BIG BROTHERS BIG SISTERS OF ALASKA

Financial Statements
(With Independent Auditor's Report Thereon)

Years Ended December 31, 2025 and 2024

Altman, Rogers & Co. CERTIFIED PUBLIC ACCOUNTANTS

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Altman, Rogers & Co. CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Members of the Board of Directors
Big Brothers Big Sisters of Alaska
Anchorage, Alaska

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Alaska (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Alaska 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 Big Sisters of Alaska'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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Offices in Juneau and Soldotna A Professional Corporation

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 Alaska'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 Alaska'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.

Altman, Rogers & Co.

Anchorage, Alaska.
June 8, 2026

BIG BROTHERS BIG SISTERS OF ALASKA

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 275,015	379,570
Cash and cash equivalents - board designated	79,205	85,008
Accounts receivable, net of allowance for credit losses of $0 for 2025 and 2024:		
Grants	89,184	101,025
United Way	15,540	19,721
Other	168,616	161,160
Due from affiliate - For the Kids Foundation	15,491	-
Prepaid expenses	19,396	34,304
Total current assets	662,447	780,788
RESTRICTED - CASH AND CASH EQUIVALENTS	9,169	9,169
NON-CURRENT ASSETS		
Right-of-use operating lease asset	42,641	67,191
Investments - board designated	215,795	209,992
OTHER ASSETS	8,046	8,046
Total assets	$ 938,098	1,075,186
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	20,431	40,220
Payroll related liabilities	22,548	36,200
Accrued leave	43,497	43,373
Current portion of operating lease liabilities	27,335	26,539
Other liabilities	340	885
Refundable advances	99,469	186,010
Total current liabilities	213,620	333,227
NON-CURRENT LIABILITIES		
Operating lease liabilities	17,380	42,979
Total liabilities	231,000	376,206
NET ASSETS		
Net assets without donor restrictions:		
Board designated - operating reserve	295,000	295,000
Undesignated	402,929	394,811
Net assets with donor restrictions	9,169	9,169
Total net assets	707,098	698,980
Total liabilities and net assets	$ 938,098	1,075,186

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

BIG BROTHERS BIG SISTERS OF ALASKA

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2025 and 2024

	2025	2024
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES, GAINS, AND OTHER SUPPORT		
Contributions:		
Affiliate - For the Kids Foundation	$ 280,000	240,000
Foundation	11,467	-
Individual donors	87,980	101,220
Corporate donors	184,523	174,797
Special event contributions	144,147	139,445
United Way	34,614	44,779
Gaming, Net	42,653	42,342
Contributed nonfinancial assets	21,039	4,065
Grants:		
Federal revenue:		
Passed through Big Brothers Big Sisters of America	222,284	247,198
Passed through the State of Alaska	79,936	91,264
State revenue:		
Passed through Fairbanks North Star Borough	28,075	33,339
Other state	19,984	-
Local government	82,246	140,674
Other	188,825	126,800
Local contract revenue	141,581	142,221
Investment income, net	5,812	7,969
Total revenues, gains, and other support	1,575,166	1,536,113
EXPENSES		
Program services	1,004,158	998,667
Supporting services:		
General and administrative	216,265	238,192
Fundraising	346,625	215,669
Total expenses	1,567,048	1,452,528
Change in net assets without donor restrictions	8,118	83,585
NET ASSETS, beginning of year	698,980	615,395
NET ASSETS, end of year	$ 707,098	698,980

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

BIG BROTHERS BIG SISTERS OF ALASKA

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2025 and 2024

	2025			
		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total Expenses
EXPENSES				
Salaries, wages, benefits and taxes	$ 720,371	166,470	130,619	1,017,460
Professional fees	83,830	32,162	63,583	179,575
Facilities	43,522	4,886	2,654	51,062
Advertising	20,260	-	18,236	38,496
Dues and subscriptions	34,253	2,678	5,386	42,317
Agency activities and screening	37,620	55	26	37,701
Insurance	25,076	6,092	-	31,168
Travel	21,443	73	7,210	28,726
Office	1,631	1,196	2,367	5,194
Other	6,965	2,592	35,243	44,800
Special events	-	-	67,406	67,406
Equipment	1,402	61	-	1,463
Gaming	-	-	641	641
Total	996,373	216,265	333,371	1,546,009
CONTRIBUTED NONFINANCIAL ASSETS				
In-kind	7,785	-	13,254	21,039
Total expenses	$ 1,004,158	216,265	346,625	1,567,048

