

BOLDER OPTIONS
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

PREPARED BY
BWK ROGERS PC
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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BWK Rogers PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Minneapolis, Minnesota

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bolder Options

Opinion

We have audited the accompanying financial statements of Bolder Options (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bolder Options as of December 31, 2025, and the changes in 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 Bolder Options and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bolder Options' 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 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 Bolder Options' 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 Bolder Options' 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.

Report on Summarized Comparative Information

We have previously audited Bolder Options' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



June 16, 2026

BOLDER OPTIONS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,519,897	\$ 399,528
Restricted Cash	129,000	136,500
Contributions and Grants Receivable	132,158	204,752
Other Receivable	7,038	-
Prepaid Expenses	<u>8,805</u>	<u>7,061</u>
Total Current Assets	1,796,898	747,841
Cash Restricted for Roof Repairs	-	95,246
Contributions Receivable, Long-Term	50,000	100,000
Investments	163,584	146,448
Property and Equipment, Net of Accumulated Depreciation and Amortization of \$1,003,157 and \$932,955 in 2025 and 2024, Respectively	<u>1,321,420</u>	<u>916,379</u>
Total Assets	<u>\$ 3,331,902</u>	<u>\$ 2,005,914</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 18,621	\$ 12,864
Accrued Expenses	15,376	8,567
Note Payable, Current Portion	15,429	683,592
Lease Liability, Current Portion	<u>7,688</u>	<u>7,259</u>
Total Current Liabilities	57,114	712,282
Notes Payable, Long-Term Portion	654,023	-
Lease Liability, Long-Term Portion	<u>6,063</u>	<u>13,751</u>
Total Liabilities	717,200	726,033
Net Assets		
Without Donor Restrictions		
Undesignated	1,670,185	796,933
Board Designated	<u>526,933</u>	<u>-</u>
Total Without Donor Restrictions	2,197,118	796,933
With Donor Restrictions	<u>417,584</u>	<u>482,948</u>
Total Net Assets	<u>2,614,702</u>	<u>1,279,881</u>
Total Liabilities and Net Assets	<u>\$ 3,331,902</u>	<u>\$ 2,005,914</u>

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

BOLDER OPTIONS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

	2025		Total	2024
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE				
Contributions	\$ 1,993,715	\$ 25,000	\$ 2,018,715	\$ 1,332,855
Government Grants	426,723	-	426,723	260,939
In-Kind Donations	350,230	-	350,230	36,678
Investment Income, net	49,335	17,136	66,471	31,032
Rental Income	28,475	-	28,475	28,360
Miscellaneous Income	112,704	-	112,704	1,707
Gross Special Events Revenue	406,818	-	406,818	422,843
Less: Cost of Direct Benefits to Donors	(142,857)	-	(142,857)	(136,768)
Net Special Events Revenue	263,961	-	263,961	286,075
Net Assets Released from Restrictions	107,500	(107,500)	-	-
Total Support and Revenue	3,332,643	(65,364)	3,267,279	1,977,646
EXPENSES				
Program Services	1,356,529	-	1,356,529	1,103,252
Supporting Services:				
Management and General	342,613	-	342,613	325,945
Fundraising	233,316	-	233,316	253,193
Total Supporting Services	575,929	-	575,929	579,138
Total Expenses	1,932,458	-	1,932,458	1,682,390
CHANGE IN NET ASSETS	1,400,185	(65,364)	1,334,821	295,256
Net Assets, Beginning of Year	796,933	482,948	1,279,881	984,625
Net Assets, End of Year	\$ 2,197,118	\$ 417,584	\$ 2,614,702	\$ 1,279,881

