

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(With Summarized Totals for the Year Ended June 30, 2024)

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

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Independent Auditor's Report

Board of Directors
Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.

Opinion

We have audited the accompanying financial statements of Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. as of June 30, 2025, and the 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. 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 Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. 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 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 and Big Sisters of Metropolitan Milwaukee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Directors
Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.

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 generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 and Big Sisters of Metropolitan Milwaukee, Inc.'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 and Big Sisters of Metropolitan Milwaukee, Inc.'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.

Board of Directors
Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.

Report on Summarized Comparative Information

We have previously audited Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.'s June 30, 2024, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 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 financial statements from which it has been derived.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
November 20, 2025

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(With Summarized Totals for June 30, 2024)

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 617,319	\$ 1,032,461
Certificates of Deposit	2,658,458	2,500,000
Grants Receivable	81,895	56,781
Pledges Receivable - Current Portion	216,505	224,549
Accounts and Other Receivables	568	500
Accrued Interest	16,311	46,466
Prepaid Expenses and Supplies on Hand	81,697	78,564
Total Current Assets	<u>\$ 3,672,753</u>	<u>\$ 3,939,321</u>
FIXED ASSETS		
Furniture and Fixtures	\$ ---	\$ 1,009
Equipment	34,593	33,419
Leasehold Improvements	170,875	65,542
Total Fixed Assets	<u>\$ 205,468</u>	<u>\$ 99,970</u>
Less: Accumulated Depreciation	<u>(27,390)</u>	<u>(72,405)</u>
Net Fixed Assets	<u>\$ 178,078</u>	<u>\$ 27,565</u>
LEASES		
Right-of-Use Operating Lease Asset	<u>\$ 1,731,679</u>	<u>\$ 115,969</u>
Total Leases	<u>\$ 1,731,679</u>	<u>\$ 115,969</u>
Other Assets		
Pledges Receivable - Long-Term Portion	\$ 50,000	\$ 64,333
Endowment Fund	889,037	768,496
Total Other Assets	<u>\$ 939,037</u>	<u>\$ 832,829</u>
TOTAL ASSETS	<u>\$ 6,521,547</u>	<u>\$ 4,915,684</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 80,521	\$ 19,420
Accrued Payroll Liabilities	134,047	151,036
Refundable Advances	60,550	49,700
Current Portion of Right-of-Use Operating Lease Liability	90,933	115,969
Total Current Liabilities	<u>\$ 366,051</u>	<u>\$ 336,125</u>
LEASES		
Right-of-Use Operating Lease Liability	\$ 1,741,656	\$ 115,969
Less: Current Portion	<u>(90,933)</u>	<u>(115,969)</u>
Total Long-Term Liabilities	<u>\$ 1,650,723</u>	<u>\$ ---</u>
Total Liabilities	<u>\$ 2,016,774</u>	<u>\$ 336,125</u>
NET ASSETS		
Without Donor Restrictions		
Undesignated	\$ 3,060,830	\$ 3,443,214
Board Designated	889,037	768,496
Total Net Assets Without Donor Restrictions	<u>\$ 3,949,867</u>	<u>\$ 4,211,710</u>
With Donor Restrictions	554,906	367,849
Total Net Assets	<u>\$ 4,504,773</u>	<u>\$ 4,579,559</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,521,547</u>	<u>\$ 4,915,684</u>

