Boys and Girls Clubs of Bellevue

Financial Statements
Years Ended December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Boys and Girls Clubs of Bellevue

Financial Statements
Years Ended December 31, 2025 and 2024

Boys and Girls Clubs of Bellevue

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Independent Auditor's Report

The Board of Directors
Boys and Girls Clubs of Bellevue
Bellevue, Washington

Opinion

We have audited the financial statements of Boys and Girls Clubs of Bellevue (the Club), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Club as of December 31, 2025 and 2024, and the results of its operations 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 (GAAS). 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 Club and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Club'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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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 GAAS 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 GAAS, 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 the Club'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 the Club'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.

BDO USA, P.C.

June 10, 2026

Financial Statements

Boys and Girls Clubs of Bellevue

Statements of Financial Position

December 31,	**2025**	2024
Assets		
Current Assets		
Cash and cash equivalents	**$ 2,286,123**	$ 1,851,621
Accounts and grants receivable	**354,920**	540,084
Prepaid expenses and deposits	**176,132**	123,013
Total Current Assets	**2,817,175**	2,514,718
Cash Held for Capital Campaign	**789**	789
Endowment Investments	**1,097,203**	1,043,747
Operating Right-of-Use Assets	**2,449,487**	2,550,566
Finance Lease Right-of-Use Assets	**15,835**	25,711
Property and Equipment, Net	**18,252,717**	18,781,079
Total Assets	**$ 24,633,206**	$ 24,916,610
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 508,109**	$ 519,184
Deferred revenue	**171,383**	132,895
Finance lease liabilities, current portion	**9,618**	9,428
Long-term debt, current portion	**304,106**	153,995
Total Current Liabilities	**993,216**	815,502
Finance Lease Liabilities, net of current portion	**8,468**	18,086
Long-Term Debt, net of current portion	**128,154**	582,260
Total Liabilities	**1,129,838**	1,415,848
Net Assets		
Without donor restrictions	**21,729,542**	21,907,715
With donor restrictions	**1,773,826**	1,593,047
Total Net Assets	**23,503,368**	23,500,762
Total Liabilities and Net Assets	**$ 24,633,206**	$ 24,916,610

See accompanying notes to financial statements.

Boys and Girls Clubs of Bellevue

Statements of Activities

Year ended December 31,

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Program service fees	**$ 4,493,873**	**$ -**	**$ 4,493,873**	$ 4,078,265	$ -	$ 4,078,265
Grants and contributions	**1,259,759**	**1,350,356**	**2,610,115**	1,388,719	1,974,070	3,362,789
Government support	**1,008,312**	**-**	**1,008,312**	1,129,442	-	1,129,442
Special events	**1,636,351**	**-**	**1,636,351**	1,230,624	-	1,230,624
Less: direct costs of special events	**(538,459)**	**-**	**(538,459)**	(401,808)	-	(401,808)
Donated goods and services	**382,547**	**-**	**382,547**	198,889	-	198,889
Other revenue	**538,447**	**-**	**538,447**	434,449	-	434,449
Return on cash and investments	**37,901**	**93,456**	**131,357**	31,407	43,747	75,154
Net assets released from restrictions	**1,263,033**	**(1,263,033)**	**-**	874,552	(874,552)	-
Total Public Support and Revenue	**10,081,764**	**180,779**	**10,262,543**	8,964,539	1,143,265	10,107,804
Expenses						
Program services	**8,513,503**	**-**	**8,513,503**	7,599,332	-	7,599,332
Management and general	**357,829**	**-**	**357,829**	423,547	-	423,547
Fundraising	**582,264**	**-**	**582,264**	865,093	-	865,093
Total Expenses	**9,453,596**	**-**	**9,453,596**	8,887,972	-	8,887,972
Change in Net Assets, before depreciation, amortization, and interest expense	**628,168**	**180,779**	**808,947**	76,567	1,143,265	1,219,832
Depreciation and Amortization	**(782,908)**	**-**	**(782,908)**	(781,175)	-	(781,175)
Interest Expense	**(23,433)**	**-**	**(23,433)**	(20,957)	-	(20,957)
Total Change in Net Assets	**(178,173)**	**180,779**	**2,606**	(725,565)	1,143,265	417,700
Net Assets, beginning of year	**21,907,715**	**1,593,047**	**23,500,762**	22,633,280	449,782	23,083,062
Net Assets, end of year	**$ 21,729,542**	**$ 1,773,826**	**$ 23,503,368**	$ 21,907,715	$ 1,593,047	$ 23,500,762

