

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2025**

## **I. INTRODUCTORY SECTION**

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
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**December 31, 2025**

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## **II. FINANCIAL SECTION**

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# Waycaster, CPA LLC

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Big Brothers Big Sisters of Greater Chattanooga

### *Opinion*

We have audited the accompanying financial statements of the Big Brothers Big Sisters of Greater Chattanooga, which comprise the Statement of Financial Position as of December 31, 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 referred to above present fairly, in all material respects, the financial position of the Big Brothers Big Sisters of Greater Chattanooga as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Big Brothers Big Sisters of Greater Chattanooga 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 the Big Brothers Big Sisters of Greater Chattanooga's ability to continue as a going concern within one year after the date that the financial statement is 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Big Brothers Big Sisters of Greater Chattanooga'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 statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Big Brothers Big Sisters of Greater Chattanooga's ability to continue as a going concern for a reasonable period of time.

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Board of Directors  
Big Brothers Big Sisters of Greater Chattanooga  
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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 Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Waycaster, CPA LLC*

Chickamauga, Georgia  
May 12, 2026

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Statement of Financial Position**  
**December 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 397,967	\$ -	\$ 397,967
Investments	1,584,882	974,550	2,559,432
Accounts receivable	21,402	-	21,402
Total current assets	<u>2,004,251</u>	<u>974,550</u>	<u>2,978,801</u>
Non-Current Assets			
Cash surrender value of life insurance	25,397	-	25,397
Property and equipment - net	1,667,668	-	1,667,668
Total non-current assets	<u>1,693,065</u>	<u>-</u>	<u>1,693,065</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,697,316</u>	<u>\$ 974,550</u>	<u>\$ 4,671,866</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 18,948	\$ -	\$ 18,948
Payroll withholding	1,263	-	1,263
Accrued compensated absences	26,313	-	26,313
Note payable - due in one year	89,799	-	89,799
Total current liabilities	<u>136,323</u>	<u>-</u>	<u>136,323</u>
Non-Current Liabilities			
Note payable - due in more than one year	578,208	-	578,208
Total Liabilities	<u>714,531</u>	<u>-</u>	<u>714,531</u>
<b>Net Assets</b>			
With donor restrictions	-	974,550	974,550
Without donor restrictions:			
Board designated	1,621,131	-	1,621,131
Undesignated	1,361,654	-	1,361,654
Total net assets	<u>2,982,785</u>	<u>974,550</u>	<u>3,957,335</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,697,316</u>	<u>\$ 974,550</u>	<u>\$ 4,671,866</u>

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

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Statement of Activities**  
**Year Ended December 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions and grants	\$ 646,667	\$ 4,900	\$ 651,567
United Way	106,546	-	106,546
In-kind revenue	973	-	973
Other income	716	-	716
Fundraising	168,518	-	168,518
Investment return, net	274,131	-	274,131
Net assets released from restrictions	10,900	(10,900)	-
Total revenues, gains and other support	1,208,451	(6,000)	1,202,451
<b>EXPENSES</b>			
<b>Program service</b>			
Mentor	963,526	-	963,526
<b>Supporting services</b>			
Management and general	139,953	-	139,953
Fund-raising	125,473	-	125,473
Total supporting services	265,426	-	265,426
Total expenses	1,228,952	-	1,228,952
Change in net assets	(20,501)	(6,000)	(26,501)
<b>Net assets - beginning</b>	3,003,286	980,550	3,983,836
<b>Net assets - ending</b>	\$ 2,982,785	\$ 974,550	\$ 3,957,335