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Totals for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUE				
Contributions and Grants	\$ 1,218,649	\$ 173,106	\$ 1,391,755	\$ 1,111,801
United Way	97,288	---	97,288	113,230
Big Brothers Big Sisters of America	137,823	---	137,823	127,646
Community Advocates, Inc.	130,000	---	130,000	145,006
Waukesha County and Milwaukee County Community Development Block Grant	30,279	---	30,279	40,341
Employee Retention Credit	125,102	---	125,102	---
Special Events Revenue	794,296	310,800	1,105,096	1,130,396
Special Events Expense	(247,669)	---	(247,669)	(194,312)
Interest Income	138,601	---	138,601	154,713
Net Investment Return	100,541	---	100,541	59,089
Donated Goods and Services	327,902	---	327,902	209,095
Other Income	7,906	---	7,906	5,370
Net Assets Released from Restrictions	296,849	(296,849)	---	---
Total Revenue	\$ 3,157,567	\$ 187,057	\$ 3,344,624	\$ 2,902,375
EXPENSES				
Program Services	\$ 2,340,303	\$ ---	\$ 2,340,303	\$ 2,088,866
Management and General	402,246	---	402,246	341,246
Marketing and Development	650,575	---	650,575	479,169
Subtotal	\$ 3,393,124	\$ ---	\$ 3,393,124	\$ 2,909,281
Unallocated Payments to National	26,286	---	26,286	24,532
Total Expenses	\$ 3,419,410	\$ ---	\$ 3,419,410	\$ 2,933,813
 CHANGE IN NET ASSETS	 \$ (261,843)	 \$ 187,057	 \$ (74,786)	 \$ (31,438)
Net Assets, Beginning of Year	4,211,710	367,849	4,579,559	4,610,997
 NET ASSETS, END OF YEAR	 \$ 3,949,867	 \$ 554,906	 \$ 4,504,773	 \$ 4,579,559

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Totals for the Year Ended June 30, 2024)

	Program Services	Management and General	Marketing and Development	2025 Total	2024 Total
Salaries	\$ 1,267,996	\$ 260,737	\$ 406,840	\$ 1,935,573	\$ 1,698,653
Employee Benefits	238,470	8,758	89,865	337,093	209,180
Retirement Expense	35,179	11,273	11,855	58,307	21,420
Payroll Taxes	85,784	33,731	29,690	149,205	129,823
Travel Expense	10,664	79	407	11,150	12,957
Telephone	8,945	1,861	2,519	13,325	17,736
Supplies	62,290	1,243	1,239	64,772	107,358
Postage and Shipping	288	412	3,146	3,846	3,185
Printing	1,121	76	9,399	10,596	10,081
Dues and Subscriptions	23,330	734	1,169	25,233	6,436
Occupancy	192,696	35,131	42,590	270,417	208,889
Insurance	28,752	4,806	7,766	41,324	29,079
Marketing and Recruitment	10,811	---	---	10,811	9,364
Equipment Maintenance and Rental	5,402	1,305	1,478	8,185	11,884
Information Technology	38,553	8,220	26,722	73,495	72,119
Depreciation	5,823	1,095	465	7,383	4,526
Professional Fees	46,917	23,529	7,067	77,513	85,619
Conferences, Meetings and Staff Development	11,307	5,818	2,692	19,817	36,811
Volunteer Events and Cultivation	410	---	---	410	2,181
Program Activities	194,965	300	---	195,265	155,294
Scholarships	70,600	---	---	70,600	64,400
Bad Debt Expense	---	343	---	343	9,000
Bank Fees	---	2,795	5,666	8,461	3,286
Subtotal Expenses	<u>\$ 2,340,303</u>	<u>\$ 402,246</u>	<u>\$ 650,575</u>	<u>\$ 3,393,124</u>	<u>\$ 2,909,281</u>
Special Event Expenses					
Facility Costs	\$ ---	\$ ---	\$ 123,403	\$ 123,403	\$ 71,645
Prizes and Awards	---	---	32,620	32,620	28,266
Equipment Rental and Maintenance	---	---	10,951	10,951	9,777
Professional Fees	---	---	1,250	1,250	1,700
Supplies	---	---	51,712	51,712	60,268
Advertising	---	---	10	10	---
Bank Fees	---	---	13,536	13,536	9,121
Postage and Printing	---	---	7,324	7,324	7,307
Telephone	---	---	---	---	103
Travel	---	---	6,863	6,863	6,125
Subtotal Special Event Expenses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 247,669</u>	<u>\$ 247,669</u>	<u>\$ 194,312</u>
Unallocated Payments to National Organization				<u>\$ 26,286</u>	<u>\$ 24,532</u>
TOTAL EXPENSES	<u><u>\$ 2,340,303</u></u>	<u><u>\$ 402,246</u></u>	<u><u>\$ 898,244</u></u>	<u><u>\$ 3,667,079</u></u>	<u><u>\$ 3,128,125</u></u>

