

**BIG BROTHERS BIG SISTERS OF THE
LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)**

**Financial Statements and
Independent Auditor's Report**

June 30, 2025 and 2024

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Big Brothers Big Sisters of the
Lehigh Valley, Inc.
41 S. Carlisle Street
Allentown, PA 18109

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Lehigh Valley, Inc. (A Not-for-Profit Corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Lehigh Valley, Inc. as of June 30, 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. 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 Big Sisters of the Lehigh Valley, Inc. 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.

Substantial Doubt About the Agency's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Agency will continue as a going concern. As discussed in Note 15 to the financial statements, the Agency evaluated its net assets available for operations, recurring decrease in net assets and has stated that substantial doubt exists about the Agency's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of the Lehigh Valley, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 Big Sisters of the Lehigh Valley, 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 Big Sisters of the Lehigh Valley, 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.

Congbell, Rappold & Yucasita LLP

December 22, 2025

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2025 and 2024

ASSETS

CURRENT ASSETS:	2025	2024
Cash and Cash Equivalents	\$ 5,542	\$ 39,996
Investments (Note 3 and 4)	28,173	65,259
Accounts and Grants Receivable	89,622	82,674
Pledges Receivable (Note 5)	28,770	12,855
Prepaid Expenses	3,476	6,313
	155,583	207,097
 OTHER ASSETS:		
Property and Equipment (Note 6)	463,123	465,007
TOTAL ASSETS	\$ 618,706	\$ 672,104

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 43,929	\$ 38,160
Accrued Vacation and Payroll Liabilities	12,783	8,651
Current Portion of Long-Term Debt (Note 8)	8,626	-
Security Deposit	1,800	1,800
Line of Credit (Note 7)	75,000	75,000
	142,138	123,611
TOTAL CURRENT LIABILITIES	142,138	123,611
NONCURRENT LIABILITIES:		
Long-Term Debt (Note 8)	6,603	-
TOTAL LIABILITIES	148,741	123,611
NET ASSETS:		
Without Donor Restrictions (Note 10 and 11)	332,841	457,768
With Donor Restrictions (Note 10)	137,124	90,725
	469,965	548,493
TOTAL NET ASSETS	469,965	548,493
TOTAL LIABILITIES AND NET ASSETS	\$ 618,706	\$ 672,104

See independent auditor's report and notes to financial statements.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2025 and 2024

	2025	2024
<u>Changes in Net Assets Without Donor Restrictions:</u>		
<u>Revenues:</u>		
Special Events		
Revenue	\$ 219,279	\$ 224,253
Contributed Nonfinancial Assets	53,207	51,392
Less: Cost of Direct Benefit to Donors	(38,203)	(42,761)
Net Income from Special Events	234,283	232,884
Government Grant Revenue	158,424	141,703
Contributions and Grants	292,163	236,629
Contributed Nonfinancial Assets	17,203	21,297
Investment Income	954	2,502
Rental Income	22,025	22,190
Net Realized / Unrealized Gain on Investments	2,006	11,807
Total Revenue Without Donor Restrictions	727,058	669,012
Net Assets Released from Restrictions	110,597	108,598
Total Revenues and Other Support Without Donor Restrictions	837,655	777,610
<u>Expenses:</u>		
Program Services	639,782	668,044
Management and General	82,990	100,896
Fund Raising	239,810	210,934
Total Expenses	962,582	979,874
Change in Net Assets Without Donor Restrictions	(124,927)	(202,264)
<u>Changes in Net Assets With Donor Restrictions:</u>		
Contributions and Grant Revenue	156,996	89,539
Net Assets Released from Restrictions	(110,597)	(108,598)
Change in Net Assets With Donor Restrictions	46,399	(19,059)
Change in Net Assets	(78,528)	(221,323)
Net Assets at Beginning of Year	548,493	769,816
Net Assets at End of Year	\$ 469,965	\$ 548,493

See independent auditor's report and notes to financial statements.

