

THE BROTHERHOOD SISTER SOL, INC.

**INDEPENDENT AUDITOR'S REPORT
ON
FINANCIAL STATEMENTS**

AS OF AUGUST 31, 2025

AND

FOR THE YEAR THEN ENDED

(WITH COMPARATIVE TOTALS FOR 2024)

THE BROTHERHOOD SISTER SOL, INC.

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
The Brotherhood Sister Sol, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of The Brotherhood Sister Sol, Inc., which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Brotherhood Sister Sol, Inc. as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Brotherhood Sister Sol, Inc. 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 these 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 Brotherhood Sister Sol, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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, including omissions, 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 auditing 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 Brotherhood Sister Sol, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Brotherhood Sister Sol, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Brotherhood Sister Sol, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Winnie Lau & Co., P.C.

New York, New York
January 20, 2026

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<u>ASSETS</u>		
Current Assets		
Cash - Note 2	\$ 437,126	\$ 672,334
Accounts receivable	7,372	32,227
Grants and contributions receivable - Notes 2 and 4	2,178,000	1,401,000
Due from governmental agencies - Note 2	5,907	20,000
Prepaid expenses	119,514	186,218
Inventories, at lower of cost or market	<u>7,577</u>	<u>11,072</u>
Total Current Assets	2,755,496	2,322,851
Non-Current Assets		
Grants and contributions receivable - Notes 2 and 4	1,613,286	432,754
Property and equipment, at cost, net of accumulated depreciation and amortization of \$3,952,601 and \$2,958,702 in 2025 and 2024, respectively - Notes 2 and 5	20,644,720	21,638,619
Collections of art work - Note 2	338,400	338,400
Right-of-use lease assets - Operating lease, net of accumulated amortization of \$1,557,801 and \$1,351,435 in 2025 and 2024, respectively - Note 8	69,241	275,607
Security deposits	<u>42,630</u>	<u>42,630</u>
Total Assets	<u>\$ 25,463,773</u>	<u>\$ 25,050,861</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Current Liabilities		
Loans payable - Notes 2 and 6	\$ 1,071,081	\$ 1,317,799
Accounts and accrued expenses payable	565,496	369,560
Current portion of lease obligations - Operating - Note 8	<u>70,759</u>	<u>209,495</u>
Total Current Liabilities	1,707,336	1,896,854
Non-Current Liabilities		
Long-term lease obligations - Operating - Note 8	-	70,759
Loan payable - Notes 2 and 6	<u>1,774,321</u>	<u>1,845,384</u>
Total Liabilities	<u>3,481,657</u>	<u>3,812,997</u>
<u>NET ASSETS</u>		
Net Assets		
Without donor restrictions:		
Undesignated	(2,246,390)	(2,201,009)
Fixed assets, net	<u>20,644,720</u>	<u>21,638,619</u>
Total without donor restrictions	18,398,330	19,437,610
With donor restrictions - Note 10	<u>3,583,786</u>	<u>1,800,254</u>
Total Net Assets	<u>21,982,116</u>	<u>21,237,864</u>
Total Liabilities and Net Assets	<u>\$ 25,463,773</u>	<u>\$ 25,050,861</u>

See accompanying notes to financial statements.

