
FR1ENDS of the
CH1LDREN
Utah

FINANCIAL STATEMENTS

Year Ended August 31, 2025

with

Independent Auditors' Report

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Independent Auditors' Report

The Board of Directors
Friends of the Children - Utah

Opinion

We have audited the accompanying financial statements of Friends of the Children - Utah (Friends - Utah), 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 Friends - Utah 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends - Utah 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 Friends - Utah's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

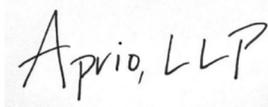
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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 Friends - Utah'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 Friends - Utah'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.

Report on Summarized Comparative Information

The financial statements as of August 31, 2024 were audited by Hoffman, Stewart & Schmidt P.C., who merged with Aprio, LLP as of January 2, 2026, and whose report dated January 29, 2025, expressed an unmodified opinion on those statements. 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.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly slanted style.

Lake Oswego, Oregon
February 20, 2026

Friends of the Children - Utah

Statement of Financial Position

August 31, 2025 <i>(With Comparative Amounts for 2024)</i>	2025	2024
ASSETS		
Cash and cash equivalents	\$ 573,907	\$ 650,883
Contributions receivable - net <i>(Note 4)</i>	112,021	167,316
Prepaid expenses	25,523	19,071
Equipment and leasehold improvements - net <i>(Note 6)</i>	<u>2,551</u>	<u>3,203</u>
Total assets	<u>\$ 714,002</u>	<u>\$ 840,473</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 27,330	\$ 11,557
Accrued payroll liabilities	120,350	92,620
Refundable advances <i>(Note 7)</i>	<u>74,206</u>	<u>83,725</u>
Total liabilities	221,886	187,902
Commitments <i>(Notes 9 and 12)</i>		
Net assets:		
Without donor restrictions	443,390	546,632
With donor restrictions <i>(Note 8)</i>	<u>48,726</u>	<u>105,939</u>
Total net assets	<u>492,116</u>	<u>652,571</u>
Total liabilities and net assets	<u>\$ 714,002</u>	<u>\$ 840,473</u>

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

Friends of the Children - Utah

Statement of Activities

Year Ended August 31, 2025 (With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
Public support and revenue:				
Contributions:				
Individuals	\$ 182,490	\$ -	\$ 182,490	\$ 77,803
Foundations	519,269	41,890	561,159	681,490
Corporations	112,830	-	112,830	39,796
Total contributions	814,589	41,890	856,479	799,089
Contributed nonfinancial assets	3,730	-	3,730	225
Grant revenue	456,530	10,000	466,530	701,520
Special events	-	-	-	39,537
Interest income	17,401	-	17,401	12,715
Loss on disposal of equipment	-	-	-	(916)
Other income	1,502	-	1,502	3,529
Net assets released from restriction (Note 8)	109,103	(109,103)	-	-
Total public support and revenue	1,402,855	(57,213)	1,345,642	1,555,699
Expenses:				
Program services	1,158,433	-	1,158,433	1,047,130
Administrative	197,552	-	197,552	192,521
Development	150,112	-	150,112	151,138
Total expenses	1,506,097	-	1,506,097	1,390,789
Increase (decrease) in net assets	(103,242)	(57,213)	(160,455)	164,910
Net assets, beginning of year	546,632	105,939	652,571	487,661
Net assets, end of year	\$ 443,390	\$ 48,726	\$ 492,116	\$ 652,571

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

Friends of the Children - Utah

Statement of Functional Expenses

Year Ended August 31, 2025 (With Comparative Totals for 2024)