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BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Program Services	Management and General	Fund Raising	2025
Salaries	\$ 336,247	\$ 39,269	\$ 91,040	\$ 466,556
Taxes and Benefits	73,876	8,396	13,561	95,833
Travel	2,563	323	295	3,181
Supplies	756	2,519	1,149	4,424
Telephone	3,627	604	491	4,722
Postage	429	192	2,536	3,157
Insurance	26,529	1,087	1,787	29,403
Dues and Subscriptions	5,081	1,495	1,352	7,928
Occupancy	8,365	757	1,683	10,805
Meetings	1,015	2,824	2,070	5,909
Program Activities	70,800	-	37,562	108,362
Special Events	-	-	38,203	38,203
Purchased Services and Professional Fees	67,025	10,422	74,915	152,362
Maintenance and Repairs	9,178	1,505	2,008	12,691
National Affiliation Fee	16,452	250	125	16,827
Depreciation	14,763	4,921	-	19,684
Miscellaneous	1,984	2,313	9,236	13,533
Interest Expense	1,092	6,113	-	7,205
Total Allocated Expenses	639,782	82,990	278,013	1,000,785
Less: Expenses Deducted Directly from Revenues on the Statement of Activities	-	-	(38,203)	(38,203)
Total Expenses Reported by Function on the Statement of Activities	\$ 639,782	\$ 82,990	\$ 239,810	\$ 962,582

See independent auditor's report and notes to financial statements.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services	Management and General	Fund Raising	2024
Salaries	\$ 381,245	\$ 50,367	\$ 68,462	\$ 500,074
Taxes and Benefits	88,672	6,783	13,484	108,939
Travel	1,824	495	441	2,760
Supplies	1,788	544	1,323	3,655
Telephone	4,726	491	811	6,028
Postage	794	267	1,658	2,719
Insurance	19,080	3,000	540	22,620
Dues and Subscriptions	6,508	1,175	1,375	9,058
Occupancy	6,027	2,828	433	9,288
Meetings	11,468	1,715	1,724	14,907
Program Activities	66,476	1,132	33,729	101,337
Special Events	-	-	42,761	42,761
Purchased Services and Professional Fees	38,668	21,190	77,478	137,336
Maintenance and Repairs	10,284	1,583	1,351	13,218
National Affiliation Fee	15,276	250	-	15,526
Depreciation	14,095	4,699	-	18,794
Miscellaneous	1,113	395	8,125	9,633
Interest Expense	-	3,982	-	3,982
Total Allocated Expenses	668,044	100,896	253,695	1,022,635
Less: Expenses Deducted Directly from Revenues on the Statement of Activities	-	-	(42,761)	(42,761)
Total Expenses Reported by Function on the Statement of Activities	\$ 668,044	\$ 100,896	\$ 210,934	\$ 979,874

See independent auditor's report and notes to financial statements.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	2025	2024
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (78,528)	\$ (221,323)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	19,684	18,794
Increase in Accounts and Grants Receivable	(6,948)	(4,623)
Increase in Pledges Receivable	(15,915)	(2,016)
Decrease in Prepaid Expenses	2,837	10,287
Increase in Accounts Payable and Accrued Expenses	5,769	24,772
Increase (Decrease) in Accrued Vacation and Payroll Liabilities	4,132	(2,563)
Net Realized / Unrealized Gain on Investments	(2,006)	(11,807)
Net Cash Used in Operating Activities	(70,975)	(188,479)
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investments	(908)	(2,313)
Proceeds from Sale of Investments	40,000	70,000
Purchase of Equipment	(17,800)	-
Net Cash Provided by Investing Activities	21,292	67,687
<u>Cash Flows from Financing Activities:</u>		
Net Borrowing on Line of Credit	-	75,000
Borrowings on Long-Term Debt	17,800	-
Principal Payments on Long-Term Debt	(2,571)	-
Net Cash Provided by Financing Activities	15,229	75,000
Net Decrease in Cash and Cash Equivalents	(34,454)	(45,792)
Cash and Cash Equivalents at Beginning of Year	39,996	85,788
Cash and Cash Equivalents at End of Year	\$ 5,542	\$ 39,996
Supplemental Information:		
Interest Paid	\$ 7,205	\$ 3,982
Contributed Nonfinancial Assets for Special Events	\$ 53,207	\$ 51,392
Contributed of Nonfinancial Assets for Program Activities	\$ 17,203	\$ 21,297