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2025</u>	<u>Total 2024</u>
Operating Activities				
<u>Support and Revenue</u>				
Grants, contributions and fees from:				
Governmental agencies	\$ 40,000	\$ 647,618	\$ 687,618	\$ 586,770
Foundations and trusts	3,227,150	6,416,228	9,643,378	4,419,155
Individuals	190,844		190,844	1,107,299
Corporations	222,830	62,184	285,014	864,926
Church			-	18,075
Federation	1,758		1,758	3,790
Non-cash contributions - Note 7	300,368		300,368	1,135,250
Special events, net of direct event expenses of \$306,742 in 2025 and \$313,667 in 2024	1,420,610		1,420,610	1,543,261
In-kind contributions - Notes 2 and 7	232,052		232,052	44,822
Fees for service	65,105		65,105	65,155
Program fees	13,915		13,915	16,760
Merchandise sales	9,041		9,041	8,123
Other income	<u>49,809</u>		<u>49,809</u>	<u>7,362</u>
Total Support and Revenue	5,773,482	7,126,030	12,899,512	9,820,748
Net assets released from restrictions - Note 9	<u>5,342,498</u>	<u>(5,342,498)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>11,115,980</u>	<u>1,783,532</u>	<u>12,899,512</u>	<u>9,820,748</u>
<u>Expenses</u>				
Program Services	<u>9,584,494</u>		<u>9,584,494</u>	<u>8,638,853</u>
Supporting Services				
Administrative and general	1,258,232		1,258,232	1,292,683
Fund raising	<u>1,137,055</u>		<u>1,137,055</u>	<u>855,423</u>
Total Supporting Services	<u>2,395,287</u>		<u>2,395,287</u>	<u>2,148,106</u>
Total Expenses	<u>11,979,781</u>		<u>11,979,781</u>	<u>10,786,459</u>
Change in Net Assets from Operating Activities	(863,801)	1,783,532	919,731	(965,711)
Non-Operating Activities				
Interest income	8,028		8,028	5,212
Net realized loss on investment transactions	(655)		(655)	(7,971)
Loan fees and interest expense	(182,852)		(182,852)	(202,239)
Change in Net Assets	(1,039,280)	1,783,532	744,252	(1,170,709)
Net Assets at beginning of year	<u>19,437,610</u>	<u>1,800,254</u>	<u>21,237,864</u>	<u>22,408,573</u>
Net Assets at end of year	<u>\$ 18,398,330</u>	<u>\$ 3,583,786</u>	<u>\$ 21,982,116</u>	<u>\$ 21,237,864</u>

See accompanying notes to financial statements.

**THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

	Program Services	Supporting Services		Total Program and Supporting Services	
		Administrative and General	Fundraising	2025	2024
Salaries	\$ 4,107,462	\$ 569,652	\$ 566,320	\$ 5,243,434	\$ 4,914,571
Payroll taxes and employee benefits	1,262,279	175,062	174,038	1,611,379	1,427,630
Total Personnel costs	5,369,741	744,714	740,358	6,854,813	6,342,201
Occupancy and space rental (including lease cost - Note 8)	285,138	54,183		339,321	299,293
Printing and publications	1,619	32	29,933	31,584	10,252
Equipment rental, repairs and maintenance	322,905	16,547	16,451	355,903	292,608
Telephone and communications	98,586	13,673	13,593	125,852	101,726
Meetings and conferences	82,989	11,609	7,761	102,359	55,813
Professional fees (including donated services of \$232,052 in 2025 and \$44,822 in 2024- Notes 2 and 7)	476,611	265,294	83,749	825,654	722,903
Supplies and office expenses (including donated supplies of \$254,536 in 2025 and \$83,596 in 2024 - Notes 2 and 7)	655,804	11,708	5,227	672,739	496,814
Travel and transportation	201,184	3,387	2,982	207,553	209,519
Postage and mailing	2,876	2,026	1,179	6,081	8,078
Fees, dues and subscriptions	21,512	1,923	16,609	40,044	40,494
Marketing and promotion	5,575	1,725	5,002	12,302	722
Other program expenses	592,671	6,416	17,113	616,200	467,212
Program consultants	253,448		270	253,718	211,715
Honorarium and youth stipends	274,750			274,750	193,833
Insurance	87,887	12,189	12,118	112,194	100,247
Staff development	23,156	492	6,029	29,677	14,669
Credit card processing fees, bank fees and other charges	49,467	4,336	748	54,551	42,705
Events expense			70,587	70,587	66,278
Total Expenses before Depreciation and amortization	8,805,919	1,150,254	1,029,709	10,985,882	9,677,082
Depreciation and amortization	778,575	107,978	107,346	993,899	1,109,377
Total Expenses 2025	\$ 9,584,494	\$ 1,258,232	\$ 1,137,055	\$ 11,979,781	
Total Expenses 2024	\$ 8,638,353	\$ 1,292,683	\$ 855,423		\$ 10,786,459

See accompanying notes to financial statements.