(Continued)

BIG BROTHERS BIG SISTERS OF ALASKA

STATEMENTS OF FUNCTIONAL EXPENSES, CONTINUED

	2024			
		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total Expenses
DIRECT EXPENSES				
Salaries, wages, benefits and taxes	$ 653,029	154,803	74,868	882,700
Professional fees	79,876	61,519	72,250	213,645
Facilities	46,832	2,439	1,209	50,480
Advertising	89,554	-	2,001	91,555
Dues and subscriptions	26,356	1,700	2,270	30,326
Agency activities and screening	39,794	184	-	39,978
Insurance	21,805	5,615	-	27,420
Travel	25,096	417	2,737	28,250
Office	2,599	1,217	1,070	4,886
Other	9,686	10,298	319	20,303
Special events	-	-	57,066	57,066
Equipment	1,476	-	-	1,476
Gaming	-	-	378	378
Total	996,103	238,192	214,168	1,448,463
CONTRIBUTED NONFINANCIAL ASSETS				
In-kind	2,564	-	1,501	4,065
Total expenses	$ 998,667	238,192	215,669	1,452,528

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

BIG BROTHERS BIG SISTERS OF ALASKA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows from operations:			
Cash received from contributions and support	$	772,009	719,882
Cash received from grants and contracts		703,879	790,817
Cash outflows for operations:			
Cash paid to employees		(1,031,533)	(880,614)
Cash paid to suppliers		(554,722)	(554,777)
Net cash provided (used) by operating activities		(110,367)	75,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(5,803)	(7,704)
Investment income reinvested		5,812	7,969
Net cash provided by investing activities		9	265
Change in cash and cash equivalents		(110,358)	75,573
Cash and cash equivalents at beginning of year		473,747	398,174
Cash and cash equivalents at end of year	$	363,389	473,747
Cash and cash equivalents are compromised of:			
Unrestricted	$	275,015	379,570
Board designated		79,205	85,008
Restricted		9,169	9,169
Total	$	363,389	473,747

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

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Big Brothers Big Sisters of Alaska (BBBSAK) is a nonprofit community organization dedicated to providing mentoring relationships between children and adults that provide a direct, measurable, and lasting impact on children's lives. BBBSAK is affiliated with Big Brothers Big Sisters of America and serves the State of Alaska.

Basis of Accounting

The financial statements of BBBSAK have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of BBBSAK have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require BBBSAK to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BBBSAK. These net assets may be used at the discretion of BBBSAK's management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BBBSAK or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. BBBSAK also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Income Tax

BBBSAK is a nonprofit organization that is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code, except on income derived from unrelated business activities. BBBSAK is not classified as a private foundation. BBBSAK sells pull tabs and raffle tickets through an operator to help fund its mentoring services, the revenue from which is subject to unrelated business income tax to the extent that revenues are not used for allowable expenditures as required under state gaming regulations. BBBSAK has no tax expenses related to unrelated business activity as of December 31, 2025 and 2024.

BBBSAK follows the provisions of FASB ASC 740 Income Taxes, and management believes it has appropriate support for any tax positions taken. BBBSAK's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Cash and Cash Equivalents

For purposes of the statements of cash flows, BBBSAK considers the balances in its demand deposit and savings accounts, money market funds, prepaid credit cards, and certificates of deposit with an initial maturity of three months or less, and petty cash to be cash and cash equivalents. BBBSAK follows the requirements that gaming cash be maintained in a separate bank account.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are restricted by donors for long-term purposes. Restricted cash and cash equivalents are comprised of the two endowment funds. Restrictions are described further in Note 5.

Prepaid Expenses

Certain payments to vendors represent costs applicable to future accounting periods and are reported as prepaid expenses.

Accounts Receivable and Allowance for Credit Losses

Accounts and grants receivable consist of amounts due from grantors on cost reimbursable grants, promises to give, and contract receivables as well as credit card donations and other donations received at year-end that had not yet been deposited. Management estimates current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical information, current conditions, and reasonable supportable forecast affecting collectability. Based on this criteria, management has not recorded any current expected credit losses and receivables are considered fully collectible at December 31, 2025 and 2024.

BBBSAK adopted ASU 2016-13 Financial Statements – Credit Losses (Topic 326) for the year ended December 31, 2024 and there was no material impact to the financial statements.