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Totals for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (74,786)	\$ (31,438)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	7,383	4,526
Donated Fixed Assets	(78,000)	---
(Gain) Loss on Investments	(100,541)	(59,089)
(Increase) Decrease in Grants Receivable	(25,114)	81,144
(Increase) Decrease in Pledges Receivable	22,377	(137,296)
(Increase) Decrease in Accounts and Other Receivables Receivable	(68)	---
(Increase) Decrease in Accrued Interest	30,155	(21,209)
(Increase) Decrease in Prepaid Expenses and Supplies on Hand	(3,133)	(28,420)
(Increase) Decrease in Right-of-Use Operating Lease Assets Net of Right-of-Use Operating Lease Liabilities	9,977	---
Increase (Decrease) in Accounts Payable	61,101	(910)
Increase (Decrease) in Accrued Payroll Liabilities	(16,989)	77,185
Increase (Decrease) in Refundable Advances	10,850	27,383
	<u> </u>	<u> </u>
Net Cash Used by Operating Activities	\$ (156,788)	\$ (88,124)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	\$ (158,458)	\$ (1,000,000)
Purchases of Fixed Assets	(79,896)	(28,363)
Purchases of Investments - Endowment Fund	(20,000)	(354,947)
	<u> </u>	<u> </u>
Net Cash Used by Investing Activities	\$ (258,354)	\$ (1,383,310)
 Net Decrease in Cash and Cash Equivalents	\$ (415,142)	\$ (1,471,434)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,032,461</u>	<u>2,503,895</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 617,319</u>	<u>\$ 1,032,461</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 2,906	\$ 134,596
Right-of-Use Operating Lease Assets Received in Exchange for Right-of-Use Operating Lease Obligations	1,739,689	---

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - Summary of Significant Accounting Policies

Organization

The mission of Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. (the "Organization") is to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. The Organization is an affiliate of Big Brothers Big Sisters of America. Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. is one of the 30 largest Big Brothers and Big Sisters organizations out of 230 in the country.

Basis of Presentation

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

Accounting Method

The financial statements of Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less at purchase. Cash and equivalents includes \$500,000 of 3-month certificates of deposit as of June 30, 2024, and \$0 of 3-month certificates of deposit as of June 30, 2025.

Pledges and Grants Receivable

Pledges and grants receivable are recorded at net realizable value if they are due in less than one year from the statement of financial position date. Net realizable value is the undiscounted expected future cash flows that will be received and is considered a reasonable estimate for fair value. If pledges and grants receivable are expected to be collected in more than one year, they are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of discounts is included in contribution revenue in the statement of activities. If the Organization's expectation of the ability to collect receivables changes, an allowance for uncollectible accounts is recognized in the period in which the expectation changes. The Organization determines the allowance for uncollectible accounts based on historical experience, an assessment of economic conditions and review of subsequent receipts.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - Summary of Significant Accounting Policies (continued)

Accounts Receivable and Credit Losses

Accounts receivable on trade and other receivables are stated at unpaid balances, less an allowance for credit losses. The expected credit losses are updated by management at each reporting date to reflect changes in credit risk since the financial instrument was initially recognized. The expected credit losses on trade or other receivables are estimated based on historical credit loss experience, aging analysis, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. The Organization assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The expense associated with the allowance for expected credit losses is recognized in bad debts expense. As of June 30, 2025, accounts receivable are expected to be collected in full; therefore, no allowance for credit losses has been recorded.

Prepaid Expenses and Supplies on Hand

Prepaid expenses are future expenses paid in advance and are reported on the statement of financial position as an asset. Supplies received or purchased that are expected to be used at a future date are reported on the statement of financial position as an asset.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalized all assets with values of \$1,000 or greater.