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 744,252	(\$ 1,170,709)
Adjustments to reconcile changes in Net Assets to net cash provided by operating activities:		
Net realized loss on investment transactions	655	7,971
Amortization of deferred loan costs	15,440	15,440
Depreciation and amortization	993,899	1,109,377
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	24,855	(8,889)
Increase in grants and contributions receivable	(1,957,532)	(618,366)
Decrease in due from governmental agencies	14,093	875,648
Decrease/(increase) in prepaid expenses	66,704	(5,418)
Decrease in inventories	3,495	-
Amortization expense portion of lease expense for operating lease	213,210	213,208
Increase in accounts and accrued expenses payable	195,936	68,232
Repayments of right-of-use lease obligations - operating lease	(216,339)	(212,096)
Net Cash Provided by Operating Activities	98,668	274,398
<u>Cash Flows from Investing Activities</u>		
Donated securities	(45,832)	(1,051,654)
Sales of donated securities	45,177	1,043,683
Net Cash Used in Investing Activities	(655)	(7,971)
<u>Cash Flows from Financing Activities</u>		
Proceeds from loans	250,000	250,000
Repayment of loans	(583,221)	(734,855)
Net Cash Used in Financing Activities	(333,221)	(484,855)
Net Decrease in Cash	(235,208)	(218,428)
Cash balance at beginning of year	672,334	890,762
Cash balance at end of year	\$ 437,126	\$ 672,334
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Donated securities	\$ 45,832	\$ 1,051,654
Cash paid during the year for interest	\$ 163,547	\$ 167,122

See accompanying notes to financial statements.

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 1 ORGANIZATION

The Brotherhood Sister Sol, Inc. (“BroSis”) is a unique youth development organization recognized for providing an innovative and highly successful model of comprehensive, holistic and long-term support services to youth who range in age from eight to twenty-two. BroSis offers wrap around evidence-based programming: offering four-to-six year rites of passage programming, after school care, counseling, summer camp, job training, college preparation, employment opportunities, activist training, community gardening, mental health support, intensive arts programming, and international study programs to Africa, South America and the Carribean. For the recent alumni members, BroSis provides support to ensure they remain in college or employed and they continue to make healthy and productive choices in their lives.

For more than 25 years, BroSis has been at the forefront of social justice, educating, organizing and training to challenge inequity and champion opportunity for all. BroSis educates: through its comprehensive educational programs, they are helping young people develop a critical understanding of their history, identity and role in society. BroSis organizes: together with its members, alumni, and partners, they are building on a legacy of youth-led activism to realize a more just and equitable future. BroSis trains: through its innovative training models, they are empowering educators and organizers to spark young agents of change across the nation.

BroSis is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and similar provisions of the State Code. Contributions to BroSis are tax deductible to donors under Section 170 of the IRC. BroSis is not classified as a private foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BroSis prepares its financial statements in accordance with generally accepted accounting principles (“GAAP”) used in the United States of America by not-for-profit entities. The significant accounting and reporting policies used by BroSis are described below to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

Support and Revenue

BroSis recognizes government and private grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or not.

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For those recognized as contributions, revenue is recognized when a contract or grant becomes unconditional, that is, when the conditions on which they depend are substantially met. Contracts and grants that are treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement. The excess of amounts received in exchange transactions over the amount of expenditures incurred is classified as deferred revenue in the statement of financial position. If a contract or grant agreement contains a right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, BroSis recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

Grants and contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected in less than one year are reflected as current promises to give and are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are reflected as long-term promises to give and are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectibility of individual promises.

Cash

Cash consists of cash held in checking accounts and cash on hand. At year end and throughout the year, BroSis' cash balances were deposited in two high quality financial institutions which, at times, may exceed the current insured amount under Federal Deposit Insurance Corporation ("FDIC") protection. Management believes that BroSis is not exposed to any significant credit risk on cash.

Inventories

Inventories are stated at the lower of cost, determined by the LIFO method, or market.

Property and Equipment

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Leasehold improvements are amortized over their estimated lives or the remaining term of the lease, whichever is shorter.

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Property and equipment are depreciated and amortized over their estimated useful lives using the straight-line method as follows:

Building	39 Years
Building improvements	7 to 39 Years
Computers and software	3 Years
Furniture and equipment	3 to 5 Years

Collections of Artwork

Collections of art work were acquired through contributions for the new building. It is held for exhibition to the public and for educational purposes in furtherance of public service and not for financial gain. Collections are protected, kept unencumbered, cared for, and preserved. Proceeds from deaccessions or insurance recoveries will be reflected as increases in the appropriate class of net assets.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue Recognition

BroSis recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*. ASC Topic 606 requires that an organization 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 to in exchange for those goods or services. The guidance requires an organization to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the organization satisfies a performance obligation.

Program Revenue

Revenue from program fees and fees for service are recognized over the terms of the program and the period of services provided. Amounts collected in advance but unearned are reflected in the statement of financial position as deferred revenue.