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

BOLDER OPTIONS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

	2025				2024
	Supporting Services				
	Program Services	Management & General	Fundraising	Total	
SALARIES AND RELATED EXPENSES					
Salaries	\$ 891,091	\$ 45,905	\$ 143,115	\$ 189,020	\$ 1,080,111
Benefits	58,778	3,028	9,440	12,468	71,246
Payroll Taxes	70,390	3,626	11,305	14,931	85,321
	1,020,259	52,559	163,860	216,419	1,236,678
Total Salaries and Related Expenses					1,126,535
OTHER EXPENSES					
Professional Fees	300	218,832	900	219,732	220,032
Advertising & Promotion	6,369	-	12,209	12,209	18,578
Office Expenses	28,008	6,321	19,610	25,931	53,939
Information Technology	49,148	2,532	7,894	10,426	59,574
Occupancy	59,001	16,216	7,802	24,018	83,019
Travel	3,194	23	37	60	3,254
Conferences, Conventions & Meetings	10,006	1,285	8,843	10,128	20,134
Events Expenses	9,397	-	144,492	144,492	153,889
Interest	-	34,659	-	34,659	34,987
Depreciation & Amortization	56,601	8,859	4,792	13,651	70,252
Insurance	33,727	2,309	5,734	8,043	41,770
Scholarships	7,500	-	-	-	7,500
Membership Dues	8,960	-	-	-	8,960
Miscellaneous	64,059	542	-	542	64,601
	1,356,529	344,137	376,173	720,310	2,076,839
Total Expenses by Function					1,820,710
Less Expenses Included with Revenues					
Investment Expense	-	(1,524)	-	(1,524)	(1,552)
Cost of Direct Benefits to Donors	-	-	(142,857)	(142,857)	(136,768)
	\$ 1,356,529	\$ 342,613	\$ 233,316	\$ 575,929	\$ 1,932,458
Total					\$ 1,682,390

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

BOLDER OPTIONS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,334,821	\$ 295,256
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated Property and Equipment	(242,776)	-
Depreciation & Amortization	70,252	59,128
Net Realized and Unrealized (Gains) on Investments	(17,136)	(14,792)
Decrease (Increase) in Contributions & Grants Receivable	122,594	(211,124)
(Increase) in Other Receivable	(7,038)	-
(Increase) in Prepaid Expenses	(1,744)	(1,375)
Increase (Decrease) in Accounts Payable	5,757	(19,116)
Increase (Decrease) in Accrued Expenses	6,809	(41,708)
(Decrease) in Deferred Revenue	-	(100)
Net Cash Provided by Operating Activities	1,271,539	66,169
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(232,517)	-
Net Cash (Used) by Investing Activities	(232,517)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(14,140)	(13,548)
Payments on Lease Liabilities	(7,259)	(6,855)
Net Cash (Used) by Financing Activities	(21,399)	(20,403)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,017,623	45,766
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	631,274	585,508
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 1,648,897	\$ 631,274
Reconciliation of Cash, Cash Equivalents, and Restricted Cash:		
Cash and Cash Equivalents	\$ 1,519,897	\$ 399,528
Restricted Cash	129,000	136,500
Cash Restricted for Roof Repairs	-	95,246
Total Cash, Cash Equivalents, and Restricted Cash	\$ 1,648,897	\$ 631,274
Supplemental Information:		
Cash Paid for Interest	\$ 34,659	\$ 34,987
Operating Cash Flows from Finance Leases	\$ 7,259	\$ 6,855

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

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Bolder Options (the Organization) was originally incorporated in May 1998 as a non-profit corporation. The Organization has offices in Minneapolis and Rochester, Minnesota. It was established to encourage positive, self-concept attitudes and behavior in youth and to provide positive mentoring relationships and role models. Bolder Options engages youth and mentors in goal setting, physical activity, tutoring, and community involvement to build confidence, maximize potential, and encourage healthy life skills.

The Organization's mission is to teach at-risk youth (ages 10 to 15) to succeed in all of life's races by involving kids in mentoring relationships with positive role models. The Organization supports youth-mentor pairs in running or bike training, adventure learning, goal setting, and volunteer services providing the structure and support for healthy relationships and positive behaviors.

Summary of Significant Accounting Policies

Basis of Accounting

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

Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Restricted Cash

The Organization's restricted cash balance consists of funds held for scholarships and other specific purposes (current) and insurance proceeds received during the year ended December 31, 2023, to be used for roof repairs (noncurrent). The roof repairs were completed during the year ended December 31, 2025.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible unconditional promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Unconditional promises to give are written off when deemed uncollectible. At December 31, 2025 and 2024, an evaluation of the aging and collectability of unconditional promises to give indicated that no allowance was necessary.

Investments

Investments are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included as property and equipment and lease liabilities in the statement of financial position. Property and equipment and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and property and equipment also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report property and equipment and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those are reported as lease expense on a straight-line basis over the lease term.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment

Property and equipment is stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue and Revenue Recognition

The Organization records special events revenue equal to the cost of direct benefits to donors and contribution revenue for the difference.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2025 and 2024, conditional contributions approximating \$141,899 and \$284,819, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Donated Services & Goods

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions, which are recorded at the respective fair values of the goods or services received. See **Note 10**. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair value of the services received.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$18,578 and \$7,767 during the years ended December, 31 2025 and 2024, respectively.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits, which are allocated on the basis of estimates of time and effort, as well as professional fees; advertising and promotion; office expenses; information technology; occupancy; travel and transportation; conferences, conventions, and meetings; depreciation and amortization; insurance; and other, which are allocated on the basis of estimates of use/purpose.