Equipment

Purchased equipment is carried at cost. Donated equipment is carried at the approximate fair value at the date of donation. Depreciation is calculated by the straight-line method over the useful lives of the assets, usually 3-5 years. BBBSAK capitalizes all expenditures for equipment with a useful life greater than one year in excess of $5,000. Costs for repairs and maintenance are charged to operating expense as incurred; major renewals and improvements are capitalized. There were no capitalized assets for the years ended December 31, 2025 and 2024.

Investments

The investments are valued at cost plus reinvested interest, which approximates fair value. Interest income for BBBSAK's investments is recorded in the statements of activities as investment income, less direct expenses.

Compensated Absences

All permanent employees accrue paid time-off (leave) from their date of hire. Employees can carry up to 180 hours of unused personal leave at any one time. An employee forfeits unused hours in excess of this amount. The cost of personal leave pay is recognized in the financial statements as it is accrued. Unused personal leave at termination is compensated in the form of a lump sum payment.

Right-of-Use Lease Assets and Lease Liabilities

BBBSAK determines if an arrangement is a lease at inception of the contract. Right-of-use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. BBBSAK has elected the option to use a rate that approximates the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

BBBSAK does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-term leases") or leases with a present value of lease payments over the lease term below $5,000 (lease threshold) on the statements of financial position, and the lease expense for these short-term and lease threshold leases is recognized on a straight-line basis over the lease term within facilities in the statements of functional expenses.

BBBSAK's operating lease is for office space rental. The lease term is 5 years. The exercise of lease renewal options is at BBBSAK's sole discretion. For accounting purposes, options to extend or terminate the lease are included in the lease term when it is reasonably certain that the option will be exercised. Operating lease liabilities represent the obligation to make lease payments arising from the lease and is recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease agreement does not contain any material residual value guarantees, restrictions or covenants.

Revenue Recognition

BBBSAK receives revenue and support from various federal, state, and other granting agencies, as well as contributions from individual and corporate donors.

Government and Local Grants

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and a right of return. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. The Organization received cost-reimbursable grants that have not been recognized at December 31, 2025 and 2024 because qualifying expenditures have not yet been incurred, with an advance payment of $99,469 and $186,010, respectively, recognized in the Statement of Financial Position as refundable advances.

Contributions of Cash and Financial Assets
Contributions are recorded in the statements of activities when received. Contributions received are recorded as support with donor restrictions, or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

BBBSAK reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, such as when a stipulated time restriction ends or purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Contributions that are received and for which donor restrictions expire in the same period are recorded as support without donor restrictions.

Unconditional promises to give (pledges) are recognized as revenue in the period in which the promises are made, and as assets, decreases in liabilities, or expenses depending upon the form of the benefits to be received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unrestricted.

Contributed Nonfinancial Assets
Donated services are recognized as contributed nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by BBBSAK.

Contributed materials are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions of nonfinancial assets with donor restrictions.

No contributions of nonfinancial assets received in fiscal year 2025 or 2024 were restricted. BBBSAK does not sell in-kind gifts and only uses donated services and materials for its own program and supporting services.

Contracts
BBBSAK recognizes revenue from contracts with customers as “local contract revenue” in the statements of activities. There is one single payor, the State of Alaska Department of Health and Social Services through the Temporary Assistance for Needy Families (TANF) program. There is a single performance obligation and revenue is satisfied over time and recognized based on actual costs incurred and in relation to total expected contract fees. Revenue is recognized in the period in which services are performed, which is when performance obligations are satisfied. Contract liabilities, that is consideration received prior to BBBSAK’s satisfaction of performance obligations, are reported as refundable advances in the statements of financial position. No contract liabilities or deferred revenue exist as of December 31, 2025 or 2024. BBBSAK reports contracts receivable as “accounts receivable – other” in the statements of financial position when it has satisfied its performance obligations under a contract and BBBSAK’s right to consideration is unconditional because only the passage of time is required before payment of that consideration is due. The amount of contracts receivable recorded to “accounts receivable – other” was $168,616 and $161,160 as of December 31, 2025 and 2024, respectively. Management evaluates contracts receivable for collectability on a periodic basis and has determined all amounts to be collectible.

Accordingly, no allowance for credit losses has been recorded in the financial statements for fiscal years 2025 or 2024. Contract assets are reported in the statements of financial position if BBBSAK has satisfied its performance obligations under a contract but has not yet received payment and does not have an unconditional right to the consideration. No contract assets or liabilities exist as of December 31, 2025 or 2024.