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

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2025**

	Program Service	Supporting Services		Total
	Mentor	Management and General	Fund- Raising	
<b>EXPENSES</b>				
Salaries	\$ 539,433	\$ 31,731	\$ 63,463	\$ 634,627
Payroll taxes	37,775	2,221	4,443	44,439
Employee benefits	58,238	3,426	6,852	68,516
Computer equipment and software	38,482	-	-	38,482
Conferences and training	5,263	-	-	5,263
Depreciation	67,265	-	-	67,265
Dues and licenses	915	-	-	915
Fundraisers	-	-	50,715	50,715
In-kind expense	973	-	-	973
Insurance	36,403	2,324	-	38,727
Interest expense	31,625	-	-	31,625
Local travel	4,918	-	-	4,918
Occupancy	24,254	-	-	24,254
Payments to National	28,047	-	-	28,047
Postage	586	-	-	586
Professional and contract fees	-	100,251	-	100,251
Programs and activities	26,286	-	-	26,286
Recruiting	3,687	-	-	3,687
Repairs and maintenance	725	-	-	725
Scholarships	45,900	-	-	45,900
Supplies	3,406	-	-	3,406
Telephone	9,345	-	-	9,345
Total expenses	<u>\$ 963,526</u>	<u>\$ 139,953</u>	<u>\$ 125,473</u>	<u>\$ 1,228,952</u>

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

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2025**

<b>Cash Flows from Operating Activities</b>	
Increase (decrease) in net assets	\$ (26,501)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	67,265
Net realized and unrealized loss (gain) on investments	(253,360)
Cash surrender value of life insurance	(820)
(Increase) decrease in accounts receivable	96,730
(Increase) decrease in promises to give	6,000
Increase (decrease) in accounts payable	(2,400)
Increase (decrease) in payroll withholding	<u>(752)</u>
Net cash provided (used) by operating activities	<u>(113,838)</u>
<b>Cash Flows from Financing Activities</b>	
Payment against note	<u>(37,416)</u>
Net cash provided (used) by financing activities	<u>(37,416)</u>
<b>Cash Flows from Investing Activities</b>	
Net proceeds from sale of investments	<u>115,030</u>
Net cash provided (used) by investing activities	<u>115,030</u>
Net increase (decrease) in cash	(36,224)
<b>Cash - beginning</b>	<u>434,191</u>
<b>Cash - ending</b>	<u><u>\$ 397,967</u></u>
<b>Supplemental Disclosure</b>	
Interest paid	<u><u>\$ 31,625</u></u>

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

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Notes to Financial Statements**  
**December 31, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**A. Nature of Activities**

The Big Brothers Big Sisters of Greater Chattanooga provides adult companionship, guidance, and role models to children and youth who lack the companionship and guidance due to a missing parent. The Entity also offers limited financial assistance for college tuition to qualified youth associated with the program. Contributions and grants provide the majority of the Entity's income.

**B. Basis of Presentation – Net Asset Accounting**

The Entity follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-205-05-6. The Entity is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor or grantor restrictions. The Board of Trustees can designate, from net assets without donor restrictions, net assets for a specific purpose. The Entity reports contributions restricted by donors, including property and equipment, as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**C. Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting and in accordance with the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*, and Financial Accounting Standards Board (FASB) ASC 958-205-05-6. The Entity recognized contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Entity follows FASB ASC Topic 606, *Revenue from Contracts with Customers*, which establishes a contract and control-based revenue recognition model, a basis for deciding when revenue is recognized over time or at a point in time and expands disclosures about revenue.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Entity considers all unrestricted highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

### **E. Investments**

Investments are carried at fair value, determined based on quoted market prices or estimated values provided by external investment managers or other sources. Realized and unrealized gains and losses are reflected within investment return, net, in the Statement of Activities. Donated investments are reflected as contributions at their market value at the date of receipt. In accordance with FASB 958-225-45-6, investment gains and income whose restrictions are met in the same reporting period are reported as support in net assets without donor restrictions.

### **F. Fair Value Measurement**

The Entity adopted the provisions of ASC 820-10-50 applicable to financial assets and liabilities, as well as for other non-financial assets and liabilities that are carried at fair value on a recurring basis. Adoption of the provisions of ASC 820-10-50 did not have an impact on the measurement of the Entity's financial assets and liabilities, but did result in additional disclosures contained in the footnotes herein.

### **G. Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of the future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. At year-end, there were no promises to give.

### **H. Property and Equipment**

Property and equipment are valued at cost, if purchased, or fair value if contributed. The expenses for equipment in excess of \$1,000 are capitalized. Minor repairs and maintenance are expensed as incurred and additions and improvements that significantly extend the life of assets are depreciated over the remaining useful lives of the related fixed asset. At the time that assets are retired or disposed of, costs and accumulated depreciation are eliminated from the related accounts and gain or loss, if any, is credited or charged to income. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	5-40 years
Equipment/ Furniture and Fixtures	5-7 years
Land Improvements	15 years

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **I. Compensated Absences**

It is the Entity's policy to accrue vacation leave for the future benefit of its employees. This accrual is recorded as a liability in the Statement of Financial Position.