Leases

The Organization recognizes operating and finance leases in accordance with the *FASB Accounting Standards Codification (ASC) 842*. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term. The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease term, but the lease doesn't meet the definition of a finance lease. The Organization has elected to establish a threshold to exclude lease assets and obligations that are immaterial to the financial statements. The Organization recognizes individual lease assets and liabilities when they are greater than \$5,000. However, if the combined lease assets or liabilities for individually insignificant leases are greater than \$10,000, the Organization recognizes the lease assets and obligations. The Organization has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term. The Organization has elected to use the risk-free borrowing rate on leases for office space.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue

Contributions and unconditional promises to give received by the Organization are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from the prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance non-financial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements is not reflected in the accompanying financial statements.

Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if there are any, would not have a significant effect on the financial statements.

Marketing and Recruitment

The Organization uses marketing and recruitment to promote its programs and recruit individuals among the audiences it serves. Marketing and recruitment costs are expensed as the marketing or recruiting activities take place. Marketing and recruitment expenses for the year ended June 30, 2025, were \$10,811.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - Summary of Significant Accounting Policies (continued)

Functional Expenses

The Organization allocates costs based on their functional and natural classification in the statement of functional expenses. Program costs are those associated with carrying out the mission; management costs are those for accounting, human resources, budgeting or for the board of directors; fundraising costs are those attributed to the solicitation of contributions. Costs are allocated to each function directly whenever possible. Wages of individuals working in more than one function are allocated based on estimated time in each function and other costs are allocated based on the estimated benefit to each function.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - Comparative Financial Information

The financial information shown for 2024 in the accompanying financial statements is included to provide a basis for comparison with 2025. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

NOTE C - Liquidity

Liquid financial assets are those assets expected to be readily convertible to cash within one year from the statement of financial position date to meet the cash needs of the Organization for general expenditures and to pay obligations as they become due. Assets restricted for a specific purpose by a donor, restricted through contractual requirements, or board designated are excluded from liquid financial assets available for use because they are not considered to be available for general use. The Organization's operations are funded primarily through donations received throughout the year and especially during periods of fundraising for special events. Liquidity is managed through detailed budgeting based on committed donations and regular monitoring of cash flows. In addition to the financial assets listed below, the Organization has a line of credit with a \$250,000 available balance that was not in use as of June 30, 2025, and has a spendable balance at the Greater Milwaukee Foundation of \$19,476 as of June 30, 2025.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE C - Liquidity (continued)

The Organization has liquid financial assets available for use as of June 30, 2025, as follows:

<u>Source</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 617,319
Certificates of Deposit	2,658,458
Grants and Accounts Receivable	81,895
Current Pledges Receivable	216,505
Accounts Receivable	568
Accrued Interest	16,311
Less: Purpose Restricted Liquid Assets	(431,338)
Less: Refundable Advances	<u>(60,550)</u>
Total Assets Available for Use	<u>\$3,099,168</u>

NOTE D - Concentration of Credit Risk

The Organization maintains its cash balances at two financial institutions located in Wisconsin. The combined account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. At June 30, 2025, the Organization's uninsured cash balances totaled \$2,828,970.

NOTE E - Grants Receivable

Grants receivable consist of the following as of June 30, 2025:

<u>Source</u>	<u>Amount</u>
Community Advocates, Inc.	\$21,666
Waukesha and Milwaukee County Community Development Block Grant	15,218
Big Brothers Big Sisters of America Mentoring Opportunities for Youth	<u>45,011</u>
Total Grants Receivable	<u>\$81,895</u>

NOTE F - Pledges Receivable

Pledges receivable consist of unconditional individual, foundation and United Way pledges that will be collected in future periods.

Pledges receivable consist of the following as of June 30, 2025:

	<u>Amount</u>
Gross Pledges Receivable	\$271,198
Less: Allowance for Doubtful Accounts	<u>(4,693)</u>
Pledges Receivable	<u>\$266,505</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - Pledges Receivable (continued)

Pledges are expected to be collected in the following years:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2026	\$221,198
June 30, 2027	30,000
June 30, 2028	<u>20,000</u>
Gross Pledges Receivable	<u>\$271,198</u>

NOTE G - Conditional Contributions and Grants

Conditional grants are those grants committed by a funder, but that include a specific condition that must be met in order for the Organization to be entitled to the grant revenue. Conditional grants are not recorded in revenue until the condition of the grant is met. Amounts advanced are included in refundable advances.