Endowments

BBBSAK's endowments consist of Lanie's Fund, which was initially contributed as an endowment to Big Brothers Big Sisters Anchorage, and a contribution to Big Brothers Big Sisters Fairbanks. As required by U.S. GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Therefore, these contributions are presented as net assets with donor restrictions. Only the original contribution amount was restricted by the donor and the interest earned on these endowments is available to be used for operations.

Functional Allocation of Expenses

The cost of providing BBBSAK's various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. BBBSAK uses grant costing as its basis for allocating costs among program and supporting services categories. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Salaries, wages, benefits, taxes and travel expenses are allocated according to each employee's functional area. Professional fees are distributed based on these payroll allocations.
- Advertising, dues, and subscriptions are allocated based on the functional area in which they are utilized.
- Agency activities and screening costs are allocated based on the functional area in which they were incurred.
- Insurance expenditures are allocated based on the functional area in which they were incurred.
- Facilities costs are allocated based on each facility's functional role within the Organization.
- Office expenditure and other expenses are based on a combination of direct and indirect allocation. The indirect allocation is used for purchases such as bulk paper purchases, copier printing costs, etc.
- Equipment is based on an indirect allocation that is based on a usage study.
- Special events and gaming expenses are allocated only to fundraising.

Advertising Costs

Advertising costs are expensed as incurred.

Fair Value Measurement

BBBSAK follows FASB ASC 820 Fair Value Measurements, which provides a framework for measuring fair value and requires that an entity determine fair value based on exit price from the principal market for the asset or liability being measured.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) accounts payable and (4) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

BBBSAK's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures without donor or other restriction limiting their use, within one year of December 31, 2025:

Financial assets at year end*:		
Cash and cash equivalents	$	354,220
Accounts receivable		273,340
Total financial assets	$	627,560

*Total assets, less nonfinancial assets (e.g. prepaid expenses, other assets).

NOTE 3 – INVESTMENTS

As of December 31, 2025 and 2024 BBBSAK holds $215,795 and $209,992 respectively, in Certificates of Deposit (CDs). These CDs are invested with Northrim Bank and both have maturity dates ending March 27, 2026. The CDs are classified as non-current assets.

NOTE 4 – RETIREMENT PLAN

BBBSAK offers a tax deferred retirement plan to all employees under a Thrift Plan, as allowed by the Internal Revenue Service code section 403(b). The Thrift Plan allows all employees to make contributions up to prescribed limits. Participants over 18 years of age who have completed one year of service for BBBSAK are eligible to receive employer contributions. Employer contributions to the plan are discretionary. Employer contributions are 100% vested after three years of service. BBBSAK has no contribution expenses for the years ended December 31, 2025 and 2024.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods at December 31:

		2025	2024
An endowment (Lanie's Fund) established at BBBS-Anchorage	$	8,169	8,169
Donation for an endowment fund for BBBS-Fairbanks		1,000	1,000
Total net assets with donor restrictions	$	9,169	9,169

NOTE 6 – BOARD DESIGNATED OPERATING RESERVE

The Board designated operating reserve consists of board designated net assets, board designated investments, and board designated cash as of December 31, 2025 and 2024. For the year ended December 31, 2025 there was $79,205 in designated cash and $215,795 in investments, as reported in the accompanying statements of financial position. For the year ended December 31, 2024 there was $85,008 in designated cash and $209,992 in designated investments as reported in the accompanying statements of financial position. The designation of net assets has not been established as a result of any legal or regulatory requirement, but by the decision of the Board of Directors of BBBSAK in fiscal year 2022. The policy regarding the board designation of net assets will be reviewed every other year, at minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by the Finance Committee to the Board of Directors.

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

BBBSAK recognized contributed nonfinancial assets within revenue, including agency activities and contracted services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The components of contributed nonfinancial assets are listed as expenses, in the accompanying statements of functional expenses.

The agency activities services is provided by the Elks Lodge for facility use. Fair value is estimated on the basis of vendor provided pricing.

The contracted services are provided by KH Consulting and include grant writing as well as The Foraker group for HR consulting. Fair value is estimated on the basis of vendor provided pricing.

Many individuals volunteer their time and perform a variety of tasks that assist BBBSAK with specific assistance programs, campaign solicitations, and various committee assignments. The majority of BBBSAK's volunteers serve as mentors, and in fiscal years 2025 and 2024, mentors donated approximately 14,883 and 19,843 hours of their time, respectively. These donated services are not recognized as contributions in the financial statements because the recognition criteria under FASB ASC 958-605-25-16 have not been met.