Tax Exempt Status

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management has determined that the Organization is subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

The Organization follows the guidance of the Accounting Standard Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended December 31, 2025 and 2024, management of the Organization is not aware of any material uncertain tax positions.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Use of Estimates

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

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with grants receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of the Organization's mission. Investments are monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

Effect of Economic Conditions on Contributions

The Organization depends on contributions and grants for a significant portion of its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Directors and management believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were issued, June 16, 2026. See **NOTE 7** for details of the refinancing of the note payable. There are no additional subsequent events required to be disclosed in accordance with accounting standards.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization’s financial assets as of December 31, 2025 and 2024, all of which are available to meet general expenditures within one year of the statement of financial position date.

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$1,519,897	\$399,528
Receivables	<u>139,196</u>	<u>204,752</u>
Total Financial Assets	<u>\$1,659,093</u>	<u>\$604,280</u>

The Organization’s goal is generally to maintain financial assets to meet 90 days of operation expenses (approximately \$350,000). As part of its liquidity plan, excess cash is invested in short-term investments, including savings accounts.

NOTE 3. FAIR VALUE

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 3. FAIR VALUE (Continued)

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

The Beneficial Interest in Endowment Fund held by the Organization at December 31, 2025 and 2024 are Level 3 assets valued using significant unobservable inputs. There were no changes in the valuation techniques during the current year.

NOTE 4. INVESTMENTS

Investments as of December 31 are summarized as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
The Minneapolis Foundation	\$27,801	\$123,636	\$27,801	\$111,503
St. Paul and Minnesota Foundation	<u>7,911</u>	<u>39,948</u>	<u>7,911</u>	<u>34,945</u>
Total Investments	<u>\$35,712</u>	<u>\$163,584</u>	<u>\$35,712</u>	<u>\$146,448</u>

Net investment income consists of the following for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Unrealized Gain	\$18,052	\$15,798
Realized Gain	5,743	---
Interest and Dividends	44,200	16,786
Investment Fees	<u>(1,524)</u>	<u>(1,552)</u>
Total	<u>\$66,471</u>	<u>\$31,032</u>

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 201,375	\$ 201,375
Buildings and Improvements	2,039,117	1,563,874
Equipment	<u>84,085</u>	<u>84,085</u>
Total	2,324,577	1,849,334
Accumulated Depreciation & Amortization	<u>(1,003,157)</u>	<u>(932,955)</u>
Net Property and Equipment	<u>\$1,321,420</u>	<u>\$ 916,379</u>

Depreciation and amortization expense of \$70,252 and \$59,128 was recorded for the years ended December 31, 2025 and 2024, respectively.

NOTE 6. LEASES

The Organization leases a copy machine under a long-term non-cancelable finance lease agreement. The lease expires on September 13, 2027. The Organization includes in the determination of the right-of-use (ROU) assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The finance lease discount rate of 5.75% is based on the rate that the Organization would be able to obtain on similar length debt.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases and does not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for all leases that apply.

Total ROU assets and lease liabilities are as follows at December 31:

	<u>2025</u>	<u>2024</u>
Lease Assets – Classification in Statement of Financial Position		
Finance Lease ROU Assets – Property & Equipment, Net	<u>\$10,751</u>	<u>\$18,340</u>
Lease Liabilities – Classification in Statement of Financial Position		
Lease Liability, Current Portion	\$ 7,688	\$ 7,259
Lease Liability, Long-Term Portion	<u>6,063</u>	<u>13,751</u>
Total Lease Liabilities	<u>\$13,751</u>	<u>\$21,010</u>

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6. LEASES (Continued)

The remaining lease term as of December 31, 2025 is 1.7 years.