The Organization's government funding includes specific use stipulations that funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance.

<u>Source</u>	<u>Available Through</u>	<u>Amount</u>
Big Brothers Big Sisters of America		
Mentoring Opportunities for Youth	January 31, 2026	\$ 79,220
Community Advocates	December 31, 2025	65,002
City of Milwaukee - CDBG	December 31, 2025	<u>14,782</u>
Total Conditional Grants		<u>\$159,004</u>

The Organization was notified in August 2025 that it was named as a remainder beneficiary of a trust from individual that passed away in June 2025. The Organization considers the gift conditional until the trust is settled and the amount of the pledge is known.

NOTE H - Endowment Fund - Greater Milwaukee Foundation

The Organization's endowment gifts are invested in an agency endowment component fund, known as the *Big Brothers Big Sisters of Metro Milwaukee Fund* (the "Fund"), at the Greater Milwaukee Foundation, a community foundation.

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and thus, classifies amounts in its endowment funds in accordance with the donor's wishes. If a donor restricts contributions to the endowment, the endowment is included with net assets with donor restrictions. Donor gifts for the endowment that are intended by the Organization to be invested in perpetuity, but for which the donor has granted the board the right to vote and otherwise use the gift, are considered to be Board designated endowment funds.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE H - Endowment Fund - Greater Milwaukee Foundation (continued)

Assets of the Fund

The *Big Brothers Big Sisters of Metro Milwaukee Fund* assets are included in an investment pool of contributions, investment income and losses, distributions and investment fees. Distributions from the Fund are made in accordance with the Greater Milwaukee Foundation's distribution policy in effect from time to time. The Greater Milwaukee Foundation utilizes a total return spending policy that allows for a long-term approach in order to achieve an expected return greater than the total of the spending rate and inflation rate and which will maintain the purchasing power of the corpus. The current spending rate is 4.75% of fund market value averaged over the preceding five years. Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. has elected to reinvest any distributions until the value of the Fund reaches \$1,000,000.

Big Brothers Big Sisters of Metropolitan Milwaukee, Inc.'s Fund contract allows for distributions greater than those set by the Greater Milwaukee Foundation's distribution policy up to a maximum of 100% including all of the principal and income of the Fund. Such distributions may be made if recommended by an 80% vote of the Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.'s board of directors and approved by the Greater Milwaukee Foundation's board of directors. The *Big Brothers Big Sisters of Metro Milwaukee Fund* is reported at the fair value of the fund.

Endowment net asset composition as of June 30, 2025, consists of the following:

	<u>Board Designated</u>	<u>Endowment Total</u>
Greater Milwaukee Foundation	<u>\$889,037</u>	<u>\$889,037</u>

NOTE I - Fair Value Measurements

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE I - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025.

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Greater Milwaukee Foundation Investments	\$889,037	\$ ---	\$ ---	\$889,037
Total	<u>\$889,037</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$889,037</u>

Greater Milwaukee Foundation investments include equity securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by the Greater Milwaukee Foundation which reports the value of the fund to the Organization.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>		
	<u>GMF Investments</u>	<u>Total</u>
Beginning Balance, July 1, 2024	\$768,496	\$768,496
Contributions	20,000	20,000
Investment Fees	(7,835)	(7,835)
Net Investment Return	<u>108,376</u>	<u>108,376</u>
Ending Balance, June 30, 2025	<u>\$889,037</u>	<u>\$889,037</u>

NOTE J - Line of Credit

The Organization has a variable rate revolving line of credit with an available balance of \$250,000. The lender has the right to cancel the line of credit as it relates to future advances at any time, without notice and to demand payment upon 90 days advance notice to the Organization. The interest rate on the line of credit is determined to be 8.77% as of June 30, 2025, based on 1.270 points over the highest Prime Rate as published daily in the "Money Rates" section of the Wall Street Journal, adjusted each day and will become effective without notice to the Organization. The line of credit is secured by all personal and real property. The line of credit was not being used as of June 30, 2025.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE K - Net Assets Released from Restrictions