	Program Services	Administrative	Development	Indirect Costs	Total	
					2025	2024
Salaries and related expenses:						
Salaries and wages	\$ 768,739	\$ 89,224	\$ 64,074	\$ -	\$ 922,037	\$ 866,190
Payroll taxes and benefits	183,045	18,497	13,552	-	215,094	207,147
Total salaries and related expenses	951,784	107,721	77,626	-	1,137,131	1,073,337
Children's activities	27,229	-	-	-	27,229	24,150
Friends' expenses	27,020	-	-	-	27,020	25,437
Family support and engagement	20,136	-	-	-	20,136	16,483
Travel and meetings	671	6,258	-	3,320	10,249	9,081
Professional expenses	500	53,451	61,409	-	115,360	94,046
Marketing and communication	5,100	14,280	1,540	-	20,920	25,098
Staff development	6,848	1,702	123	5,220	13,893	6,674
Affiliation fees	-	-	-	13,125	13,125	-
Supplies	1,100	460	-	4,823	6,383	9,490
Payroll and banking fees	5,119	3,525	1,218	-	9,862	10,218
Information technology	11,291	146	1,077	20,442	32,956	22,294
Business insurance	-	-	-	10,964	10,964	9,431
Depreciation and amortization	-	-	-	651	651	1,053
Postage and printing	164	-	1,879	3,078	5,121	4,134
Occupancy	38,640	-	-	12,824	51,464	49,329
Miscellaneous	51	2,765	-	817	3,633	10,534
	1,095,653	190,308	144,872	75,264	1,506,097	1,390,789
Allocation of indirect costs	62,780	7,244	5,240	(75,264)	-	-
Total expenses	\$ 1,158,433	\$ 197,552	\$ 150,112	\$ -	\$ 1,506,097	\$ 1,390,789

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

Friends of the Children - Utah

Statement of Cash Flows

Year Ended August 31, 2025 <i>(With Comparative Totals for 2024)</i>	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (160,455)	\$ 164,910
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	651	1,053
Loss on disposal of equipment	-	916
Changes in:		
Contributions receivable - net	55,295	(60,170)
Other receivables	-	65
Prepaid expenses	(6,452)	(6,636)
Operating right-of-use assets and lease liabilities	-	1,750
Accounts payable	15,773	(13,666)
Accrued payroll liabilities	27,730	3,274
Refundable advances	(9,518)	-
Net cash provided (used) by operating activities	(76,976)	91,496
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	-	(3,257)
Net cash used by investing activities	-	(3,257)
Net increase (decrease) in cash and cash equivalents	(76,976)	88,239
Cash and cash equivalents, beginning of year	650,883	562,644
Cash and cash equivalents, end of year	\$ 573,907	\$ 650,883

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

Friends of the Children - Utah

Notes to Financial Statements - Continued

1. Nature of Activities and Summary of Significant Accounting Policies

Friends of the Children - Utah (Friends - Utah) commits to standing alongside our community's youth as they work to overcome barriers to their success. Each child receives 1:1 support and guidance from a salaried, professional mentor (called a Friend), from kindergarten through high school graduation - 12+ years, no matter what. Friends work collaboratively with high-priority youth and their caregivers to set and achieve individualized goals, as well as advocate for them in the school, child welfare, healthcare, and other systems that impact them.

Youth in the Friends program face considerable challenges, including placement in the foster care system, under-resourced neighborhood schools, homelessness, hunger, and challenges in access to and quality of health care. Friends of the Children works with the goal of helping program youth overcome these challenges with strong foundations for continuing achievement, including increasing the likelihood of high school graduation or earning a GED; increasing the likelihood of enrolling in post-secondary education, serving our country, or entering the workforce; increasing the likelihood of waiting to parent until after their teen years; and decreasing the likelihood of juvenile justice system involvement.

Summary of Significant Accounting Policies - The significant accounting policies followed by *Friends - Utah* are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Friends - Utah, and changes therein, are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of Friends - Utah and/or the passage of time. These donor restrictions can be temporary in nature or perpetual in nature, whereby the donor stipulates the funds be maintained in perpetuity. Friends - Utah's net assets with donor restrictions consist solely of restrictions that are temporary in nature

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction.

Friends of the Children - Utah

Notes to Financial Statements - Continued

1. Nature of Activities and Summary of Significant Accounting Policies - Continued

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the financial statements for, among other things, the calculation of depreciation expense, determination of any required allowance for potentially uncollectible receivables, and functional allocation of certain expenses.