See independent auditor's report and notes to financial statements.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities

Big Brothers Big Sisters of the Lehigh Valley, Inc. (the “Agency”) is a not-for-profit 501(c)(3) corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of enhancing the growth and development of youth, primarily from single parent homes, through personal relationships with trained volunteers guided by professional staff. The Agency is exempt from federal income taxes on related income pursuant to Section 501(c) of the Code.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Agency are set forth below.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the principles of not-for-profit accounting generally accepted in the United States of America. The financial statements reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Agency is required to report information regarding its financial position and activities according to the following classes of net assets:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

With Donor Restrictions – Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Agency and/or the passage of time. When a restriction is satisfied, 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.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Agency to expend the income generated in accordance with the provisions of the contribution.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents, as presented on the Statements of Cash Flows, include all highly liquid debt securities purchased with a maturity of three months or less.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the Statements of Financial Position. Investment income or loss (including gains or losses on investments, interest and dividends) is included in the Statements of Activities and Changes in Net Assets as increases or decreases in net assets without restrictions unless the income or loss is restricted by a donor or law.

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value for certain financial assets and liabilities. See Note 4 for further details.

Accounts and Grants Receivable and Credit Policies

Accounts and grants receivable are stated at outstanding balance less an allowance for doubtful accounts, when applicable. Management periodically evaluates the adequacy of the allowance. Accounts are written off when they are determined to be uncollectible based on management's assessment of the individual accounts, in relation to current and future expected economic conditions and past experience of losses. No allowance was deemed necessary.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Property and equipment, other than contributed property and equipment, is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives.

Such assets and lives are generally as follows:

Buildings and Improvements	5-40 years
Furniture, Fixtures, and Equipment	5-10 years
Software	3 years

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

All assets with a purchase cost, or fair value if acquired by gift, in excess of \$750 are capitalized. Normal repair and maintenance expenditures are not capitalized because they neither add to the value of the property nor materially prolong its useful life.

Contributions

Contributions received, including unconditional promises, are recognized as support in the period received and are measured at their fair values. Depending on the form of the benefits received, contributions are either recorded by the Agency as revenues or assets, or as decreases in liabilities or expenses. Contributions with donor-imposed restrictions are recorded as support with donor restrictions, while contributions without donor-imposed restrictions are recorded as support without donor restrictions.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Agency has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Contributed Nonfinancial Assets

Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant amount of time has been donated by volunteers and board members of the Agency; however, no amounts have been reflected in the statements for these general donated services as they do not meet the criteria for recording.

Contributed materials and those contributed services meeting the criteria are recorded and reflected in the financial statements at their fair values at the date of receipt and are recorded as support without restriction unless explicit donor stipulations specify how the donates nonfinancial assets much be used. The Agency normally receives donated materials and services for special events and program activities.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Revenues

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets which are temporary in nature by fulfillment of donor-stipulated purpose or by passage of time period are reported as reclassifications between the applicable classes of net assets. The Agency's revenue within the scope of ASC 606 is recognized within Special Events. The Agency's revenue stream is accounted for as follows:

- **Special Events:** The Agency holds an annual Bowl for Kids Sake event and a Golf for Kids Sake event to raise funds. Each sponsorship contains the characteristics of a contribution and an exchange transaction. The Agency recognizes the contribution portion when the sponsorship is made; revenue is recognized from the exchange transaction when the event takes place.

Allocation of Expenses by Function

As reported in the statement of functional expenses, expenses of the Agency have been allocated to the following functional reporting classifications:

Program Services

Program services expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Agency's charitable purpose.

Management and General

Management and general expenses include costs incurred for the overall direction of the Agency, general record keeping, business management, budgeting, general board activities, and related purposes.

Fund Raising

Fund raising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fund raising activities include publicizing and conducting fund raising campaigns; maintaining donor mailing lists; conducting special fund-raising events; and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

The Agency's methods for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Agency maintains cash balances at several financial institutions which may, at times, exceed federally insured limits. It historically has not experienced any credit-related losses. At June 30, 2025 and 2024, the Agency's bank accounts did not exceed the Federal Deposit Insurance Company limits.