NOTE 8 – RELATED PARTY TRANSACTIONS

In 1998, individuals involved with Big Brothers Big Sisters of Anchorage, Inc. (BBBSA) created For the Kids Foundation, Inc. (the Foundation) to serve as a fundraising support organization to BBBSA. On August 1, 2007 the Alaskan Big Brothers Big Sisters entities merged and BBBSA is now part of BBBSAK. The Foundation's enabling documents provide that it shall contribute its operating cash flow, net of expenses, capital and debt service outlays and a reasonable provision of reserves to BBBSA prior to the merger and to BBBSAK subsequent to the merger. The CEO of BBBSAK is the CEO of the Foundation, and the Foundation is governed by a board of directors independent of BBBSAK. The Foundation's board of directors monitors contributions to BBBSAK.

For the years ended December 31, 2025 and 2024, BBBSAK received $280,000 and $240,000 from the Foundation, respectively. BBBSAK provides administrative support to the Foundation for a fee equal to BBBSAK's cost. The amounts received from the Foundation consisted of $268,268 and $212,077 in contributions, and $11,732 and $27,923 in administrative expenses, for the years ended December 31, 2025 and 2024, respectively.

NOTE 9 – LEASES

Operating Leases

For the years ended December 31, 2025 and 2024, BBBSAK leased a facility, accounted for under ASU 842, as a right-of-use lease asset on the statements of financial position. The components of lease expense and their classification in the statements of functional expense for the year ended December 31, 2025, and 2024, was as follows:

Component of Lease Expenses	Classification in Statement of Functional Expenses	2025	2024
Operating lease expense	Facilities	$ 26,539	$ 25,766
Short-term lease expense	Facilities	8,294	14,219
Sublease	Facilities	(590)	(7,080)
Total lease expense		$ 34,243	$ 32,905

The weighted average remaining lease term for operating leases is 1.00 and 2.00 years as of December 31, 2025 and 2024, respectively. The weighted average discount is 3% and 3% as of December 31, 2025 and 2024, respectively.

Supplemental cash flow information related to leases for the year ended December 31 was as follows:

		2025	2024
Cash paid for amount included in the measurement of lease liabilities -			
Operating cash outflows from operating leases	$	24,803	23,530
Right-to-use assets obtained in exchange for lease obligations -			
Operating leases	$	24,550	24,063

Future maturities of lease liabilities as of December 31, 2025 are presented in the following table:

		Operating Leases
2026	$	27,335
2027		18,584
Total lease obligation		45,919
Less: Imputed interest		(1,204)
Total lease obligation		44,715
Less: Current obligations		(27,335)
Long-term lease obligation	$	17,380

Lessor Leases - Sublease

BBBSAK subleases office space in one of its leased Anchorage facilities. Total sublease income in fiscal year 2025 was $590. Future minimum lease payments to be received from subleases consist of $0 in the year ended December 31, 2025.

NOTE 10 – CONCENTRATIONS

Government Grant Revenue

BBBSAK receives a substantial amount of its support from federal and state grants. If a significant reduction in the level of this support were to occur, it may have an adverse effect on BBBSAK's programs and activities.

For the Kids Foundation

In 2025 and 2024, BBBSAK received 26.45% and 27.05%, respectively, of its revenues, gains and other support, excluding contributed nonfinancial assets, from the Foundation. The Foundation’s income is derived primarily from its pickup service in which it collects donated items and re-sells them to a retail thrift store operator. Under the terms of the Foundation’s annual contract for resale of donated goods, the Foundation is precluded from selling to other buyers. If a significant reduction in the level of this support were to occur, it may have an adverse effect on BBBSAK's programs and activities.

Cash in Excess of FDIC Coverage

BBBSAK maintains its cash in bank deposit accounts, which at times may exceed the FDIC insured limited of $250,000 per financial institution. At December 31, 2025 and 2024, BBBSAK had cash balances in excess of federally insured limits of approximately $101,299 and $194,871 respectively. BBBSAK has not experienced any losses in such accounts.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grant Revenue and Receivables

Amounts received or receivable under grant programs from the federal government or State of Alaska are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although BBBSAK expects such amounts, if any, to be immaterial.

Gaming Revenue

BBBSAK receives gaming revenue that must be used for specific purposes to not be considered taxable income. BBBSAK has used all its gaming revenue for an allowable purpose and the amount, if any, considered to be taxable, is expected to be immaterial.