See accompanying notes to financial statements.

Boys and Girls Clubs of Bellevue

Statement of Functional Expenses

Year ended December 31, 2025

	Program Services					
	Other Program	Lake Hills Remodel	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 5,435,569	$ -	$ 5,435,569	$ 118,277	$ 219,657	$ 5,773,503
Employee benefits	585,117	-	585,117	51,198	95,082	731,397
Payroll taxes	399,242	-	399,242	34,934	64,875	499,051
Total Salaries and Related Expenses	6,419,928	-	6,419,928	204,409	379,614	7,003,951
Program supplies	685,520	-	685,520	-	-	685,520
Special events	-	-	-	-	538,459	538,459
Professional fees	170,902	17,090	187,992	68,361	85,451	341,804
Maintenance and supplies	229,059	-	229,059	28,632	28,632	286,323
Telephone and utilities	195,331	-	195,331	15,107	23,382	233,820
Bank fees	162,264	-	162,264	-	-	162,264
Printing, postage, and computer expenses	98,512	1,584	100,096	8,546	20,246	128,888
Insurance	101,986	-	101,986	11,332	-	113,318
Facility use expense	101,079	-	101,079	-	-	101,079
Meetings and conferences	64,874	-	64,874	14,592	13,902	93,368
Legal and endowment expenses	49,758	-	49,758	-	-	49,758
BGCA dues	39,369	-	39,369	-	-	39,369
Marketing and stewardship	11,000	-	11,000	-	28,040	39,040
Transportation expense	36,355	-	36,355	-	-	36,355
Recruiting	29,045	-	29,045	-	-	29,045
Staff training and appreciation	27,826	-	27,826	-	-	27,826
Lease of equipment	16,949	-	16,949	4,237	-	21,186
Mental health fees	16,526	-	16,526	-	-	16,526
Taxes and licenses	12,903	-	12,903	1,613	1,613	16,129
Human resources training	4,433	-	4,433	1,000	1,000	6,433
Miscellaneous	21,210	-	21,210	-	384	21,594
Total Expenses, before depreciation, amortization, and interest expense	8,494,829	18,674	8,513,503	357,829	1,120,723	9,992,055
Depreciation and amortization	743,763	-	743,763	39,145	-	782,908
Interest expense	23,433	-	23,433	-	-	23,433
Total Expenses from Operations	9,262,025	18,674	9,280,699	396,974	1,120,723	10,798,396
Less: depreciation, amortization, and interest expense separately presented the statements of activities	(767,196)	-	(767,196)	(39,145)	-	(806,341)
Less: special event expenses netted with revenues on the statements of activities	-	-	-	-	(538,459)	(538,459)
Total Expenses per Expense Section of the Statements of Activities	$ 8,494,829	$ 18,674	$ 8,513,503	$ 357,829	$ 582,264	$ 9,453,596

See accompanying notes to financial statements.

