Big Brothers Big Sisters
of the
Black Hills, Inc.

Report on Audit of
Financial Statements

For the Year Ended
December 31, 2025

CHAD HOESING CPA, INC.

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The Board of Directors
Big Brothers Big Sisters of the Black Hills, Inc.
425 Kansas City Street
Rapid City, SD 57701

Independent Auditor's Report

Report on Financial Statements

I have audited the accompanying financial statements of Big Brothers Big Sisters of the Black Hills, Inc. (a nonprofit organization) 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. These financial statements are the responsibility of Big Brothers Big Sisters of the Black Hills, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Black Hills, Inc., as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting

I have also issued my report on my consideration of Big Brothers Big Sisters of the Black Hills, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Chad Hoesing, CPA, Inc.

Chad Hoesing September 8, 2026

Big Brothers Big Sisters
of the Black Hills, Inc.
Statement of Financial Position
As of December 31, 2025

ASSETS

	Unrestricted Operating Fund	Temporarily Restricted Funds	Unrestricted Fixed Asset Fund	12/31/2025 Combined Funds
CURRENT ASSETS				
Cash - Checking & Money Market	$155,155			$155,155
Operational Fund (Note 3)	361,283			361,283
Prepaid Insurance	8,273			8,273
Total Current Assets	524,711	0	0	524,711
FIXED ASSETS				
Building and Improvements			630,653	630,653
Equipment & Furniture			159,789	159,789
Less: Accumulated Depreciation			(532,325)	(532,325)
Net Fixed Assets	0	0	258,117	258,117
OTHER ASSETS				
Investments (Note 4)	14,240			14,240
TOTAL ASSETS	$538,951	$0	$258,117	$797,068

See Accompanying Notes and Auditor's Reports

Big Brothers Big Sisters
of the Black Hills, Inc.
Statement of Financial Position
As of December 31, 2025

LIABILITIES & NET ASSETS

CURRENT LIABILITIES	Unrestricted Operating Fund	Temporarily Restricted Funds	Unrestricted Fixed Asset Fund	12/31/2025 Combined Funds
Accounts Payable	$6,767			$6,767
Accrued Payroll	11,249			11,249
Accrued Vacation	17,047			17,047
Total Current Liabilities	35,063	0	0	35,063
NET ASSETS				
Beginning Net Assets Without Donor Restrictions	563,606	0	283,120	846,726
Revenues in Excess (Deficient) of Expenses	(59,718)	0	(25,003)	(84,721)
Ending Net Assets Without Donor Restrictions	503,888	0	258,117	762,005
TOTAL LIABILITIES & NET ASSETS	$538,951	$0	$258,117	$797,068

See Accompanying Notes and Auditor's Reports

Big Brothers Big Sisters
of the Black Hills, Inc.
Statement of Activities & Changes in Net Assets
For the Year ended December 31, 2025

	Unrestricted Operating Fund	Temporarily Restricted Fund	Unrestricted Fixed Asset Fund	12/31/2025 Combined Funds
REVENUES				
Donations	$223,397			$223,397
Fundraising-Bowl for Kids Sake	31,052			31,052
Endowment (Note 5)	59,183			59,183
Interest Income	6,724			6,724
Realized Gain (Loss)	21,427			21,427
Unrealized Gain (Loss)	32,961			32,961
TOTAL REVENUE	374,744	0	0	374,744
EXPENSES				
Salaries and Wages	275,928			275,928
Payroll Taxes	24,505			24,505
Employee Benefits (Note 5)	6,137			6,137
Staff Development	8,978			8,978
Organizational Dues	17,820			17,820
Marketing and Recruitment	4,075			4,075
Background Checks	6,078			6,078
Program Activities	2,952			2,952
Special Events/Fundraising	7,977			7,977
Investment Management Fees	4,240			4,240
Bank Service and Processing Fees	1,922			1,922
Payroll Processing Fees	2,002			2,002
Utilities	11,425			11,425
Office and Supplies	2,098			2,098
Insurance	22,516			22,516
Maintenance	13,473			13,473
Volunteer Recognition	990			990
Professional Fees	20,982			20,982
Travel	364			364
Depreciation			25,003	25,003
TOTAL EXPENSES	434,462	0	25,003	459,465
Operating Revenues in Excess (Deficient) of Expenses	(59,718)	0	(25,003)	(84,721)
Transfers	0	0	0	0
Increase (Decrease) In Net Assets	(59,718)	0	(25,003)	(84,721)
Beginning Net Assets Without Donor Restrictions	563,606	0	283,120	846,726
Ending Net Assets Without Donor Restrictions	$503,888	$0	$258,117	$762,005

See Accompanying Notes and Auditor's Report

Big Brothers Big Sisters
of the Black Hills, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Expenses	Management Expenses	Fundraising Expenses	Board Expenses	12/31/2025 Combined Expenses
FUNCTIONAL EXPENSES					
Salaries and Wages	275,928				275,928
Payroll Taxes	24,505				24,505
Employee Benefits	6,137				6,137
Staff Development	8,978				8,978
Organizational Dues	17,820				17,820
Marketing and Recruitment	4,075				4,075
Background Checks	6,078				6,078
Program Activities	2,952				2,952
Special Events/Fundraising			7,977		7,977
Investment Management Fees		4,240			4,240
Bank Service and Processing Fees	1,922				1,922
Payroll Processing Fees	2,002				2,002
Utilities	11,425				11,425
Office and Supplies	2,098				2,098
Insurance	22,516				22,516
Maintenance	13,473				13,473
Volunteer Recognition	990				990
Professional Fees	20,982				20,982
Travel	364				364
Depreciation	25,003				25,003
Total Functional Expenses	$447,248	$4,240	$7,977	$0	$459,465