Cash and Cash Equivalents - Friends - Utah considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Receivables - Receivables are recorded as related revenues are recognized. Contributions receivable are recognized when unconditionally promised by a donor. Once recorded, these receivables are evaluated by management for potential collection problems and an allowance for uncollectible receivables may be recorded. Management considers a variety of factors in determining the allowance for uncollectible receivables, including length of time accounts are past due, the donor's ability to pay, and the economy as a whole. Management does not believe an allowance for uncollectible receivables is necessary at August 31, 2025.

Equipment and Leasehold Improvements - All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and significant improvements that materially prolong the useful lives of assets are capitalized at cost or estimated fair value at date of donation. Depreciation or amortization of office equipment and leasehold improvements is calculated using the straight-line method over the shorter of the lease term or estimated useful lives ranging from two to five years.

Contribution Recognition - Friends - Utah recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a 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 met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Friends - Utah reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contribution of Long-Lived Assets - Friends - Utah reports gifts of furniture and equipment 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 long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Friends of the Children - Utah

Notes to Financial Statements - Continued

1. Nature of Activities and Summary of Significant Accounting Policies - Continued

Grant income - Friends - Utah's grant income includes amounts derived from Friends of the Children - National (Friends - National) and government grantors, all of which are conditioned upon the satisfaction of barriers (typically specific performance requirements and/or the incurrence of allowable qualifying expenses). Amounts received are recognized as revenue when Friends - Utah has satisfied the related barriers. At August 31, 2025, Friends - Utah had remaining available award balances totaling \$978,215 that will be recognized as revenue when the related barriers are satisfied.

Contributed Nonfinancial Assets - Friends - Utah receives contributed services from unpaid volunteers who assist in a range of fundraising and program activities. Significant services received that create or enhance a non-financial asset or require specialized skills Friends - Utah would have purchased if not donated are recognized in the statement of activities at their estimated fair value. Contributions of supplies and other materials are recorded at estimated fair value at the date of donation.

Income Tax Status - Income taxes are not provided for in the financial statements since Friends - Utah is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar state provisions. Friends - Utah is not classified as a private foundation. GAAP prescribes a recognition threshold and measurement process for uncertain tax positions and also provides guidance on various related matters such as interest, penalties, and required disclosures. Management does not believe Friends - Utah has any uncertain tax positions. Friends - Utah files informational returns. There are currently no tax examinations in progress. Interest or penalties assessed by taxing authorities, if any, would be included with administrative expenses.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis. The statement of functional expenses reports certain categories of expenses that are attributable to more than one program or supporting service function. Therefore, these expenses require allocation on a reasonable basis using a method that is consistently applied. Expenses are generally allocated based on estimates of time and effort attributable to each function.

Summarized Financial Information for 2024 - The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Friends - Utah's financial statements for the year ended August 31, 2024, from which the summarized information was derived.

Friends of the Children - Utah

Notes to Financial Statements - Continued

2. Program and Supporting Services

Program Services - Program activities include costs of day-to-day activities with at-risk children, sustaining the children's relationships with adult role models and helping them become productive members of the community.

Supporting Services

Administrative - Administrative activities include business management, recordkeeping, budgeting, public relations, financing, and related administrative activities. These services provide the necessary developmental, organizational, and managerial support for the effective operation of the programs.

Development - Development activities include conducting fundraising and public awareness campaigns, preparing and distributing fundraising materials, and other activities aimed at the solicitation of contributions from individuals, businesses, and foundations.

3. Liquidity and Availability of Financial Resources

Friends - Utah's financial assets available for general expenditure within one year of the statement of financial position date consist of the following at August 31, 2025:

Cash and cash equivalents	\$ 573,907
Contributions receivable to be collected in less than one year	<u>112,021</u>
Total financial assets available within one year	685,928
Net assets with purpose-related donor restrictions	<u>(33,726)</u>
	<u><u>\$ 652,202</u></u>

As of August 31, 2025, Friends - Utah's net assets with donor restrictions include contributions receivable of \$15,000 restricted for the year ending August 31, 2026. These net assets will be available for general purposes within one year. As part of Friends - Utah's liquidity management, it has a practice to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

4. Contributions Receivable

Contributions receivable totaled \$112,021 at August 31, 2025. All contributions receivable are expected to be fully collected within one year.