### **J. Unearned Revenue**

The Entity had no unearned revenues received prior to year-end for the following year.

### **K. In-kind Contributions**

Contributed nonfinancial assets, including donated professional services, donated equipment, and other in-kind contributions, are recorded at the fair value of the goods or services received. The Entity does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program and supporting services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of the donation.

### **L. Methods Used for Allocation of Expenses Among Functions**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort.

### **M. Description of Program and Supporting Services**

#### **Mentor**

Dedicated to successful mentoring relationships for all children who need and want them.

#### **Management and General**

Includes the functions necessary to ensure an adequate working environment; provide coordination and articulation of the Entity's programs; and manage the functioning of the Board of Directors and financial and budgetary responsibilities.

#### **Fund-Raising**

Provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

### **N. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### O. Uncertain Tax Position

The Entity accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefits are estimated based on the cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Entity include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Entity has determined that such tax positions do not result in an uncertainty requiring recognition.

### P. Non-profit Entity

The Entity is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501 of the Code.

### Q. Events Occurring after Reporting Date

The Entity has evaluated events and transactions that occurred between December 31, 2025 and May 12, 2026, which is the date that the financial statement was available to be issued, for possible recognition or disclosure in the financial statements.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Entity's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 397,967
Investments	2,559,432
Accounts receivable	<u>21,402</u>
Total current financial assets	2,978,801
Less: net assets with donor restrictions	(974,550)
Less: board-designated funds	<u>(1,621,131)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 383,120</u>

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

As part of the Entity’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. The Entity maintains resources to meet any donor-imposed restrictions, which makes those resources unavailable for general expenditures. In addition, the Entity invests cash in excess of daily requirements in short-term investments.

The Entity’s endowment funds consist of a donor-restricted endowment and a board-restricted endowment. Income from the donor-restricted endowment is restricted for a specific purpose and therefore, is not available for general expenditures. As described in Note 10, the board-designated endowment has a spending rate of up to 5 percent.

Although the Entity does not intend to spend its board-designated endowment, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

The Entity may receive contributions and promises to give that are restricted by donors, and considers contributions restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Entity manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

## NOTE 3 – CASH

At December 31, 2025, the carrying amount of cash was \$397,967 and the bank balance was \$361,968. Federal depository insurance covers bank balances up to \$250,000 leaving \$111,968 at risk.

## NOTE 4 – INVESTMENTS

Investments at December 31, 2025 are subject to market risk and are stated at fair value as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Appreciation/(Loss)</u>
Fixed income	*	\$ 341,303	\$ -
Equities	*	1,238,162	-
Mutual funds	*	296,131	-
Exchange traded funds	*	683,836	-
Total investments		<u>\$ 2,559,432</u>	

\* Cost information not available

## NOTE 5 – FAIR VALUE MEASUREMENT

ASC 820-10-50 defines fair value, establishes a framework for measuring fair value, and also establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Fund has the ability to access.
2. Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
3. Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Entity's own data.)

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2025.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$2,559,432	\$ -	\$ -	\$2,559,432

## NOTE 6 – PROPERTY AND EQUIPMENT – NET

Changes in the fixed assets for the year ended December 31, 2025, were as follows:

	<u>Balance</u> <u>12-31-24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-25</u>
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Building and improvements	1,696,691	-	-	1,696,691
Furniture and fixtures	100,746	-	-	100,746
Equipment	<u>33,720</u>	-	-	<u>33,720</u>
Total	1,846,157	-	-	1,846,157
Accumulated depreciation	<u>(111,224)</u>	<u>(67,265)</u>	-	<u>(178,489)</u>
Property and equipment - net	<u>\$ 1,734,933</u>	<u>\$ (67,265)</u>	<u>\$ -</u>	<u>\$ 1,667,668</u>

Depreciation expense for the year ended December 31, 2025 was \$67,265.