See Accompanying Notes and Auditor's Report

Big Brothers Big Sisters
of the Black Hills, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

	12/31/2025
Excess (Deficiency) of Revenues over Expenditures	($84,721)
Adjustment to Reconcile Excess (Deficiency) of Revenues over Expenditures to net cash provided by operating activities:	
Depreciation	25,003
Decrease (Increase) in Receivables	0
Decrease (Increase) in Prepaid Expenses & Deposits	(4,830)
Increase (Decrease) in Payables & Accrued Liabilities	2,502
Cash Increase (Decrease) from operating activities	(62,046)
CASH FLOWS FOR INVESTING ACTIVITIES	
Cash Increase (Decrease) from investing activities	11,729
CASH FLOWS FOR FINANCING ACTIVITIES	
Cash Increase (Decrease) from financing activities	0
NET INCREASE (DECREASE) IN CASH	(50,317)
Cash and Temporary Cash Investments at beginning of year	205,472
Increase (Decrease) in Cash and Temporary Cash Investments	(50,317)
Cash and Temporary Cash Investments at end of year	$155,155

See Accompanying Notes and Auditor's Report

Big Brothers Big Sisters of the Black Hills, Inc.
Notes to Financial Statements
As of December 31, 2025

NOTE 1. ORGANIZATION

Big Brothers Big Sisters of the Black Hills, Inc. is a not-for-profit corporation incorporated in South Dakota in 1966 for the purpose of functioning as an affiliate of Big Brothers-Big Sisters of America. The organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The IRS can audit the organization for three years after the due date of the annual IRS form 990. The organization provides volunteer and contract mentoring services in the Black Hills area on a one-to-one basis for youth with limited parental support. The organization's major sources of revenue include grants, contributions, and revenues from contract mentoring services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advertising

The organization expenses all advertising at inception throughout the fiscal year. There is no “direct response” (coupon) advertising. There is no prepaid advertising as of December 31, 2025.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification. Under generally accepted accounting principles, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The total cash at December 31, 2025 of $155,155 represents about four months of cash operating expenses. The operational fund at Black Hills Area Community Foundation (BHACF) of $361,823 represents about another ten months of cash operating expense.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Property and Equipment

Uses of operating funds for fixed asset acquisitions are accounted for as transfers to the fixed asset fund. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method with a five-year life.

NOTE 2. (Continued) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets Accounting

The accounts of the organization are maintained in accordance with the principles of Net Assets accounting. In accordance with generally accepted accounting principles, Net Assets balances are classified on the Statement of Financial Position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.

Restricted and Unrestricted Contributions

Contributions received are recorded as increases in unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions. Therefore cash amounts received in advance of fulfilling the grant or contract requirements are reported as deferred revenue in accordance with Accounting Standards Update 958-605-25-5F issued by the Financial Accounting Standards Board.

NOTE 3. OPERATIONAL FUNDS

The organization established an operational fund with the Black Hills Area Community Foundation (BHACF) in 2017. The ending balance of the fund at December 31, 2025 was $361,283. The 2025 annual disbursement from this fund was $14,786.

Distributions from the funds shall be in accordance with the spending policies established by the Board of BHACF and shall be paid and distributable at least annually, or more frequently, as the parties may from time to time agree.

NOTE 4. INVESTMENTS

The organization holds an investment in American Income Fund with Edward Jones. The Organization measures these securities at fair market value (FMV). The FMV as of December 31, 2025, is as follows.

U.S. and other global equities and bonds	$ 14,240
Total FMV at December 31, 2025	$ 14,240

NOTE 5. ENDOWMENT FUNDS

BHACF holds an endowment fund for the organization with a fair market value (FMV) of $1,382,391 as of December 31, 2025. The funds are not recognized on the financial statements of the organization as the related investments were initially donated to this endowment fund, for the benefit of the organization, directly to BHACF by the respective donors. Annual distributions are limited to 5%.

NOTE 6. EMPLOYEE BENEFITS

The organization established a SIMPLE IRA retirement plan covering all employees of the organization after one year of service. The plan allows for discretionary employee contributions up to the plan maximum allowed by Internal Revenue Code. The organization matches each employee contribution up to 3% of gross wages. For the year ended December 31, 2025, the organization contributed $6,137 to the plan.

NOTE 7. RISKS OF CONCENTRATION OF FOUNDATION FUNDING AND DONATIONS

The organization is dependent on a concentration of foundation funding and community donations. A significant decrease in foundation funding or community donations could result in a corresponding significant decrease in operations.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 8, 2026, the date of the management representation letter and of the audit report.

The organization is in the process of resolving a delayed reporting of the W-2's and W-3 to the Social Security Administration for the year 2021. The organization requested relief of related late filing penalty assessed by the IRS by letter to the IRS in October of 2025. The IRS has not yet abated the assessed penalty.

Chad Hoesing, CPA, Inc.
Certified Public Accountant
Certified Management Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

To the Board of Directors of
Big Brothers Big Sisters of the Black Hills, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Big Brothers Big Sisters of the Black Hills, Inc. (a nonprofit organization), 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, and have issued my report thereon.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Big Brothers Big Sisters of the Black Hills, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of the Black Hills, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Big Brothers Big Sisters of the Black Hills, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Brothers Big Sisters of the Black Hills, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of

noncompliance or other matters that are required to be reported under Auditing Standards Generally Accepted in the United States.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance.

Chad Hoesing, CPA, Inc.

Chad Hoesing September 8, 2026