Boys and Girls Clubs of Bellevue

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services					
	Other Program	Lake Hills Remodel	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 4,812,216	$ -	$ 4,812,216	$ 248,434	$ 645,034	$ 5,705,684
Employee benefits	535,295	-	535,295	27,635	71,751	634,681
Payroll taxes	451,551	-	451,551	23,312	60,524	535,387
Total Salaries and Related Expenses	5,799,062	-	5,799,062	299,381	777,309	6,875,752
Program supplies	471,607	-	471,607	-	-	471,607
Special events	-	-	-	-	401,808	401,808
Professional fees	109,266	54,633	163,899	54,633	54,633	273,165
Maintenance and supplies	200,308	-	200,308	22,256	-	222,564
Telephone and utilities	195,385	-	195,385	13,746	3,133	212,264
Bank fees	134,214	-	134,214	-	-	134,214
Printing, postage, and computer expenses	96,333	1,377	97,710	7,297	5,920	110,927
Insurance	108,455	-	108,455	12,051	-	120,506
Facility use expense	101,079	-	101,079	-	-	101,079
Meetings and conferences	32,468	-	32,468	9,229	6,957	48,654
Legal and endowment expenses	-	35,845	35,845	-	-	35,845
BGCA dues	34,895	-	34,895	-	-	34,895
Marketing and stewardship	11,000	-	11,000	-	11,609	22,609
Transportation expense	28,746	-	28,746	-	-	28,746
Recruiting	28,082	-	28,082	-	-	28,082
Staff training and appreciation	50,905	-	50,905	-	-	50,905
Lease of equipment	5,411	-	5,411	-	-	5,411
Mental health fees	49,375	-	49,375	-	-	49,375
Taxes and licenses	594	-	594	157	157	908
Human resources training	3,460	-	3,460	1,000	1,000	5,460
Pledge write-off	-	12,001	12,001	-	820	12,821
Miscellaneous	34,831	-	34,831	3,797	3,555	42,183
Total Expenses, before depreciation, amortization, and interest expense	7,495,476	103,856	7,599,332	423,547	1,266,901	9,289,780
Depreciation and amortization	742,610	-	742,610	38,565	-	781,175
Interest expense	20,957	-	20,957	-	-	20,957
Total Expenses from Operations	8,259,043	103,856	8,362,899	462,112	1,266,901	10,091,912
Less: depreciation, amortization, and interest expense separately presented on the statements of activities	(763,567)	-	(763,567)	(38,565)	-	(802,132)
Less: special event expenses netted with revenues on the statements of activities	-	-	-	-	(401,808)	(401,808)
Total Expenses per Expense Section of the Statements of Activities	$ 7,495,476	$ 103,856	$ 7,599,332	$ 423,547	$ 865,093	$ 8,887,972

See accompanying notes to financial statements.

Boys and Girls Clubs of Bellevue

Statements of Cash Flows

Year ended December 31,	**2025**	2024
Cash Flows from Operating Activities		
Change in net assets	**$ 2,606**	$ 417,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Endowment contributions	**-**	(1,000,000)
Non-cash lease expense	**110,955**	116,367
Depreciation and amortization	**782,908**	781,175
Pledge write-off expense	**-**	12,821
Realized and unrealized gains on investments	**(35,202)**	(14,975)
Forgiveness of note payable	**(150,000)**	-
Changes in assets and liabilities:		
Accounts and grants receivable	**185,164**	469,734
Operating promises to give	**-**	873,150
Prepaid expenses and deposits	**(53,119)**	81,791
Accounts payable and accrued liabilities	**(29,746)**	20,278
Deferred revenue	**38,488**	(9,490)
Net Cash Provided by Operating Activities	**852,054**	1,748,551
Cash Flows from Investing Activities		
Purchases of investments	**(242,009)**	(1,386,350)
Proceeds from sales of investments	**223,755**	357,578
Purchases of property and equipment	**(235,875)**	(274,146)
Net Cash Used in Investing Activities	**(254,129)**	(1,302,918)
Cash Flows from Financing Activities		
Contribution of endowment investment	**-**	1,000,000
Cash paid for finance lease liabilities	**(9,428)**	(9,241)
Proceeds from issuance of notes payable	**-**	600,000
Principal payments on notes payable	**(153,995)**	(953,455)
Net Cash Provided by (Used in) Financing Activities	**(163,423)**	637,304
Net Change in Cash, Cash Equivalents, and Restricted Cash	**434,502**	1,082,937
Cash, Cash Equivalents, and Restricted Cash, beginning of year	**1,852,410**	769,473
Cash, Cash Equivalents, and Restricted Cash, end of year	**$ 2,286,912**	$ 1,852,410
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	**$ 27,229**	$ 44,854
Purchases of property and equipment included in accounts payable	**18,671**	-