During the year ended June 30, 2025, net assets released from restrictions consist of the following:

<u>Source</u>	<u>Amount</u>
Gala	\$ 70,800
Golf	154,210
Golf In-Kind	9,626
MentorZone In-Kind	1,475
Bowling for Kids Sake	1,100
Leadership Pledges	19,250
Derek Chappel Scholarship Fund	12,888
Scholarships	25,000
Foundations	<u>2,500</u>
Total Net Assets Released	<u>\$296,849</u>

NOTE L - Net Assets with Donor Restrictions and Board Designated Net Assets

Net assets with donor restrictions consist of the following on June 30, 2025:

<u>Source</u>	<u>Amount</u>
<u>Time Restricted</u>	
Pledges	<u>\$ 83,568</u>
<u>Time and Purpose Restricted</u>	
Golf	\$205,433
Golf In-Kind	3,697
Derek Chappel Scholarship Fund	27,038
STEM Scholarships	10,000
Amy Chionchio Scholarship Fund	63,500
Gala	89,600
Gala In-Kind	1,510
Bowling for Kids' Sake	1,000
MentorYou	\$60,000
Big Bash Revenue	<u>9,560</u>
Subtotal	<u>\$471,338</u>
Total Donor Restricted Net Assets	<u>\$554,906</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - Net Assets with Donor Restrictions and Board Designated Net Assets (continued)

Board designated endowment includes donor gifts for the endowment intended by the Organization to be invested in perpetuity but for which the donor has granted the Board the right to vote and otherwise use the gift of \$889,037.

NOTE M - Board Donations

During the year ended June 30, 2025, board members and their affiliated companies and foundations donated \$504,038.

NOTE N - Donated Goods and Services

The Organization received donated use of facilities and goods and services which were used for match activities, special events, and operations. The use of facilities donated to the Organization includes office space used by the Organization for its program and administrative staff. The value is determined using the rent the Organization was not required to pay for the square foot pricing in the same office tower. Program tickets and supplies were donated to the Organization and are used by Big Brothers and Big Sisters and their mentees during match activities. The value is based on the ticket price available to the public. Advertising included a seven-episode media campaign that was provided for promotion of the Organization's programs and was valued at the price of that media when sold to the general public. Bowling, gala, and golf supplies donated to the Organization are valued at the price of similar items sold in the marketplace and used to carry out the special events.

Only donated services requiring specialized skills are included in financial statements per generally accepted accounting principles. Therefore, 50,000 hours of mentoring services, valued at \$34 per hour by the Independent Sector, are not included in the financial statements with a value of \$1,700,000. The volunteer hours are tracked by the Organization on a calendar year basis. If program mentoring hours were included in the financial statement amounts, Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. would realize a ratio of expenses at 79% program expenses and 21% supporting expenses.

Donated goods and services consist of the following for the year ended June 30, 2025:

<u>Included in the Financial Statements</u>	<u>Amount</u>
Program Activities	
Use of Facilities	\$ 56,990
Program Tickets and Supplies	145,443
Office Workstations	78,000
Advertising	38,500
Professional Services	7,131
50 Parties	<u>1,838</u>
Subtotal	\$327,902
Fundraising Activities	
Bowling for Kids' Sake Supplies	12,246
Gala Supplies	1,563
Golf Supplies	<u>2,949</u>
Total Recognized Goods and Services	<u>\$344,660</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE N - Donated Goods and Services (continued)

<u>Not Included in the Financial Statements</u>	<u>Amount</u>
Hourly Value	\$ 34
Program Mentoring Hours	<u>50,000</u>
Total Unrecognized Services	<u>\$1,700,000</u>

