-	-	45,500	-	45,500
Program activities	1,300,987	-	-	1,300,987	-	-	-	-	-	-	1,300,987	-	-	1,300,987
Professional fees	59,902	44,820	41,627	146,349	41,822	4,362	3,823	50,007	-	-	101,724	49,182	45,450	196,356
Occupancy and rent	279,829	21,741	27,295	328,865	72,828	7,596	6,657	87,081	(212,079)	(212,079)	140,578	29,337	33,952	203,867
Interest	-	-	-	-	-	164,631	-	164,631	-	-	-	164,631	-	164,631
Insurance	102,843	5,910	9,457	118,210	48,900	5,100	4,470	58,470	-	-	151,743	11,010	13,927	176,680
Administration and office	85,457	7,049	8,306	100,812	39,318	4,101	3,594	47,013	-	-	124,775	11,150	11,900	147,825
Information technology	112,892	10,405	10,894	134,191	-	-	-	-	-	-	112,892	10,405	10,894	134,191
Utilities and telephone	49,684	4,491	4,801	58,976	73,380	7,658	6,711	87,749	-	-	123,064	12,149	11,512	146,725
Dues and subscriptions	62,355	-	-	62,355	-	-	-	-	-	-	62,355	-	-	62,355
Miscellaneous	63,424	5,769	25,337	94,530	18,770	1,958	1,716	22,444	-	-	82,194	7,727	27,053	116,974
Building maintenance	-	-	-	-	156,967	16,372	14,349	187,688	-	-	156,967	16,372	14,349	187,688
Marketing and development	38,490	-	55,431	93,921	-	-	-	-	-	-	38,490	-	55,431	93,921
Repairs and maintenance	-	-	-	-	36,359	3,792	3,324	43,475	-	-	36,359	3,792	3,324	43,475
Taxes and fees	-	-	-	-	16,901	1,763	1,545	20,209	-	-	16,901	1,763	1,545	20,209
Depreciation and amortization	59,158	1,400	6,001	66,559	258,766	26,989	23,655	309,410	-	-	317,924	28,389	29,656	375,969
	<u>\$ 8,675,398</u>	<u>\$ 945,100</u>	<u>\$ 797,210</u>	<u>\$ 10,417,708</u>	<u>\$ 764,011</u>	<u>\$ 254,322</u>	<u>\$ 69,844</u>	<u>\$ 1,088,177</u>	<u>\$ (212,079)</u>	<u>\$ (212,079)</u>	<u>\$ 9,227,330</u>	<u>\$ 1,199,422</u>	<u>\$ 867,054</u>	<u>\$ 11,293,806</u>