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

Operations

Boys and Girls Clubs of Bellevue (the Club) is an independent nonprofit corporation organized to provide recreational, athletic, social, and cultural programs for young people and is affiliated with Boys and Girls Clubs of America (BGCA). The Club also operates preschool and after-school education programs for youth, and auxiliary classes for parents of members and adults. The Club is located in Bellevue, Washington, and is primarily supported by public and governmental support and service fees.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Club reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Contributions that are received are recorded depending on the existence and/or nature of any donor restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met, either by actions of the Club and/or the passage of time. Support received subject to a donor-imposed time restriction or stipulation for a particular purpose is reclassified to net assets without donor restrictions when donor's time restrictions expire or when the donor's program restrictions are satisfied. In the case of support restricted to acquire long-lived assets, net assets are reclassified to net assets without donor restrictions when the asset is placed into service. Net assets with donor restrictions consist of the following:

December 31,	**2025**	2024
Net Assets with Purpose or Time Restrictions		
Summer camp scholarships	**$ 75,000**	$ 85,000
Time-restricted promises to give for operations	**62,833**	-
Other purpose-restricted funds	**425,831**	267,744
Other time restricted funds	**112,959**	196,556
	676,623	549,300
Net Assets with Endowment Restrictions		
Perpetual endowment restrictions	**1,000,000**	1,000,000
Unappropriated endowment earnings	**97,203**	43,747
	1,097,203	1,043,747
Total Net Assets with Donor Restrictions	**$ 1,773,826**	$ 1,593,047

Cash and Cash Equivalents

Cash and cash equivalents consist of general checking, savings, and money market accounts. The Club maintains cash and cash equivalents in bank accounts that exceed federally insured limits at

times during the year. The Club has not experienced any losses in these accounts, and management does not believe it is exposed to any significant risk.

Restricted Cash

Restricted cash is not available to meet general expenditures and is restricted by donors to be used to pay down the Club's debt on the Lake Hills Teen Center.

Cash, cash equivalents, and restricted cash consist of the following:

Year ended December 31,	**2025**	2024
Cash and cash equivalents	**$ 2,286,123**	$ 1,851,621
Restricted cash	**789**	789
Total Cash, Cash Equivalents, and Restricted Cash, shown in the statements of cash flows	**$ 2,286,912**	$ 1,852,410

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 – This level consists of observable market inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - This level consists of unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments are stated at fair value in these financial statements.

Investments and Investment Income

The Club reports its investments at fair value (using Level 1 inputs in the fair value hierarchy). The fair value of exchange-traded funds is based on quoted prices in active markets. The Club also holds U.S. Treasuries (maturing between 2026 and 2031), which are fixed-income securities issued by the United States Department of the Treasury, and are reported at fair value, based on quoted prices in active markets. The fair value of mutual funds is based on the daily closing price as reported by the funds. Mutual funds held by the Club are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publicize their daily net asset value and to transact at that price. The mutual funds held by the Club are deemed to be actively traded.

Investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized gains and losses, less investment expenses. Investment income

(including gains and losses) is reported as increases or decreases in net assets without donor restrictions unless a donor restricts use.

Cash and investments held for the endowment are classified as long-term assets as they are to be held in perpetuity.

Accounts and Grants Receivable

Receivables are stated at their net realizable value and consist of amounts due from government agencies, corporations, and individuals. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance for credit losses based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance for credit losses and a credit to accounts or grants receivable. In determining whether to record an allowance for credit losses, the Club considers that receivables are with government agencies, corporations, and individuals, where there is a minimal risk of nonrepayment. Management determined that no allowance for credit losses was necessary at December 31, 2025 and 2024.