## NOTE 7 – NOTE PAYABLE

The Entity has a note payable to Brightbridge, Inc. The Entity made \$37,416 in principal payments during the fiscal year. The interest rate is variable, equal to the *Wall Street Journal* Money Section Prime Rate less 3%. During the year, \$31,625 of interest was paid. The principal portion is fixed at \$7,483 per month.

The Entity has a line of credit that had a zero balance as of the end of the fiscal year.

## NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

Undesignated	<u>\$1,361,654</u>
Board-designated for:	
Scholarship	\$1,384,364
Operating endowment	<u>236,767</u>
	<u>\$1,621,131</u>
 Total	 <u>\$2,982,785</u>

## NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to the following purpose restrictions:

Endowment, the investment return from which is restricted for the use of the scholarship program	<u>\$ 974,550</u>
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## NOTE 10 – ENDOWMENT

The Entity is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of the Entity has interpreted the UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Entity considers a fund to be underwater if the fair value of the fund is less

## **NOTE 10 – ENDOWMENT (continued)**

than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Entity has interpreted the UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with the UPMIFA, the Entity considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the fund,
2. the purposes of the organization and the donor-restricted endowment fund,
3. general economic conditions,
4. the possible effect of inflation and deflation,
5. the expected total return from income and the appreciation of investments,
6. other resources of the organization, and
7. the investment policies of the Entity.

### Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Entity to retain as a fund of perpetual duration. As of December 31, 2025 the Endowment Fund was not underwater.

### Return Objectives and Risk Parameters

The Entity has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The investment manager is to pursue a conservative investment management philosophy in the handling of this portfolio. Both fixed income securities and common stocks are appropriate for inclusion in the portfolio. The asset mix will seek to achieve an approximate balance between fixed income investments and growth investments. Over a full market cycle this mix of assets should result in an investment return of 5% per year. Actual returns in any given year may vary from this amount.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Entity relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Entity targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**NOTE 10 – ENDOWMENT (continued)**

Spending Policy and How the Investment Objectives Relate to Spending Policy

Withdrawal from this fund will be based on a total return policy anticipating a 5% per annum withdrawal. Such determination will be made by the Entity's Board of Directors.

Endowment Net Asset Composition by Type of Fund

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 236,767	\$ -	\$ 236,767
Donor-restricted endowment funds	-	974,550	974,550
Total funds	<u>\$ 236,767</u>	<u>\$ 974,550</u>	<u>\$1,211,317</u>

Reconciliation of the Beginning and Ending Balances of the Endowment in Total and by Net Asset Class

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 149,076	\$ 974,550	\$1,123,626
Investment return, net	87,691	-	87,691
Contributions	-	-	-
Appropriation of endowment assets	-	-	-
Other changes	-	-	-
Endowment net assets, end of year	<u>\$ 236,767</u>	<u>\$ 974,550</u>	<u>\$1,211,317</u>

**NOTE 10 – ENDOWMENT (continued)**

Description of Amounts Classified as Net Assets with Donor Restrictions (Endowment Only)

Original donor-restricted endowment gift amount	
And amounts required to be retained by donor	\$ 974,550
 Term endowment funds	 -
 Accumulated investment gains on endowment funds:	
Without purpose restrictions	-
With purpose restions	-
	<hr/>
Total endowment funds classified as net assets with donor restrictions	<u>\$ 974,550</u>

**NOTE 11 – IN-KIND CONTRIBUTIONS**

The following contributed materials meeting the criteria for recognition have been presented in the financial statements as in-kind revenue and expense:

Supplies	\$ 973
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The Entity classified the in-kind contributions as a program service expense. There were no donor-imposed restrictions associated with the contributions.

**NOTE 12 – DEFINED CONTRIBUTION RETIREMENT PLAN**

The Entity has a defined contribution profit-sharing plan covering substantially all employees who meet certain age and service requirements. Under the plan, the Entity contributes 5% of the employee’s annual compensation to the plan and also matches up to 2% of employees’ annual compensation at 100% and an additional 2% of employees’ annual compensation at 50%. The Entity contributed \$3,844 in 2025 to the defined contribution profit-sharing plan.

**NOTE 13 – COMMERCIAL INSURANCE**

It is the policy of the Entity to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty and worker’s compensation. Settled claims have not exceeded this commercial cover in any of the past three fiscal years.