NOTE O - Revenue from Contracts with Customers

The Organization holds several annual fundraising events, such as The Big Gala, the NFL Alumni Golf Classic, and the Bowl for Kids' Sake. Registration fees for the events include an exchange component for the value of food and entertainment and a contribution or sponsorship portion. The exchange component is recorded at the point in time of the event. The amount for the exchange component received in advance of events is included in refundable advances and amounts owed for past events are included in accounts receivable. The contribution portion of the registration fee and sponsorships are treated as contributions and recorded when received or pledged. Contributions and sponsorships are included in net assets with donor restrictions until the event is held. The amount of revenue recognized by the Organization in exchange for food and entertainment provided was \$204,284 during the year ended June 30, 2025. There were no assets related to the exchange portion of special events as of June 30, 2024, or June 30, 2025. The Organization has received registration fees and sponsorships for future events. The exchange portion received for future events is included in refundable advances of \$60,550 and \$49,700 as of June 30, 2025, and June 30, 2024, respectively. The exchange portion will be recognized at the time future events are held.

NOTE P - Retirement Plan

The Organization has established a Simplified Employee Pension plan. Employees who have performed services for the Organization during at least two of the immediately preceding plan years and who are age 21 are eligible to participate. The Organization contributed 4% of employees' compensation. Retirement expense for the year ended June 30, 2025, was \$58,307.

NOTE Q - Leasing Activities

Operating Leases

The Organization had a lease agreement for office space in a building located at 788 North Jefferson Street Milwaukee, Wisconsin. The term of the lease began in June 2020 and ended in June 30, 2025. In-kind use of facilities is excluded from the amounts below.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE Q - Leasing Activities (continued)

Operating Leases (continued)

The Organization entered into a lease agreement for office space, storage space, and the MentorZone area in a building located at 770 N Jefferson Street Milwaukee, Wisconsin. The lease agreement extends from June 11, 2025, through September 10, 2035. The Organization has the right to cancel the lease after 7-years with an early termination fee including two-months' rent, a portion of the broker fee, and a portion of the buildout costs, therefore, and because those costs are substantial, the full 10-year initial term is included in the valuation of the right-of-use asset and obligation as it is not likely the lease would be terminated early. The Organization also has the option to extend the lease for two additional five-year terms which are currently not included in right-of-use asset and obligation valuation because management is not reasonably certain to renew the lease at this time. A risk-free rate, determined by the yield on a U.S. Treasury instrument, was used as the discount rate for the leases.

Operating Lease Term and Discount Rate

The following summarized the discount rate for future lease payments and the remaining lease term as of June 30, 2025:

The Weighted Average Discount Rate	4.02%
The Weighted Average Remaining Lease Term	10.2 years

Operating Lease Cost and Cash Flow Information

The following summarizes the components of lease expense and cash flows for the year ended June 30, 2025:

Occupancy (Rent) Expense	\$ 166,852
Cash Paid for Fixed Lease Payments	\$ 156,875
New Right-of-Use Operating Lease Assets Received	
In Exchange for Right-of-Use Operating Lease Liabilities	\$1,739,689

Operating Lease Future Maturities

The future maturities of lease liabilities as of June 30, 2025, were as follows:

<u>Lease Payments for the Year Ending</u>	<u>Amount</u>
June 30, 2026	\$ 159,244
June 30, 2027	191,003
June 30, 2028	196,733
June 30, 2029	202,635
June 30, 2030	208,714
Thereafter	<u>1,188,727</u>
Total Payments	\$2,147,056
Less: Present Value Discount	<u>(405,400)</u>
Total Lease Liabilities	<u>\$1,741,656</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE R - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2025, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE S - Subsequent Events

The Organization evaluated subsequent events and transactions for possible adjustments to the financial statements and disclosures. The Organization has considered events and transactions occurring after June 30, 2025, the date of the most recent statement of financial position, through November 20, 2025, the date the financial statements are available to be issued. The Organization has determined the following subsequent event needs to be disclosed:

On January 27, 2025, the OMB of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds which became effective on January 28, 2025. Legal challenges and court actions followed. At present, management does not believe the federal actions impact any revenue or receivable balances for the June 30, 2025, financial statements, however, uncertainty exists about future changes from federal actions.