Promises to Give

Unconditional promises to give are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period the pledge is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. No promises to give were uncollected at December 31, 2025 and 2024. There is no allowance for promises to give as of December 31, 2025 or 2024.

Property and Equipment

Property and equipment are stated at cost for purchased assets or at fair value on the date of donation for donated assets. Property and equipment that exceed $1,000 are capitalized as assets. Depreciation is provided using the straight-line method over the estimated useful life. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term. The costs of repairs and maintenance are expensed as incurred.

The estimated useful lives of property and equipment are as follows:

	Estimated Useful Lives (Years)
Land improvements	5-15
Buildings and improvements	40
Furniture and equipment	3-5
Vehicles	5
Leasehold improvements	Shorter of lease term or useful life

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those

assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Income Taxes

The Internal Revenue Service has recognized the Club as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an entity described in Section 501(c)(3) and not as a private foundation. In addition, the Club has obtained property tax exemption from the state of Washington.

Management's Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to both programs and supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses, program supplies, in-kind expenses, special events, bank fees, and interest expense are allocated based on an actual cost basis along with estimates of time and effort. Maintenance and supplies, and telephone and utilities are allocated based on square footage. Postage and printing, insurance, miscellaneous, and depreciation are allocated based on an actual cost basis.

Revenue Recognition

Program Service Fees

The Club recognizes program service fees under the core principle that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Club only applies the five-step model to contracts when it is probable that the Club will collect the consideration it is entitled to in exchange for the goods and services transferred to the customer. The following five steps are applied to achieve that core principle:

Step 1 - Identify the contract with the customer.

Step 2 - Identify the performance obligations in the contract.

Step 3 - Determine the transaction price.

Step 4 - Allocate the transaction price to the performance obligations in the contract.

Step 5 - Recognize revenue when the organization satisfies a performance obligation.

The Club's performance obligations are satisfied over time as program services are performed. Most services are performed over a one to three-month time period depending on the type of program offered. Revenue is recorded ratably over the service period. Fees for programs are billed in

advance. All payments received prior to the program are deferred and recognized as the program takes place. The Club's contracts have a single performance obligation, with no significant judgments affecting the determination of amount and timing of revenue.

Program fees are determined based on a fee schedule for each type of program. Scholarships are provided for up to 100% of the program fee to participants who meet certain eligibly criteria, including families experiencing homelessness, children in foster care, and families with low incomes. Scholarships are netted against program services fees revenue on the statements of activities. The Club provides scholarships for every fee-based program it offers. For the years ended December 31, 2025 and 2024, the Club provided $1,547,195 and $1,873,751, respectively, in scholarships for after-school, summer, and athletic programs. Included in scholarships for the years ended December 31, 2025 and 2024 is $214,000 and $275,875, respectively, in subsidized programming provided through the Club's three sites located in public housing complexes in Bellevue.

As of December 31, 2025, the Club recorded a contract liability related to the deferred portion of program revenues of $171,383. As of December 31, 2024, the Club recorded a contract liability related to the deferred portion of program revenues of $132,895.

Grants and Contributions

Contributions and grants are recorded when unconditionally pledged as with or without donor restriction, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the year in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When restrictions expire—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Revenue from government grants and contracts is recorded when the conditions are met, which is generally at the time the qualified expenditure is incurred. At December 31, 2025 and 2024, the Club has conditional awards outstanding of $1,187,829 and $368,914 respectively.

Donated Goods and Services

Donated goods and services are recorded as contributions at their estimated fair value at the date of receipt. In accordance with GAAP, the financial statements reflect only those contributed services requiring specific expertise or that are for constructing a fixed asset, which the Club would otherwise need to purchase. Contributed services are recorded at rates that would have been paid for similar services in an arm's length transaction. Management estimates that during the years ended December 31, 2025 and 2024, 1,276 and 400 volunteers donated in excess of 13,320 and 3,100 hours (unaudited), respectively, of their time in the Club's program services and in its fundraising programs. The value of this donated time is not reflected in these financial statements because the criteria for recognition under GAAP have not been satisfied.