Special Events Revenue

The portion of sponsorship revenue and attendee fees that relates to the commensurate value the sponsor and attendee received in return is recognized when the related events are held and performance obligations are met.

Non-Cash Contributions

Donated materials and other non-cash donations are recorded as contributions at their fair values at the time of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. BroSis reports expirations of donor restrictions when the donated assets are placed in service, if applicable, as instructed by the donor. BroSis reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by BroSis. BroSis also received donated services from other contributors and volunteers that do not meet the criteria for recognition, and therefore, are excluded from the financial statements.

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, BroSis' management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. BroSis' management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Statement of Activities

BroSis divides its Statement of Activities into operating and non-operating activities. The operating activities of BroSis include all support, revenue and expenses related to carrying out its mission. Non-operating activities include interest income, loan fees and interest expense from loans.

Accounting for Uncertainty in Income Taxes

BroSis adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. BroSis recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BroSis' financial statements for the year ended August 31, 2024, from which the summarized information was derived.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2025 are:

Financial Assets:	
Cash	\$ 437,126
Accounts receivable	7,372
Grants and contributions receivable	3,791,286
Due from governmental agencies	<u>5,907</u>

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 3 LIQUIDITY AND AVAILABILITY - (Continued)

Total Financial Assets	\$	4,241,691
Less financial assets not available within one year:		
Grants and contributions receivable	(1,613,286)
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 10)	(<u>1,946,228)</u>
Amount available for general Expenditures within one year		
	\$	<u>682,177</u>

As part of the liquidity management plan, BroSis invests cash in excess of daily requirements in interest-bearing checking accounts. In addition, to manage liquidity, BroSis has trade credit with two major credit card companies with a preset spending limit of up to \$433,000. As of August 31, 2025, there was a balance of \$309,798, which was paid off subsequently. This amount was included in accounts and accrued expenses payable in the statement of financial position.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give as of August 31, 2025 are as follows:

Receivable in less than one year	\$	2,178,000
Receivable in one to five years		<u>1,750,000</u>
Total unconditional promises to give		
Less: net present value discount	(<u>136,714)</u>
Net unconditional promises to give		
	\$	<u>3,791,286</u>
Current		
Non-current	\$	<u>2,178,000</u>
		<u>1,613,286</u>
Net unconditional promises to give		
	\$	<u>3,791,286</u>

Long-term promises to give are recognized at fair value, using present value techniques and various discount rates.

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 5 FIXED ASSETS

As of August 31, 2025, the costs of the assets and the related accumulated depreciation and amortization were as follows:

Land	\$	1,246,883
Building and improvements		22,104,153
Furniture and equipment		373,692
Computer and software		514,412
Leasehold improvements		<u>358,181</u>
		24,597,321
Less: accumulated depreciation and amortization		<u>(3,952,601)</u>
Net		<u>\$ 20,644,720</u>

Depreciation and amortization expense for the year ended August 31, 2025 was \$993,899.

NOTE 6 LOANS PAYABLE

On August 30, 2021, BroSis entered into a loan agreement with a financial institution for available funds of up to \$3,400,000. BroSis has received the initial advance of \$2,200,000 to refinance outstanding loans from previous years. The loan agreement provides for, among other matters, an annual interest rate of 3.82% payable in equal monthly payments for interest and principal over seven (7) years with balance of the principal due on September 10, 2028. The amortization of principal is calculated over twenty (20) years. The loan is collateralized by the property located at 512 West 143rd Street and 514 West 143rd Street. As of August 31, 2025, the outstanding balance of the loan was \$1,891,721.

On February 14, 2022, BroSis obtained a line of credit with the same financial institution for \$1 million dollars. The line of credit bears an annual interest rate equal to 6.50% and is collateralized by the assets of BroSis held by the financial institution. The primary purpose of this line of credit is to provide BroSis with working capital for its programs. As of August 31, 2025, there was a balance due on the line of credit of \$1,000,000.

In addition, BroSis had incurred \$108,079 in refinancing costs and are being amortized over the 7-year term of the loan. As of August 31, 2025, accumulated amortization of \$61,760 had been recognized and reflected as a reduction in refinancing costs.