Income Taxes

The Internal Revenue Service ("IRS") has ruled that the Agency is tax-exempt as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is required in the accompanying financial statements.

Accounting guidance as codified in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes – Uncertainty in Income Taxes*, establishes the criterion that an individual tax position has to meet for some or all of the benefits of the position to be recognized in the Agency's financial statements. The standard prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by a taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also provides guidance on derecognition, classification, interest and penalties and disclosure. The Agency had no material uncertain income tax positions that would result in a liability to the Agency as of and for the years ended June 30, 2025 or 2024.

The Agency files its Form 990, *Return of Agency Exempt from Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation. The reclassification did not impact the change in net assets.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

3. Investments

Investments consist of the following:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Temporary Cash	\$ 1,983	\$ 1,983	\$ 2,534	\$ 2,534
Equities	20,676	25,642	50,330	60,347
Fixed Income - Other	535	548	2,685	2,378
	<u>\$ 23,194</u>	<u>\$ 28,173</u>	<u>\$ 55,549</u>	<u>\$ 65,259</u>

A summary of earnings on investments for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Interest and Dividends	\$ 1,370	\$ 3,257
Net Unrealized Loss	(4,730)	(364)
Net Realized Gain	6,736	12,171
Investment Fees	(462)	(944)
Total	<u>\$ 2,914</u>	<u>\$ 14,120</u>

There was also \$46 and \$189 of interest earned on cash equivalent holdings for the year ended June 30, 2025 and 2024, respectively.

4. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access. Assets utilizing Level 1 inputs are equities.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

4. Fair Value Measurements (Continued)

- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The Agency currently does not have any Level 2 inputs.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Agency currently does not have any Level 3 inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Equities and Fixed Income – Other: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2025 or 2024:

Assets at Fair Value as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Temporary Cash	\$ 1,983	\$ -	\$ -	\$ 1,983
Equities	25,642	-	-	25,642
Fixed Income - Other	548	-	-	548
Total Assets at Fair Value	\$ 28,173	\$ -	\$ -	\$ 28,173

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Temporary Cash	\$ 2,534	\$ -	\$ -	\$ 2,534
Equities	60,347	-	-	60,347
Fixed Income - Other	2,378	-	-	2,378
Total Assets at Fair Value	\$ 65,259	\$ -	\$ -	\$ 65,259

5. Pledges Receivable

Unconditional promises to give have been recorded in the Statements of Financial Position as pledges receivable and revenue of the appropriate net asset category, as of June 30, 2025 and 2024, respectively, and are expected to be realized in the following periods:

	2025	2024
In One Year or Less	\$ 28,770	\$ 12,855
Between One Year and Five Years	-	-
Greater Than Five Years	-	-
	28,770	12,855
Unamortized Discount (discount rate of 5%) and Allowance for Uncollectible Amounts	-	-
Net Pledges Receivable	\$ 28,770	\$ 12,855

BIG BROTHERS BIG SISTERS OF THE LEHIGH VALLEY, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

6. Property and Equipment

Property and equipment consist of the following:

	2025	2024
Land	\$ 36,372	\$ 36,372
Building and Improvements	569,721	551,921
Furniture, Fixtures, and Equipment	39,192	39,192
Software	7,800	7,800
 Total	 653,085	 635,285
Less: Accumulated Depreciation	(189,962)	(170,278)
 Property and Equipment, Net	 \$ 463,123	 \$ 465,007

Depreciation expense was \$19,684 and \$18,794 in 2025 and 2024, respectively.

7. Line of Credit

The Agency currently maintains a \$75,000 variable rate revolving line of credit (Prime + .25%, 7.50% as of June 30, 2025). The line of credit is due on demand and there is no expiration date. The outstanding balance on the line of credit was \$75,000 at both June 30, 2025 and 2024.

Interest expense was \$6,263 and \$3,982 in 2025 and 2024, respectively.

8. Long-Term Debt

In February 2025, the Agency financed the purchase of a new boiler under a 2-year agreement. The boiler was capitalized and is being depreciated over a 10-year period. See Note 6 for further details related to the depreciation of property and equipment.