Donated goods and services recognized in these financial statements are as follows:

December 31,	**2025**	2024
Goods	**$ 248,798**	$ 141,099
Lease	**84,360**	56,240
Services	**49,389**	1,550
Total Donated Goods and Services	**$ 382,547**	$ 198,889

Donated goods and services for the years ended December 31, 2025 and 2024 were composed of legal services, dental services, leased space, food, technology devices, sporting event tickets, and goods to support the Club's program services and fundraising programs.

Leases

The Club determines if an arrangement is a lease at inception. Assets and obligations related to finance leases are included in finance lease right-of-use assets; finance lease liabilities, current portion; and finance lease liabilities, net of current portion in the statements of financial position.

Right-of-use (ROU) assets represent the Club's right to use an underlying asset for the lease term and lease liabilities represent the Club's obligation to make lease payments arising from the lease. Finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As the Club's leases do not provide an implicit rate, the discount rate based on the information available at the commencement date is used in determining the present value of the lease payments. Certain lease terms may include options to extend or terminate the lease, and these are included when it is reasonably certain that the Club will exercise those options.

The Club's agreements with lease and non-lease components are all accounted for as a single lease component. For leases with an initial term of 12 months or less, the Club elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

Certain leases may include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. The Club excludes variable payments from lease ROU assets and lease liabilities to the extent not considered fixed, and instead expenses as incurred. Variable lease costs for the year ended December 31, 2025 are immaterial.

Reclassifications

Certain items from the prior-year financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no impact on net assets or changes to net assets previously reported.

Subsequent Events

The Club has evaluated subsequent events through the date these financial statements were available to be issued, which was June 10, 2026.

2. Liquidity and Availability of Resources

The Club strives to maintain liquid financial assets sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

The following table reflects the Club's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual or donor restrictions. Amounts not available include restricted cash and cash equivalents and net assets with donor restrictions. Management intends to use the cash held for the capital campaign and the capital campaign promises to give, as they are collected, to pay down the existing long-term debt.

December 31,	**2025**	2024
Financial Assets		
Cash and cash equivalents	**$ 2,286,912**	$ 1,852,410
Accounts and grants receivable	**354,920**	540,084
Endowment investments	**1,097,203**	1,043,747
Total Financial Assets	**3,739,035**	3,436,241
Less: cash held for capital campaign	**(789)**	(789)
Less: net assets with restrictions	**(1,773,826)**	(1,593,047)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 1,964,420**	$ 1,842,405

3. Prepaid Facility Use

In 2004, the Club entered into a 30-year joint operating agreement with the City of Bellevue (the City) for the operation of the South Bellevue Community Center. The Club paid approximately $1.5 million to the City during the construction of the approximately $13 million facility. The amounts were capitalized as an operating ROU asset. The City is the sole owner of the property; however, the Club will receive use of the facilities for its programs for a 30-year term, which began in January 2006, with the option of two five-year extensions. The Club is responsible for all costs associated with its program areas. The Club recognized $50,000 of lease expense for both the years ended December 31, 2025 and 2024, based on a 30-year amortization period.

In 2013, the Club entered into a second 50-year joint operating agreement and ground lease with the City for the operation of the Hidden Valley Sports Park. In 2015, the Club paid the final installments as specified by the joint operating agreement totaling approximately $2.5 million. The amounts were capitalized as an operating ROU asset. The City is the sole owner of the property; however, the Club received a ground lease for the use of the property for its programs for a 50-year term beginning in April 2013, with the option of two ten-year extensions. The Club recognized $51,078 of lease expense for both the years ended December 31, 2025 and 2024, based on a 50-year amortization period, which commenced upon completion of the project in 2015.

As part of the Hidden Valley joint operating agreement, the Club must provide the City with exclusive and priority rights to a minimum of 70 court hours per week for City-sponsored programs and activities. The Club is responsible for all costs associated with its program areas.