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 6 LOANS PAYABLE - (Continued)

As of August 31, 2025, net outstanding loans was \$2,845,402, payable as follows:

<u>Year ending August 31</u>	
2026	\$ 1,071,081
2027	74,473
2028	<u>1,699,848</u>
Total	<u>\$ 2,845,402</u>
Current portion	\$ 1,071,081
Non-current portion	<u>1,774,321</u>
Total	<u>\$ 2,845,402</u>

NOTE 7 NON-CASH CONTRIBUTIONS

Non-cash contributions received during the year consist of the following:

Donated securities	\$ 45,832
Donated winter coats	<u>254,536</u>
Total	<u>\$ 300,368</u>

BroSis also received donated services of \$232,052 during the fiscal year.

NOTE 8 LEASE INFORMATION

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842*, and ASU 2018-11, *Targeted Improvements*. In December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors*, and in March 2019 issued ASU 2019-01, *Codification Improvements*.

BroSis has adopted these guidance on September 1, 2022 using the modified retrospective approach, which allows BroSis to apply the guidance for the previous year presentation and not adjust the prior year numbers.

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 8 LEASE INFORMATION - (Continued)

BroSis elected the package of practical expedients that allows an organization to not reassess (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases, and (3) initial direct costs for any expired or existing leases.

The new guidance applies to the operating lease under which BroSis is a lessee. BroSis has recognized a new asset and liability - “Right of use asset - operating leases” and “Lease obligations - operating leases” - for those leases classified as operating leases under the previous standard. BroSis continues to recognize expense on a straight-line basis for these operating leases. The expense recognition of the lease has not changed.

BroSis has elected to use the risk-free rate to discount the lease payments to their present values. BroSis adopted the practical expedient offered in ASU 2018-11 that allows lessors to not separate non-lease components from the related lease components under certain conditions.

A summary of total lease cost, by components, and other lease information for the fiscal year ended August 31, 2025 is as follows:

Commitment:

In December 2017, BroSis entered into a lease agreement for its transitional housing space under an operating lease expiring on December 31, 2021 with the rent commencement date of January 1, 2018. In December 2021, the operating lease was renewed and extended for four (4) years, which expired on December 31, 2025.

In November 2025, the operating lease was renewed and extended for another ten (10) years, which will expire on December 31, 2035. The future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year ending August 31</u>	
2026	\$ 234,127
2027	245,541
2028	250,451
2029	255,461
2030	260,570
Subsequent to 2030	<u>1,479,663</u>
Total	<u>\$ 2,725,813</u>

(Continue)

THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 8 LEASE INFORMATION - (Continued)

Total lease cost:

Operating lease cost:

Amortization of right-of-use assets	\$ 213,210
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Other lease information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating lease	(216,339)
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Right-of-use assets obtained in exchange for operating lease liabilities	69,241
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Lease obligations - Operating lease - current	<u>\$ 70,759</u>
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Weighted-average remaining lease term:

Operating lease	10.33 years
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Weighted-average discount rate:

Operating lease	4.61%
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NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the year ended August 31, 2025 were as follows:

Satisfaction of purpose restrictions:

After School Programming	\$ 319,980
Programmatic Support	2,012,685
Professional Development	100,000
Environmental Education	854,833
Liberation Program	200,000
NYC Plaza Equity Program	20,000
Rites of Passage	350,000
Youth Development Initiative	<u>765,000</u>
	4,622,498

Satisfaction of time restrictions:

General Support designated for 2025	<u>720,000</u>
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Total	<u>\$ 5,342,498</u>
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**THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2025, net assets with donor restrictions are available for the following:

Purpose restrictions, available for spending:	
After School Programming	\$ 50,000
Environmental Education	846,756
Liberation Program	300,000
Programmatic Support	524,472
Youth Development Initiative	<u>225,000</u>
 Total purpose-restricted net assets	 1,946,228
Time restrictions:	
Time restricted support, which are unavailable for spending until the time stipulated by donors	 <u>1,637,558</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 3,583,786</u>

NOTE 11 PENSION PLAN

Effective November 1, 2018, BroSis adopted a defined contribution pension plan that covers all employees who have completed six months of service. Contribution to the plan is based on three (3) percent of employees' salaries. Effective December 1, 2019, BroSis also adopted a deferred compensation plan that covers employer designated eligible employees. Amounts deferred each year are at the discretion of the employer. Total pension expense for the fiscal year ended August 31, 2025 was \$161,318.

NOTE 12 FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing BroSis' services have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

**THE BROTHERHOOD SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025**

NOTE 13 SUBSEQUENT EVENTS

BroSis has evaluated subsequent events through January 20, 2026, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.