### **III. SUPPLEMENTARY INFORMATION**

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Comparative Schedule of Financial Position**  
**December 31, 2025 and 2024**

	2025	2024
<b>ASSETS</b>		
Current Assets		
Cash	\$ 397,967	\$ 434,191
Investments	2,559,432	2,421,101
Accounts receivable	21,402	118,132
Promises to give - net	-	6,000
Total current assets	2,978,801	2,979,424
Non-Current Assets		
Cash surrender value of life insurance	25,397	24,578
Property and equipment - net	1,667,668	1,734,933
Total non-current assets	1,693,065	1,759,511
<b>TOTAL ASSETS</b>	<b>\$ 4,671,866</b>	<b>\$ 4,738,935</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 18,948	\$ 21,348
Payroll withholding and other liabilities	1,263	2,015
Accrued compensated absences	26,313	26,313
Note payable due in one year	89,799	-
Total current liabilities	136,323	49,676
Non-Current Liabilities		
Note payable - due in more than one year	578,208	705,423
Total Liabilities	714,531	755,099
<b>Net Assets</b>		
With donor restrictions	974,550	980,550
Without donor restrictions:		
Board designated	1,621,131	1,476,761
Undesignated	1,361,654	1,526,525
Total Net Assets	3,957,335	3,983,836
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,671,866</b>	<b>\$ 4,738,935</b>

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

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Comparative Schedule of Activities**  
**Year Ended December 31, 2025 and 2024**

	2025	2024
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Contributions and grants	\$ 651,567	\$ 791,948
United Way	106,546	135,738
In-kind revenue	973	2,318
Other income	716	119
Fundraising	168,518	162,132
Investment return, net	274,131	373,357
	1,202,451	1,465,612
<b>EXPENSES</b>		
<b>Program service</b>		
Mentor	963,526	958,640
<b>Supporting services</b>		
Management and general	139,953	123,431
Fund-raising	125,473	130,131
Total supporting services	265,426	253,562
Total expenses	1,228,952	1,212,202
Change in net assets	(26,501)	253,410
Net assets - beginning	3,983,836	3,730,426
Net assets - ending	\$ 3,957,335	\$ 3,983,836

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

**BIG BROTHERS BIG SISTERS OF GREATER CHATTANOOGA**  
**Comparative Schedule of Functional Expenses**  
**Year Ended December 31, 2025 and 2024**

	Program Service	Supporting Services		2025 Total	2024 Total
	Mentor	Management and General	Fund- Raising		
<b>EXPENSES</b>					
Salaries	\$ 539,433	\$ 31,731	\$ 63,463	\$ 634,627	\$ 699,981
Payroll taxes	37,775	2,221	4,443	44,439	49,286
Employee retention tax credit	-	-	-	-	(109,122)
Employee benefits	58,238	3,426	6,852	68,516	92,485
Bank fees	-	-	-	-	65
Computer equipment and software	38,482	-	-	38,482	38,445
Conferences and training	5,263	-	-	5,263	11,422
Depreciation	67,265	-	-	67,265	66,675
Dues and licenses	915	-	-	915	1,075
Fundraisers	-	-	50,715	50,715	56,868
In-kind expense	973	-	-	973	2,318
Insurance	36,403	2,324	-	38,727	37,541
Interest expense	31,625	-	-	31,625	46,218
Local travel	4,918	-	-	4,918	5,138
Occupancy	24,254	-	-	24,254	23,862
Payments to National	28,047	-	-	28,047	27,850
Postage	586	-	-	586	878
Professional and contract fees	-	100,251	-	100,251	84,410
Programs and activities	26,286	-	-	26,286	19,829
Recruiting	3,687	-	-	3,687	3,688
Repairs and maintenance	725	-	-	725	1,168
Scholarships	45,900	-	-	45,900	39,000
Supplies	3,406	-	-	3,406	3,700
Telephone	9,345	-	-	9,345	9,422
<b>Total expenses</b>	<b>\$ 963,526</b>	<b>\$ 139,953</b>	<b>\$ 125,473</b>	<b>\$ 1,228,952</b>	<b>\$ 1,212,202</b>

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