The future minimum lease payments under non-cancelable finance leases with terms greater than one year are listed below as of December 31:

<u>Year ending December 31,</u>	<u>Amount</u>
2026	\$ 8,278
2027	<u>6,209</u>
Total Finance Lease Payments	14,487
Less: Interest	<u>(736)</u>
Present Value of Finance Lease Obligations	<u>\$13,751</u>

Total lease costs are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating Lease Cost – Rochester Offices	<u>\$10,535</u>	<u>\$6,116</u>
Finance Lease Costs:		
Amortization of ROU Assets	\$7,639	\$7,589
Interest Expense	<u>1,019</u>	<u>1,423</u>
Total Finance Lease Costs	<u>\$8,658</u>	<u>\$9,012</u>

NOTE 7. NOTE PAYABLE

The Organization had a loan from Propel Nonprofits that was due and payable at a rate of \$4,000 per month, including fixed interest of 5.00%. The maturity date of the loan was December 16, 2025, though the Organization intended to refinance the loan prior to maturity. The loan was secured by a real estate mortgage on the program services and administrative offices building, an assignment of rents and leases from the building, and a security agreement on other assets of the Organization. The total balance owed as of December 31, 2025 and 2024 was \$669,452 and \$683,592, respectively.

In February 2026, the remaining principal balance of the loan was refinanced. The updated terms require 83 monthly payments of \$4,991 and a final balloon payment in January 2033, including fixed interest of 6.5%. The loan is secured by a real estate mortgage on the program services and administrative offices building and a security agreement on other assets of the Organization.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. NOTE PAYABLE (Continued)

Future maturities after the refinancing are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2026	\$ 15,429
2027	17,911
2028	19,111
2029	20,390
2030	21,756
Thereafter	<u>574,855</u>
Total	<u>\$669,452</u>

NOTE 8. ENDOWMENT FUNDS

Donor-restricted Endowments

The Organization's endowment consists of two endowment funds held by The Minneapolis Foundation and the Saint Paul & Minnesota Foundation and are comprised of donor-restricted funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Organization has interpreted the 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (perpetual) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 8. ENDOWMENT FUNDS (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies, approved by the governing board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce a reasonable rate of return annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its investment income. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate annually, which is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Changes in endowment net assets are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Endowment Net Assets, January 1	\$146,448	\$131,656
Investment Income, Net	<u>17,136</u>	<u>14,792</u>
Endowment Net Assets, December 31	<u>\$163,584</u>	<u>\$146,448</u>

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2025</u>	<u>2024</u>
Specific Purpose:		
Scholarships	\$129,000	\$136,500
Passage of Time:		
Future Years' Operations	125,000	200,000
Endowment Fund	83,497	66,361
Perpetual	<u>80,087</u>	<u>80,087</u>
Net Assets with Donor Restrictions	<u>\$417,584</u>	<u>\$482,948</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Specific Purpose:		
Biking and Running Gear	\$ ---	\$ 1,395
Scholarships	7,500	1,500
Passage of Time	<u>100,000</u>	<u>110,000</u>
Net Assets Released from Donor Restrictions	<u>\$107,500</u>	<u>\$112,895</u>

During 2025, the Board of Directors designated a portion of the net assets without donor restrictions as an operating reserve fund equal to a minimum three months of average operating costs, calculated using recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. The amount will be calculated each year after approval of the annual budget, reported to the Finance Committee and Board of Directors, and included in the regular financial reports. The balance of the Board Designated Net Assets was \$526,933 as of December 31, 2025.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 10. IN-KIND CONTRIBUTIONS

Contributed nonfinancial assets recognized within the statement of activities include the following for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Footwear and Apparel	\$ ---	\$20,628
Professional Fees	81,928	---
Building Improvement	242,776	---
Other	<u>25,526</u>	<u>16,050</u>
Total In-Kind Contributions	<u>\$350,230</u>	<u>\$36,678</u>

NOTE 11. EMPLOYEE BENEFIT PLAN

The Organization participates in a multiple employer 401(k) pension plan. Employees at least 21 years of age who have six months of service are eligible to participate in the plan. Employees may contribute as allowed by IRS rules. The plan provides for payment to be made by the Organization at a 100% match of employees' contributions up to 10% of the employees' gross wages for employees in the executive class and a 100% match of employees' compensation up to 5% of the employees' compensation or employees in the general class. Under the plan, vested and non-vested pension costs are funded as they accrue. Pension expense for the years ending December 31, 2025 and 2024 amounted to \$26,095 and \$26,683, respectively.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grants and endowments require the fulfillment of certain conditions as set forth in the contracts. Failure to fulfill the conditions could result in the return of funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grants or gifts and their terms, it has accommodated the objectives of the Organization to the provision of the gift.