Friends of the Children - Utah

Notes to Financial Statements - Continued

5. Contributed Nonfinancial Assets

Friends - Utah recognized contributed nonfinancial assets at the time of donation at their estimated fair values. For the year ended August 31, 2025, such contributions consisted of the following:

Supplies	\$ 2,930
Services	<u>800</u>
	<u>\$ 3,730</u>

The supplies were utilized in program activities and the services were included as indirect costs. These amounts are reflected as contributions without donor restrictions.

6. Equipment and Leasehold Improvements

A summary of equipment and leasehold improvements is as follows at August 31, 2025:

Leasehold improvements	\$ 1,589
Computers and software	<u>3,257</u>
	4,846
Less accumulated depreciation and amortization	<u>(2,295)</u>
	<u>\$ 2,551</u>

7. Refundable Advances

Friends - Utah has received funding for ongoing and future projects from grants that included both specific performance barriers as well as a right of return for any unspent funds. The unspent portion of these funds that has been collected by Friends - Utah totaled \$74,206 at August 31, 2025, and is reflected as a liability on the accompanying statement of financial position. Once the performance barriers are satisfied, these amounts will be recognized as support and revenue.

Friends of the Children - Utah

Notes to Financial Statements - Continued

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at August 31, 2025, consist of net assets restricted by donors for future periods totaling \$15,000 and for specific purposes totaling \$33,726. During the year ended August 31, 2025, Friends - Utah released \$109,103 of net assets from donor restrictions due to the satisfaction of purpose restrictions and/or the passage of time.

9. Retirement Plan

Friends Utah has a retirement plan pursuant to IRC Section 401(k) in which eligible employees can participate. Employee contributions to the plan are in the form of salary deferral and are fully vested immediately. The plan also allows for employer contributions, and those contributions for the year ended August 31, 2025 totaled \$25,040.

10. Financial Instruments with Concentrations of Risk

Financial instruments that potentially subject Friends - Utah to concentrations of risk consist primarily of cash and cash equivalents and contributions receivable. Friends - Utah maintains balances of cash and cash equivalents that are in excess of Federal Deposit Insurance Corporation limits. Contributions receivable are due primarily from local business, charitable foundations, and individuals. At August 31, 2025, 93 percent of contributions receivable were due from three donors, and for the year ended August 31, 2025, 53 percent of contribution revenue was provided by two donors.

11. Related-Party Transactions

During the year ended August 31, 2025, Friends - Utah received contributions from employees and members of the Board of Directors totaling \$37,400.

Friends - National organization provides Friends of the Children chapters with training, program quality monitoring, data warehousing, and operational support. For the year ended August 31, 2025, Friends - Utah received grant income totaling \$36,856 from Friends - National. Amounts paid to Friends - National include development consulting fees of \$42,909, marketing services fees of \$20,400, audit and accounting fees of \$27,120, affiliation fees of \$13,125, and information technology fees of \$8,400. Also, at August 31, 2025, total amounts payable to Friends - National was \$11,519.

Friends of the Children - Utah

Notes to Financial Statements - Continued

12. Leases

Friends - Utah determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration. When an arrangement is a lease, Friends - Utah determines whether it is an operating or finance lease.

Leases result in recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability, adjusted for any direct costs, prepaid or deferred rent, and lease incentives. Friends - Utah has elected not to separate lease components from non-lease components, and to apply the short-term lease exception, which does not require the capitalization of leases with a term of 12 months or less. Short-term leases are recognized as expense on a straight-line basis over the term of the lease. Variable lease payments, if any, are recognized as expense in the period in which the obligation for payment is incurred. Friends - Utah considers any options to extend or terminate a lease when determining the lease term, and only options that Friends - Utah believes are reasonably certain to be exercised are included in the measurement of the ROU assets and lease liabilities.

Friends - Utah leases its office under an operating lease with a 2-year initial term. The office lease expired during the year ended August 31, 2024 and continues on a month-to-month basis. Total lease expense was comprised of \$48,300 in short-term operating lease expenses for the year ended August 31, 2025.

13. Subsequent Events

Management has evaluated subsequent events through February 20, 2026, the date the financial statements were available to be issued.