Long-term debt consists of:

	2025	2024
16.79% Note payable, due in monthly installments of \$878, including interest, through February of 2027, at which time all unpaid principal shall be fully due and payable. Note is secured by equipment.	\$ 15,229	\$ -
Less: Current Portion	(8,626)	-
	\$ 6,603	\$ -

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8. Long-Term Debt (Continued)

Long-term debt maturities are as follows:

Years ending June 30,		
2026	\$	8,626
2027		<u>6,603</u>
	\$	<u><u>15,229</u></u>

Interest expense was \$942 and \$-0- in 2025 and 2024, respectively.

9. Retirement Plan

The Agency sponsors a defined contribution plan (the Plan) covering all eligible employees. The Agency makes a contribution to the Plan equal to 1% of participants' compensation. In addition, the Agency matches participants' contributions to the Plan up to 4% of the individual participants' compensation. Total expense for the years ended June 30, 2025 and 2024 was \$17,596 and \$13,210, respectively.

10. Net Assets

Net assets without donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
Board Designated for Endowment	\$ 28,173	\$ 65,259
Undesignated	<u>304,668</u>	<u>392,509</u>
	<u><u>\$ 332,841</u></u>	<u><u>\$ 457,768</u></u>

Net assets with donor restrictions are restricted for specific purposes, until specific events occur, or are invested in perpetuity.

Net assets with donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
Pledges Receivable - United Way Donor Designation	\$ 8,770	\$ 12,855
Programs	110,564	73,686
Special Events	<u>17,790</u>	<u>4,184</u>
	<u><u>\$ 137,124</u></u>	<u><u>\$ 90,725</u></u>

The following schedule summarizes restricted net assets used in accordance with donor-imposed restrictions for the Agency's operations during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Pledges Receivable - United Way Donor Designation	\$ 12,855	\$ 10,839
Programs	91,622	74,609
Special Events	<u>6,120</u>	<u>23,150</u>
	<u><u>\$ 110,597</u></u>	<u><u>\$ 108,598</u></u>

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11. Endowment Net Assets

The Agency's endowment consists of funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The investment philosophy of the Agency is safety of principal and liquidity. The endowment fund investment strategy is reviewed and evaluated annually by the Finance Committee.

The Agency did not have any donor-restricted endowment funds as of June 30, 2025 or 2024.

Endowment net asset composition by type of fund as of June 30, 2025 and 2024 is as follows:

	2025			Total Net Endowment Assets
	Without Donor Restrictions	With Donor Restrictions		
		Purpose	Perpetuity	
Board-Designated Endowment Funds	28,173	-	-	28,173
Total Funds	<u>\$ 28,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,173</u>

	2024			Total Net Endowment Assets
	Without Donor Restrictions	With Donor Restrictions		
		Purpose	Perpetuity	
Board-Designated Endowment Funds	65,259	-	-	65,259
Total Funds	<u>\$ 65,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,259</u>

Changes in endowment net assets as of June 30, 2025 and 2024 are as follows:

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	Without Donor Restrictions	Total Net Endowment Assets	Without Donor Restrictions	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	\$ 65,259	\$ 65,259	\$ 121,139	\$ 121,139
Investment Income	908	908	2,313	2,313
Net Appreciation	2,006	2,006	11,807	11,807
Net Appropriated for Expenditure	<u>(40,000)</u>	<u>(40,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>
Endowment Net Assets, End of Year	<u>\$ 28,173</u>	<u>\$ 28,173</u>	<u>\$ 65,259</u>	<u>\$ 65,259</u>

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12. Contributed Nonfinancial Assets

Contributed materials and services as of June 30, 2025 and 2024 are as follows:

June 30, 2025				
Contributed Nonfinancial Asset	Revenue Recognized	Program Services Benefited	Donor Restriction	Valuation Techniques and Inputs
Materials - Prizes, Awards, Raffle Items, and Food and Beverages	\$ 27,557	Special events	Restricted for use at the specified event.	Fair value is estimated based on current rates of similar materials.
Services - Printing, Advertising, and Media Relations	25,650	Special events	Restricted for use at the specified event.	Fair value is estimated based on current rates of providing similar services.
Materials - Tickets, School Supplies, Food and Beverages	11,583	Mentoring activities	None.	Fair value is estimated based on current rates of similar materials.
Services - Media Relations, Haircuts	<u>5,620</u>	Mentoring activities	None.	Fair value is estimated based on current rates of providing similar services.
	<u>\$ 70,410</u>			
June 30, 2024				
Contributed Nonfinancial Asset	Revenue Recognized	Program Services Benefited	Donor Restriction	Valuation Techniques and Inputs
Materials - Prizes, Awards, Raffle Items, and Food and Beverages	\$ 24,352	Special events	Restricted for use at the specified event.	Fair value is estimated based on current rates of similar materials.
Services - Printing, Advertising, and Media Relations	27,040	Special events	Restricted for use at the specified event.	Fair value is estimated based on current rates of providing similar services.
Materials - Tickets, School Supplies, Food and Beverages	20,147	Mentoring activities	None.	Fair value is estimated based on current rates of similar materials.
Services - Video Production	<u>1,150</u>	Mentoring activities	None.	Fair value is estimated based on current rates of providing similar services.
	<u>\$ 72,689</u>			

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13. Rental Income

The Agency leases a portion of its building to an unrelated party under an annual lease agreement. The lease is automatically renewable on June 1, at a rate increase not-to-exceed 5% of the current monthly rent.

The Agency also receives rental income once annually for use of its facilities for voting polls.

Rental income was \$22,025 and \$22,190 in 2025 and 2024, respectively. Related rental expenses incurred to maintain the property are included in the Agency's operating costs. Income from rental activity is reported in the Statements of Activities.

Future minimum rental income payments to be received are as follows:

Year ending June 30,	
2026	\$ 21,780

14. Liquidity and Availability

The Agency monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Agency has the following financial assets that could readily be made available within one year of the Statement of Financial Position date to fund expenses without limitations:

	2025	2024
Cash and Cash Equivalents	\$ 5,542	\$ 39,996
Investments	28,173	65,259
Accounts and Grants Receivable	89,622	82,674
Pledges Receivable	28,770	12,855
Less: Board Designations	(28,173)	(65,259)
Less: Net Assets With Donor Restrictions	(137,124)	(90,725)
	\$ (13,190)	\$ 44,800

The Agency maintains a board designated endowment of \$28,173. These resources are invested for long-term appreciation, but current income may be spent for operating activities as approved by the Board of Directors. See Notes 3, 4, and 11 for further information about the Agency's investments and endowment funds, respectively. These amounts could be made available if necessary.

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15. Going Concern

During the year ended June 30, 2025, the Agency evaluated its liquidity (Note 14), including, but not limited to revenue, expenses, and the ratio of debt to cash on hand, concluding that adequate reserves do not exist. Therefore, there is substantial doubt about the Agency's ability to continue as a going concern. The Agency experienced decreases in net assets in each of the last four years. The Agency's debt (line of credit and long-term debt), totaling \$90,229, was 2.68 times the amount of cash, cash equivalents, and investments, totaling \$33,715, on hand at June 30, 2025. Purpose restricted funds, totaling \$72,604, were \$38,889 more than the amount of cash, cash equivalents, and investments on hand at June 30, 2025; a deficit of 53.56%.

The Agency has recurring contracts with government grantors which generate revenue, in addition to funding from foundations, corporations, individual donors, and the Educational Improvement Tax Credit (EITC) program. The Agency plans to pursue new federal and state funding initiatives, add fee-for-service programs, and apply cost-saving measures by restructuring its staffing needs.

16. Subsequent Events

Management has evaluated subsequent events through December 22, 2025, the date on which the financial statements were available to be issued. In July 2025, the Agency entered into a 60-month agreement to lease a copier at \$228 per month. The lease qualifies as an operating lease under ASU 2016-02, *Leases*. The right-of-use asset and operating lease liability to be recorded at the beginning of the lease period are estimated at \$12,480. The lease will be subsequently amortized in accordance with the terms of the agreement.

Management has determined there are no other material subsequent events that require recognition or disclosure.