4. Investments

Investments are reported in the statements of financial position as endowment investments. Investments consist of the following:

December 31,	**2025**	2024
Cash and cash equivalents	**$ 18,619**	$ 8,417
Fixed income	**695,751**	747,171
Equities	**34,365**	29,448
Exchange-traded funds	**348,468**	258,711
	$ 1,097,203	$ 1,043,747

Net investment income is reported in the statements of activities as return on cash and investments. Net investment income consists of the following:

December 31,	**2025**	2024
Realized and unrealized gains	**$ 35,202**	$ 14,975
Interest and dividends	**96,155**	60,179
	$ 131,357	$ 75,154

5. Property and Equipment

A summary of property and equipment is as follows:

December 31,	**2025**	2024
Land and land improvements	**$ 1,512,057**	$ 1,512,057
Buildings and improvements	**22,641,641**	22,581,069
Furniture and equipment	**464,754**	424,063
Vehicles	**162,825**	142,499
Leasehold improvements	**22,931**	22,931
	24,804,208	24,682,619
Less: accumulated depreciation	**(6,691,765)**	(5,909,305)
	18,112,443	18,773,314
Construction in progress	**140,274**	7,765
Property and Equipment, Net	**$ 18,252,717**	$ 18,781,079

Construction in progress during the year ended December 31, 2025 related to multiple smaller projects. Construction in progress during the year ended December 31, 2024 related to technology.

6. Long-Term Debt

In May 2020, the Club received a loan under the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) totaling $160,000. The proceeds from the note were used to retain staff.

The note incurred interest of 2.75% and was unsecured. Monthly principal and interest payments of $641 are due until maturity in May 2050. A portion of the loan ($10,000) was forgiven during 2021. The balance outstanding on the note as of December 31, 2025 and 2024 was $132,260 and $136,255, respectively.

In June 2022, the Club opened a $250,000 line of credit with a bank. The interest rate is 2.00% plus the prime rate. There were no borrowings on the line of credit during the years ended December 31, 2025 or 2024.

In June 2023, the Club issued a construction note payable with a maximum principal balance of $950,000 to a bank bearing an interest rate of the prime rate plus 1%. A lump-sum payment of the outstanding balance was due at maturity in June 2024. The note was secured by property at 15228 Lake Hills Blvd., Bellevue, Washington. The note was paid in full in June 2024 for the outstanding principal balance of $949,568. Interest on this note was capitalized into the value of the building prior to being placed in service.

The construction note payable was paid through the use of cash, as well as four private individual notes, from current board members, in the amount of $150,000 each, for a total of $600,000. During the year ended December 31, 2025, one loan was forgiven by the lender and included in grants and contributions on the statement of activities. The Club paid principal in the amount of $50,000 each on the remaining notes during the year ended December 31, 2025. These notes have a maturity date of June 1, 2026, with an interest rate of 5%.

Long-term debt consists of the following:

December 31,	**2025**	2024
SBA EIDL loan	**$ 132,260**	$ 136,255
Lake Hills Note 1	**100,000**	150,000
Lake Hills Note 2	**100,000**	150,000
Lake Hills Note 3	**100,000**	150,000
Lake Hills Note 4	**-**	150,000
	432,260	736,255
Less: current portion	**(304,106)**	(153,995)
Long-Term Debt, net of current portion	**$ 128,154**	$ 582,260

Scheduled minimum principal payments for long-term debt are as follows:

Year ending December 31,	
2026	$ 304,106
2027	4,221
2028	4,338
2029	4,459
2030	4,583
Thereafter	110,553
	$ 432,260

7. Finance Leases

The Club has entered into a long-term lease for office copiers. The lease of the copiers began in 2022 and will continue for 63 months. The Club has not included options to extend or terminate the lease in the calculation of ROU assets or lease liabilities as it is not reasonably certain that the Club will exercise these options.

Cash paid for amounts included in the measurement of finance lease liabilities during both the years ended December 31, 2025 and 2024 was $9,876. Total finance lease cost is comprised of the following:

Year ended December 31,	**2025**	2024
Amortization of ROU asset	**$ 9,852**	$ 9,852
Interest on finance lease liability	**448**	774
Total Finance Lease Cost	**$ 10,300**	$ 10,626

The weighted-average discount rate at December 31, 2025 is 2%, and the weighted-average remaining lease term is 1.97 years for the finance leases.

The weighted-average discount rate at December 31, 2024 is 2%, and the weighted-average remaining lease term is 2.96 years for the finance leases.

Maturities of finance lease liabilities are as follows:

Year ending December 31,	
2026	$ 9,876
2027	8,537
	18,413
Less: amount representing interest	(327)
Total Lease Liability	18,086
Less: current portion	(9,618)
Long-Term Portion	$ 8,468

8. Pension Plan

The Club participates in a defined contribution pension plan (the Plan) under IRC Section 403(b) covering all eligible employees with 24 months or more of service. Contributions to the Plan totaled $328,509 and $275,031 for the years ended December 31, 2025 and 2024, respectively. Contributions are made at a rate of 10% of the employee's annual salary.

9. 501(c) Agencies Trust Reserve

The Club is a member of the 501(c) Agencies Trust (the Trust). The Trust facilitates the utilization by member agencies using the reimbursement financing method of meeting obligations under State Unemployment Insurance Statutes. At December 31, 2025 and 2024, the Club had $62,947 and

$48,943 on deposit with the Trust to fund these obligations, respectively. This deposit is included in prepaid expenses and deposits in the statements of financial position.

10. Endowments

The Club has one endowment fund. The income from endowment funds are restricted for scholarships. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Club has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Club classifies net assets with perpetual endowment restrictions as (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as unappropriated endowment earnings and included in net assets with donor restrictions until those amounts are appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund.
- The purposes of the Club and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Club.
- The investment policies of the Club.

Endowment net assets are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Total Endowments, December 31, 2024	$ -	$ 43,747	$ 1,000,000	$ 1,043,747
Total Endowments, December 31, 2025	-	97,203	1,000,000	1,097,203

Changes to endowment net assets are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Endowment Net Assets, December 31, 2023	$ -	$ -	$ -	$ -
Contribution	-	-	1,000,000	1,000,000
Interest and dividends	-	36,350	-	36,350
Realized and unrealized gains	-	7,397	-	7,397
Endowment Net Assets, December 31, 2024	-	43,747	1,000,000	1,043,747
Distribution	-	(40,000)	-	(40,000)
Interest and dividends	-	54,098	-	54,098
Realized and unrealized gains	-	39,358	-	39,358
Endowment Net Assets, December 31, 2025	$ -	$ 97,203	$ 1,000,000	$ 1,097,203

Return Objectives and Risk Parameters

The Club 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. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed a hypothetical portfolio consisting of a similarly allocated mix of the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Club 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 Club targets a diversified asset allocation that places a balanced emphasis on fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Club has a policy of appropriating for distribution each year an amount based on the endowment fund's investment income realized over the prior years, while still honoring the investment objectives. In establishing this policy, the Club considered the long-term expected return on its endowment, as the objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

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 UPMIFA requires the Club to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025 or 2024.

11. Commitments

During the year ended December 31, 2015, the Club entered into an agreement with the City in which the City agreed to provide $1.5 million in funds towards the total cost of the main clubhouse renovation in exchange for future use of the main clubhouse for a period of 30 years after the completion of the main clubhouse renovation, with the option of two five-year extensions. If the Club terminates the agreement, the Club will owe the City a pro-rata share of the funds based on the remaining term of the agreement. The Club believes the likelihood to terminate the agreement is remote; as such, no liability has been recognized in these financial statements as of December 31, 2025. The maximum amount that would be returned to the City is approximately $1,150,000 and $1,187,500 at December 31, 2025 and 2024 respectively.